# Building Capabilities
## Shaping the Future

E.I.D.-PARRY (INDIA) LIMITED

ANNUAL REPORT 2017- 2018

# Contents



Cautionary Statement

Certain statements in this annual report concerning our future growth prospects are forward-looking statements, which involve a number of the risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. We have tried wherever possible to identify such statements by using words such as anticipate, estimate, expect, project, intend, plan, believe and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise or should underlying assumptions prove inaccurate, our actual result could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Parched lands, drought, cane deficit seasons, global sugar glut, plummeting domestic prices, weak market demand, Policy stranglehold, Regulatory bottleneck. 2017-18 was a year that tested the strongest in the sugar industry. We were no exception.

Instead of being resigned to cyclical downturns, we resolved to be resilient, to build new capabilities: people upskilling, enhancing process efficiencies, deploying precision and smart farming systems, integrating digital connectivity, expanding channel presence and exploring new product streams, new adjacencies.

**At E.I.D Parry, we resolved that the time had come to change, for**

# Building Capabilities and Shaping the Future...

# E.I.D Parry is the first sugar manufacturer in India and among the few in the world, to introduce digital connectivity in the industry.

Our smart and precision farming systems with highly integrated digital connectivity, has made a tremendous impact in transforming the lives of the farmers, accelerating growth, increasing productivity and helping in the migration to newgen technologies.

The key digital connectivity initiatives undertaken in 2017-18 were:

- The entire cane command areas have been geo tagged to integrate with future technologies and track cane operations. Real time data from the time of cane registration by the farmer to planting, crop growth monitoring, soil health and nutrient application schedules to harvesting, including weather alerts, are captured through satellite images. Around 1,00,000 plus acres across TamilNadu, Andhra Pradesh and Karnataka have been digitally connected, empowering farmers to access information and avail on-call services right at their doorstep.

## Smart Farms

- Transitioning to Smart farms: Aerial drone survey of fields for mapping cane yield. Pilot survey initiated at Sankili.
- Farm mapping, including topography, extent and soil type to provide customised farmer support implemented.
- Improved farm returns with smart, precision farming.
- Pilot work on mobile enabled, aggregator model of 'on-call' Agri Mechanisation Service and Solutions support for farmers initiated.
- Continued partnering with both International and Government of India Agencies on sustainable, collaborative projects on water conservation and carbon footprinting. With water probes installed for capturing data of ground water levels, we advise farmers on better management of their water resource.
- Drip irrigation support for farmers - around 13,000 additional acres have been covered under the command areas of our 3 Karnataka Plants.

**At E.I.D Parry, our single minded focus for value creation finds resonance in everything that we do. And determines our course for Shaping the Future.**

### Farmer Connect

- Launched a 'Farmer Connect' App to facilitate transactional and technical support for farmers.
- i-cane Extension Services for speedy redressal of farmer complaints with on-site capturing of problems and 48 hours resolution window.
- Introduced a novel IT enabled crop management and advisory tool to engage with and intensify farmer connect - 'crop doctor' for managing crop health and disease management, 'crop calendar' to advise and alert on farming schedules.
- Started Weather Advisory Services with dedicated Weather Stations to alert farmers on weather conditions using IoT (Internet of Things). E.I.D Parry is the first Sugar Company in India to introduce this facility.

### Data driven decision capability

- Enhanced data driven decision capability to mitigate business risks
- First sugar company in India. to introduce 'Enterprise Analytics' providing 360$^{0}$ view of operations.
.
- Centralised system for the entire farm data base for better management of cyclical downturns.
- Laid the framework for Big Data Analytics

## Operational Capabilities

# E.I.D Parry is the industry leader, with benchmark standards in operational capabilities.

**Our advanced and sustainable manufacturing systems and processes have redefined the sugar industry and set new parameters in efficiencies and optimisation of resources.**

- Augmented capacity at Haliyal Unit to address the needs of institutional customers and the retail market.
- Continued to set benchmark standards in terms of Environmental Management, with stringent compliance norms.
- Focused on reduce - recycle- reuse and zero discharge at Plants. First in the sugar industry in the country to recycle almost 100% of the entire effluent back to the process.
- Commissioned a non incinerator model of zero liquid discharge for distillery operations. E.I.D Parry is the first sugar manufacturer in India to have this capability.
- Introducing the bagasse diffusion system instead of the cane diffusion system at Haliyal Unit, through global technology absorption. Another first in the sugar industry in India, this will help to achieve optimum extraction levels from sugarcane.
- Focused initiatives and calibrated monitoring of process parameters and effective water and energy management. led to maximising efficiencies and reducing cost.

## Certification Standards

- Three of our Plants continued to be the first in Asia and in the country, to be ‘Bonsucro’ certified, providing the Company a significant advantage to be future ready, in a global environment migrating to sustainable development goals.

- Continued to pursue the model of manufacturing excellence. While TPM certification is under progress at our Nellikuppam, Pudukottai and Bagalkot Plants, FSSC and International Quality Certifications and compliance to stringent customer audits has enabled the Company to be awarded the preferred vendor ranking by major pharmaceutical, food and beverage manufacturers.

## Marketing Capabilities

- Focused on de-commodisation of sugar to de-risk and reduce dependence on the volatility of the traded volumes market.

- Enhanced people and supply chain competencies to expand retail footprint.

- Leveraged on strong brand capital to enlarge market penetration and retail presence - Amrit Brand of Natural Brown Sugar increased significant shelf space.

- Focused on differentiation in quality, customisation and last mile connectivity to expand the institutional customer portfolio.

## Innovation driven farming technologies

**At E.I.D Parry, we have always believed that innovation in agriculture is the key to productivity and rural prosperity.**

At E.I.D Parry, a robust and business aligned R&D and extension function is in effective operation for building new capabilities in sustainable and advanced agri technologies.

- 'Sweet Bloom' - a collaborative project is in progress with Sugarcane Breeding Institute (SBI – ICAR), Coimbatore and SISMA to develop early maturing varieties in 8-9 months. 2 varieties have been identified and seed material provided to farmers for on-farm, multi-location (MLT) trials. This would enable higher farm returns, reduce cost for farmers and enhance productivity.

- The Company's state-of-the-art, micro propagation facility with a capacity to produce 10 lakh disease-free sugarcane plants certified by the Sugarcane Breeding Institute (SBI - ICAR), Coimbatore, runs a distinctive nursery program to ensure 100 % high quality clean seed material to farmers. This has helped to minimise yield loss and reduce cost for the farmer.

- Around 180 Farmer-Entrepreneurs have been nurtured for production of seedlings across units rendering sugarcane as a direct transplantable crop with ease of cultivation. Around 1000 acres have been covered through the Sustainable Sugarcane Initiative (SSI) of the State Government.

### Sustainable Farmer Models

- Around 1800 farmers across 3 Plants have been nurtured to adopt sustainable sugarcane cultivation practices with farmers' fields certified as 'Bonsucro' standard compliant. E.I.D Parry is the only sugar manufacturer to follow a metric sustainability standard at the farm level. Our 'Bonsucro' Farmers have emerged as good role models, propagating sustainable farming practices in the rural community.

### Precision Farming

- In addition to our centralized soil testing laboratory in Pugalur, Tamil Nadu, a new soil lab was commissioned in Haliyal to cater to the needs of the farmers attached to our 3 Karnataka Plants.

- Soil testing of more than 8000 samples were undertaken during the year and soil mapping was done in Haliyal and Sankili command areas. Soil health cards, with need based nutrient recommendations were given to farmers reducing cost through precision input management.

## As global trends make a major shift to natural wellness products, Parry Nutraceuticals is getting ready to ride the change and shape the future.

### Strategic Alliances

- The Nutraceutical business entered into a Joint Venture Collaboration with Synthite Industries, Cochin, for the manufacture of Value Added Algal products. The newly formed Company, Algavista Greentech, will benefit from E.I.D Parry's algal cultivation capabilities and Synthite's downstream prowess, besides mutual access to markets and customer base.

- The Company has forged strategic partnerships in the realm of new product development, cGMP compliance and sourcing, across its operations in India and the USA.

## Capacity Expansions

- A greenfield facility for the manufacture of Phycocyanin, a blue pigment, is being setup and will be commissioned in 2019. Other products in the pipeline include Vegan Omega 3, Chlorella, Plant Proteins and Polysaccharide extracts.
- The Company is in the final stages of piloting a Hybrid process for the manufacture of Chlorella at its Tamil Nadu facility. The results from this unique process are promising and a likely scale-up is slated for 2018-19. Valensa International is enhancing its Saw Palmetto processing capabilities with a 20% capacity expansion as a downstream investment.

## Way forward

- Focusing on sustainable growth through value addition and value creation in each of its 3 strategic pillars – Mens Health, Joint Health and Immune Health (Greens) is part of the growth plans of the business.
- The Company is further strengthening its position in the Saw Palmetto space and also working on its nextgen Joint Health platform out of Valensa. This is slated to go into clinical trial in 2019.
- The launch of Phycocyanin signals an entry into the Global colourants market, where the Company sees major opportunity on account of clean label drives.
- The Company has drawn a roadmap to enlarge its global footprint, primarily with its innovative range of New Products.

## Our highly engaged and empowered people force is our main catalyst for building capabilities and for shaping the future.

### Employee Engagement

- We at Parry believe that great organisations are driven by a motivated, happy and engaged work force. To create a happy eco system and to engage the hearts and minds of our employees, an interactive SMILE App was launched. The App has not only helped spread happiness across the organisation, but also serves as an important tool to monitor the effectiveness of the engagement initiatives.

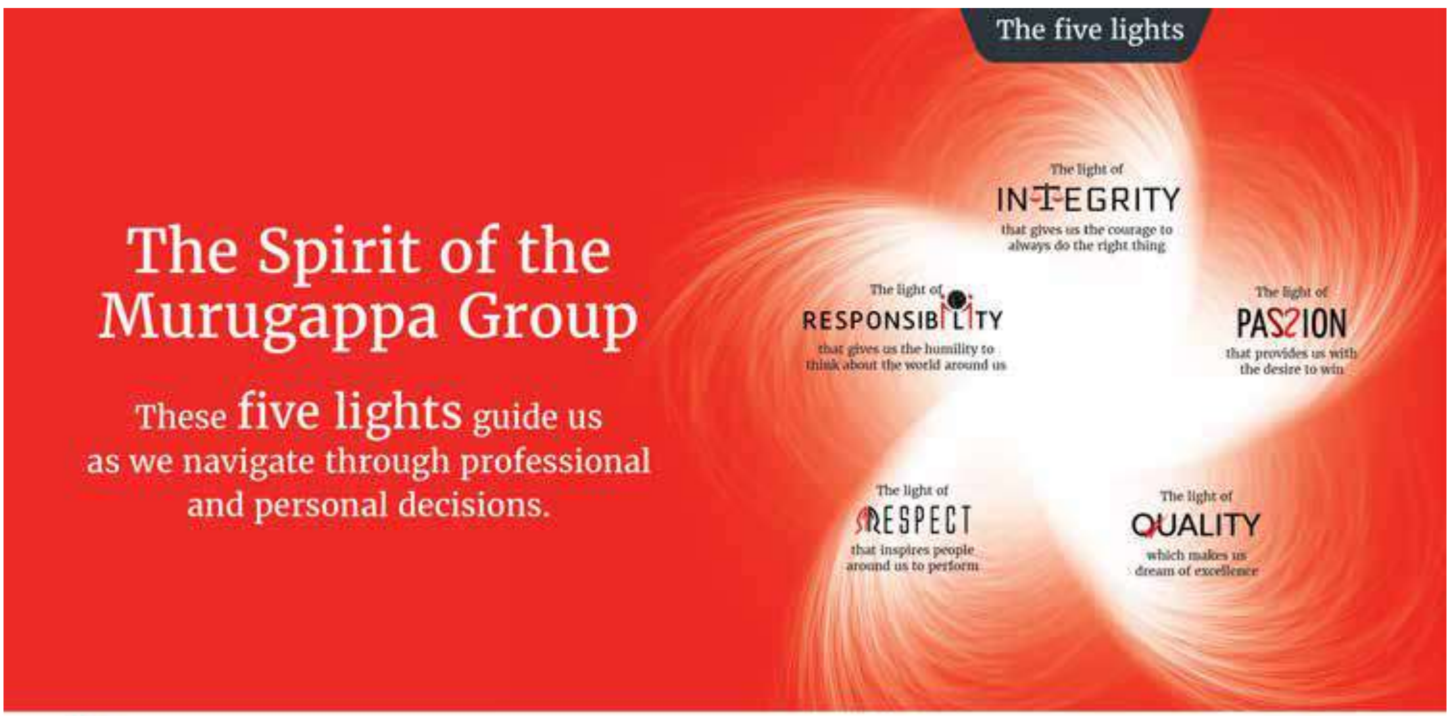
- Leadership and capability building modules, talent mobility and knowledge management initiatives and developmental workshops were rolled out across the Company embedding a 'learn and grow' culture, enabling employees to enrich their potential.

## People Competencies

- An empowering, entrepreneurial culture, encouraging risk taking abilities propels employees to take up projects with stretch targets and to explore new possibilities for growth and progress.
- Our various rewards and recognition initiatives, work-life balance and health and wellness programmes have helped to increase the morale of the employee, fostering a sense of accomplishment and cascading a winning culture across the Company.

## Community Care

- The Company contributes in large measure to health care, education and environment protection initiatives of the neighbouring communities across its various locations.
- Participating in infrastructure building for schools, roads, de-silting of canals, restoration of water bodies and other socio welfare activites are an important part of the Company's Corporate Social Responsibility.


The Spirit of the Murugappa Group
These five lights guide us as we navigate through professional and personal decisions.
The five lights
The light of
INTEGRITY
that gives us the courage to always do the right thing
The light of
RESPONSIBILITY
that gives us the humility to think about the world around us
The light of
PASSION
that provides us with the desire to win
The light of
RESPECT
that inspires people around us to perform
The light of
QUALITY
which makes us dream of excellence

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

V. Ravichandran, Chairman
S. Suresh, Managing Director
Ajay B Baliga, Independent Director
V. Manickam, Independent Director
Ramesh K B Menon
C. K. Ranganathan, Independent Director
Rca Godbole, Independent Director
M. M. Venkatachalam

## COMPANY SECRETARY

G. Jalaja

## CORPORATE MANAGEMENT TEAM

S. Suresh, Managing Director
Balaji Prakash, Vice President - Sales & Marketing
G. Jalaja, Sr. Vice President - Management Audit & Company Secretary
T. Kannan, Vice President - Operations-Karnataka
Madhu Sudhan Sharma, Vice President & Head - Manufacturing
Muthiah Murugappan, Business Head - Nutraceuticals
T. Rajasekar, Sr. Vice President - Special Project
S. K. Sathyavrdhan, Sr. Vice President (HR)
T. M. Shankar, Sr. Vice President - Commercial & Corporate Affairs
V. Suri, Executive Vice President & Chief Financial Officer

## REGISTERED OFFICE

'Dare House', Parrys Corner, Chennai - 600 001.
CIN : L24211TN1975PLC006989

## AUDITORS

Price Waterhouse Chartered Accountants LLP
Chennai

## BANKERS

State Bank of India

## INVESTOR CONTACTS

### Registrar and Transfer Agents

Karvy Computershare Private Limited
Unit : E.I.D.- Parry (India) Limited
Karvy Selenium Tower B,
Plot No. 31& 32, Gachibowli, Financial District,
Hyderabad - 500 032.
Tel. : +91 - 40 - 67162222
Fax : +91 - 40 - 23420814
Toll free: 1800-3454-001
E-mail : einward.ris@karvy.com

### Company

Secretarial Division
Tel. : +91 - 44 - 25306789
Fax : +91 - 44 - 25341609
E-mail : investorservices@parry.murugappa.com
Website : www.eidparry.com

# FINANCIAL HIGHLIGHTS - TEN YEARS AT A GLANCE

## Standalone

₹ in Lakh except ratios

| Particulars | 2008-09 | 2009-10 | 2010-11 @ | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 # | 2016-17 | 2017-18 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Profitability Items** | | | | | | | | | | |
| Gross Income | 170599 | 133526 | 147386 | 175364 | 241448 | 194548 | 226504 | 278559 | 263121 | 228169 |
| Gross Profit (PBDIT) | 96539 | 35536 | 18927 | 27447 | 60562 | 26237 | 38918 | 15751 | 50867 | 30521 |
| Depreciation & Amortisation | 5017 | 6933 | 7370 | 7397 | 10787 | 9731 | 10193 | 11200 | 11211 | 11446 |
| Profit/(Loss) before Interest & Tax | 91522 | 28603 | 11557 | 20050 | 49775 | 16506 | 28725 | 4551 | 39656 | 19075 |
| Finance costs | 2,682 | 3857 | 4817 | 6443 | 13668 | 19616 | 15127 | 16710 | 13991 | 11290 |
| Profit/(Loss) Before Tax | 88840 | 24746 | 6740 | 13607 | 36107 | (3110) | 13598 | (12159) | 25665 | 7785 |
| Tax | 19644 | 4218 | (1186) | (125) | 2936 | (5763) | (1227) | (2948) | (2696) | (2316) |
| Profit/(Loss) after Tax | 69196 | 20528 | 7926 | 13732 | 33171 | 2653 | 14825 | (9211) | 28361 | 10101 |
| **Balance Sheet Items** | | | | | | | | | | |
| Net Fixed Assets | 85942 | 84650 | 80986 | 80876 | 128652 | 152515 | 149968 | 157806 | 148816 | 139584 |
| Investments | 48561 | 68282 | 43414 | 68278 | 87110 | 54478 | 68293 | 77432 | 78575 | 87831 |
| Net Current Assets | 26584 | 27561 | 61572 | 63604 | 104089 | 106014 | 83987 | 25359 | 8539 | 31370 |
| Total Capital Employed | 161087 | 180493 | 185972 | 212758 | 319851 | 313007 | 302248 | 260597 | 235930 | 258785 |
| Shareholders Funds | 96346 | 109066 | 114474 | 121223 | 134162 | 127432 | 136408 | 128276 | 147746 | 163813 |
| Borrowings | 53853 | 57552 | 58809 | 78971 | 172309 | 178559 | 160211 | 131941 | 94346 | 101800 |
| Deferred Tax Liability/ (Asset) | 10888 | 13875 | 12689 | 12564 | 13380 | 7016 | 5629 | 380 | (6,162) | (6,828) |
| Total | 161087 | 180493 | 185972 | 212758 | 319851 | 313007 | 302248 | 260597 | 235930 | 258785 |
| **Ratios** | | | | | | | | | | |
| Book Value per share (₹) | 113 | 127 | 66 | 70 | 77 | 73 | 78 | 73 | 84 | 93 |
| EPS (₹) | 77.8 | 23.81 | 4.58 | 7.92 | 19.08 | 1.51 | 8.43 | (5.21) | 16.03 | 5.70 |
| Dividend on Equity % | 1000 | 500 | 200 | 400 | 600 | - | 300.00 | - | 400 | 300 |

@ Regrouped based on New Schedule VI to Companies Act, 1956
# Regrouped based on Ind AS

Notes : -

1. The equity shares of ₹ 2 each were subdivided into shares of ₹1 each with effect from December 24, 2010.
2. Haliyal and Sankili units of Parrys Sugar Industries Limited was merged with effect from April 1, 2012.
3. Sadashiva Sugars Limited was merged effective April 1, 2013.
4. Parry Phytoremedies Private Limited was merged effective April 1, 2014.
5. Parrys Sugar Industries Limited was merged with effect from April 1, 2016.

# NOTICE

Notice is hereby given that the Forty Third Annual General Meeting of the Members of E.I.D.- Parry (India) Limited will be held on Wednesday, August 8, 2018 at 3.30 p.m. at The Music Academy, Madras, New No. 168 (Old No. 306), T.T.K. Road, Royapettah, Chennai - 600014 to transact the following businesses:

## ORDINARY BUSINESS:

1. **Adoption of Standalone Financial Statements**

   To consider and, if thought fit, to pass, the following resolution as an Ordinary Resolution:

   "**RESOLVED THAT** the audited financial statements of the Company for the financial year ended March 31, 2018 and the reports of the Board of Directors and Auditors thereon be and are hereby received, considered and adopted."

2. **Adoption of Consolidated Financial Statements**

   To consider and, if thought fit, to pass, the following resolution as an Ordinary Resolution:

   **"RESOLVED THAT** the audited consolidated financial statements of the Company for the financial year ended March 31, 2018 and the report of the Auditors thereon be and are hereby received, considered and adopted."

3. **Declaration of Dividend**

   To consider and if deemed fit, to pass, the following resolution as an Ordinary Resolution:

   **"RESOLVED THAT** a final dividend of ₹ 3/- (Rupees Three only) per equity share as recommended by the Board of Directors be and is hereby declared on the outstanding equity shares of ₹ 1/- each of the Company for the year ended March 31, 2018 and that the same be paid out of the profits of the Company to those members, whose names appear in the register of members in case the shares are held in physical form and in case of shares held in dematerialised form as per the details furnished by the depositories for this purpose as on August 08, 2018."

4. **Appointment of Director**

   To consider and if deemed fit, to pass, the following resolution as an Ordinary Resolution:

   **"RESOLVED THAT** pursuant to the provisions of Section 152 and other applicable provisions, if any, of the Companies Act, 2013 Mr.V.Ravichandran (DIN: 00110086) who retires by rotation and being eligible for re-appointment, be and is hereby re-appointed as a Director of the Company liable to retire by rotation."

## SPECIAL BUSINESS

5. **Appointment of Independent Director**

   To consider and if deemed fit, to pass, the following resolution as an Ordinary Resolution:

   **"RESOLVED THAT** Mr. C.K.Ranganathan (DIN: 00550501), who was appointed by the Board of Directors, as an Additional Director of the Company with effect from November 8, 2017 and who holds office up to the date of this Annual General Meeting in terms of Section 161(1) of the Companies Act, 2013 ("Act") and in respect of whom the Company has received a notice in writing from a Member under Section 160(1) of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company."

   **"RESOLVED FURTHER THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Act and the Companies (Appointment and Qualifications of Directors) Rules, 2014, read with Schedule IV to the Act, as amended from time to time, the appointment of Mr. C.K.Ranganathan, who meets the criteria for independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and who has submitted a declaration to that effect, and who is eligible for appointment as an Independent Director of the Company, not liable to retire by rotation, for a term of five years commencing November 8, 2017 to November 7, 2022, be and is hereby approved."

6. **Appointment of Independent Director**

   To consider and if deemed fit, to pass, the following resolution as an Ordinary Resolution:

   **"RESOLVED THAT** Mr. Ajay B Baliga (DIN: 00030743), who was appointed by the Board of Directors, as an Additional Director with effect from May 9, 2018 and who holds office up to the date of this Annual General Meeting in terms of Section 161(1) of the Companies Act, 2013 ("Act") and in respect of whom the Company has received a notice in writing from a Member under Section 160(1) of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company."

   **"RESOLVED FURTHER THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Act and the Companies (Appointment and Qualifications of Directors) Rules, 2014, read with Schedule IV to the Act, as amended from time to time, the appointment of Mr. Ajay B Baliga, who meets the criteria for independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and who has submitted a declaration to that effect, and who is eligible for appointment as an Independent Director of the Company, not liable to retire by rotation, for a term of five years commencing May 9, 2018 to May 8, 2023, be and is hereby approved."

7. **Appointment of Director**

To consider and if deemed fit, to pass the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** Mr. Ramesh K.B. Menon (DIN: 05275821), who was appointed by the Board of Directors, as an Additional Director of the Company with effect from November 8, 2017 and who holds office up to the date of this Annual General Meeting in terms of Section 152, 161 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director of the Company be and is hereby appointed as a Director of the Company liable to retire by rotation."

8. **Appointment of Director**

To consider and if deemed fit, to pass the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** Mr. M.M.Venkatachalam (DIN: 00152619), who was appointed by the Board of Directors, as an Additional Director of the Company with effect from February 7, 2018 and who holds office up to the date of this Annual General Meeting in terms of Section 152, 161 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and in respect of whom the Company has received a notice in writing from a member under Section 160(1) of the Act proposing his candidature for the office of the Company be and is hereby appointed as a Director of the Company liable to retire by rotation."

9. **Remuneration of Cost Auditors**

To consider and if deemed fit, to pass the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the remuneration of ₹ 8,50,000/-(Rupees Eight lakh fifty thousand only) plus applicable taxes and reimbursement of out of pocket expenses payable to M/s.Narasimha Murthy & Co., Cost Accountants (Firm Registration Number 000042) for conduct of audit of the cost records of the Company for the financial year ending March 31, 2019 as approved by the Board of Directors of the Company, be and is hereby ratified.

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

10. **Issue of Non-Convertible Debentures**

To consider and if deemed fit, to pass, the following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 42, 71 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the Companies (Share Capital and Debentures) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and subject to the provisions of the Articles of Association of the Company and such other rules/regulations, as may be applicable, consent be and is hereby accorded to the Board of Directors of the Company to offer, invite and issue secured / unsecured redeemable non-convertible debentures, aggregating up to ₹ 300 Crore (Rupees Three hundred crore only), on private placement basis to Nationalised Banks/Indian Private Banks/Foreign Banks/Other Banks/Financial Institutions/Other eligible investors in one or more tranches during a period of one year from the date of passing of this resolution within the overall borrowings limits of the Company as approved by the members from time to time and on such terms and conditions as the Board of Directors of the Company may determine and consider proper and most beneficial to the Company including, without limitation, as to when the said Debentures are to be issued, coupon rate, redemption period, utilization of the issue proceeds and all matters connected therewith or incidental thereto.

**RESOLVED FURTHER THAT** the Board of Directors of the Company (including any Committee thereof), be and is hereby authorised to do all such acts, deeds and things and give such directions as may be deemed necessary or expedient, to give effect to this resolution."

By Order of the Board
For E.I.D.-Parry (India) Limited

G. Jalaja
Company Secretary

Place : Chennai
Date : May 9, 2018

Registered Office:
'Dare House', Parrys Corner, Chennai - 600 001.
CIN: L24211TN1975PLC006989
Tel. :+91-044-25306789
Fax.:+91-044-25341609
E-mail:investorservices@parry.murugappa.com
Website:www.eidparry.com

## NOTES

1. **A Member entitled to attend and vote at the Annual General Meeting (AGM) is entitled to appoint a proxy to attend and vote instead of himself/herself and such proxy need not be a Member of the Company. The instrument appointing the proxy, in order to be effective, must be deposited at the Company's Registered Office, duly completed and signed in the format sent herewith, not less than FORTY-EIGHT HOURS before the commencement of the meeting. Proxies submitted on behalf of limited companies, societies, etc., must be supported by appropriate resolutions/authority, as applicable.**

   **A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such person shall not act as a proxy for any other person or shareholder.**
2. Corporate Members intending to send their authorised representatives to attend the meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representatives to attend and vote on their behalf at the meeting.
3. Statement pursuant to Section 102 of the Companies Act, 2013, in respect of the Item Nos. 5 to 10 to be transacted at the Annual General Meeting as set out in the Notice, is annexed hereto.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, July 27, 2018 to Wednesday, August 8, 2018 (both days inclusive).
5. **The Company is providing facility for voting by electronic means (e-voting) through an electronic voting system which will include remote e-voting as prescribed by the Companies (Management and Administration) Rules, 2014 as presently in force and the business set out in the Notice will be transacted through such voting.** Information and instructions including details of used id and password relating to e-voting are provided in the Notice.
6. If dividend as recommended by the Board of Directors is approved at the meeting, payment of such dividend will be made on or before August 22, 2018, as under:

   In respect of Shares held in physical form, to all those Members whose names appear on the Company's Register of Members after giving effect to valid transfers in respect of transfer requests lodged with the Company on or before the close of business hours on July 27, 2018.

   In respect of Shares held in electronic form, to all beneficial owners of the shares, as per details furnished by the Depositories for this purpose, as of the close of business hours on August 8, 2018. Members are requested to provide Bank details to facilitate payment of dividend either in electronic mode or for printing on the payment instruments.
7. Members holding shares in electronic mode are requested to keep their e-mail addresses updated and intimate immediately any change in their address, bank mandates to their Depository Participants. Members holding shares in physical mode are also requested to update their e-mail addresses, advise any change in their address, bank mandates by writing to Karvy Computershare Pvt. Ltd, (Karvy), Karvy Selenium Tower B, Plot number 31 & 32, Financial District, Gachibowli, Hyderabad-500 032 quoting their folio number(s).
8. Members holding shares in physical form are requested to consider converting their holding to dematerialised form to eliminate all risks associated with physical shares and for ease in portfolio management. Members can contact the Company or Karvy for assistance in this regard.
9. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to Karvy for consolidation into a single folio.
10. The Company has transferred the unpaid or unclaimed dividends declared up to financial years 2010-11 from time to time to the Investor Education and Protection Fund (IEPF) established by the Central Government. The Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 4th August, 2017 (date of last Annual General Meeting) on the website of the Company (www.eidparry.com). The said details have also been uploaded on the website of the IEPF Authority and same can be accessed through the link www.iepf.gov.in.
11. In terms of Section 152 of the Companies Act, 2013, Mr. V.Ravichandran, Director retires by rotation at the AGM and being eligible, offers himself for reappointment. Mr.C.K.Ranganathan, Mr.Ramesh K.B.Menon, Mr.M.M.Venkatachalam and Mr.Ajay B Baliga appointed as Additional Directors by the Board of Directors are seeking appointment at the AGM. Details of Directors retiring by rotation / seeking appointment at the ensuing AGM are provided in the "Annexure" to the Notice pursuant to the provisions of (i) SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and (ii) Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India. The Directors have furnished the requisite consents/declarations for their appointment/ re-appointment.
12. The requirement to place the matter relating to appointment of Auditors for ratification by members at every AGM is done away with vide notification dated May 7, 2018 issued by the Ministry of Corporate Affairs, New Delhi. Accordingly, no resolution is proposed for ratification of appointment of Auditors, who were appointed in the Annual General Meeting held on August 4, 2017.
13. As per the provisions of Section 72 of the Companies Act, 2013 and Rule 19(1) of the Companies (Share Capital and Debentures) Rules 2014, Shareholders holding shares in physical form may file nomination in the prescribed SH-13 with Karvy. In respect of shares held in demat form, the nomination form may be filed with the concerned Depository Participant.
14. Pursuant to Regulation 36 (1) & 44 of the SEBI (LODR) Regulations, 2015 and Sections 20, 101, 108 and 136 of the Companies Act, 2013, electronic copy of Annual Report and this Notice inter-alia indicating the process and manner of e- voting along with Attendance Slip and Proxy form are being sent by e-mail to those shareholders whose e-mail addresses have been made available to the Company/ Depository Participants unless any member has requested for a hard copy of the same.

15. Relevant documents referred to in the proposed resolutions are available for inspection at the Registered Office of the Company during business hours on all days except Saturdays, Sundays and Public holidays up to the date of the Annual General Meeting. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013 and Register of Contracts or arrangements in which Directors are interested maintained under Section 189 of the Companies Act, 2013 will be available for inspection by the members at the Annual General Meeting.
16. Members are requested to hand over the Attendance Slip, duly signed in accordance with their specimen signature(s) registered with the Company for admission at the meeting hall. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for identification. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
17. Members desirous of getting any information about the accounts and/or operations of the Company are requested to write to the Company at least seven days before the date of the Annual General Meeting to enable the Company to keep the information ready at the meeting.
18. Members, who have not registered their e-mail addresses so far, are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.
19 The route map showing directions to reach the venue of the Annual General Meeting is annexed.
20. **Information on Remote e-voting & Insta-poll and other information :**

**A. Remote e-voting:** In compliance with the provisions of Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and the provisions of Regulation 44 of the Securities and Exchange Board of India (LODR) Regulations, 2015, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by Karvy Computershare Private Limited (Karvy) on all resolutions set forth in this Notice, from a place other than the venue of the Meeting (Remote e-voting).

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

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

ii. Enter the login credentials (i.e. User ID and password). In case of physical folio, User ID will be EVEN (E-Voting Event Number) 3861 followed by folio number. In case of Demat account, User ID will be your DP ID and Client ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.

iii. After entering these details appropriately, click on “LOGIN”.

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

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

vi. On successful login, the system will prompt you to select the “EVENT” i.e., ‘Name of the Company”

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

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

ix. Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained.

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

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

xii. Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter etc., together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at email id rsaevoting@gmail.com with a copy marked to evoting@karvy.com. The scanned image of the above mentioned documents should be in the naming format “ E.I.D.-Parry (India) Limited_Event No.”

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

i. E-Voting Event Number – 3861 (EVEN), User ID and Password is provided in the Attendance Slip.

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

**B. Voting at AGM:** Members, who have not cast their vote through Remote e-voting can exercise their voting rights at the AGM. The Company will make necessary arrangements in this regard at the AGM Venue. The facility for voting through electronic voting system ('Insta Poll') shall be made available at the Meeting. Members who have already cast their votes by Remote e-voting are eligible to attend the Meeting. However, these Members are not entitled to cast their vote again in the Meeting. A Member can opt for only single mode of voting i.e. through Remote e-voting or voting at the AGM. If a Member casts votes by both modes then voting done through Remote e-voting shall prevail and vote at the AGM shall be treated as invalid.

## OTHER INSTRUCTIONS

a. In case of any query and/or grievance, in respect of voting by electronic means, Members may refer to the Help & Frequently Asked Questions (FAQs) and E-voting user manual available at the download section of https://evoting.karvy.com (Karvy Website) or contact Mr. I L Murthy, Manager (Unit: Name of the Company) of Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032 or at evoting@karvy.com or phone no. 040 – 6716 1500 or call Karvy's toll free No. 1800-3454-001 for any further clarifications.

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

c. The remote e-voting period commences on Saturday, August 4, 2018 (9.00 A.M. IST) and ends on Tuesday August 7, 2018 (5.00 P.M. IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of August 1, 2018, may cast their votes electronically. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only. The remote e-voting module shall be disabled for voting thereafter.

d. The voting rights of Members shall be in proportion to their share of the paid up equity share capital of the Company as on the cut-off date i.e. August 1, 2018,

e. In case a person has become a Member of the Company after dispatch of AGM Notice but on or before the cut-off date for E-voting i.e., August 1, 2018, he/she may obtain the User ID and Password in the manner as mentioned below:

    i. If the mobile number of the member is registered against Folio No./ DP ID Client ID, the member may send SMS: MYEPWD <space> E-Voting

       Event Number+Folio No. or DP ID Client ID to 9212993399
       Example for NSDL:
       MYEPWD <SPACE> IN12345612345678
       Example for CDSL:
       MYEPWD <SPACE> 1402345612345678
       Example for Physical:
       MYEPWD <SPACE> XXXX1234567890

    ii. If e-mail address or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page of https://evoting.karvy.com, the member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password.

    iii. Member may call Karvy's toll free number 1800-3454-001.

    iv. Member may send an e-mail request to evoting@karvy.com. However, Karvy shall endeavour to send User ID and Password to those new Members whose mail ids are available.

f. Mr. R. Sridharan, M/s R. Sridharan & Associates, Company Secretaries, Chennai is appointed as scrutinizer to scrutinise the remote e-voting and voting at the AGM venue in a fair and transparent manner.

g. The scrutinizer after scrutinizing the votes cast at the meeting and through remote e-voting, will not later than 48 hours of conclusion of the meeting, make a consolidated scrutinizer's report and submit the same to the Chairman. The results declared along with the consolidated scrutinizer's report shall be placed on the website of the company www.eidparry.com and on the website of Karvy https://evoting.karvy.com. The results shall simultaneously be communicated to the stock exchanges.

h. Subject to the receipt of requisite number of votes, the resolutions shall be deemed to be passed on the date of the meeting, viz., August 8, 2018.

## PROCEDURE AND INSTRUCTIONS FOR WEB CHECK-IN/ ATTENDANCE REGISTRATION

**Web Check- in / Attendance Registration:** Members are requested to tender their attendance slips at the registration counters at the venue of the AGM and seek registration before entering the meeting hall. Alternatively, to facilitate hassle free and quick registration/entry at the venue of the AGM, the Company has provided a Web-Check in facility through Karvy's website. Web Check-in on the Karvy's website enables the Members to register attendance online in advance and generate Attendance Slip without going through the registration formalities at the registration counters.

**Procedure of Web Check-in is as under:**

a. Log on to https://karisma.karvy.com and click on "Web Check-in for General Meetings (AGM/EGM/CCM)".

b. Select the name of the company: E.I.D.- Parry (India) Limited

c. Pass through the security credentials viz., DP ID/Client ID/Folio no. entry, PAN & "CAPTCHA" as directed by the system and click on the "submit" button.

d. The system will validate the credentials. Then click on the "Generate my attendance slip" button that appears on the screen.

e. The attendance slip in PDF format will appear on the screen. Select the "PRINT" option for direct printing or download and save for the printing.

f. A separate counter will be available for the online registered Members at the AGM Venue for faster and hassle free entry and to avoid standing in the queue.

g. After registration, a copy will be returned to the Member.

h. The Web Check-in (Online Registration facility) is available for AGM during e-voting Period only i.e., Saturday, August 4, 2018 (9.00 A.M. IST) to Tuesday, August 7, 2018 (5.00 P.M. IST).

i. The Members are requested to carry their valid photo identity along with the above attendance slip for verification purpose.

**Statement pursuant to Section 102 of the Companies Act, 2013**

The following Statement sets out all material facts relating to the business mentioned under Item Nos. 5 to 10 of the accompanying Notice:

**Item No. 5 & 6**

Mr. C.K. Ranganathan (DIN: 00550501) and Mr. Ajay B. Baliga (DIN: 00030743) were appointed as Independent Directors by the Board of Directors on November 8, 2017 and May 9, 2018 respectively. Pursuant to Section 161 of the Companies Act, 2013, they hold office up to the date of this annual general meeting. Notices have been received from members proposing Mr. C.K. Ranganathan and Mr. Ajay B. Baliga as candidates for the office of Director of the Company.

Mr. C.K. Ranganathan and Mr. Ajay B. Baliga have given declarations to the Board that they meet the criteria of independence as provided under section 149(6) of the Act. In the opinion of the Board, they fulfill the conditions specified in the Act and the Rules framed thereunder for appointment as Independent Directors and are independent of the management.

The Board recommends the appointment of Mr. C.K. Ranganathan and Mr.Ajay B Baliga as Independent Directors of the Company not liable to retire by rotation for a term of five consecutive years from the date of their appointment.

The terms and conditions of the appointment of Mr. C.K. Ranganathan and Mr. Ajay B. Baliga as Independent Directors would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day excluding Saturday and Sunday and public holidays. Notice has been received from members proposing Mr. C.K. Ranganathan and Mr. Ajay B. Baliga as candidates for the office of Director of the Company. The disclosure under Regulation 36 of the SEBI (LODR) Regulations and SS-2 is annexed to this Notice.

The Board recommends the Ordinary Resolutions at Item Nos. 5 and 6 for approval by the Members.

Except Mr. C.K. Ranganathan and Mr. Ajay B. Baliga, being the appointees, none of the other Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested, financially or otherwise in the resolution set out at Item Nos. 5 and 6 of the Notice.

**Brief Profile of Mr. C.K. Ranganathan**

Mr. C.K.Ranganathan, a Chemistry Graduate, has rich experience as an Entrepreneur. He is the Chairman and Managing Director of Cavinkare Private Limited. He was Chairman of the Confederation of Indian Industry, Tamil Nadu State Council for the year 2009/10.

Mr. C.K.Ranganathan is not related to any other Director of the Company.

**Brief Profile of Mr. Ajay B. Baliga**

Mr. Ajay B. Baliga is a B.Tech in Chemical Engineering from the University of Madras and started his career as an Engineering Trainee in Shaw Wallace & Co in 1981. He is a veteran supply chain and manufacturing professional having over 36 years experience in the Alco Beverages Industry.

Mr. Ajay B. Baliga is not related to any other Director of the Company.

**Item No. 7 & 8**

Mr. Ramesh K.B.Menon and Mr. M.M. Venkatachalam were appointed as Additional Directors of the Company by the Board of Directors at their meetings held on November 8, 2017 and February 7, 2018 respectively. As Additional Directors, they hold office up to the date of the ensuing Annual General Meeting. In terms of Section 161 and other applicable provisions of the Companies Act, 2013 and the rules thereunder, they are eligible for appointment as Directors of the Company. Notices have been received from members proposing Mr. Ramesh K.B.Menon and Mr. M.M. Venkatachalam as candidates for the office of Director of the Company. The disclosure under Regulation 36 of the SEBI (LODR) Regulations and SS-2 is annexed to this Notice.

The Board recommends the Ordinary Resolutions at Item Nos. 7 and 8 for approval by the Members.

Except Mr. Ramesh K.B.Menon and Mr. M.M. Venkatachalam, being the appointees, none of the other Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested, financially or otherwise in the resolution set out at Item Nos. 7 and 8 of the Notice.

**Brief Profile of Mr. Ramesh K.B.Menon**

Mr. Ramesh K.B. Menon is a Science graduate from Jaihind College, Mumbai and an alumnus of XLRI, Jamshedpur (Batch of 1985). He has over 32 Years of experience including 27 years with Madura Coats and has handled several HR leadership assignments including HR Head for South Asia & Africa regions, consisting of 13 countries. He is the Director HR & Lead Director – Diversified Business, Murugappa Group.

He is not related to any other Director of the Company.

**Brief Profile of Mr. M.M. Venkatachalam**

Mr M M Venkatachalam is a graduate from The University of Agricultural Sciences, Bangalore and holds an MBA Degree from The George Washington University, USA. He serves on the Boards of several Companies including Parry Agro Industries Ltd., Coromandel International Ltd., Ramco Cements Ltd., Ramco Systems Ltd., and USV Private Ltd.

Mr. M.M. Venkatachalam is one of the promoters of the Company. He is not related to any other Director of the Company.

**Item No. 9**

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of M/s. Narasimha Murthy & Co., Cost Accountants as the Cost Auditors to conduct the audit of the cost records of the Company pertaining to Sugar, Power and Alcohol for the financial year ending March 31, 2019. In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No.9 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2019.

The Board recommends the Ordinary Resolution at Item No.9 for approval by the Members.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 9 of the Notice.

**Item No.10**

The members of the Company, at the previous AGM held on August 4, 2017, had passed a special resolution authorising the Board of Directors of the Company to offer or invite subscription for redeemable non-convertible debentures for an amount not exceeding ₹ 300 Crore in one or more tranches, on private placement. The said resolution is valid and effective for 1 (One) year till August 3, 2018. The members may note that the Company issued redeemable non-convertible debentures for ₹ 100 Crore, pursuant to the said authorization.

Section 42 of the Companies Act, 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 deals with private placement of securities by a company. Sub-rule (2) of the said Rule 14 states that in case of an offer or invitation to subscribe for non-convertible debentures on private placement, the company shall obtain previous approval of its shareholders by means of a special resolution only once in a year for all the offers or invitations for such debentures during the year. Rule 18 of the Companies (Share Capital and Debentures) Rules, 2014 deals with issue of secured debentures. The Board of Directors will decide whether to issue debentures as secured or unsecured.

In order to augment long term resources for financing, inter alia, the capital expenditure and for general corporate purposes, the Board may, at an appropriate time, offer or invite subscription for secured/ unsecured redeemable non-convertible debentures, in one or more series / tranches for an amount not exceeding ₹ 300 Crore on private placement.

Accordingly, consent of the members is sought for passing the Special Resolution as set out at Item No. 10 of the Notice. This resolution is an enabling resolution and authorises the Board of Directors of the Company to offer or invite subscription for non-convertible debentures, as may be required by the Company, from time to time for a period of one year from the date of passing this resolution.

The Board recommends the Special Resolution set out at Item No.10 of the Notice for approval by the members.

None of the Directors / Key Managerial Personnel of the Company/ their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 10 of the Notice.

By Order of the Board
For **E.I.D. - Parry (India) Limited**

Place : Chennai
Date : May 9, 2018

G.Jalaja
Company Secretary

## ANNEXURE TO THE NOTICE DATED MAY 9, 2018

## DETAILS PERTAINING TO DIRECTORS RETIRING BY ROTATION / SEEKING APPOINTMENT AT THE MEETING

| Particulars | Mr. V. Ravichandran | Mr. C.K. Ranganathan |
|---|---|---|
| **DIN** | 00110086 | 00550501 |
| **Date of Birth** | 09.06.1956 | 01.05.1960 |
| **Date of first appointment on the Board** | 30.10.2009 | 08.11.2017 |
| **Qualifications** | Engineering Graduate and holds a Post Graduate Diploma in Management from IIM, Ahmedabad, a Cost Accountant and a Company Secretary. | Bachelor of Science with a Major in Chemistry |
| **Expertise (including expertise in specific functional area) / Brief Resume** | Vast experience mainly in the fields of finance and marketing. Before moving to Coromandel International Limited, he also headed the Crop Protection business of the Company. He was the Managing Director of Coromandel International Limited from 2006 to 2013. Currently, Mr. Ravichandran is the Lead Director (Fertilisers & Sugars) on the Murugappa Corporate Advisory Board. | Mr.C.K.Ranganathan, has rich experience as an Entrepreneur. He is the Chairman and Managing Director of Cavinkare Private Limited. Mr. Ranganathan was the Chairman of Confederation of Indian Industry, Tamil Nadu State Council for the year 2009/10. |
| **Terms and Conditions of Appointment / Re-appointment** | As per the resolution passed by the Shareholders at the Annual General Meeting held on July 28, 2010. Mr. V. Ravichandran was appointed as Non-Executive Director liable to retire by rotation. | As per the resolution at Item No. 5 of the Notice convening Annual General Meeting on August 8, 2018 read with explanatory statement thereto, Mr. C .K. Ranganathan is proposed to be appointed as an Independent Director of the Company not liable to retire by rotation for a term of five consecutive years from November 8, 2017 upto November 7, 2022. |
| **Shareholding in the Company as on March 31, 2018** | Nil | Nil |
| **Directorship of other Companies as on March 31, 2018** | Coromandel International Limited<br>Parry Infrastructure Company Private Limited<br>Parry Sugars Refinery India Private Ltd.<br>Yanmar Coromandel Agrisolutions Private Limited<br>CFL Mauritius Limited<br>US Nutraceuticals LLC<br>Parry America Inc.<br>Foskor Pty Limited<br>Alimtec SA | Cavinkare Private Limited<br>TVS Logistics Services Limited<br>Matrimony.Com Limited<br>Cavin Solai Private Limited<br>Cavin Estates Private Limited |

| Particulars | Mr. V. Ravichandran | Mr. C.K. Ranganathan |
|---|---|---|
| **Chairmanship/Membership of the Committees of other Companies** | **Coromandel International Limited.**<br>**Member** - Stakeholders Relationship Committee<br>**Member** - Risk Management Committee<br>**Member** - Banking and Borrowing Committee<br><br>**Parry Sugars Refinery India Private Limited**<br>**Member** - Loan Committee | **Cavinkare Private Limited**<br>**Chairman** - CSR Committee<br><br>**TVS Logistics Services Limited**<br>**Member** - Audit Committee<br>**Chairman** - Nomination & Remuneration Committee<br>**Chairman** - CSR Committee<br><br>**Matrimony.Com Limited**<br>**Member** - Audit Committee<br>**Member** - Nomination & Remuneration Committee<br>**Member** - CSR Committee<br>**Member** - Share Allotment Committee<br>**Member** - Risk & Governance Committee |

For other details such as number of Board meetings attended during the year, remuneration drawn and relationship with other directors and key managerial personnel in respect of above directors, please refer to the Corporate Governance Report which is a part of this report.

| Particulars | Mr. Ajay B Baliga | Mr. Ramesh K.B.Menon |
|---|---|---|
| **DIN** | 00030743 | 05275821 |
| **Date of Birth** | 12.01.1959 | 21.10.1960 |
| **Date of first appointment on the Board** | 09.05.2018 | 08.11.2017 |
| **Qualifications** | B.Tech in Chemical Engineering from the University of Madras | Science graduate from Jaihind College, Mumbai and an alumnus of XLRI, Jamshedpur (Batch of 1985). |
| **Expertise (including expertise in specific functional area) / Brief Resume** | A veteran supply chain and manufacturing professional having over 36 years' experience in the Alco Beverages Industry. | He is on the Murugappa Corporate Advisory Board as Director HR and Lead Director for the Diversified Business Group which consists of Tea Rubber, Carpets, Travel, Textiles and Polynet business of the Group.<br>He joined the Murugappa Group in July 2013, moving from Coats, where he served as a Director - HR, South Asia. His experience with Madura Coats Spanned 27 years where he handled several HR leadership assignments including HR Head for South Asia & Africa regions. Coats have honored him with a life achievement award for his illustrious career. |
| **Terms and Conditions of Appointment /Re-appointment** | As per the resolution at Item No. 6 of the Notice convening Annual General Meeting on August 8, 2018 read with explanatory statement thereto, Mr. Ajay B Baliga is proposed to be appointed as an Independent Director of the Company not liable to retire by rotation for a term of five consecutive years from May 9, 2018 upto May 8, 2023. | As per the resolution at Item No. 7 of the Notice convening Annual General Meeting on August 8, 2018 read with explanatory statement thereto, Mr. Ramesh K.B. Menon is proposed to be appointed as a Non-Executive Director liable to retire by rotation. |
| **Shareholding in the Company as on March 31, 2018** | Nil | Nil |
| **Directorship of other Companies as on March 31, 2018** | Nil | Tube Investments of India Limited<br>Parry Agro Industries Limited<br>Ambadi Enterprises Limited<br>Parry Enterprises India Limited<br>Triumph Electoral Trust<br>Parry Murray and Company Limited |

| Particulars | Mr. Ajay B Baliga | Mr. Ramesh K.B.Menon |
|---|---|---|
| **Chairmanship/Membership of the Committees of other Companies** | Nil | **Ambadi Enterprises Limited**<br>**Member** - Audit Committee<br><br>**Parry Enterprises India Limited**<br>**Member -** Audit Committee<br><br>**Parry Agro Industries Limited**<br>**Member -** Audit Committee |

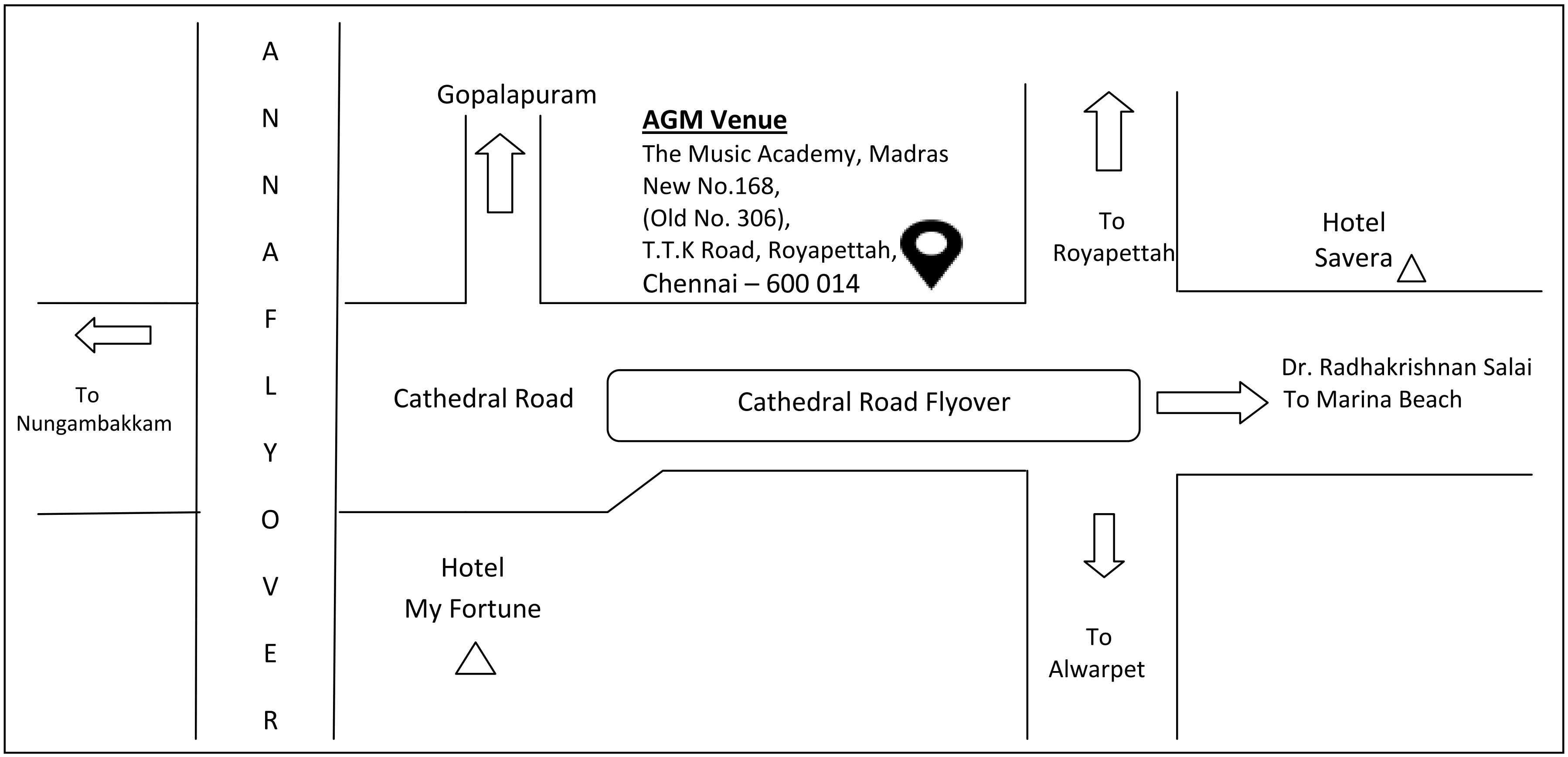
For other details such as number of Board meetings attended during the year, remuneration drawn and relationship with other directors and key managerial personnel in respect of above directors, please refer to the Corporate Governance Report which is a part of this report.

| Particulars | Mr. M.M. Venkatachalam |
|---|---|
| **DIN** | 00152619 |
| **Date of Birth** | 24.11.1958 |
| **Date of first appointment on the Board** | 07.02.2018 |
| **Qualifications** | Graduated from The University of Agricultural Sciences, Bangalore and also holds an MBA Degree from The George Washington University, USA. |
| **Expertise (including expertise in specific functional area) / Brief Resume** | Mr M. M. Venkatachalam serves on the Board of several Companies including the Board of Parry Agro Industries Limited, Coromandel International Limited, Ramco Cements Limited, Ramco Systems Limited and USV Private Limited. |
| **Terms and Conditions of Appointment / Re-appointment** | As per the resolution at Item No. 8 of the Notice convening Annual General Meeting on August 8, 2018 read with explanatory statement thereto, Mr. M. M. Venkatachalam is proposed to be appointed as a Non-Executive Director liable to retire by rotation. |
| **Shareholding in the Company as on March 31, 2018** | 3,89,500 |
| **Directorship in other Companies as on March 31, 2018** | Coromandel International Limited<br>The Ramco Cements Limited<br>Ramco Systems Limited<br>Coromandel Engineering Company Limited<br>Parry Agro Industries Limited<br>USV Private Limited<br>Alampara Hotels And Resorts Private limited<br>New Ambadi Estates Private Limited<br>Ambadi Enterprises Limited<br>Ambadi Investments Limited<br>M M Muthiah Sons Private Limited<br>M.M.Muthiah Research Foundation<br>Ootacamund Club |

| Particulars | Mr. M.M. Venkatachalam | |
|---|---|---|
| **Chairmanship/Membership of the Committees of other Companies** | **The Ramco Cements Limited**<br>**Member** - Audit Committee<br>**Member** - Nomination & Remuneration Committee<br>**Chairman** - Stakeholders Relationship Committee<br>**Chairman** - CSR Committee<br><br>**Coromandel International Limited**<br>**Member** - Audit Committee<br>**Member** - Nomination & Remuneration Committee<br>**Member** - CSR Committee<br><br>**Parry Agro Industries Limited**<br>**Member** - Audit Committee<br>**Member** - Nomination & Remuneration Committee<br>**Chairman** - Stakeholders Relationship Committee<br>**Chairman** - CSR Committee<br><br>**New Ambadi Estates Private Limited**<br>**Chairman** - CSR Committee | **Ramco Systems Limited**<br>**Member** - Audit Committee<br>**Chairman** - Nomination & Remuneration Committee<br>**Chairman** - Allotment Committee<br>**Member** - Fund Raising Committee<br>**Member** - Rights Issue 2013 Committee<br>**Member** - CSR Committee<br><br>**Coromandel Engineering Company Limited**<br>**Member** - Nomination & Remuneration Committee<br>**Member** - Risk Management Committee<br><br>**Ambadi Enterprises Limited**<br>**Member** - Audit Committee<br>**Member** - Nomination & Remuneration Committee<br>**Member** - CSR Committee<br><br>**USV Private Limited**<br>**Member** - Audit Committee<br>**Member** - CSR Committee |

For other details such as number of Board meetings attended during the year, remuneration drawn and relationship with other directors and key managerial personnel in respect of above directors, please refer to the Corporate Governance Report which is a part of this report.

# ROUTE MAP TO AGM VENUE



# BOARD'S REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS

## To the Members of E.I.D.- Parry (India) Limited

Dear Shareholders,

Your Directors have pleasure in presenting the Forty Third Annual Report together with the audited financial statements for the year ended March 31, 2018.

### FINANCIAL PERFORMANCE

**₹ in Crore**

| Particulars | Standalone | | Consolidated | |
|---|---|---|---|---|
| | 2017-18 | 2016-17 | 2017-18 | 2016-17 |
| Revenue from operations | 2079.83 | 2476.75 | 15437.58 | 14667.11 |
| Gross Revenue | 2281.69 | 2631.21 | 15610.99 | 14825.70 |
| Profit Before Interest and Depreciation (EBITDA) | 305.21 | 508.67 | 1454.96 | 1584.96 |
| Depreciation | 114.46 | 112.11 | 251.30 | 248.04 |
| Profit Before Interest and Tax (EBIT) | 190.75 | 396.56 | 1203.66 | 1336.92 |
| Finance Charges | 112.90 | 139.91 | 335.51 | 417.32 |
| Net Profit Before Tax | 77.85 | 256.65 | 868.15 | 919.60 |
| Tax Expenses | (23.16) | (26.96) | 350.72 | 211.35 |
| **Net Profit After tax before minority interest** | **101.01** | **283.61** | **517.43** | **708.25** |
| Minority Interest | | | 261.61 | 187.44 |
| **Net profit After Tax and minority interest** | **101.01** | **283.61** | **255.82** | **520.81** |
| Balance of Profit brought forward | 332.49 | 85.90 | 75.20 | (381.26) |
| Transfer from Debenture Redemption Reserve (Net) | (8.33) | 33.33 | (8.33) | 19.17 |
| **Balance Available for appropriation** | **425.17** | **402.84** | **322.69** | **158.72** |

Note: The above standalone financial performance is inclusive of continuing and discontinuing operations.

**Dividend and Reserves**

Based on the Company's performance, the Directors recommend for approval of the members, a dividend of ₹ 3/- per share for the year ended March 31, 2018. The final dividend on equity shares, if approved by the members, would involve a cash outflow of ₹ 53.10 crore.

The Company has not transferred any amount to the reserves for the year ended March 31, 2018.

**Share Capital**

The Paid up Equity Share Capital of the Company as on March 31, 2018 was ₹ 17.70 Crore. During the year under review, the Company allotted 49,222 equity shares on exercise of stock options under the ESOP Scheme, 2007. The Company also allotted 10,74,861 Equity Shares to the shareholders of Parrys Sugar Industries Limited (PSIL), consequent to merger of PSIL with the Company.

**Consolidated Operations**

Consolidated Revenue from operations of your Company for the year was ₹ 15,438 Crore, as against ₹ 14,667 Crore in the previous year. Overall expenses for the year was ₹ 14,656 Crore as against ₹ 13,906 Crore in the previous year. Operating Profit (EBITDA) was ₹ 1,455 Crore as against ₹ 1,585 Crore in the previous year. Profit after Tax and minority interest for the year was ₹ 256 Crore, as against ₹ 521 Crore in the previous year.

**Standalone Operations**

Standalone Revenue from operations of your Company for the year was ₹ 2,080 Crore as against ₹ 2,477 Crore in the previous year. Operating Profit (EBITDA) was ₹ 305 Crore, as against ₹ 509 Crore in the previous year. Profit after Tax for the year was at ₹ 101 Crore as against ₹ 284 Crore in the previous year. One of the prime focus areas of the Company has been to reduce debt, which is important to improve the Company's risk profile and increase sustained earnings. The Company's total long term borrowings, which was ₹ 762 Crore as of March 31, 2017 reduced to ₹ 586 Crore as of March 31, 2018. This coupled with overall debt management enabled the Company to reduce finance charges to ₹ 113 Crore as compared to ₹ 140 Crore in the previous year.

The subdued performance of the Company was largely on account of lower sugar selling prices, which have been on a downward spiral since April 2017 after a significant high in 2016-17. Further, during the year, the Company settled the cane price disputes pertaining to the sugar season 2013-14 to 2016-17 in Tamil Nadu by paying ₹ 87 Crore over and above the statutory dues to the farmers. Though statutorily not liable, the Company made these payments as a gesture of goodwill to secure cane supply and maintain enduring relationship with them. This additional payout came at a time when the sugar price had already taken a toll caused by huge domestic and international surplus. Despite the various setbacks mentioned above, the Company could achieve an EBIDTA of ₹ 305 Crore due to a slew of initiatives in its areas of operations including optimum efficiency in consuming steam, power and reducing the downtime. The Company ensured that it utilised its distilleries to the maximum capacity by procuring molasses from both domestic and overseas sources as Tamilnadu ran short of molasses due to very low cane availability. The Company also participated in the raw sugar import program as allowed by the Government of India which helped the Company to sweat its assets during the off season, which otherwise would have remained idle.

The Company's on-going programme of systematic disposal of surplus non-performing assets, continuous thrust on cost control, rigorous cost restructuring exercises and focus on efficiency improvements have favorably impacted the profits. Despite the extremely challenging operating environment, your Company delivered a reasonable performance against the backdrop of high cane cost, sluggish sugar price and lower cane availability. This demonstrates the resilience of your Company's strong portfolio of sales mix, superior execution of competitive strategies, relentless focus on value creation and deep consumer insights. The Company is well positioned to establish itself as the most trusted sugar producer in the Indian market with continued focus on strong farmer relationship, product quality, R&D and operational excellence across the value chain.

## BUSINESS OVERVIEW

### *Sugar*

Improved sugarcane availability is one of the important parameters for sustained growth and profitability of the sugar business. For the year 2017-18, the sugarcane availability in the State of Tamil Nadu (TN) was low, due to widespread drought affecting a majority section of the command area. The Cane area in TN has seen a massive decline during the last few years caused by deficit rain and farmers shifting to other competing crops. This has adversely affected the Company's TN operations, where most of its plant capacity remained idle for a larger part of the year. The lower sugarcane crush in TN was further compounded by lower recovery in Nellikuppam due to varied climatic conditions. During the year under review, the cane crushed by the plants in TN was 12.30 LMT as against 24.61 LMT in the previous year. The average daily crush rate at 8819 TCD was lower than the average actual crushing rate of 14291 TCD achieved in the previous year. The average recovery was at 8.27% in the current year as against 8.89% in the previous year.

With respect to Karnataka units, the cane crushed was higher at 19.80 LMT as compared to 15.07 LMT in the previous year, which was as per expectations. The average crushing days increased from 102 to 128 and the average recovery was at 11.25 % as against 10.75% in the previous year. The threat of illegal cane poaching which affected the company's performance in the previous year was mitigated to a larger extent this year due to various proactive measures initiated at the ground level. The availability of harvesting and transportation labour was also a major issue this year in Karnataka as well as in TN and Andhra Pradesh (AP) due to the excess cane production in Maharashtra. The Company's efforts in employing mechanical harvesters paid dividends as farmers adapted themselves to the mechanised harvesting in an effective manner. The deployment of mechanical harvesters is proposed to be increased progressively to cover a large part of the area as shortage of harvesting labour is going to be the order of the day.

With respect to the AP unit, the cane crushed was at 4.62 LMT as compared to 4.76 LMT in the previous year. The average recovery was at 9.55% as against 9.67% in the previous year.

The overall cane crushed by the Company as a whole, came down to 36.72 LMT as against 44.44 LMT in the previous year. The average sugar recovery went up from 9.61% in the previous year to 10.04% in the current year.

The sustained availability of cane being a major concern, a number of initiatives are being taken up by the Company including cooperative farming, providing resources for drip and micro irrigation and facilitating the clean seed programme directly and through agencies/ agri service providers etc. As a part of farmer centric and inclusive strategy, the Company operates soil testing labs which provide 'soil health cards' to farmer for improving soil health and fertility. These initiatives will help in increasing the yield per acre which in turn will increase the income per acre to the farmer. To have connection with the farmers throughout the life cycle of Cane crop, a Farmer Connect App has been launched in TN and the same will be rolled out in AP and Karnataka in the coming years. By this, the cane and extension team will be in regular touch with the farmers during the life cycle of the crop and assist the farmers immediately as and when the need arises.

The Company is also working closely with the Government on a number of subsidy schemes to promote drip irrigation, like Sustainable Sugarcane Initiative (SSI). The company has embarked on a program of ensuring clean seed for planting. In TN and AP, the 3-Tier Nursery programme has been strengthened and varietal purities are being improved through quality seed sourcing from Breeding Institutes and Company's own tissue culture seedling production centres. In TN, 168 shade nets have been installed through Govt SSI schemes through which the Company is promoting Pro Tray seedlings for quality cane, better yield and reduction in cost of cultivation. All these activities will pave the way for recovery improvement and ensure sustained sugarcane availability.

***Sugarcane Price***

For the Sugar Season 2017-18, the Department of Food and Public Distribution, Ministry of Consumer Affairs, Food and Public Distribution, fixed the Fair & Remunerative Price (FRP) for sugarcane at ₹ 255/quintal for a basic recovery of 9.5% and a premium of ₹ 2.68 for every 0.1% increase in the recovery rate, as recommended by the Commission of Agricultural Costs and Prices (CACP). The annual increase of FRP by the government is more than the increase in the Minimum Support Price (MSP) of most other crops like wheat and paddy. The progressive increase of FRP during the last several years has severely affected the industry. Internationally, India is the most "expensive" producer of cane. While the MSP of wheat/paddy went up by around 47% over eight years, the sugarcane price went up by almost 97% in the past nine years. Sugarcane farmers are thus beneficiaries of better return than the grain growers. The FRP is not effectively linked to the market prices of sugar and in most of the years, the sugar mills have suffered losses due to poor realisation from the market.

**All India Sugar Production and Government Policies**

The four prime stakeholders of the Indian sugar business are farmers, sugar mills, consumers and the Government. Despite the sugar industry being deregulated since 2013, the Government continues to be the most dominant force of intervention amongst the stakeholders. The only policy of sugar is to have "policy of change" triggered by market volatility and pressures exerted by other constituents. The Government of India has been very dynamic in pursuing policies consistent with the requirements of the sugar market to avoid shocks to the millers and farmers. The Industry is also expected to respond in equal measure by ensuring prompt payments to farmers.

The previous Sugar season 2016-17 started with an opening balance of 77 LMT and a lower season production of 203 LMT due to drought in the Southern and Western States. There was pressure on the Government to import large quantity of sugar, on the premise that the stocks would be critically low at the start of the 2017-18 sugar season and sugar prices would rise to unprecedented levels. Interactions by ISMA with the Government, helped to convince the Government that only a small quantity of imports was required to ensure sufficient sugar stocks till the start of the 2017-18 season.

The Government, on concerns of regional deficits, allowed 5 LMT of imports in April 2017 after confirmation of the actual sugar production in the season. Further, instead of allowing the 5 LMT of imports to come through any port, after assessing regional shortage, 3 LMT was allowed to be imported through the ports in South India, 1.5 LMT in the Western region and 0.50 LMT through the Eastern Region.

Government imposed a stock limit on mills such that no mill can keep more than 21% of its total sugar availability of 2016-17 at the end of September 2017 and not more than 8% at the end of October 2017. The Government also continued the stock holding limit on traders allowing a dealer or trader in East and North-East India to store up to 1,000 MT of sugar and 500 MT elsewhere in the country.

This conscious and well calculated decision of the Government was aimed at ensuring that the supply of sugar to the market was steady and domestic prices were stable for the consumers and the sugar mills were able to cover their costs and pay cane price to the farmers on time.

However, with the commencement of the sugar season 2017-18, prices started dropping due to anticipated huge supply of sugar. Hence, the Govt mandated stock holding limit for Sugar mills at 83% of January '18 closing stock and 86% of February '18 closing stocks. This imposition of the stock limit was to regulate the supply of sugar in order to hold the sugar price at a sustainable level.

The apex body, Indian Sugar Mills Association (ISMA), revised its forecast for the country's production at 315-320 LMT for the 2017-18 season as against its original estimate of 255 LMT. With 40 LMT of carryover stock from the previous year, the overall surplus at the end of the sugar season 2017-18 was expected to jump to 95-100 LMT. The all India sugar production upto March, 31 2018 reached 281.82 LMT, as against 188.8 LMT in the previous year for the same period. Due to this unexpected surplus sugar availability, domestic ex-mill prices crashed (Refer Chart 1).


Chart-1

In order to move the surplus stocks out of the country and thereby improve prices, the Government in March 2018 announced an Minimum Indicative Export Quota of 20 LMT for exports. However, due to depressed world sugar market, the scheme did not achieve its intended objective. The lower realization from domestic sales as well as depressed global sugar market, made it extremely difficult for the mills to generate sufficient funds for payment of cane price to the farmers in time.

It will be next to impossible for the mills to handle the surplus without the necessary support of the government to industry in the form of some subsidies or incentives. It is high time the Government came out with a long term viable policy to manage this situation impacting the industry. The Government needs to holistically address the issue of unrealistic sugar cane pricing which is currently not linked to the market price of sugar.

**Manufacturing Operations**

The Company has always been on the forefront of achieving manufacturing excellence and driving cost optimisation across the value chain. The Company believes that this is the only way it can insulate itself from the volatility in the prices of sugar and sugarcane, which are beyond its control and are significantly affecting its operations. The TPM initiative at the Company's units, which was launched few years back has helped the Company to achieve manufacturing excellence, operational safety and higher level of ownership by employees. The better efficiencies on steam, energy and chemicals consumption besides reduction of total losses, have helped in ensuring that the costs remain under control. Safety has been on top of the agenda across all the factories. Some of the areas covered under the Safety program include launch of TPM Safety Pillar, safety patrol walk by the Plant management team, safety review, display of signage, PPE usage, etc for ensuring safety and accident prevention.

Nellikuppam sugar factory is the first sugar factory in Tamil Nadu to move in the direction of achieving Zero Liquid Discharge (ZLD) for the sugar units. The Company also enhanced the refining capacity of the Unit from 170 MT to 190 MT. The Company has been trying to gradually increase the capacity of Karnataka plants over the past few years. In line with this, the units at Haliyal and Bagalkot have increased their capacity from 7000 TCD to 7500 TCD and from 5400 to 5800 TCD respectively with minimal capital expenditure. The capacity of the Ramdurg, a leased unit has been increased from 4000 TCD to 5000 TCD by the Lessor, Shri Dhanalaxmi Sahakari Sakkare Karkhane Niyamit.

In AP, the performance of the Sankili Unit was moderate due to lower availability of Cane. The Sankili Unit's capacity was expanded from 4200 TCD to 4600 TCD.

**Sales and Marketing**

The Company's overall strategy is to de-risk the sugar business from the vagaries of the cyclicality of the industry by way of value addition and de-commoditization. The Company is working towards creating a differentiation in all aspects of its product and processes to sustain the competitive advantage and to counter the continuous risk of cyclicality in sugar prices and rising cane costs. The Company has been continuously working towards optimising its sales mix with increased sales to institutional segments and retail segments. The Company has to its credit a number of certifications and approvals from competent authorities regarding food safety, quality and sustainability, which are being leveraged strategically with the institutional segments. The Company has been successful in establishing a long term and fruitful relationship with its customers and has been selected as preferred supplier by several MNC's including GSK, Pepsi, Abbott, etc, due to the consistency in quality and adoption of best practices.

The Company believes that its commitment to quality and the power of its strong and trusted brand "Parry", which has been recognised and valued across segments of the market and customers over the years, will bear fruit. 'Amrit', the Company's retail brand of brown sugar, has been well accepted by the customers.

**Research & Extension Services**

The company's state of the art R&D for the Sugar business was established 25 years back with the core purpose of enriching and energising lives by creating value added products from agriculture. The Company is a leader and is one of the few select Sugar Companies in India to have an integrated R&D program for its farmers which is recognized by the Department of Scientific and Industrial Research (DSIR), Ministry of Science & Technology, Government of India. Since sugarcane as a raw material is grown across three states of the country, spanning diverse agro-climatic conditions, research emphasis and approaches vary and are largely location oriented. The Company has established a strong research infrastructure, with a pioneering vision to improve the yield and reduce costs to farmer and also to improve quality of sugarcane and thereby improving factory efficiencies. The R&D technologies are disseminated to the farmers through an exclusive extension function and novel technology transfer tools like mobile village theatres and method demonstrations.

**Quality**

The Company's processes and products are Customer Centric. Two of the Company's units are FSSC 22000 Certified and many other plants are qualified in ISO's Quality Management System. The refinery unit of the Company at Nellikuppam has several Pharmacopoeia accreditations such as Indian, US, British and Japanese thereby enabling it to cater to the stringent needs of several leading Pharma company requirements for Drug Manufacturing. Also the Company supplies its Quality Sugar to many institutional Customers. The Company has won CII's Commendation Certification Award for Food Safety 2017 as 'Strong Commitment to Food Safety', a milestone in the Sugar Industry. Three of the Company's units are Bonsucro Certified so as to address the global requirements of Sustainable agriculture.

**Bio Pesticides**

During the year, the Bio Pesticides Division of the Company registered a revenue of ₹ 138 Crore as against ₹ 122 Crore in the previous year. PBIT for the year was at ₹ 30.02 Crore as against ₹ 14.70 Crore during the previous year. Parry America Inc, a wholly owned subsidiary of the Company, registered sales of USD 10 Mn, achieving a growth of 18% over previous year. On a consolidated basis the Bio-Pesticides Business registered a revenue of ₹ 152 Crore in 2017-18 as compared to ₹ 123 Crore in the previous year.

During the year, the Company successfully procured the highest ever volume of raw neem seeds, from Tamil Nadu, Karnataka & Andhra Pradesh. Due to improved seed arrivals, the procurement prices were fairly maintained. The export as well as the domestic markets responded well for the marginal improvement in selling price. which coupled with effective cost control helped the business to achieve the planned operating profits. The business however continued with its de-risking measures over short term and long term horizon, in raw material procurement.

Parry's Azadirachtin®, with the highest purity and best stability, continued to command a premium and maintain its leadership position both in the agriculture and indoor garden segments. As a critical part of the future ready strategy for growth, work is in progress to foray into the 'Microbial segment'. The Company has undertaken a detailed study across the globe, on major crop pest problems and identified the critical ones for which it would work to identify patentable microbial solutions. The bio pesticides business with its eco-friendly products that are safe to farmers and consumers envisages to offer assured and sustainable crop protection solution for the global clients.

The bio pesticides market is driven by factors such as pest resistance to chemicals, Integrated Pest Management (IPM), growth in demand for organic food, heavy crop loss due to pest attacks, lower cost of raw materials, and faster regulatory approval. North America is expected to dominate the bio pesticides market owing to its highly streamlined product registration process, which makes it easier for most private companies to launch their products. Bio pesticides are expected to be a potential substitute for synthetic pesticides in Europe due to the stringent regulations on chemical usage and maximum residue limit. The impending ban on neonicotinoids is expected to drive the growth of the European bio pesticides market.

### Nutraceuticals

During the year the Nutraceuticals Division of the Company achieved a revenue from operations of ₹ 68 crore as against ₹ 71 crore during the previous year. PBIT for the year was at ₹ 8 Crore as against ₹ 11 Crore during the previous year. The overseas wholly owned subsidiary, US Nutraceuticals LLC achieved sales of US$ 22.7 MN against US$ 23.8 MN of previous year. On a consolidated basis, the division registered a revenue of ₹ 216 Crore in 2017-18 as compared to ₹ 228 Crore in the previous year.

During the year, overall sales volume of premium Organic Spirulina increased by 10% over previous year mainly due to improved sales volume in European market where premium quality continues to be valued. Further, the business launched Spirulina Granules under different flavours and other value added formulation products. Implementation of TPM and CGMP resulted in improved product quality and productivity. The business has made investments to improve the productivity of Organic Chlorella cultivation and downstream processes, which would enable the scaling up of Chlorella volumes in the coming years.

During the year, the Company established a state of art laboratory facility to ensure good laboratory practices as per regulatory requirements. As part of its clean label program, the Company has enrolled for Non GMO (Genetically Modified Organisms) verification program from Food Chain ID. The Company has obtained Non GMO certificate for its Organic Spirulina and Chlorella products (both powder and tablets) and the Company could use the Non GMO logo in its product labels. As the global health markets are maturing up to micro-algal sources for nutrition, the company stands to gain a major place in the industry that exemplifies clean and sustainable methods of cultivation and eco-friendly discharges from its facilities.

## CORPORATE DEVELOPMENTS

### Joint Venture with Synthite Industries Ltd

During the year, in line with its vision to grow the Nutraceuticals business through value-added Algae products, the Company entered into a 50:50 Joint Venture (JV) with Synthite Industries Ltd, Cochin, India, to produce Phycocyanin, a natural blue pigment extracted from Spirulina. Phycocyanin is a complex of light-harvesting proteins, extracted from Spirulina which has a characteristic deep blue colour. Phycocyanin offers excellent stability and flexibility for application in a variety of food and beverages and is approved by all major regulatory bodies in USA, EU, Japan and South Korea as food colour. The JV will leverage on Parry Nutra's Spirulina cultivation strengths and Synthite's extraction capabilities making it a good strategic fit for both the partners.

### Sale of Bio Pesticides Division

During the year, the shareholders, based on the recommendation of the Board of Directors, approved the sale and transfer of the Bio Pesticides Business together with all its employees as well as assets and liabilities including all concerned licences, permits, consents and approvals whatsoever comprising of manufacturing, marketing and trading in Bio Pesticides Products ("**Bio Pesticides Business**), as a "going concern" and by way of a slump sale to its subsidiary Company Coromandel International Ltd (CIL), with effect from April 1, 2018. The sale of the entire share holding in the wholly owned subsidiary, Parry Amercia Inc to CIL was also approved. This would complement CIL's crop protection business. CIL's extensive marketing network and experience would enable this business to grow faster. The sale proceeds realized by the Company would help the Company to reduce its debt, which would improve its debt equity ratio.

## MANAGEMENT DISCUSSION AND ANALYSIS

(To avoid duplication between the Boards' Report and the Management Discussion and Analysis, we present below a composite summary of performance of the various businesses and functions of the Company.)

### Global Outlook

After a long hiatus, Global growth strengthened in 2017 to 3.8% and is estimated to notch up to 3.9% in 2018 and 2019, riding on a significant rebound in world trade and driven by an investment recovery in advanced economies, an expansionary fiscal policy in the US, continued growth momentum in Asia, a notable upward trend in Europe and signs of recovery in several commodity markets. (World Economic Outlook).

While the outlook for advanced economies, particularly for the euro area has improved, inflation remains weak in many countries with GDP growth constrained by weak productivity and rising old-age dependency ratios. Prospects for many emerging markets and developing economies in sub-Saharan Africa, the Middle East and Latin America are lacklustre, with several countries experiencing stagnant growth and unable to raise per capita incomes. Fuel exporters are particularly affected by the protracted adjustment to lower commodity revenues.

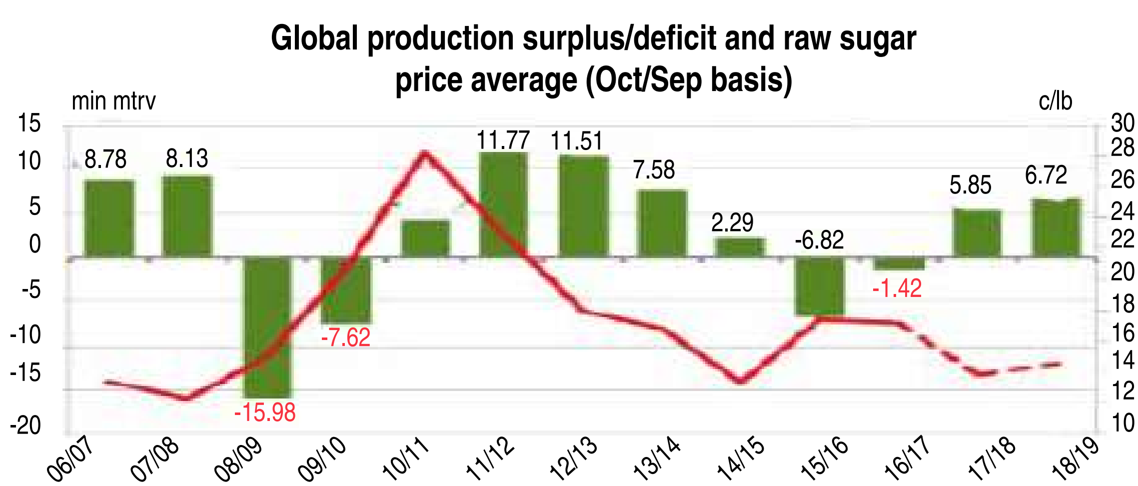
According to the International Monetary Fund (IMF), though the present economic condition offers an opportunity for world nations to promote inclusive growth and address social imbalances and environmental issues, future prospects appear challenging with increasing protectionist tendencies and retaliations posing a potential risk. Policymakers must therefore adopt forward-looking policies as they prepare for these future challenges.

### Indian Economy

In India, economic growth for 2017 stood at 6.7% due to the disruptions prolonging from the currency exchange initiative introduced in November 2016 and the transition costs related to the roll out of the Goods and Services Tax. However, the International Monetary Fund (IMF) remains bullish on India's growth potential. India is projected to regain its status as the world's fastest growing large economy with an expected growth rate of 7.4% in 2018, which is set to increase further to 7.8% in 2019. According to the IMF, prospects for the Indian economy are bright, propelled by strong consumption growth and structural reforms. Further, the transitory effects of reforms such as demonetization and the Goods and Services Tax (GST) seems to be fading out. (World Economic Outlook Update)

### Global Sugar

As per Platts-Kingsman (International Sugar Analyst), global sugar production in sugar season 2017-18 was at 195 MMT. Further, global sugar production is estimated to increase to a record 197 MMT, to rise on the back of massive production gains projected for China, the EU and India, as well as record production in Thailand. However, Brazil which accounts for 20-25% of the global output is not expected to contribute much to the estimated surplus. During the last one year, international white sugar prices have come down due to higher sugar




| | 2016-17 | 2017-18 | 2018-19 |
|---|---|---|---|
| Supply | 179.02 | 188.71 | 191.64 |
| Demand | 180.46 | 182.86 | 184.92 |
| **Surplus / (Deficit)** | **(1.43)** | 5.85 | **6.72** |

production. From about $560/MT in February 2017, London Sugar Future prices were trading at $340/MT in June 2018, weighed down by increase in global sugar production.

According to ISO, early indications point towards a global surplus phase in the sugar cycle lasting for at least one more season, making any rise in world market values rather unlikely.

**Indian Sugar**

In India, the annual sugar consumption is pegged at 25 MMT. However according to Indian Sugar Mills Association (ISMA), sugar production is estimated to touch a record high at 31.5 MMT in the 2017-18 sugar season (October-September) and is likely to out balance consumption by around 6-6.5 MMT, with sugar mills facing pressure on prices and profitability in the near-term. After plunging to a low of around ₹ 29,000 per tonne in the first week of February 2018, sugar prices picked up in the following weeks on the back of government initiatives such as the doubling of import duty to 100% and the imposition of limits on sugar sales by sugar mills.

According to estimates for SS18, while sugar output in UP is projected to grow and a sharp recovery in production is foreseen in Maharashtra and Karnataka, Tamil Nadu is estimated to produce less at 0.6 MT down from 1.1 MT in SS17, with mills operating at 20% capacity utilization, severely impacting its cost of production.

As per estimates by USDA, the closing stocks of sugar in India would significantly increase to around 10.5-11 MMT in SY2018 (sugar year 2017-18). The reverse stock limits imposed by the government are valid up to March 31, 2018. The upward revision in the sugar production estimate together with the liquidation of sugar stocks by several cash stressed sugar mills post March 2018, is likely to result in pressure on sugar prices from the coming quarter.

The profitability of sugar mills is likely to come under severe stress on account of the higher cane cost of production (higher SAP or state advised price and FRP for the current season) along with the likely pressure on sugar realisations during the first quarter of FY2019.

The continuing control over cane costs by the states and price volatility based on demand and supply are the key challenges facing sugar companies in India. While firm sugar prices, favourable production and recovery ratios with strong cash accruals helped north-based mills pare debt exposure, the performance of most south based mills were badly impacted by unfavourable climatic conditions leading to low production, lower recovery etc.

Going forward, a projected sugar surplus in the current sugar season, an unviable export market at the prevailing international sugar prices together present a serious problem for the mills and any scope for further increase in domestic sugar prices has diminished. (Source : CARE Ratings)

**Ethanol**

Rising concerns over global warming, ozone depletion, and environmental pollution have led World Nations to focus on bio fuels and green energy to reduce emissions. Globally, ethanol is gaining importance as a fuel substitute, with recent environmental data demonstrating that $CO_2$ savings of ethanol reach an average 64% in the EU, proving that ethanol is an effective tool to meet stringent emission targets in transportation.

The world ethanol industry is on a growth trajectory after a phase of consolidation in 2017. Brazil is expected to be the main driver, with a better cane crop and lower sugar prices, boosting ethanol production after two years of decline. (World Ethanol and Biofuels Conference)

Firmer crude prices have also led Governments to explore alternate fuels and support ethanol blending with petrol to reduce dependence on oil imports. Around 85% of the total ethanol produced in the world is used as a fuel blend.

Government Policy continues to play a vital role for the success of the industry. Stringent legislation of emission standards, government support by way of subsidies and tax incentives by both developed and developing countries is expected to lend traction to future growth. China and India, within Asia-Pacific, with ongoing Bio fuel programmes, represent lucrative markets to mine.

The Government of India (GOI), has declared its commitment to explore alternate, renewable energy sources, reduce the use of fossil fuels and reduce energy imports by 10% by 2022. The EU-India Clean Energy and Climate Partnership, was established in 2016 for bringing together stakeholders and facilitate policy dialogue, business solutions, joint research and innovations for clean energy and climate change projects and furthering mutual goals.

In line with this, the European Investment Bank (EIB) has already provided loans and open credit lines with the value of more than 2 Billion Euros to support implementation of Energy and Climate related projects in India.

The GOI has set an ambitious target of 3.13 Billion litres for its Ethanol Blended Programme (EBP) (majorly from lignocellulosic, but molasses ethanol is also included) this year and a 20% ethanol blending in petrol by 2030.

In a move to support the industry, the Cabinet Committee on Economic Affairs (CCEA) approved a price of ₹ 40.85 a litre for procurement season 2017-18 (beginning December 2017), as against ₹ 39 a litre the previous season. The applicable Goods and Services Tax (GST) of 18% and transport charges would be borne by the OMCs. This is a boost for the sugar sector where by distilleries can increase their supply of the product to oil marketing companies (OMCs) for blending with petrol.

Ethanol contributes 10-15% of sugar mills annual turnover. Uttar Pradesh's mills contribute nearly half the country's ethanol supply. Since ethanol is manufactured from molasses, a by-product of sugar, the mills do not incur any extra cost on the raw material. Therefore, higher realisation from ethanol would add to the profitability of the Sugar mills.

## COMPANY PERFORMANCE

## SUGAR DIVISION

### *Sugar*

EID Parry is ranked among the leading sugar manufacturers in India with 9 sugar mills spread across Tamil Nadu, Puducherry, Andhra Pradesh and Karnataka, in addition to a standalone distillery in Sivaganga.

2017-18 was a challenging year for the Company's sugar business in terms of growth and profitability. Severe drought conditions in its command areas in Tamil Nadu and Andhra Pradesh for two consecutive years reduced cane availability and played havoc on sugar production with mills in Tamil Nadu operating at only about 20% of their total capacity. However. favourable weather conditions in Karnataka led to an increase in cane production and recovery.

The total cane crushed in the Plants at Karnataka recorded a 31% increase, the total cane crushed at 19.80 LMT in 2017-18 as against 15.07 LMT in the previous year, due to good monsoons and increased cane planting by farmers. To ensure continuous supply of water for the farmers, the Company is working towards getting the maximum benefit from the key irrigation projects being implemented by the government in Haliyal, Sankili and Bagalkot, which would prove beneficial in the long term.

The total cane crushed in the Company's Tamilnadu plants decreased to 12.30 LMT in 2017-18 as against 24.61 LMT in the previous year. The overall recovery in Tamil Nadu went down from 8.89% in 2016-17 to 8.27 % in 2017-18. Crushing in the Company's Andhra Pradesh plant was lower at 4.62 LMT compared to 4.76 LMT in the previous year.

The overall cane crushed by the Company was 36.72 LMT in 2017-18 (44.44 LMT previous year). Overall recovery of all the units of the Company was 10.04% up from 9.61% in the previous year.

### Distillery

The Company produced 657 Lakh Litres of alcohol from molasses in 2017-18 as against 708 Lakh litres in 2016-17.

Besides own molasses, purchase of molasses in Tamilnadu contributed to a higher production of alcohol by the distilleries. The Company sold 161 Lakh litres of Ethanol in 2017-18.

Oil Manufacturing companies (OMCs) floated tender in October 2017 for procuring Ethanol on pan India basis. Nellikuppam, Haliyal and Sankili participated in the tender. Nellikuppam received LOI for 50 lakh litres, Haliyal for 60 Lakh litres and Sankili for 70 Lakh litres.

### Power

The Company's Tamilnadu units exported 710 Lakh units of power during the year as against 1855 Lakh units in the previous year. The shortfall was mainly on account of Pugalur unit which did not generate power during the year 2017-18.

Karnataka Units: The cumulative power generated from the Bagalkot, Haliyal and Ramdurg Plants stood at 1768 Lakh units as against 2121 Lakh units in the previous year.

All three units in Karnataka are now exporting power under PPA. Recently both Haliyal and Bagalkot units have signed PPA with ESCOMs for a period of 5 years at ₹ 4.19/unit.

Andhra Pradesh: Sankili unit exported 121 Lakh units as against 183 Lakh units previous year, the drop mainly due to lower cane crushing during the year.

**Operational Performance (Sugar Division)**

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| Cane Crushed (LMT) | 36.72 | 44.44 |
| Recovery (%) | 10.04 | 9.61% |
| Sugar Produced (LMT) | 4.94 | 4.33 |
| Power Generated (Lakh Units) | 3,503 | 5,540 |
| Alcohol Produced (Lakh Litres) | 657 | 708 |
| Sugar Sold (LMT) | 3.85 | 4.78 |

**Financial Performance (Sugar Division)**

**₹ in Crore**

| Particulars | Sugar | | Cogen | | Distillery | | Total | |
|---|---|---|---|---|---|---|---|---|
| | 2017-18 | 2016-17 | 2017-18 | 2016-17 | 2017-18 | 2016-17 | 2017-18 | 2016-17 |
| Revenue | 1,491 | 1,801 | 111 | 200 | 305 | 318 | 1,907 | 2,319 |
| EBITDA** | 28 | 207 | 27 | 64 | 55 | 93 | 110 | 364 |

** Earnings before interest, tax, depreciation and amortization.

**Manufacturing Initiatives**

The Company continued to pursue the execution excellence initiative to optimise efficiencies, reduce cost and eliminate wastage.

TPM deployment has been aggressively pursued and CII certification for excellence has been obtained for Nellikuppam and Pudukottai Units. Sankili and Bagalkot Units have been progressing well as planned and will be subjected to CII Excellence Audit in FY 2018-19.

In its continued effort towards sustainable water utilisation, the Company has embarked on a Zero Liquid Discharge project at its Nellikuppam Plant. The condensate polishing system has been commissioned enabling recycling of 2400 $m^3$ of water per day.

The Company has ensured compliance well within stipulated parameters with respect to emission and effluent generation with stringent online monitoring systems which are hooked up to the SPCB/ CPCB monitoring systems.

In addition, the following initiatives were undertaken:

- Promoted the 'Waste to Wealth initiative' with the waste from the distillery effluent converted into potash rich fertilizer, K-ash and K-boost. The product K boost has received overwhelming response from the farmers.
- Continuing the process of sustainable practices in Sugar Production, with the 'Bonsucro Certification' for Pugalur, Nellikuppam and Haliyal.
- Plant specific safety project charters were rolled out with periodic review of progress.
- Customer specific packaging and product specifications were resorted to ensure customer delight.

***Energy***

The Company's focus on energy and resource conservation has made its Co-gen and the sugar factories the best in its class with respect to efficiency and environment friendly operations.

The thrust on energy conservation has earned the Company various awards and recognitions, few of which are listed below:

- "Excellent Energy Efficient Unit"- National award by CII on four occasions
- "National Energy Conservation Award" from Bureau of Energy Efficiency, Government of India.

***Energy Conservation Initiatives:***

- Direct Contact Heaters and Wide Gap Plate heat exchangers are extensively deployed for reduction in steam% cane.
- Extensive deployment of variable frequency drives, optimisation of pumps and fans, conversion to Energy Efficient Gear Boxes and lighting systems have resulted in reduced specific energy consumption across the sugar factories.

***Quality Initiatives:***

- Nellikuppam Plant received the CII Award for 'Strong Commitment to Food Safety'
- Nellikuppam and Haliyal Plants upgraded to Food Safety System Certifications ISO 22000 Ver 4.1
- Pudukottai, Nellikuppam and Haliyal Plants upgraded to Quality Management System ISO 9001: 2015 Ver.
- Nellikuppam and Haliyal qualified for SMETA 6.0 (Sedex Members Ethical Trade Audit)
- Nellikuppam refinery participated and qualified in Quality Audits from several FMCGs, Pharma and other institutional client companies.
- Initiated Quality Management pillar activities for TPM implementation at Nellikuppam, Pudukottai, Sankili, and Bagalkot plants

**Marketing and Sales**

All India production for Sugar Season 2016-17 was at a low of just 20.3 MMT against a consumption of 25 MMT. Demand was good and prices were steady during initial part of the year. With the start of the Sugar season 2017-18 production, the prices started dropping under the pressure of an anticipated bumper production much in excess of consumption.

The Company sold 3.85 LMT of sugar during the year across Tamil Nadu, Puducherry, Karnataka, Kerala, Andhra Pradesh and Orissa regions as against 4.78 LMT in the previous 2016-17. The sharp drop in sales quantity is mainly due to lower sugar stocks consequent to lower production and also the government's restriction on sales. The company focused on achieving better price realisation through targeting select Institutional customers.

**Institutional Sales**

During the year, the company sold over 1.39 LMT of sugar directly to institutions, accounting for 36 % of total sales. The strategy during the year continued to be on product differentiation and value addition for better price realization from the institutional segment. The customer base includes institutions across sectors like soft drinks, beverages, Pharma food, juices, confectionery sweets, dairy, icecreams etc.,

The Company continued sale of Bonsucro certified sugar, produced from sustainable sugarcane both from TN and KN plants to discerning customers. With large multinationals focussing on sustainability and sustainable raw materials, E.I.D Parry's Bonsucro certified sugar is gaining a competitive advantage over others. During the year 2017-18, the sale of Bonsucro sugar was 5870 MT.

**Retail Sales**

In the retail segment, the Company recorded consistent growth in numbers with its strategy of expanding market presence and market penetration. During the year, the Company sold over 19,000 MT of sugar directly through retail packs including "Amrit" the Company's offering of 100% Natural Brown Sugar.

## BIO- PESTICIDES DIVISION

### *Industry Overview*

Biopesticides which are defined as natural materials derived from animals, plants, and bacteria, as well as certain minerals that are used for pest control, currently comprise a small share of the total crop protection market globally, with a value of about $3 billion worldwide, accounting for just 5% of the total crop protection market.

Scientists, regulators and consumers globally continue to raise health concerns caused by usage of chemicals pesticides, even for newer range of pesticides like neonicotinoids. Such concerns coupled with the increasing information access to consumers, is estimated to propel biopesticides to grow at a CAGR 2.5 times higher than synthetic chemical pesticide, with compounded annual growth rates of more than 15%. Successful biopesticide companies over the period have steadily grown in stature through careful investment infusions, conservative and well planned expenditures, careful consideration of the market opportunities, efficacious products, carefully planned partnerships and the tenacity of their management. In the US, more than 200 products are reportedly available, compared to 60 analogous products in the European Union which is primarily due to the complexity in biopesticide regulations at EU. More than 225 microbial bio pesticides are manufactured in 30 OECD countries. The NAFTA countries (USA, Canada, and Mexico) use about 45% of the bio pesticides sold, while Asia lags behind with the use of only 5% of bio pesticides sold world over.

The global biopesticides market was valued at US$ 3.47 Bn in 2016, and is expected to reach US$ 12.23 Bn by 2025, expanding at a CAGR of 14.8%. With the growing increase in demand for organic food and food security for the growing population, control of pests which have gained resistance to chemical pesticides, limited agricultural land availability besides steady increase in crop loss due to pests and diseases, the use of biopesticides is expected to grow multi-fold. Fruits & vegetables being the major group of crops that would encourage biopesticide usage, thanks to the increasing awareness to their nutritional benefits and the rise in need for enhancement of quality and yield.

### *Operating Results*

The division registered a revenue of ₹ 138 Crore as compared to ₹ 122 Crore in the previous year, accounting for 7% of the Company's revenue. The sale of Aza Products registered a growth of 18% over 2016-17 with exports registering a growth of 23% and domestic registering a growth of 7% over 2016-17. In overseas markets, USA accounted for 60% of export sales, while Europe and Asia accounted for 36% and 4% respectively.

### *Standalone Financial Performance*

(₹ in Crore)

| Details | 2017-18 | 2016-17 |
|---|---|---|
| Revenue | 137.89 | 121.74 |
| EBITDA* | 31.52 | 15.81 |

*Earnings before interest, tax, depreciation and amortization.

### *Outlook*

Expanding upon the role of bio pesticides in biocontrol, resistance management is gaining a key consideration where pest resistance to conventional chemical pesticides is a significant concern. Scientific research has repeatedly demonstrated that with continuous use of the same class of pesticide populations of insect pests, plant pathogens, nematodes, and weeds develop resistance quickly, even to different types of functionally similar chemistries. This phenomenon called cross-resistance is caused by multi-chemistry detoxification mechanisms present in many pest populations. Bio pesticides in combination with synthetic chemistries has emerged as a significant tool to effectively manage such resistance. Additionally, they typically have modes of action that are different from synthetic pesticides and do not rely on a single target site for efficacy. Properly used, these bio pesticides have the potential to extend the effective field life of the new chemistry synthetics by curtailing the development of resistant pest populations. Bio pesticides are noted among the low-risk and most highly effective tools for achieving crop protection, balancing optimal productivity with sustainability.

The growth of the bio pesticides market is driven by increasing investment from leading crop protection companies, growing awareness about environmental safety, increasing demand for organic food and growing government initiatives to promote the use of bio pesticides across the globe. The key players in the global bio pesticides market are BASF SE, Bayer CropScience AG, Marrone Bio Innovation, Certis USA LLC, The Dow Chemical Company and various other international players.Parry's Bio Products division is equipped with state of the art equipment along with well-established insectarium and trial plots for conducting various studies. Apart from in house R&D, the centre collaborates with various CROs in India and abroad. These technical collaborations besides helping in development of knowledge facilitates enhancement of intellectual capabilities.

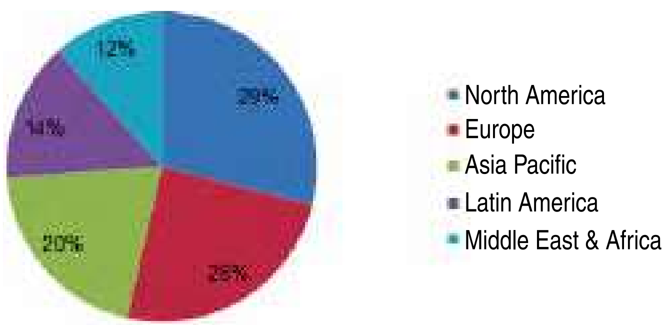
## NUTRACEUTICALS DIVISION

### *Industry Overview*

The nutraceutical ingredients market, estimated at US$ 29.48 Bn in 2016, is projected to grow at a CAGR of 7.5%, to reach US$ 45.58 Bn by 2022. This constitutes around 8% of the total Nutraceuticals market (US$ 383 Bn).World demand for minerals and vitamins consumed in nutraceutical applications was US$6 Bn in 2015, growing at an annual rate of 6%, fuelled by growth in food and beverage fortification, adult and paediatric nutritionals, and dietary supplements. Widespread acceptance of health and wellness benefits will keep minerals and vitamins among the most widely used nutraceutical ingredients.

By Region, Asia-Pacific is projected to be the fastest-growing market for nutraceutical ingredients during this period. While USA and Europe is going to drive innovations, APAC will drive the volumes. Based on projected investment levels in these industries and rising consumer incomes, China is expected to evolve as the largest global producer and consumer of nutraceutical ingredients by 2020, surpassing the United States and Western Europe. Japan is the fastest-growing country market in the Asia-Pacific region. This is due to the rapidly aging population in Japan. Global micro-algae based nutraceutical ingredient market, currently valued at USD 0.6 bn, is expected to grow at a healthy CAGR 7.39% in the next 6 years.

Micro-Algae market share - Regions




Source: meticulousresearch.com/algae-products-market-size

### *Operating Results*

The Nutraceuticals Division's revenue from operations was ₹ 68 Crore for the year ended March 31, 2018, representing 3% of the Company's revenue, about 82% of which represents exports. During the year, Spirulina sales has grown by 8% and 14% respectively in North America region and rest of the world. This year business achieved growth of 76% in Spirulina value added Segment. Chlorella sales grown by 28% over previous year. In the retail segment, business achieved growth of 63%. However, due to drop in sales of Lycopene and Traded Products, overall turnover reduced by ₹ 3 Crore compared to previous year.

Chlorella is gaining importance as an essential micro-algae supplement alongwith Spirulina. With the increase in popularity and adoption of vegan diets across evolved health oriented consumers, Chlorella is seen as a powerful detox agent with rich vitamin profile. In 2017-18, the Company initiated commercial production of Chlorella and achieved reasonable success in stabilizing the cultivation and harvesting processes. Investments are being made further to stabilize the production process and scale up the volumes in the next financial year.

The business, in addition to the Organic and USFDA approval, has embarked on a journey to upgrade its overall Quality Management System, from supplier to end consumer. During the year, various projects such as laboratory control, batch traceability, facility and equipment qualification, QMS and training were implemented as part of the process and will be further extended to all cGMP procedures and norms. In addition, as a part of clean label program, Organic Spirulina and Chlorella received the Non GMO verification.

### *Standalone Financial Performance*

(₹ in Crore)

| Details | 2017-18 | 2016-17 |
|---|---|---|
| Revenue | 68.48 | 70.76 |
| EBITDA* | 12.20 | 14.58 |

*Earnings before interest, tax, depreciation and amortization.

### *Outlook*

Global trends in Nutraceutical ingredients will result in developing regions achieving much faster growth in both consumption and production than developed regions. The Company's Joint venture with Synthite Industries would launch Natural Blue colour (Phycocyanin) in the global color market. This will propel growth for value-added products from Spirluna. Our R&D efforts would be focused on 3 broad areas – Green foods, Protein and Algal Omega 3. We expect to launch products under these categories in next financial year. Further, the business is embarking on a journey of sustainability and will make investments to conserve and reuse rainwater in the coming year.

## COMPANY FINANCIAL PERFORMANCE (STANDALONE)

Revenue

(₹ in Crore)

| BUSINESS SEGMENTS | 2017-18 | 2016-17 |
|---|---|---|
| Sugar | 1,491 | 1,801 |
| Cogen | 111 | 200 |
| Distillery | 305 | 318 |
| Sugar Total | 1,907 | 2,319 |
| Biopesticides | 138 | 122 |
| Nutraceuticals | 68 | 71 |
| Others | 2 | 4 |
| **Total** | **2,115** | **2,516** |

Note: Above includes inter segmental revenue.

## EBIDTA

The Earnings before Interest, Depreciation, Tax and Amortization for the year was ₹ 305 Crore representing 15% of total revenue and decrease of 40% over previous year's ₹ 509 Crore.

## EBIT

EBIT for the year was ₹ 191 Crore as against ₹ 397 Crore in the previous year 2016 -17.

### Finance Charges

The Company incurred finance charges of ₹ 113 Crore for the year 2017-18 as compared to ₹ 140 Crore for the year 2016-17.

### Depreciation

Depreciation was ₹ 114 Crore for the year 2017-18, as compared to ₹ 112 Crore for the year 2016-17.

## PBT

Profit Before Tax for the year stood at ₹ 78 Crore as against ₹ 257 Crore in the previous year.

## PAT

Profit After Tax for the year stood at ₹ 101 Crore as against ₹ 284 Crore in the previous year.

## FINANCIAL OVERVIEW

### *Net worth*

The Net worth as on March 31, 2018 was ₹ 1,638 Crore as against ₹ 1,477 Crore in March 31, 2017. Capital Redemption Reserve remained unchanged during the year while Debenture Redemption Reserve increased vide transfer from Profit and Loss Account for ₹ 8 Crore.

### Borrowing

The borrowings of the Company increased by 8% from ₹ 943 Crore in 2016-17 to ₹ 1018 Crore in 2017-18. The Long Term Debt is 0.36 times of equity against 0.52 times of equity in the previous year. Working capital borrowing utilized was ₹ 432 Crore on March 31, 2018 as against ₹ 182 Crore in previous year.

### Fixed Assets

The Company incurred ₹ 50 Crore (₹ 65 Crore during the previous year) of Capital expenditure during the year.

### Investments

The total investment of the Company as at March 31, 2018 was ₹ 878 Crore against ₹ 786 Crore in 2016-17. The following investments were made during the year:

- ₹ 8 Crore in US Nutraceuticals LLC
- ₹ 58 Crore in Parry Sugars Refinery India Private Limited

### Rating

During the year, rating agency CRISIL has enhanced its credit rating to the Company's Long Term Rating from "CRISIL A+" to "CRISIL AA-/ Stable" and reaffirmed Short Term Rating as "CRISIL A1+" for its Short Term borrowings.

### Book Value and Earnings per Share

Book Value of the Company increased from ₹ 84 per share to ₹ 93 per share. Earnings per share decreased to ₹ 5.70 per share for the year ended March 31, 2018, from ₹ 16.03 for the year ended March 31, 2017

## RATIOS

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| **Key Profitability Ratios** | | |
| EBIDTA / Sales % | 14.85% | 20.69% |
| PAT / Sales % | 4.92% | 11.54% |
| PAT / Networth % (ROE) | 6.17% | 19.20% |
| **Key Capital Structure Ratios** | | |
| Net Debt / Equity Ratio | 0.62 | 0.64 |
| Long Term Debt /Equity Ratio | 0.36 | 0.52 |
| Outside Liabilities / Networth | 1.47 | 1.33 |
| Net Fixed Assets / Networth | 0.87 | 1.00 |
| Debt Service Coverage Ratio | 1.27 | 1.19 |
| **Liquidity Ratios** | | |
| Current Ratio | 0.78 | 0.83 |
| Inventory Turnover (days) | 165 | 115 |
| Receivables (day gross sales) | 35 | 35 |
| **Earnings and Dividend Ratios** | | |
| Dividend % | 300%* | 400% |
| Dividend Payout % | 53%* | 25% |
| Earnings Per share (₹) | 5.70 | 16.03 |
| Book Value Per share (₹) | 93 | 84 |
| P / E Multiple | 48.02 | 17.69 |

*Subject to approval of Shareholders

### Risk Management

The Company follows a well-defined Risk Management policy which requires the organisation to identify the risks in the businesses are exposed to and categorise them based on the impact and probability of occurrence. Mitigation plans are laid out for each risk along with identification of the risk owner thereof. It is the endeavour of the company to continuously improve its systems, processes and controls to mitigate the risks.

The Company has a robust Risk Management framework to identify, evaluate business risks and opportunities. This framework seeks to create transparency, minimize adverse impact on the business objectives and enhance the Company's competitive advantage. The Company's Risk Management framework defines the risk management approach across the enterprise at various levels, including documentation and reporting.

| Risk Category | Risk | Mitigation Plan |
| --- | --- | --- |
| Economic Risk | Due to global macro factors such as inflation, interest rate and economic slowdown, there could be an adverse impact on business and profitability. | With the experience in the financial market, the Company is able to source funds at competitive rates in the diverse market conditions. |
| Sugar Price Risk | Due to Global & domestic surplus, there could be sharp fall in softening steady sugar prices affecting the profitability. | The Company is focusing on increasing Retail volumes and increasing the market share of Institution business. |
| Raw Materials Availability Risk | Due to the adverse weather conditions and farmers switching to alternate crops etc., availability of crucial inputs such as sugarcane, neem seeds, water, etc. may be impacted thereby diminishing profitability. | The Company connects with farmers continuously by educating on scientific and sustainable sugarcane cultivation methods besides providing them high yielding sugarcane seeds / saplings that give better yield. The company launched "Farmers Connect" app for better interaction and to support the farmers instantly. The Company enjoys a good brand value and trust amongst the farmer community by ensuring timely payments and is thus a preferred partner for sugarcane supply.<br><br>With regard to neem seeds the company is working with grassroot level pickers for sourcing neem seeds from front end traders avoiding middlemen. The company has accelerated Captive Plantation of Neem trees and a Project called "Maximise Sugar Partnership (MSP)" by utilising the services of Cane Divisions as Neem Collection Centres.<br><br>The company is treating the water in lagoons for usage, harvesting rain water and implementing the Zero Liquid Discharge (ZLD) to recycle and reuse the water as risk mitigation for Water availability. |
| Raw Material Pricing Risk | The Central and State Governments decide sugarcane prices in a manner that is not linked to sugar prices. Unviable sugarcane prices may impact the profitability of the Sugar division. | This is one of the major external risk. The Company through SISMA is taking up with the State Government to link the sugarcane prices to sugar prices to mitigate this risk. |
| Investment Risk | The company has invested in PSRIPL, Alimtec and Valensa, all wholly owned subsidiaries. Any non-performance of the invested entities will have a risk of sub-optimal return on investment. | Periodical review mechanism is in place to monitor the investment risk of the portfolio of assets and management participation in decision making to oversee the strategic decision making. |
| Credit Risk | Due to fixed sugarcane pricing but floating sugar realization, the Company may face shortfall in availability of cash to pay to farmers. | The Company has been very prudent in managing its cash flows and has well placed short-term credit facilities from various banks. This helps to mitigate the short term credit mismatch. |
| Foreign Exchange Risk | The Company exports/imports sugar based on government policies and exports bio-pesticides and Nutraceuticals. Hence, it has exposure to adverse currency fluctuations. | The Company follows a comprehensive foreign exchange policy to hedge foreign currency fluctuation by taking cover through forward contract. |

| Risk Category | Risk | Mitigation Plan |
|---|---|---|
| Cyber Security Risk | The company may encounter non-availability of service or failure of multiple systems which may lead to disruption in business operation due to lack of adequate processes, cyber security, Backup and Disaster Recovery systems. | Information Systems, Backup and Disaster Recovery Policies are in place and periodical review of the same is in place. Robust Firewall and Security Event Information Management System are in place to monitor all types of Security breaches and take corrective measures. |

**Internal Financial Controls**

The Company has aligned its current systems of Internal Financial Control (IFC) with the requirement of the Companies Act 2013. The Company has established a robust framework of IFC which includes entity level policies, processes and operating level standard operating procedures. The Company has well-established processes and clearly-defined roles and responsibilities for people at various levels.

The Company's internal controls are adequate with its size and the nature of its operations. These have been designed to provide reasonable assurance with regard to recording and providing consistent financial and operational information, complying with the applicable statutes, safeguarding assets from unauthorized use, executing transactions with proper authorization, and ensuring compliance with policies. Processes for formulating and reviewing annual and long-term business plans have been laid down. The Company uses a state-of-the-art enterprise resource planning (ERP) system SAP as a business enabler to record data for accounting, consolidation and management information purposes.

To further strengthen, assess and report on the internal financial control, an in-house Management Audit Division has been established by the Company which is ISO 9001:2015 certified. The internal audit is conducted based on the Annual Audit Plan which is reviewed and approved by the Audit Committee. The Internal Audit reports are presented to the Audit Committee on a quarterly basis for review and deliberation. The Company Management has assessed the effectiveness of the Company's internal control over financial reporting as of March 31, 2018 and found the same to be adequate and effective.

## SUBSIDIARY COMPANIES

There has been no change in the nature of business of the subsidiaries during the year under review. In accordance with Section 129(3) of the Companies Act, 2013, the Company has prepared a consolidated financial statement of the Company and all its Subsidiary Companies, which is forming part of the Annual Report. A statement containing the salient features of the financial statements of the Subsidiary Companies, Joint ventures and Associates are given in Annexure-A to this Report.

In accordance with the provisions of Section 136(1) of the Companies Act, 2013, the Annual Report of the Company containing standalone and consolidated financial statements has been placed on the website of the Company, www.eidparry.com. Further, the audited accounts of the Subsidiary Companies and the related detailed information have also been placed on the website of the Company www.eidparry.com. The annual accounts of the Subsidiary Companies will also be available for inspection by any shareholder/debenture trustees at the Registered office of the Company and of the Subsidiary Companies concerned during working hours upto the date of the Annual General Meeting. A copy of annual accounts of subsidiaries will be made available to shareholders seeking such information at any point of time.

**Parry Sugars Refinery India Pvt Ltd (PSRIPL)**

PSRIPL continues to engage itself in the business of importing raw sugar from the international market, produce the refined sugar as per international quality and customer specifications and export the same into the international market.

The global sugar market, which was in deficit by 1.43 MMT during 2016-17 moved to a surplus of 5.85 MMT in 2017-18. Re-entry of EU into export market, led to falling white premium trend during the year and thereby lowering the spreads.

During the year, PSRIPL increased its refined sugar export volume by 18% to 6.70 LMT. Sales through containers recorded an impressive 31% increase in volume to cross 1LMT mark. During the year, the company commenced direct exports to institutional customers and CIF sales to destination traders. Consequently, the sales turnover of the company increased from ₹ 1,847 Crore in 2016-17 to ₹ 2,418 Crore in 2017-18. The refinery operations successfully improved its cost structure and increased its production of refined sugar to 6.73 LMT from 6.23 LMT during 2016-17. The company also has been successful in debottlenecking its refinery capacity to 2500 TPD. The company managed to improve its working capital management and repaid ₹ 60 Crore of long term borrowings as per schedule. A wholly owned subsidiary, Parry International DMCC was incorporated during the year at Dubai Multi Commodities Centre, Dubai.

Due to higher levels of sugar production in countries like India and Thailand, the surplus in global sugar market is expected to reach 7 MMT levels during 2018-19. Due to this supply overhang, spreads are at historically lowest level. PSRIPL will respond to this external challenge by increasing its value added sales and aggressively improving its cost structure of refining.

### US Nutraceuticals LLC

During the year, US Nutraceuticals LLC achieved sales of USD 22.7 MN against USD 23.8 MN of previous year. The marginal drop in sales was due to lower sales of Astaxanthin based formulation products. This impact was partly offset by 14% increase in the sales of Saw Palmetto on account of healthy market demand. Further, through improved supply chain processes, strategic tolling actions, the company has achieved better margins in the saw palmetto segment compared to previous year. The Company expects that the efforts that are being taken to revive Astaxanthin based formulation sales would yield results in next financial year. The company has been investing in clinical trials for developing new formulations. The Company expects these investments would improve the Company's performance in the next financial year.

### Alimtec SA

Alimtec SA, Chile, the wholly owned subsidiary of the company has seen a temporary setback in its operations during the year due to inclement weather and pond contamination issues. The investment in window dryer has started yielding results with reduced drying losses compared to previous year levels. The Company would also invest in water filtration / treatment systems during the next financial year and focus on improving the productivity levels.

### Parry America Inc.

During the year, Parry America Inc, the wholly owned subsidiary of the Company, registered sales of USD 10 Mn, achieving a growth of 18% over previous year. The company, headquartered in Arlington, Texas, USA is a trusted manufacturer of Azadirachtin based bio-pesticides which is marketed in North and South America besides Australia and Japan. Parry America had forged marketing tie ups with some of the leading overseas Agro chemical companies for selling their Azadirachtin formulations by providing techno commercial support besides working with leading Research institutes for developing innovative, IP protected organic alternatives for chemical control.

### Coromandel International Limited (CIL)

During the year, the favourable agriculture environment in CIL's key markets, supported by low channel stocks and stable raw material prices, aided the agri input consumption and resulted in the improved performance of CIL across the businesses. During the year, CIL made significant strides in expanding its market presence through differentiation, improving its sourcing efficiencies and manufacturing capability and scaling up its branding and customer connect initiatives through integrated marketing and agronomist teams. Phosphatic Fertiliser business of CIL improved its sales volumes by 11 percent to 27.66 lakh tons, registering significant growth in unique product segment. Market share for the year moved up to 15.8 percent (14.6 percent in FY17), with volume and market share growth coming from all the States. Further, normal monsoons in South and East markets aided faster stock liquidation and the Company's channel stocks remains at comfortable levels.

Crop Protection business registered topline growth in domestic and exports markets, improving its turnover by 8% percent in FY17-18. However, lower crop prices, higher stock inventory in Latin American markets and rising raw material costs driven by strict environment restrictions in China impacted the margins.

During the year retail business of CIL benefitted from a favourable Kharif season, improving its scale and operational efficiency. The growth was primarily driven by strong performance of non-fertiliser segment, focused product and store approach, reduced attrition and execution of demand generation enablers. Specialty Nutrients business leveraged strengths of integrated marketing structure, promoting its crop based approach in driving the volumes. New crop specific water soluble fertiliser products were introduced during the year and received positive response from the market. With the government's thrust towards promoting balanced nutrition and water use efficiency, the business expects significant growth opportunities in coming years. During the year, SSP business operated at a higher capacity, improving its sales by 9 percent to 5.20 lakh tons, inspite of higher channel stocks and sub normal monsoons in its key operating West, Central and North markets.

CIL's Organic business grew its volumes by 11 percent to 1.45 lakh tons, focusing on value added, granulated products. CIL continued to be the market leader in the City Compost segment, marketing 0.26 lakh tons during the year. Overall, CIL recorded a total operating revenue of ₹ 10,987 Crore. Profit for the year before depreciation, interest and taxation was ₹ 1,278 Crore and Profit before Tax was ₹ 1,003 Crore. Net Profit after Tax was ₹ 659 Crore.

## HUMAN RESOURCES

E.I.D Parry's HR Vision "Building Organizational Capability to deliver Superior Business Performance" is delivered by a high level of policy deployment initiatives and contemporary HR practices focusing on four key imperatives: Capability Development, Talent Management, Employee Engagement and Productivity & Safety.

In a challenging and competitive environment, the company believes that people are the key assets to the growth of an organisation. The Company enables every employee to achieve high standards of performance & take up challenging goal to their true potential by institutionalizing Competency Development Framework. The Company scales up capabilities across by creating specialist knowledge / Subject Matter Experts in Sugar, Distillery, Cogeneration & Value Added Products to enhance the internal efficiencies. A lot of interventions have been rolled out in terms of enhancing the capabilities of executives, especially the leadership team through Individual Development Plans, Leadership coach accreditation program, etc.

The Company's Employee Engagement journey goes back to 2014 when it started Employee Engagement surveys through Project 'VOICES'. The Company worked around the architecture to enhance the engagement levels through its people strategy linked to its Employee Value Proposition - 'Enriching Employees'.

Based on the feedback from employees and their expressed expectations and requirements, the Company designed and developed various initiatives under the Project 'CHOICES'. This further served as a strong foundation for integrating all HR processes using Hewitt's tool of engagement and the result was 'Project SMILE @ Work'. Spearheaded by the Senior Management team at Parry, 'SMILE', an acronym for Succeed, Motivate, Inspire, Learn & Grow and Engage is a unique business and HR architecture, designed to enhance employee engagement levels across the organisation. With an extensive roll-out of engagement initiatives, under the five different categories, Project 'SMILE@Work' revolves around the Company's goal of offering the best environment and working experience possible. The Company believes that a motivated employee with a passion for innovation in a given environment of learning & growth would engage and succeed in all initiatives.

The number of permanent employees on the rolls of the Company as on 31st March 2018 was 2651. Industrial relations remained cordial at all the Company's units during the year under review.

The Company has in place a prevention of sexual harassment policy in line with the requirements of the Sexual Harassment of women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees are covered under this policy. During the year, one complaint was received and acted upon.

## AWARDS & RECOGNITIONS

During the year, the Company received the following awards:

- "Commitment to Engagement" award from Aon Hewitt in May 2017.
- Nellikuppam Unit - second prize in Best Industrial Relations Category for the period 2008-2014 from Hon'ble. Labour Minister. TN govt. for sustaining cordial industrial relations climate in July 2017.
- "Chennai Best Employer Award 2017" from Employer Branding Institute India in Dec 2017.
- ET Now's Best Corporate Social Responsibilities Practices Award during Feb 2018.
- India's Best Sugar Manufacturing Company of the year 2017 Award by International Brand Consulting Corporation, USA.

## DIRECTORS AND KEY MANAGERIAL PERSONNEL

Following were the changes in the composition of the Board:

- Mr. Anand Narain Bhatia, Independent Director, who was appointed on July 30, 2014 for a period of three years retired on July 29, 2017.
- Mr. V. Ramesh, Managing Director took early retirement on July 31, 2017.
- Mr.A.Vellayan, Chairman, took early retirement from the Board on February 7, 2018.
- Mr. M.B.N. Rao Independent Director resigned from the Board on February 27, 2018.

The Board wishes to place on record its appreciation for the valuable contribution made by Mr.Anand Narain Bhatia, Mr.V.Ramesh, Mr.A.Vellayan and Mr.M.B.N. Rao during their tenure as Members of the Board and Board Committees.

Mr. S. Suresh was appointed as the Managing Director of the Company for a period of five years w.e.f August 1, 2017 which was approved by the shareholders at the Annual General Meeting held on August 4, 2017.

Mr. Ramesh K B Menon and Mr.M.M.Venkatachalam joined the Board as non-executive non independent Directors on November 8, 2017 and February 7, 2018 respectively. Mr. C. K. Ranganathan and Mr. Ajay B Baliga joined the Board as Independent Directors on November 8, 2017 and May 9, 2018 respectively.

Consequent to the retirement of Mr.A.Vellayan, the Board elected Mr.V.Ravichandran as Chairman with effect from February 8, 2018.

In accordance with the provisions of Section 161 of the Companies Act, 2013, Mr. Ramesh K. B. Menon, Mr.M.M.Venkatachalam, Mr. C. K. Ranganathan and Mr. Ajay B Baliga hold office up to the date of the ensuing Annual General Meeting. The Company has received letters proposing their appointment as directors at the ensuing Annual General Meeting of the Company.

As per the provisions of Section 152 of the Companies Act, 2013 read with the Articles of Association of the Company, Mr. V. Ravichandran, Director retires by rotation at the forthcoming Annual General Meeting and being eligible offers himself for reappointment and the requisite details in this connection is contained in the notice convening the meeting and the Corporate Governance Report.

The Company has received declarations from all the Independent Directors confirming that they meet the criteria of independence as prescribed under section 149(6) of the Companies Act, 2013 and also comply with Regulations 16 & 25 of the SEBI (LODR) Regulations, 2015.

Mr. S.Suresh, Managing Director, Mr.V.Suri, Chief Financial Officer and Ms. G.Jalaja, Company Secretary are the Key Managerial Personnel of the Company as per Section 203 of the Companies Act, 2013.

### Number of Meetings of the Board

Seven Meetings of the Board of Directors were held during the year, the details of which are given in the Corporate Governance Report.

### Board Evaluation

In accordance with the Companies Act, 2013 and SEBI (LODR) Regulations, the Board has carried out an evaluation of its own performance, the performance of Committees of the Board and also the directors individually. The manner in which the evaluation was carried out and the process adopted has been given in the Corporate Governance Report.

**Policy on Directors' Appointment and Remuneration and Other Details**

The Board has on the recommendation of the NRC framed a policy for selection and appointment of Directors, Senior Management and their remuneration and also framed the criteria for determining qualifications, positive attributes and independence of directors. The Remuneration Policy and criteria for Board nominations are available on the Company's website at http://www.eidparry.com/investors/Policies-Codes.

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3) of the Companies Act, 2013, your Directors to the best of their knowledge, belief and according to information and explanations obtained from the management, confirm that:

- In the preparation of the annual accounts for the financial year ended March 31, 2018, the applicable accounting standards have been followed and there are no material departures from the same;
- they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018 and of the profit of the Company for the year ended on that date;
- they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- they have prepared the annual accounts on a going concern basis;
- they have laid down proper internal financial controls to be followed by the Company and such controls are adequate and operating effectively and
- they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

## AUDITORS AND AUDITORS' REPORT

***Statutory Auditors***

M/s. Price Waterhouse Chartered Accountants LLP, (FR No.012754N/N500016) Chennai were appointed as Statutory Auditors of the Company by the shareholders at the 42nd Annual General Meeting held on August 4, 2017 to hold office up to the conclusion of the 47th Annual General Meeting.

**Cost Auditors**

As per the requirement of the Central Government and pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014 as amended from time to time, your Company's cost records are subject to Cost Audit.

The Board of Directors, on the recommendation of the Audit Committee, have appointed M/s. Narasimha Murthy & Co, Cost Accountants, as the Cost Auditors to audit the cost accounting records maintained by the Company for the financial year 2018-19 on a remuneration of ₹ 8,50,000/- plus applicable tax and reimbursement of out of pocket expenses. A resolution seeking members' ratification for the remuneration payable to the Cost Auditor forms part of the notice convening the Annual General Meeting.

The cost audit report of the earlier Cost Auditor M/s. Geeyes & Co for the financial year 2016-17 was filed with the Ministry of Corporate Affairs on 8th September 2017. The cost audit report for the financial year 2017-18 would be filed with the Ministry of Corporate Affairs on or before September 30, 2018 as per the provisions of the Companies Act, 2013.

**Secretarial Auditors**

The Board appointed M/s. R Sridharan & Associates, Practicing Company Secretaries, Chennai as the Secretarial Auditors to undertake the Secretarial Audit of the Company for the year 2017-18. The Report of the Secretarial Auditors is provided in **Annexure-B** to this Report.

There are no qualifications, reservations or adverse remarks or disclaimers made by the Statutory / Secretarial Auditors in their respective reports.

The Statutory Auditors have not reported any incident of fraud during the year under review to the Audit Committee of the Company.

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

EID Parry's CSR initiatives primarily focus on improving the quality of life of the communities where it operates, through socio welfare initiatives.The various CSR initiatives undertaken by the Company during the last financial year include the following:

- **Healthcare**

The Company pursues a well managed Health Care programme across its units, providing medical amenities for people living in neighbouring villages. 'Hospital on Wheels', a well equipped mobile unit with diagnostic and medical intervention amenities makes emergency care possible for people living in remote areas. In addition, mobile medical units cater to the needs of the elderly in the cane growing villages around the Plants.

In addition to the comprehensive health and medical care programmes for employees, across the different Plants free pulse polio camps for the children of labourers and medical camps offering health check-ups and free medicines are conducted regularly for cane growers, harvesting and transport labourers.

- **Education**

As an important part of its CSR programmes, E.I.D Parry promotes education in the neighbouring villages near its units. Besides contributing to infrastructure building and facility upgradation at schools, the Company provides educational assistance to cane growers children and participates in their developmental needs. Baby care centres, mid-day meals for Balawadi school children of labourers, training programmes for employees' children are few of the ongoing initiatives.

- **Community Welfare**

E.I.D Parry has always played a key role in extending relief support to villagers during natural calamities and helping the Government in its disaster management initiatives. Drought relief measures were extended to farmers in Tamil Nadu, Karnataka and Andhra Pradesh, to mitigate crop loss. Community development works were also undertaken in the villages in and around the units. As part of its community welfare programmes the Company undertook the desilting of Ponds and Canals, to augment the water supply to villages and schools. Tree Planting across schools and neighbourhoods were conducted as part of the Green Environment initiatives.

The Company has constituted a CSR Committee in accordance with Section 135 of the Companies Act, 2013. The CSR Committee has formulated and recommended to the Board a CSR Policy indicating the activities to be undertaken by the Company, which has been approved by the Board. The CSR Policy can be accessed on the Company's website at www.eidparry. com.

As per the provisions of the Companies Act, 2013, the Company was required to spend ₹ 13.20 Lakh towards CSR activities for the year 2017-18. However, the Company has been actively involved in various CSR activities and an amount of ₹ 123.46 Lakh was spent during the year. The Annual Report on CSR activities is given in **Annexure-C** to this Report.

During the year, the Company has bagged the National CSR award under the category of "Best Overall Excellence in CSR" in National CSR Leadership Congress & Awards 2016.

## RELATED PARTY TRANSACTIONS

All contracts / arrangements / transactions entered into by the Company during the financial year with the related parties were on arm's length basis and were in the ordinary course of business. As the sale of Bio Pesticides business to Coromandel International Ltd (CIL), a related party transaction was not in the ordinary course of business, the Company has obtained the approval of shareholders. There were no materially significant related party transactions with Promoters, Directors, Key Managerial Personnel or other designated persons, which may have a potential conflict with the interest of the Company at large.

All Related Party Transactions are placed before the Audit Committee for approval. Prior omnibus approval of the Audit Committee is obtained on a quarterly basis for the transactions which are of a foreseen and repetitive nature. The transactions entered into pursuant to the omnibus approval so granted are placed before the Audit Committee for their review on a quarterly basis. The policy on Related Party Transactions as approved by the Board is available at the web link: http://www.eidparry.com/investors/Policies-Codes.

## EMPLOYEE STOCK OPTION SCHEME

The Company has introduced Employee Stock Options Scheme, 2016 during the year 2016-17 as approved by the shareholders. The details of the Options granted upto March 31, 2018 and other disclosures as required under SEBI (Share Based Employee Benefits) Regulations, 2014 is available on the Company's website at www. eidparry.com.

The Company has received a certificate from the Statutory Auditors of the Company that the above referred Scheme had been implemented in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the resolutions passed by the Members in this regard.

## CORPORATE GOVERNANCE

The report on corporate governance along with certificate from a practicing Company Secretary as required under the SEBI (LODR) Regulations is annexed to this Report. The report also contains the details required to be provided on the board evaluation, remuneration policy, implementation of risk management policy, whistle-blower policy / vigil mechanism etc.

The Managing Director and the Chief Financial Officer have submitted a certificate to the Board regarding the financial statements and other matters as required under Regulation 17(8) read with Schedule II of Part B of the SEBI (LODR) Regulations.

## TRANSFER TO THE INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to the applicable provisions of the Companies Act, 2013, read with the IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("the Rules") all unpaid or unclaimed dividends are required to be transferred by the Company to the IEPF established by the Central Government, after the completion of seven years. Further according to the Rules, the shares in respect of which dividend has not been encashed by the shareholders for seven consecutive years or more is also required to be transferred to the demat account created by the IEPF Authority. Accordingly, the Company has transferred the unclaimed and unpaid dividends as well as the corresponding shares as per the requirements of the IEPF rules, details of which are provided on our website, at http://www.eidparry.com/Unpaid-Unclaimed-Dividend.

During the year, the Company has transferred an amount of ₹ 22,51,264/- being the unclaimed dividend for the year 2009-10 to the Investor Education and Protection Fund established by the Central Government. The Company has also transferred 689002 shares in respect of which dividend has not been paid or claimed for seven consecutive years or more as enunciated under Section 124 (6) of the Companies Act, 2013.

## DISCLOSURES

### Audit Committee

The Audit Committee comprises of Mr. V. Manickam, Independent Director as the Chairman, Mr. C. K. Ranganathan, Independent Director, Dr. (Ms) Rca Godbole, Independent Director and Mr.M.M.Venkatachalam, Non- Executive Non- Independent Director as Members.

### CSR Committee

The CSR Committee comprises of Mr. V. Manickam, Independent Director, as the Chairman and Mr. V .Ravichandran, Non-Executive Non Independent Director and Mr. S. Suresh, Managing Director as members.

### Vigil Mechanism & Whistle Blower Policy

The Company has a Vigil Mechanism for directors and employees to report genuine concerns and grievances and provides necessary safeguards against victimisation of employees and directors.

The Audit Committee reviews on a quarterly basis the functioning of the Whistle Blower and vigil mechanism. The Vigil Mechanism and Whistle Blower Policy have been posted on the Company's website at www.eidparry. com and the details of the same are given in the Corporate Governance Report.

### Business Responsibility Report (BRR)

The SEBI (LODR) Regulations mandate the inclusion of the BRR as part of the Annual Report for top 500 listed entities based on market capitalisation. In compliance with the SEBI (LODR) Regulations, the BRR forms part of this Annual Report.

### Dividend Distribution Policy

Pursuant to Regulation 43A of Listing Regulations, the top 500 listed Companies shall formulate a Dividend Distribution Policy. The Company's Dividend Distribution Policy as approved by the Board is available on the Company's website at www.eidparry.com/investors/Policies-Codes.

### Conservation of energy, technology absorption, foreign exchange earnings and outgo

The particulars relating to conservation of energy, technology absorption, research and development, foreign exchange earnings and outgo as required to be disclosed under Section 134 (3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is given in **Annexure - D** to this Report.

### Loans, Guarantees and Investments

There were no loans and advances in the nature of loans to associate companies as well as to firms/ companies in which Directors are interested during the financial year 2017-18.

During the financial year, the Company had given guarantees and made investments in subsidiaries/Joint venture within the limits as prescribed under Sections 185 and 186 of the Companies Act, 2013. Details of Guarantees and investments are given in **Annexure - E** to this Report.

### Particulars of Employees and Related Disclosures

The information required under Section 197(12) of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Board's Report for the year ended March 31, 2018 are given in **Annexure - F** to this Report.

### Extract of Annual Return

The extract of the Annual Return of the Company in Form MGT-9 is given in **Annexure - G** to this Report.

### Compliance of Secretarial Standard

The Company has complied with the Secretarial Standards issued by The Institute of Company Secretaries of India and approved by the Central Government as required under Section 118(10) of the Companies Act, 2013.

## GENERAL

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. Details relating to deposits covered under Chapter V of the Companies Act, 2013.

2. Issue of equity shares with differential rights as to dividend, voting or otherwise.

3. Issue of shares (including sweat equity shares) to employees of the Company under any scheme save and except ESOP referred to in this Report.

The Managing Director of the Company does not receive any remuneration or commission from any of its subsidiaries.

No significant or material orders were passed by the Regulators or Courts or Tribunals, which impact the going concern status and Company's operations in future.

## ACKNOWLEDGEMENT

The Board places on record, its appreciation for the cooperation and support received from investors, customers, farmers, suppliers, employees, government authorities, banks and other business associates.

**On behalf of the Board**

Place : Chennai
Date : May 9, 2018

**V.Ravichandran**
**Chairman**

# ANNEXURE - A TO THE BOARD'S REPORT

## STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES PURSUANT TO SECTION 129(3) READ WITH RULE 5 OF COMPANIES (ACCOUNTS) RULES, 2014.

₹ in Lakh except Exchange rate

| S.No | Name of subsidiary company | Reporting Currency | Reporting period | Exchange Rate | Share Capital | Reserves & Surplus | Total Liabilities* | Total Assets # | Total Income (incl. other income) | Profit/ (Loss) Before Tax | Provision for Tax | Profit/ (Loss) after Tax | Proposed Dividend (incl. Dividend Tax) | Investments (included in Total Assets) | Percentage of shareholding |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Coromandel International Limited | INR | 31-Mar-18 | - | 2,924 | 3,14,252 | 6,59,871 | 9,77,047 | 11,04,434 | 1,00,252 | 34,311 | 65,941 | 22,874 | 28,783 | 60.59 |
| 2 | Parry Chemicals Limited | INR | 31-Mar-18 | - | 1,000 | 601 | 13 | 1,614 | 93 | 17 | 9 | 8 | - | - | 60.59 |
| 3 | CFL Mauritius Ltd | USD | 31-Dec-17 | 63.88 | 10,281 | (5,259) | 11 | 5,033 | * | (28) | - | (28) | - | 4,804 | 60.59 |
| 4 | Coromandel Brasila Ltda | BRL | 31-Dec-17 | 19.28 | 471 | (546) | 109 | 34 | 208 | 59 | 8 | 51 | - | - | 60.59 |
| 5 | Sabero Europe BV | EURO | 31-Mar-18 | 80.25 | 19 | (26) | 7 | - | - | (5) | - | (5) | - | - | 60.59 |
| 6 | Sabero Australia Pty.Ltd | AUD | 31-Mar-18 | 50.01 | 41 | (48) | 8 | 1 | 10 | (4) | - | (4) | - | 1 | 60.59 |
| 7 | Sabero Organics America SA | BRL | 31-Dec-17 | 19.28 | 888 | (699) | 121 | 310 | 150 | (88) | (1) | (87) | - | - | 60.58 |
| 8 | Sabero Argentina SA | ARS | 31-Dec-17 | 3.43 | 18 | (23) | 6 | 1 | - | (7) | - | (7) | - | - | 57.56 |
| 9 | Parry Infrastructure Co. Pvt Ltd | INR | 31-Mar-18 | - | 500 | 1,669 | 1,135 | 3,304 | 191 | 31 | 15 | 16 | - | 1,930 | 100.00 |
| 10 | Parrys Investments Limited | INR | 31-Mar-18 | - | 180 | 108 | 11 | 299 | 12 | 11 | - | 11 | - | 298 | 100.00 |
| 11 | Parry America Inc | USD | 31-Mar-18 | 64.92 | 38 | 1,845 | 2,511 | 4,394 | 6,533 | 498 | 162 | 336 | - | - | 100.00 |
| 12 | Parrys Sugar Limited | INR | 31-Mar-18 | - | 150 | 149 | 1 | 300 | 15 | 15 | - | 15 | - | 300 | 100.00 |
| 13 | US Nutraceuticals LLC | USD | 31-Mar-18 | 64.92 | 9,264 | (1,902) | 2,306 | 9,668 | 15,290 | 525 | - | 525 | - | 873 | 100.00 |
| 14 | Parry Agrochem Exports Ltd | INR | 31-Mar-18 | - | 5 | 24 | 1 | 30 | 2 | 1 | - | 1 | - | 29 | 100.00 |
| 15 | Parry Sugars Refinery India Pvt Ltd | INR | 31-Mar-18 | - | 30,125 | (27,616) | 1,44,586 | 1,47,095 | 2,54,086 | (7,595) | - | (7,595) | - | 2,780 | 100.00 |
| 16 | Alimtec S A | CHP | 31-Mar-18 | 0.11 | 5,176 | (3,233) | 1,030 | 2,973 | 787 | (640) | - | (640) | - | - | 100.00 |
| 17 | Parry International DMCC | AED | 31-Mar-18 | 17.68 | 18 | (12) | 22 | 28 | - | (12) | - | (12) | - | - | 100.00 |
| 18 | Coromandel Agronegocious De Mexico S.A De C.V. | MXN | 31-Dec-17 | 3.25 | 29 | 69 | 129 | 227 | 681 | 8 | - | 8 | - | - | 60.59 |
| 19 | Liberty Pesticides and Fertilisers Ltd | INR | 31-Mar-18 | - | 75 | 180 | 10 | 265 | 17 | 16 | 3 | 13 | - | - | 60.59 |
| 20 | Dare Investments Ltd | INR | 31-Mar-18 | - | 500 | 538 | 152 | 1,190 | - | (4) | - | (4) | - | 1,190 | 60.59 |

* (Non-current liabilities + Current liabilities)

# (Non-current assets + Current Assets)

## PART B: JOINT VENTURE & ASSOCIATES

| Name of the Entity | Coromandel SQM (India) Pvt. Ltd. | Yanmar Coromandel Agrisolutions Pvt. Ltd. | Sabero Organics Phillipines Asia Inc. | Labelle Botanics LLC |
|---|---|---|---|---|
| Relationship | Joint Venture | Joint Venture | Associate | Associate |
| Latest audited balance sheet | March 31, 2018 | March 31, 2018 | December 31, 2017 | March 31, 2018 |
| Number of shares held | 50,00,000 | 13,00,40,000 | 320 | NA |
| Amount of Investment (₹ In lakh) | 500 | 1,300 | * | 873 |
| % of shareholding | 30.30 | 24.24 | 24.24 | 49.00 |
| Networth attributable to the Company (₹ In lakh) | 1,195 | 453 | (1) | 603 |
| Profit/(loss) considered in consolidation (₹ In lakh) | 211 | (271) | - | 55 |

*less than a lakh

**Notes:**

1. All the joint ventures/associates have been considered for consolidation.
2. In case of Sabero Organics Philippines Asia Inc., an Associate there is significant influence due to percentage of voting share capital.

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

**S Suresh**
Managing Director

**V. Ravichandran**
Chairman

**G Jalaja**
Company Secretary

**V Suri**
Chief Financial Officer

Place : Chennai
Date : May 9, 2018

# ANNEXURE - B TO THE BOARD'S REPORT

## FORM NO. MR-3
## SECRETARIAL AUDIT REPORT
## FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018

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

**The Members**
**E.I.D.- PARRY (INDIA) LIMITED**
**CIN: L24211TN1975PLC006989**
**"Dare House", Parrys Corner, Chennai – 600001**

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **E.I.D.-PARRY (INDIA) LIMITED [Corporate Identification Number: L24211TN1975PLC006989]** (hereinafter called "the Company") having its Registered Office at "DARE HOUSE", Parrys Corner, Chennai – 600001. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board Processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2018 according to the provisions of:

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

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

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

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

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

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

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

c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

d) The Employee Stock Option Plan, 2016 approved under the Securities Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the Employee Stock Option Scheme, 2007 approved under the Securities Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;

e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008,

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

g) The Company has not delisted its Securities from any of the Stock Exchanges in which it is listed during the period under review and hence the question of complying with the provisions of the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 does not arise ; and

h) The Company has not bought back any Securities during the period under review and hence the question of complying with the provisions of the Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 does not arise;

(vi) Other Applicable Laws –

- Factories Act, 1948;
- Acts and Rules relating to Sugar industries including The Sugar Cess Act, 1982, The Sugar Development Fund Act, 1982, The Sugar (Packing & Marking) Order, 1970, The Sugar Cane Control Order, 1999;
- Insecticides Act, 1968;
- Labour Laws and other incidental laws related to labour and employees appointed by the Company including those on contractual basis as relating to wages, gratuity, prevention of sexual harassment, dispute resolution welfare, provident fund, insurance, compensation etc;
- Industrial (Development & Regulation) Act, 1951;
- Acts relating to consumer protection including The Competition Act, 2002;
- Acts and Rules prescribed under prevention and control of pollution;
- Acts and Rules relating to Environmental protection and energy conservation;
- Acts and Rules relating to Electricity, motor vehicles, explosives, Boilers etc.;
- Acts relating to protection of IPR;
- The Information Technology Act, 2000;
- The Legal Metrology Act, 2011;
- The Food Safety & Standards Act, 2006;
- Land revenue laws and
- Other local laws as applicable to various plants and offices.

With respect to Fiscal laws such as Income Tax, Professional Tax Act, Goods and Service Tax, etc., based on the information & explanations provided by the management and officers of the Company and certificates placed before the Board of Directors, we report that adequate systems are in place to monitor and ensure compliance of fiscal laws as mentioned above.

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

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

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

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

**We further report that**

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

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

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

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

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

a) Allotted 10,74,861 equity shares of ₹ 1/- each to the equity shareholders of Parrys Sugar Industries Limited pursuant to the scheme of amalgamation of Parrys Sugar Industries Limited with E.I.D. - Parry (India) Limited.

b) Obtained the approval of Board at their meeting held on 4th August, 2017 to Issue Counter guarantee in connection with availment of Bank Guarantee / Standby LC by US Nutraceuticals LLC for USD 3.5 Million.

c) Entered into a Joint Venture agreement on 31st January, 2018 for forming a Joint Venture Company with Synthite Industries Ltd, Cochin, for manufacture of a value added algae products.

d) Obtained the approval of shareholders through Postal Ballot on 22nd February 2018, for

- Transfer of bio-pesticides business, by way of slump sale to Coromandel International Limited (subsidiary company) for a consideration of ₹ 302.61 crore.

- Divestment of entire shareholding held by the Company in Parry America Inc, (a wholly owned subsidiary) to Coromandel International Limited (subsidiary company) for a consideration of ₹ 35.40 crores.

e) Obtained the approval of the Board at their meeting held on 29th March, 2018, for investment of ₹ 58 Crores in the equity share capital and issue of corporate guarantee for ₹ 150 Crores to Parry Sugars Refinery India Private Limited, a wholly owned subsidiary.

f) Obtained the approval of the Board at their meeting held on 29th March, 2018, to borrow through issue of non-convertible debentures for an amount not exceeding ₹ 100 Crores in one or more tranches

**For R.Sridharan & Associates**
Company Secretaries

Chennai
MAY 9, 2018

**CS R.Sridharan**
CP No. 3239
FCS No. 4775
UIN : S2003TN063400

# ANNEXURE - C TO THE BOARD'S REPORT

## ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES FOR THE FINANCIAL YEAR 2017-18

1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes.

   E.I.D.- Parry (India) Limited (EID Parry) believe that social responsibility is not just a corporate obligation that has to be carried out but it is one's dharma. EID Parry has been carrying out CSR activities for a long time through AMM Foundation while also extending CSR activities to the local communities in and around its factories located in the States of Tamil Nadu, Andhra Pradesh and Karnataka.

   EID Parry had identified the following broad programme areas with focus on quality service delivery and empowerment:

   Providing basic health care facilities to economically backward societies across geographical areas, Improving access to education, Provision of Skill Development/ Vocational Training, Rural Development, Environmental sustainability, Promoting Sports, arts & culture and Sustainable livelihood.

   EID Parry's CSR Policy has been hosted on its website at www.eidparry.com.

2. The Composition of the CSR Committee.

   Mr. V. Manickam, Independent Director is the Chairman and Mr. V. Ravichandran, Non-Executive, Non Independent Director and Mr. S.Suresh, Managing Director are its members.

3. Average net profit/ (loss) of the company for last three financial years (excluding dividend received from subsidiary Company): ₹ 660 Lakh

4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above): ₹ 13.20 Lakh

5. Details of CSR spent during the financial year:

   Total amount spent for the financial year: ₹ 123.46 Lakh

   Amount unspent, if any as per the budget: ₹ 24.64 Lakh

**Manner in which the amount spent during the financial year is detailed below.**

₹ in Lakh

| Sl. No. | CSR project or Activity identified | Sector in which the Project is covered | Projects or programmes<br>1. Local area or other<br>2. Specify the State and district where projects or programmes was undertaken | Amount outlay (budget) project or programmes wise | Amount spent on the projects or Programmes Sub-heads:<br>1. Direct Expenditure on projects or programmes<br>2. Overheads | Cumulative expenditure upto the reporting period | Amount spent: Direct or through implementing agency |
|---|---|---|---|---|---|---|---|
| 1. | Support for, Health Care and Infrastructure Development | Health Care and Sustainable Development | Tamil Nadu – Nellikuppam, Cuddalore District | 5.00 | - | - | Direct |
| 2. | Health care and Sustainable Development | Health care and Sustainable Development | Tamil Nadu – Pugalur Cuddalore District | 3.30 | - | - | Direct |
| 3. | Support for Health Care and Sustainable Development | Health Care and Sustainable Development | Tamil Nadu – Pudukottai, Trichy District | 11.70 | 6.84 | 6.84 | Direct |

| Sl. No. | CSR project or Activity identified | Sector in which the Project is covered | Projects or programmes<br>1. Local area or other<br>2. Specify the State and district where projects or programmes was undertaken | Amount outlay (budget) project or programmes wise | Amount spent on the projects or Programmes Sub-heads:<br>1. Direct Expenditure on projects or programmes<br>2. Overheads | Cumulative expenditure upto the reporting period | Amount spent: Direct or through implementing agency |
|---|---|---|---|---|---|---|---|
| 4. | Support for Health Care, Education Empowerment of women and Infrastructure Development | Health Care, Education, Empowerment and Infrastructure Development | Tamil Nadu – Sivaganga District | 5.34 | 7.63 | 7.63 | Direct |
| 5. | Support for Health Care, Education, Infrastructure and Sustainable Development | Health Care, Education, Infrastructure and Sustainable Development | Andhra Pradesh – Sankili, Srikakulam District | 44.00 | 36.72 | 36.72 | Direct |
| 6. | Support for Health Care | Health Care | Karnataka – Bagalkot District | 1.00 | - | - | Direct |
| 7. | Support for Health Care | Health Care | Pettavaithalai Tamil Nadu | 2.00 | - | - | Direct |
| 8. | Support for Health Care and Education | Health Care and Education | Karnataka – Haliyal, Uttar Kannada District | 38.96 | 39.00 | 39.00 | Direct |
| 9. | Support for Health Care | Health Care | Karnataka – Ramdurg District | 1.80 | 0.35 | 0.35 | Direct |
| 10. | Support for sustainable Development | Sustainable Development | Puducherry | - | 15.43 | 15.43 | Direct |
| 11. | Support for Health Care, Education, Infrastructure and Sustainable Development | Health Care, Education, Infrastructure and Sustainable Development | Thyagavalli | 10.00 | 2.50 | 2.50 | Direct |

| Sl. No. | CSR project or Activity identified | Sector in which the Project is covered | Projects or programmes<br>1. Local area or other<br>2. Specify the State and district where projects or programmes was undertaken | Amount outlay (budget) project or programmes wise | Amount spent on the projects or Programmes Sub-heads:<br>1. Direct Expenditure on projects or programmes<br>2. Overheads | Cumulative expenditure upto the reporting period | Amount spent: Direct or through implementing agency |
|---|---|---|---|---|---|---|---|
| 12 | Support for Health Care | Health Care | Oonaiyur, Tamil Nadu | 5.00 | 2.00 | 2.00 | Direct |
| 13 | Sustainable Development | De-silting of waterbodies | Tamil Nadu – Nellikuppam, Cuddalore<br><br>District Puducherry<br><br>Tamil Nadu – Pettaivathali, Trichy District | 20.00 | 12.99 | 12.99 | Direct |
| | **Total** | | | **148.10** | **123.46** | **123.46** | |

6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board's report - Not applicable.
7. The CSR Committee of the Company hereby confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

**Chennai**
**May 09, 2018**

**S. Suresh**
**Managing Director**

**V. Manickam**
**Chairman, CSR Committee**

# ANNEXURE - D TO THE BOARD'S REPORT

## PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO REQUIRED UNDER THE COMPANIES (ACCOUNTS) RULES, 2014

### A. CONSERVATION OF ENERGY

**Energy Conservation Initiatives:**

The Company's focus on energy and resource conservation has made its Co-gen and the sugar factories the best in its class with respect to efficiency and environment friendly operations.

The thrust on energy conservation has earned the Company various awards and recognitions, few of which are listed below:

- "Excellent Energy Efficient Unit"- National award by CII on four occasions
- "National Energy Conservation Award" from Bureau of Energy Efficiency, Government of India.

**Thermal Energy Conservation:**

- Direct Contact Heaters and Wide Gap Plate heat exchangers are extensively deployed for education in steam% cane.

**Electrical Energy Conservation:**

- Extensive deployment of variable frequency drives, optimisation of pumps and fans, conversion to Energy Efficient Gear Boxes and lighting systems have resulted in reduced specific energy consumption across the sugar factories.

### B. TECHNOLOGY ABSORPTION

**The details are as under:**

**(1) The efforts made towards technology absorption and benefits derived:**

In its continued effort towards sustainable water utilisation, the Company has embarked on a Zero Liquid Discharge project at Nellikuppam sugar factory. The condensate polishing system has been commissioned enabling recycling of 2400 m3 of water per day.

**(2) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)**

The Company has initiated work with a Bio Technology firm at USA for the development of high efficiency yeast culture for the production of Ethanol .

The objective is to achieve higher fermentation efficiency and reduction in effluent load at distilleries.

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The foreign exchange earned in terms of actual inflows during the year and the Foreign exchange outgo during the year in terms of actual outflows

₹ in Lakh

| | 2017 – 18 | 2016 – 17 |
|---|---|---|
| Foreign exchange earned | 14,228 | 14,552 |
| **Foreign exchange outgo :** | | |
| (i) Towards expenditure | 41,795 | 1,467 |
| (ii) Towards dividend | - | 9 |

# ANNEXURE - E TO THE BOARDS REPORT

## PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013

### DETAILS OF LOAN GIVEN

₹ in Lakh

| Name of the entity | Alimtec S.A |
|---|---|
| Loans outstanding as on 1st April, 2017(₹ in Lakh) | 130 |
| Loan given during the year | - |
| Loans repaid including foreign exchange difference during the year | (82) |
| Converted into Equity Shares during the year(₹ in Lakh) | - |
| Converted into Preference Shares | - |
| Loans outstanding as on 31st March, 2018 | 48 |
| Purpose for the loan given | Expansion & working capital requirement |

### DETAILS OF GUARANTEES PROVIDED

| Name of the entity | Particulars | Amount (₹ In Lakh) | Purpose |
|---|---|---|---|
| Parry Sugars Refinery India Private Limited | Long Term guarantee<br>Guarantee given to Debenture Trustee - IDBI Trusteeship Services Limited | 30,000 | Issue of Debentures for repaying the high cost loans availed by Parry Sugars Refinery India Private Limited |
| Alimtec S.A. | Standby Letter of Credit (USD 1.4 Million) to BANCO DE CHILE | 912 | Capital expenditure and Working Capital requirement. |
| US Nutraceuticals LLC. | Standby Letter of Credit / USD 2.0 Million to Wells Fargo Bank N.A, USA | 1,303 | Working Capital Requirement |

### DETAILS OF INVESTMENTS

The details of investments made by the Company have been given in Note no. 5 & 6 of the Annual Accounts

# ANNEXURE - F TO THE BOARD'S REPORT

## PARTICULARS OF EMPLOYEES

**(A) Information as per Section 197(12) read with Rule 5(1) of The Companies (Appointment & Remuneration of Managerial Personnel) Rules 2014:**

(1). The ratio of Remuneration of each Director to the median remuneration of the employees of the Company for the financial year:

| Name of Director | Ratio |
|---|---|
| Mr. A. Vellayan* | 13.14 |
| Mr. V. Ravichandran | 3.64 |
| Mr. V.Ramesh* | 33.08 |
| Mr. S.Suresh | 42.90 |
| Mr. Anand Narain Bhatia* | 1.07 |
| Mr. V. Manickam | 3.64 |
| Mr. M. B. N. Rao* | 3.35 |
| Dr. Rca Godbole | 3.73 |
| Mr. Ramesh K B Menon* | 1.35 |
| Mr. C. K. Ranganathan* | 1.38 |
| Mr. M. M. Venkatachalam* | 0.52 |

* Part of the current financial year

The median remuneration of employees of the Company during the Financial year 2017-18 was ₹ 3,04,536

(2). The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary in the financial year:

| NAME | % increase in remuneration |
|---|---|
| Mr.A. Vellayan | (60.86) |
| Mr.V. Ravichandran | (5.19) |
| Mr. V. Ramesh | (32.14) |
| Mr. S Suresh | 118.22 |
| Mr. V. Manickam | 5.21 |
| Mr. Anand Narain Bhatia | (73.01) |
| Mr. M.B.N.Rao | (12.51) |
| Dr. Rca Godbole | (3.40) |
| Mr. Ramesh KB Menon | NA |
| Mr. C K Ranganathan | NA |
| Mr. M M Venkatachalam | NA |
| Mr. V. Suri, Chief Financial Officer | 19.01 |
| Ms. G.Jalaja, Company Secretary | 24.40 |

NA- Not comparable as the directors were appointed during the year 17-18.

(a) The remuneration to the Non-Executive Directors comprises provision for commission made in the financial year 2017-18 and sitting fees paid for attending the Board/Committee meetings. There was no increase in Sitting fee during the year. The actual payment of sitting fee is based on the number of meetings attended by the Director.

(3) The percentage increase in the median remuneration of employees in the financial year: 12.96 %

(4) The number of permanent employees on the rolls of company: 2651

(5) The increase in the average salary of the employees is 8.50 % as compared to decrease in the managerial remuneration which is 10.87 %.

(6) The Company affirms that remuneration is as per the Remuneration Policy of the Company.

**(B) Information as per Section 197 (12) of the Companies Act, 2013 read with Rule 5 (2) and 5 (3) the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.**

| Name/(Age) | Designation of the Employee/ Duties | Remuneration (₹) | Qualification/ Experience (Years) | Date of Commencement of Employment | Previous Employment |
|---|---|---|---|---|---|
| Mr L K Baburaj (51) | Business Head - Bio Products | 44,47,545 | M.Sc Agriculture (27) | February 21, 2005 | Dow Agro Sciences Limited |
| Ms. G. Jalaja (60) | Senior Vice President Management Audit and Company Secretary | 88,78,829 | B.Com, ACA, FCS (34) | August 05,1983 | Aicam Engineering Private Limited |
| Mr T Kannan (54) | Vice President Operations - Karnataka | 50,98,604 | B.Sc Chemistry; M.Sc Chemistry; Sugar Technology (29) | August 20, 2010 | Sri Chamundeshwari Sugars |
| Mr. Manoj Kumar Jaiswal (53) | Executive Vice President - Management Development Centre | 1,09,46,609 | M.Sc., MBA (28) | August 19, 2008 | Infosys Technologies Limited |
| Mr. Rajasekar. T (59) | Senior Vice President - Special Projects | 88,96,478 | B.Sc Maths, B.Tech (Hons) in Electronics Engineering (34) | November 17, 2011 | Asian Paints Limited |
| Mr. S.K Sathyavrdhan (50) | Senior Vice President - HR | 64,35,381 | B.Com, M.Com, PGDM (27) | November 01, 2000 | Owens Brockway Ind Ltd |
| Mr.S. Suresh (52) | Managing Director | 1,30,64,997 | B.E Industrial Engineering, PGDIE Industrial Engineering; PGDM Financial Management (30) | July 01, 2016 | Parry Sugars Refinery India Private Limited |
| Mr. V. Suri (58) | Executive Vice President and Chief Financial Officer | 83,39,984 | B.Com., C.A, CWA (32) | October 19, 2013 | Coromandel International Limited |
| Mr. G. Madhavan# (52) | Senior Associate Vice President – Sales | 59,58,923 | BE (27) | September 01, 1994 | Coromandel International Limited |
| Mr. T M Shankar (59) | Sr. Vice President – Commercial & Corp. Affairs | 47,42,547 | B.Com, ACA (33) | April 25, 2012 | Bannari Amman Sugars Limited |
| Mr. V.Ramesh# (61) | Managing Director | 161,36,075 | B.Com., Grad CWA, PGDM (IIM) (37) | January 30, 2014 | Carborundum Universal Limited |

# Employed for the part of the year.

Notes:

1. The nature of employment of all employees above is whole time in nature and terminable with 3 months notice on either side.
2. Remuneration as shown above includes salary, allowances, leave travel assistance, Company's contribution to Provident Fund, Superannuation Fund and Gratuity Fund. Medical facilities and perquisites valued in terms of actual expenditure incurred by the Company in providing the benefits to the employees excepting in case of certain expenses where the actual amount of expenditure cannot be ascertained with reasonable accuracy, and in such cases, notional amount as per income tax rules has been adopted.
3. Remuneration as shown above does not include amount attributable to compensated absences as actuarial valuation is done for the Company as a whole only.
4. The deemed benefit on exercise of options under Company's ESOP Scheme has not been considered as there is no Cost to the Company.
5. The above mentioned employees are not relatives (in terms of the Companies Act, 2013) of any Director of the Company.
6. No employee mentioned above is holding shares in the Company except Ms.G.Jalaja, Company Secretary who is holding 38,285 equity shares of ₹ 1/- each representing 0.02% of the share capital of the Company.

# ANNEXURE -G TO THE BOARD'S REPORT

**Form No. MGT-9**

## EXTRACT OF ANNUAL RETURN

**[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]**

### I. REGISTRATION AND OTHER DETAILS :

| | | |
|---|---|---|
| 1 | CIN | L24211TN1975PLC006989 |
| 2 | Registration Date | 22.09.1975 |
| 3 | Name of the Company | E.I.D.- Parry (India) Limited |
| 4 | Category / Sub-Category of the Company | Public Company Limited by shares |
| 5 | Address of the Registered office and contact details | 'Dare House', Parrys Corner, Chennai - 600 001.<br>Tel : +91 44 2530 6789 Fax.:+91 44 25341609<br>E-mail:investorservices@parry.murugappa.com<br>Website:www.eidparry.com |
| 6 | Whether listed company | Yes |
| 7 | Name, Address and Contact details of Registrar and Transfer Agents, if any | Karvy Computershare Private Limited<br>Karvy Selenium Tower B,<br>Plot number 31 & 32, Gachibowli, Financial District<br>Hyderabad – 500 032<br>Tel : 040 6716 2222<br>Fax : 040 2342 0814<br>E-Mail : einward.ris@karvy.com |

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY :

Business activities contributing 10 % or more of the total turnover of the company :

| Sl. No. | Name and Description of main products / services | NIC Code of the Product/ service | % to total turnover of the company |
|---|---|---|---|
| 1 | Sugar | 10721 | 71.68 |
| 2 | Alcohol | 1101 | 14.67 |

### III. PARTICULARS OF HOLDING, SUBSIDIARY, JOINT VENTURE AND ASSOCIATE COMPANIES :

| Sl. No. | Name and Address of the Company | CIN/GLN | Holding / Subsidiary / Associate / Joint Venture | % of Shares Held | Applicable Section |
|---|---|---|---|---|---|
| 1 | Coromandel International Limited, Coromandel House, Sardar Patel Road, Secunderabad 500 003 | L24120TG1961PLC000892 | Subsidiary | 60.59 | 2 (87) |
| 2 | Liberty Pesticides & Fertilizers Limited, Coromandel House, 1-2-10, Sardar Patel Road, Secunderabad – 500 003 | U24124RJ1978PLC001807 | Subsidiary | 60.59 | 2 (87) |
| 3 | Parry Chemicals Limited, Coromandel House, 1-2-10, Sardar Patel Road, Secunderabad – 500 003 | U74999MH1995PLC088809 | Subsidiary | 60.59 | 2 (87) |

| Sl. No. | Name and Address of the Company | CIN/GLN | Holding / Subsidiary / Associate / Joint Venture | % of Shares Held | Applicable Section |
|---|---|---|---|---|---|
| 4 | CFL Mauritius Limited<br>IFS Court, Bank Street, Twenty Eight Cybercity,<br>Ebene 72201<br>Republic of Mauritius | 081272C1/GBL | Subsidiary | 60.59 | 2 (87) |
| 5 | Sabero Europe BV<br>Markerwaardweg 8, 1606 AS, Venhuizen,<br>Post Bus 23, 1606 zg,Venhuizen | – | Subsidiary | 60.59 | 2 (87) |
| 6 | Sabero Australia Pty Ltd<br>Level 6, 110-116 Sussex Street, Sydney,<br>NSW – 2000 | – | Subsidiary | 60.59 | 2 (87) |
| 7 | Sabero Organics America S.A.<br>Avenida Raja Gabaglia 1492/605, Gutierrez, Belo<br>Horizont, MG, CEP 30441-194 | 04-016-649/0001-51 | Subsidiary | 60.58 | 2 (87) |
| 8 | Sabero Argentina SA<br>Marcelo T, DeAlevar 1430,<br>Argentina | – | Subsidiary | 57.56 | 2 (87) |
| 9 | Coromandel Agronegocios de Mexico SA de CV<br>(earlier Sabero Organics Mexico S.A. de C.V.)<br>Campos Eliseos 219, 2, Palmas Polanco, Miguel Hidalgo,<br>Didtrito Federal-11560 | – | Subsidiary | 60.59 | 2 (87) |
| 10 | Coromandel Brasil Ltda<br>(Limited Liability Company)<br>Rua Jorge Caixe, 132,<br>Sala 01,<br>Jd Nomura Cotia,<br>Sao Paulo, Brazil | 10.599.435/0001-58 | Subsidiary | 60.59 | 2 (87) |
| 11 | Coromandel SQM (India) Private Limited<br>Coromandel House,<br>1-2-10, Sardar Patel Road<br>Secunderabad – 500 003 | U24100TG2009PTC065404 | Joint Venture | 30.30 | 2 (6) |
| 12 | Dare Investments Limited<br>Coromandel House,<br>1-2-10 Sardar Patel Road,<br>Secunderabad 500 003 | U65110TG2012PLC080296 | Subsidiary | 60.59 | 2 (87) |
| 13 | Yanmar Coromandel Agrisolutions Private Limited<br>Coromandel House,<br>1-2-10, Sardar Patel Road<br>Secunderabad 500 003 | U29253TG2014PTC094854 | Joint Venture | 24.24 | 2 (6) |
| 14 | Sabero Organics Philippines Asia Inc.<br>2005B 20th Floor West Tower,<br>Philippine Stock Exchange, Exchange Road,<br>Ortigas Center, Pasig City 1605 | – | Associate | 24.24 | 2 (6) |
| 15 | Parry Sugars Refinery India Private Limited<br>'Dare House', Parrys Corner,<br>Chennai - 600 001. | U15421TN2006PTC058579 | Subsidiary | 100.00 | 2 (87) |
| 16 | Alimtec S.A.<br>Almirante Latorre<br>617, Santiago De<br>Chile | – | Subsidiary | 100.00 | 2 (87) |

| Sl. No. | Name and Address of the Company | CIN/GLN | Holding / Subsidiary / Associate / Joint Venture | % of Shares Held | Applicable Section |
|---|---|---|---|---|---|
| 17 | Parry America Inc.,<br>1521 N Cooper St. Ste 350 Arlington TX 76011 | – | Subsidiary | 100.00 | 2 (87) |
| 18 | US Nutraceuticals LLC.,<br>(Valensa International)<br>2751 Nutra Lane, Eustis, FL 32726 | – | Subsidiary | 100.00 | 2 (87) |
| 19 | Parry Infrastructure Company Private Limited<br>'Dare House', Parrys Corner,<br>Chennai - 600 001. | U45203TN2006PTC058518 | Subsidiary | 100.00 | 2 (87) |
| 20 | Parry Agrochem Exports Limited<br>'Dare House', Parrys Corner,<br>Chennai - 600 001. | U24131TN1996PLC035030 | Subsidiary | 100.00 | 2 (87) |
| 21 | Parrys Sugar Limited<br>'Dare House', Parrys Corner,<br>Chennai - 600 001. | U15421TN2005PLC058106 | Subsidiary | 100.00 | 2 (87) |
| 22 | Parrys Investments Limited<br>'Dare House', Parrys Corner,<br>Chennai - 600 001. | U65993TN1983PLC009910 | Subsidiary | 100.00 | 2 (87) |
| 23 | La Bella Botanics LLC<br>604, 1st Ave NE, PO. Box:226, Jasper,<br>FL-32052. | – | Associate | 47.70 | 2 (6) |
| 24 | Algavista Greentech Private Limited<br>'Dare House', No. 2 (Old No. 234)<br>N.S.C. Bose Road,<br>Chennai - 600001 | U011177N2018PTC121215 | Joint Venture | 50.00 | 2 (6) |
| 25 | Parry International DMCC<br>Unit No: AG--PF-04 AG Tower, Plot No: JLT-PH1-I1A.<br>Jumeirah Lakes Tower, Dubai, United Arab Emirates. | – | Subsidiary | 100.00 | 2 (87) |

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

i) Category-wise Share Holding :

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| **A. Promoter** | | | | | | | | | |
| **(1) Indian** | | | | | | | | | |
| a) Individual/ HUF | 4634010 | - | 4634010 | 2.64 | 4189050 | - | 4189050 | 2.36 | -0.28 |
| b) Central Govt | - | - | - | - | - | - | - | - | - |
| c) State Govt (s) | - | - | - | - | - | - | - | - | - |
| d) Bodies Corp. | 72089444 | - | 72089444 | 40.99 | 72089444 | - | 72089444 | 40.73 | -0.26 |
| e) Banks / FI | - | - | - | - | - | - | - | - | - |
| f) Any Other - Trust | - | - | - | - | - | - | - | - | - |
| **Sub-total (A1)** | **76723454** | - | **76723454** | **43.63** | **76278494** | - | **76278494** | **43.09** | **-0.54** |

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| **AA. Promoter Group** | - | - | - | - | - | - | - | - | - |
| a) Individual/ HUF | 2201886 | - | 2201886 | 1.25 | 2888446 | - | 2888446 | 1.63 | 0.38 |
| b) Central Govt | - | - | - | - | - | - | - | - | - |
| c) State Govt (s) | - | - | - | - | - | - | - | - | - |
| d) Bodies Corp. | 452210 | - | 452210 | 0.26 | 452210 | - | 452210 | 0.26 | - |
| e) Banks / FI | - | - | - | - | - | - | - | - | - |
| f) Any Other - Trust | - | - | - | - | - | - | - | - | - |
| **Sub-total (AA)** | **2654096** | **-** | **2654096** | **1.51** | **3340656** | **-** | **3340656** | **1.89** | **0.38** |
| **(2) Foreign** | | | | | | | | | |
| a) NRIs - Individuals | **199500** | - | **199500** | **0.11** | - | - | - | - | -0.11 |
| b) Other - Individuals | - | - | - | - | - | - | - | - | - |
| c) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| d) Banks / FI | - | - | - | - | - | - | - | - | - |
| e) Any Other.... | - | - | - | - | - | - | - | - | - |
| **Sub-total (A2)** | **199500** | **-** | **199500** | **0.11** | **-** | **-** | **-** | **-** | **-0.11** |
| **Total Promoters & Promoter Group (A)=(A1)+{AA)+{A2)** | **79577050** | **-** | **79577050** | **45.25** | **79619150** | **-** | **79619150** | **44.98** | **-0.27** |
| **B. Public Shareholding** | | | | | | | | | |
| **(1) Institutions** | | | | | | | | | |
| a) Mutual Funds /UTI | 4648645 | - | 4648645 | 2.64 | 1301910 | - | 1301910 | 0.74 | -1.90 |
| b) Banks/ Financial Institutions | 208879 | 32008 | 240887 | 0.14 | 180072 | 25156 | 205228 | 0.12 | -0.02 |
| c) Central Government | - | - | - | - | - | - | - | - | - |
| d) State Government(s) | - | - | - | - | - | - | - | - | - |
| e) Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| f) Insurance Companies | 7618297 | - | 7618297 | 4.33 | 7177857 | - | 7177857 | 4.06 | -0.27 |
| g) Foreign Institutional Investors | 17404773 | - | 17404773 | 9.90 | | - | | - | -9.90 |
| h) Foreign Venture Capital Investors | - | - | - | - | - | - | - | - | - |
| i) Foreign Portfolio Investors | - | - | - | - | 17667451 | - | 17667451 | 9.98 | 9.98 |
| j) Qualified Foreign Investor | - | - | - | - | - | - | - | - | - |
| k) Alternate Investment Funds | - | - | - | - | - | - | - | - | - |
| l) Others (specify) | - | - | - | - | - | - | - | - | - |
| Overseas Corporate Bodies | - | 5040 | 5040 | - | - | 5040 | 5040 | - | - |
| **Sub-Total B(1) :** | **29880594** | **37048** | **29917642** | **17.01** | **26327290** | **30196** | **26357486** | **14.90** | **-2.11** |

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| **2. NON-INSTITUTIONS** | | | | | | | | | |
| a) Bodies Corporate | | | | | | | | | |
| i) Indian | 15193480 | 70101 | 15263581 | 8.68 | 14247399 | 57335 | 14304734 | 8.08 | -0.60 |
| ii) Overseas | - | - | - | - | - | - | - | - | - |
| b) Individuals | | | | | | | | | |
| (i) Individual shareholders holding nominal share capital upto ₹. 2 Lakh | 25463312 | 2614178 | 28077490 | 15.96 | 24306008 | 2179986 | 26485994 | 14.96 | -1.00 |
| (ii) Individual shareholders holding nominal share capital in excess of ₹.2 Lakh | 20375810 | - | 20375810 | 11.59 | 25651692 | - | 25651692 | 14.49 | 2.90 |
| c) Qualified Foreign Investor | - | - | - | - | - | - | - | - | - |
| d) NBFCs Registered with RBI | 17671 | - | 17671 | 0.01 | 72539 | - | 72539 | 0.04 | 0.03 |
| e) Others (specify) | | | | | | | | | |
| i) Trusts | 121040 | - | 121040 | 0.07 | 138340 | | 138340 | 0.08 | 0.01 |
| ii) Non Resident Indians | 1767284 | 206932 | 1974216 | 1.12 | 1518703 | 190267 | 1708970 | 0.97 | -0.15 |
| iii) Non Resident Indian Non Repartiable | - | - | - | - | 1554990 | - | 1554990 | 0.88 | 0.88 |
| iv) Foreign Nationals | - | 216680 | 216680 | 0.12 | 560 | 216680 | 217240 | 0.12 | 0.00 |
| v) Clearing Members | 257788 | - | 257788 | 0.15 | 86982 | - | 86982 | 0.05 | -0.10 |
| vi) Alternate Inverstment Fund | - | - | - | - | 35932 | - | 35932 | 0.02 | 0.02 |
| vii) Investor Education and Protection Fund (IEPF) Authority* | - | - | - | - | 689002 | - | 689002 | 0.39 | 0.39 |
| **Sub-Total B(2) :** | **63196385** | **3107891** | **66304276** | **37.70** | **68302147** | **2644268** | **70946415** | **40.08** | **2.38** |
| **Total Public Shareholding (B) = (B)(1)+(B(2)** | **93076979** | **3144939** | **96221918** | **54.71** | **94629437** | **2674464** | **97303901** | **54.98** | **0.27** |
| **Total (A)+(B)** | **172654029** | **3144939** | **175798968** | **99.96** | **174248587** | **2674464** | **176923051** | **99.96** | **0.00** |
| c) Shares held by Custodians for GDRs and ADRs | 70400 | 1530 | 71930 | 0.04 | 70400 | 1530 | 71930 | 0.04 | 0.00 |
| **GRAND TOTAL (A+B+C) :** | **172724429** | **3146469** | **175870898** | **100.00** | **174318987** | **2675994** | **176994981** | **100.00** | **0.00** |

* Voting rights on the shares shall remain frozen till the rightful owner claims the shares.

**Note :**

The % change in shareholding is mainly on account of increase in paid up equity share capital arising from allotment of shares to employees under the Company's ESOP Scheme, 2007 and shares allotted to the shareholders of Parrys Sugar Industries Limited consequent to the merger.

(ii) Shareholding of Promoters

| Sl. No. | Name of the Promoters | Shareholding at the beginning of the year | | | Share holding at the end of the year | | | % change in share-holding during the year |
|---|---|---|---|---|---|---|---|---|
| | | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | |
| 1 | Murugappa Holdings Limited $ | 58735204 | 33.40 | - | - | - | - | -33.40 |
| 2 | Ambadi Investments Private Limited $ | 9323240 | 5.30 | - | 68058444 | 38.45 | - | 33.15 |
| 3 | Ambadi Enterprises Ltd | 4030000 | 2.29 | - | 4030000 | 2.28 | - | -0.01 |
| 4 | S Vellayan | 620810 | 0.35 | - | 620810 | 0.35 | - | - |
| 5 | Arun Alagappan | 408820 | 0.23 | 0.01 | 408820 | 0.24 | 0.01 | 0.01 |
| 6 | Arun Venkatachalam | 348540 | 0.20 | - | 348540 | 0.20 | - | - |
| 7 | A Vellayan | 344540 | 0.20 | 0.01 | 344540 | 0.20 | 0.01 | - |
| 8 | M V Murugappan@ | 321710 | 0.18 | - | - | - | - | -0.18 |
| 9 | A Venkatachalam | 320220 | 0.18 | 0.01 | 320220 | 0.18 | 0.01 | - |
| 10 | M A M Arunachalam | 316000 | 0.18 | 0.01 | 316000 | 0.18 | 0.01 | - |
| 11 | M V Subbiah | 334670 | 0.19 | - | 334670 | 0.19 | 0.00 | - |
| 12 | V Narayanan | 235610 | 0.13 | - | 235610 | 0.13 | - | - |
| 13 | V Arunachalam | 220320 | 0.13 | - | 220320 | 0.12 | - | -0.01 |
| 14 | M M Venkatachalam | 200500 | 0.12 | - | 389500 | 0.22 | - | 0.10 |
| 15 | M.M.Veerappan | 199500 | 0.11 | - | - | - | - | -0.11 |
| 16 | M M Muthiah | 191500 | 0.11 | - | - | - | - | -0.11 |
| 17 | M V Muthiah | 189000 | 0.11 | - | - | - | - | -0.11 |
| 18 | M M Murugappan | 185670 | 0.11 | - | 377170 | 0.21 | - | 0.10 |
| 19 | M V Subramanian | 123250 | 0.07 | - | - | - | - | -0.07 |
| 21 | M M Murugappan* | 20000 | 0.01 | - | 20000 | 0.01 | - | - |
| 22 | M.A.Alagappan# | 13640 | 0.01 | - | 13640 | 0.01 | - | - |
| 23 | M.A.Alagappan | 210000 | 0.12 | 0.01 | 210000 | 0.12 | 0.01 | - |
| 24 | M V Murugappan@ | 6200 | - | - | - | - | - | - |
| 25 | M V Murugappan** | 17010 | 0.01 | - | 17010 | 0.01 | - | - |
| 26 | M V Subbiah* | 6000 | - | - | 6000 | - | - | - |
| 27 | Carborundum Universal Limited | 1000 | - | - | 1000 | - | - | - |
| 28 | Valli Arunachalam@ | - | - | | 6200 | - | - | - |
| | **Total** | **76922954** | **43.74** | **0.05** | **76278494** | **43.10** | **0.05** | **-0.65** |

$ Consequent to the amalgamation of Murugappa Holdings Limited with Ambadi Investments Private Limited
@ arising out of transmission of shares
* in the capacity of Karta in HUF
# in the capacity of partner in a Firm
** Held by Mr. M V Murugappan, Mr. M.A.Alagappan and Mr. M M Murugappan on behalf of a Firm.

**Note :** The above table does not include the holdings of promoter group aggregating to 3340656 shares (1.89%) as at March 31, 2018.

(iii) Change in promoters' shareholding

| Sl. No. | Name of the Promoters | No. of Shares | % of total Shares of the company |
|---|---|---|---|
| 1 | At the beginning of the year | 76922954 | 43.54 |
| 2 | **Date wise Increase / Decrease in Promoter's shareholding during the year specifying the reasons for increase / decrease :** | | |

| Date of Purchase / Sale | Name of the Promoter | No. of Shares held at the beginning of the year | % of total shares of the Company | No. of shares acquired / sold | Transfer | Cumulative Share holding during the year | |
|---|---|---|---|---|---|---|---|
| | | | | | | No. of Shares | % of total Shares of the company |
| 31-03-2017 | MURUGAPPA HOLDINGS LIMITED | 58735204 | 33.40 | - | | 58735204 | 33.40 |
| 28-08-2017 | | | | -58735204 | Consequent to amalgamation | - | - |
| 31-03-2018 | | | | | | - | - |
| 31-03-2017 | AMBADI INVESTMENTS PRIVATE LIMITED | 9323240 | 5.30 | | | 9323240 | 5.30 |
| 28-08-2017 | | | | 58735204 | Consequent to amalgamation | 68058444 | 38.45 |
| 31-03-2018 | | | | | | 68058444 | 38.45 |
| 31-03-2017 | M V MURUGAPPAN | 321710 | 0.18 | | | 321710 | 0.18 |
| 30-10-2017 | | | | -321710 | Transmission | - | - |
| 31-03-2018 | | | | | | - | - |
| 31-03-2017 | M M VENKATACHALAM | 200500 | 0.11 | | | 200500 | 0.11 |
| 28-03-2018 | | | | 189000 | Acquired by way of Gift | 389500 | 0.22 |
| 31-03-2018 | | | | | | 389500 | 0.22 |
| 31-03-2017 | M.M.VEERAPPAN | 199500 | 0.11 | | | 199500 | 0.11 |
| 27-03-2018 | | | | -199500 | Transfer by way of Gift | - | - |
| 31-03-2018 | | | | | | - | - |
| 31-03-2017 | M M MUTHIAH | 191500 | 0.11 | | | 191500 | 0.11 |
| 27-03-2018 | | | | -191500 | Transfer by way of Gift | - | - |
| 31-03-2018 | | | | | | - | - |
| 31-03-2017 | M V MUTHIAH | 189000 | 0.11 | | | 189000 | 0.11 |
| 28-03-2018 | | | | -189000 | Transfer by way of Gift | - | - |
| 31-03-2018 | | | | | | - | - |
| 31-03-2017 | M M MURUGAPPAN | 185670 | 0.11 | | | 185670 | 0.11 |
| 27-03-2018 | | | | 191500 | Acquired by way of Gift | 377170 | 0.21 |
| 31-03-2018 | | | | | | 377170 | 0.21 |
| 31-03-2017 | M V SUBRAMANIAN | 123250 | 0.07 | | | 123250 | 0.07 |
| 28-03-2018 | | | | -123250 | Transfer by way of Gift | - | - |
| 31-03-2018 | | | | | | - | - |
| 31-03-2017 | M V MURUGAPPAN | 6200 | - | | | 6200 | - |
| 19-01-2018 | | | | -6200 | Transmission | - | - |
| 31-03-2018 | | | | | | - | - |
| 31-03-2017 | VALLI ARUNACHALAM | - | - | | | - | - |
| 19-01-2018 | | | | 6200 | Transmission | 6200 | - |
| 31-03-2018 | | | | | | 6200 | - |
| At the end of the year - Promoter | | | | | | 76278494 | 43.10 |

# -arising out of Transmission of shares

**Note :** The above table does not include the holdings of promoter group aggregating to 3340656 shares (1.89%) as at March 31, 2018.

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

| Sl. No. | Name of the Share Holder | Shareholding at the beginning of the Year | | Date | Increase/ Decrease in share holding | Reason | Cumulative Shareholding during the Year | |
|---|---|---|---|---|---|---|---|---|
| | | No. of Shares | % of total shares of the company | | | | No of Shares | % of total shares of the company |
| 1 | GOVERNMENT PENSION FUND GLOBAL | 6492795 | 3.69 | 31/03/2017 | | | 6492795 | 3.69 |
| | | | | 12/05/2017 | (5000) | Transfer | 6487795 | 3.69 |
| | | | | 19/01/2018 | (33499) | Transfer | 6454296 | 3.65 |
| | | | | 26/01/2018 | (227668) | Transfer | 6226628 | 3.52 |
| | | | | 02/02/2018 | (140981) | Transfer | 6085647 | 3.44 |
| | | | | 09/03/2018 | (5075) | Transfer | 6080572 | 3.44 |
| | | | | 16/03/2018 | (49702) | Transfer | 6030870 | 3.41 |
| | | | | 23/03/2018 | (92145) | Transfer | 5938725 | 3.36 |
| | | | | 30/03/2018 | (20000) | Transfer | 5918725 | 3.34 |
| | | | | 31/03/2018 | | | 5918725 | 3.34 |
| 2 | LIFE INSURANCE CORPORATION OF INDIA | 4927377 | 2.80 | 31/03/2017 | | | 4927377 | 2.80 |
| | | | | 31/03/2018 | | | 4927377 | 2.78 |
| 3 | GOVINDLAL M PARIKH | 3725946 | 2.12 | 31/03/2017 | | | 3725946 | 2.12 |
| | | | | 12/05/2017 | (50000) | Transfer | 3675946 | 2.09 |
| | | | | 19/05/2017 | (9717) | Transfer | 3666229 | 2.08 |
| | | | | 02/06/2017 | (5000) | Transfer | 3661229 | 2.08 |
| | | | | 09/06/2017 | (12590) | Transfer | 3648639 | 2.07 |
| | | | | 16/06/2017 | (77634) | Transfer | 3571005 | 2.02 |
| | | | | 23/06/2017 | (937) | Transfer | 3570068 | 2.02 |
| | | | | 22/09/2017 | (19969) | Transfer | 3550099 | 2.01 |
| | | | | 02/02/2018 | 15581 | Transfer | 3565680 | 2.01 |
| | | | | 31/03/2018 | | | 3565680 | 2.01 |
| 4 | ICICI LOMBARD GENERAL INSURANCE COMPANY LTD | 3500000 | 1.99 | 31/03/2017 | | | 3500000 | 1.99 |
| | | | | 07/04/2017 | (183000) | Transfer | 3317000 | 1.89 |
| | | | | 14/04/2017 | (1657000) | Transfer | 1660000 | 0.94 |
| | | | | 12/05/2017 | (1562) | Transfer | 1658438 | 0.94 |
| | | | | 19/05/2017 | (658438) | Transfer | 1000000 | 0.57 |
| | | | | 04/08/2017 | (100000) | Transfer | 900000 | 0.51 |
| | | | | 13/10/2017 | (25000) | Transfer | 875000 | 0.49 |
| | | | | 20/10/2017 | (47262) | Transfer | 827738 | 0.47 |
| | | | | 27/10/2017 | (483000) | Transfer | 344738 | 0.19 |
| | | | | 31/10/2017 | (180302) | Transfer | 164436 | 0.09 |
| | | | | 03/11/2017 | (104436) | Transfer | 60000 | 0.03 |
| | | | | 10/11/2017 | (60000) | Transfer | 0 | 0.00 |
| | | | | 31/03/2018 | | | 0 | 0.00 |

| Sl. No. | Name of the Share Holder | Shareholding at the beginning of the Year | | Date | Increase/ Decrease in share holding | Reason | Cumulative Shareholding during the Year | |
|---|---|---|---|---|---|---|---|---|
| | | No. of Shares | % of total shares of the company | | | | No of Shares | % of total shares of the company |
| 5 | SUNDARAM MUTUAL FUND A/C SUNDARAM SELECT MIDCAP | 2369717 | 1.35 | 31/03/2017 | | | 2369717 | 1.35 |
| | | | | 14/04/2017 | (2287436) | Transfer | 82281 | 0.05 |
| | | | | 21/04/2017 | (82281) | Transfer | 0 | 0.00 |
| | | | | 31/03/2018 | | | 0 | 0.00 |
| 6 | NEMISH S SHAH | 2079531 | 1.18 | 31/03/2017 | | | 2079531 | 1.18 |
| | | | | 31/03/2018 | | | 2079531 | 1.17 |
| 7 | HITESH SATISHCHANDRA DOSHI | 2045656 | 1.16 | 31/03/2017 | | | 2045656 | 1.16 |
| | | | | 07/04/2017 | (32134) | Transfer | 2013522 | 1.14 |
| | | | | 12/05/2017 | 78885 | Transfer | 2092407 | 1.19 |
| | | | | 19/05/2017 | 60718 | Transfer | 2153125 | 1.22 |
| | | | | 26/05/2017 | 13000 | Transfer | 2166125 | 1.23 |
| | | | | 02/06/2017 | 32500 | Transfer | 2198625 | 1.25 |
| | | | | 09/06/2017 | 21500 | Transfer | 2220125 | 1.26 |
| | | | | 30/06/2017 | 64279 | Transfer | 2284404 | 1.29 |
| | | | | 28/07/2017 | 173694 | Transfer | 2458098 | 1.39 |
| | | | | 04/08/2017 | 396158 | Transfer | 2854256 | 1.61 |
| | | | | 11/08/2017 | 64338 | Transfer | 2918594 | 1.65 |
| | | | | 26/08/2017 | 2600 | Transfer | 2921194 | 1.65 |
| | | | | 01/09/2017 | 13911 | Transfer | 2935105 | 1.66 |
| | | | | 31/10/2017 | (275000) | Transfer | 2660105 | 1.50 |
| | | | | 01/12/2017 | (100000) | Transfer | 2560105 | 1.45 |
| | | | | 29/12/2017 | (156054) | Transfer | 2404051 | 1.36 |
| | | | | 23/02/2018 | (106514) | Transfer | 2297537 | 1.30 |
| | | | | 31/03/2018 | | | 2297537 | 1.30 |
| 8 | GENERAL INSURANCE CORPORATION OF INDIA | 1900500 | 1.08 | 31/03/2017 | | | 1900500 | 1.08 |
| | | | | 23/06/2017 | 19076 | Transfer | 1919576 | 1.08 |
| | | | | 30/06/2017 | (18670) | Transfer | 1900906 | 1.07 |
| | | | | 07/07/2017 | (20482) | Transfer | 1880424 | 1.06 |
| | | | | 22/12/2017 | (40000) | Transfer | 1840424 | 1.04 |
| | | | | 29/12/2017 | (39924) | Transfer | 1800500 | 1.02 |
| | | | | 26/01/2018 | (73838) | Transfer | 1726662 | 0.98 |
| | | | | 02/02/2018 | (1583) | Transfer | 1725079 | 0.97 |
| | | | | 23/02/2018 | (120404) | Transfer | 1604675 | 0.91 |
| | | | | 02/03/2018 | (104175) | Transfer | 1500500 | 0.85 |
| | | | | 31/03/2018 | | | 1500500 | 0.85 |
| 9 | GHI LTP LTD | 1859896 | 1.06 | 31/03/2017 | | | 1859896 | 1.06 |
| | | | | 31/03/2018 | | | 1859896 | 1.05 |

| Sl. No. | Name of the Share Holder | Shareholding at the beginning of the Year | | Date | Increase/ Decrease in share holding | Reason | Cumulative Shareholding during the Year | |
|---|---|---|---|---|---|---|---|---|
| | | No. of Shares | % of total shares of the company | | | | No of Shares | % of total shares of the company |
| 10 | KETAN SHANTILAL SHAH | 1747750 | 0.99 | 31/03/2017 | | | 1747750 | 0.99 |
| | | | | 31/03/2018 | | | 1747750 | 0.98 |
| 11 | SATTVA ORGANISERS LLP | 750000 | 0.43 | 31/03/2017 | | | 750000 | 0.43 |
| | | | | 15/09/2017 | 250000 | Transfer | 1000000 | 0.57 |
| | | | | 22/09/2017 | 120000 | Transfer | 1120000 | 0.63 |
| | | | | 29/09/2017 | 97000 | Transfer | 1217000 | 0.69 |
| | | | | 06/10/2017 | 83000 | Transfer | 1300000 | 0.73 |
| | | | | 13/10/2017 | 280000 | Transfer | 1580000 | 0.89 |
| | | | | 20/10/2017 | 20000 | Transfer | 1600000 | 0.90 |
| | | | | 31/03/2018 | | | 1600000 | 0.90 |
| 12 | VINOD M SHAH | 1235000 | 0.70 | 31/03/2017 | | | 1235000 | 0.70 |
| | | | | 21/04/2017 | 509000 | Transfer | 1744000 | 0.99 |
| | | | | 09/06/2017 | (209000) | Transfer | 1535000 | 0.87 |
| | | | | 16/06/2017 | (50000) | Transfer | 1485000 | 0.84 |
| | | | | 23/06/2017 | (250000) | Transfer | 1235000 | 0.70 |
| | | | | 28/07/2017 | 163000 | Transfer | 1398000 | 0.79 |
| | | | | 15/09/2017 | 45000 | Transfer | 1443000 | 0.82 |
| | | | | 27/10/2017 | 170000 | Transfer | 1613000 | 0.92 |
| | | | | 17/11/2017 | (365404) | Transfer | 1247596 | 0.71 |
| | | | | 24/11/2017 | (356450) | Transfer | 891146 | 0.51 |
| | | | | 26/01/2018 | 18854 | Transfer | 910000 | 0.52 |
| | | | | 16/03/2018 | 482000 | Transfer | 1392000 | 0.79 |
| | | | | 31/03/2018 | | | 1392000 | 0.79 |

(v) Shareholding of Directors and Key Managerial Personnel:

(₹ In Lakh)

| For each of the Directors and KMP | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|
| | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| **A. Vellayan*** At the beginning of the year | 344540 | 0.20 | | |
| Purchase / Sales during the year | - | - | - | - |
| At the end of the year | | | 344540 | 0.19 |
| **M.M. Venkatachalam@** | | | | |
| At the beginning of the year | 200500 | 0.11 | | |
| Purchase / Sales during the year | | | 189000 | 0.11 |
| At the end of the year | | | 389500 | 0.22 |
| **G.Jalaja** | | | | |
| At the beginning of the year | 21916 | 0.01 | | |
| Purchase / Sales during the year Allotment on exercise of ESOPs/PSIL amalgamation | | | 16369 | 0.01 |
| At the end of the year | | | 38285 | 0.02 |

* Retired w.e.f February 7, 2018
@ Appointed as additional director w.e.f February 7, 2018
No other Director/KMP were holding shares at the beginning or end of the year.

## V. INDEBTEDNESS

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

(₹ In Crore)

| Particulars | Secured Loans excluding deposit | Unsecured Loans | Deposits | Total Indebtedness |
|---|---|---|---|---|
| **Indebtedness at the beginning of the financial year** | | | | |
| i) Principal Amount | 755 | 174 | 14 | 943 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | 46 | - | 46 |
| **Total (i+ii+iii)** | **755** | **220** | **14** | **989** |
| **Change in Indebtedness during the financial year** | | | | |
| • Addition | 86 | 420 | 1 | 507 |
| • Deletion | (305) | (115) | - | (420) |
| **Net Change** | **(219)** | **305** | **1** | **87** |
| **Indebtedness at the end of the financial year** | | | | |
| i) Principal Amount | 513 | 490 | 15 | 1,018 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 23 | 35 | - | 58 |
| **Total (i+ii+iii)** | **536** | **525** | **15** | **1,076** |

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ In Lakh)

| Sl. No. | Particulars of Remuneration | Mr. V.Ramesh, Managing Director @ | Mr. S. Suresh, Managing Director @ |
|---|---|---|---|
| 1. | Gross salary :<br>Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961<br>(a) Value of perquisites under section 17(2) Income-tax Act,1961 | 154.92<br><br>6.45 | 124.24<br><br>6.41 |
| 2. | Stock Option * | - | - |
| 3. | Sweat Equity | - | - |
| 4. | Commission<br>- as % of profit<br>- Others | - | - |
| 5. | Others | - | - |
| | **Total** | **161.37** | **130.65** |
| | Ceiling as per the Companies Act @ 5% of the Net Profit | 385.93 | |

@ Mr. V. Ramesh, Managing Director took early retirement with effect from July 31, 2017 and Mr. S.Suresh appointed as Managing Director with effect from August 1, 2017.

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

### B. Remuneration to other directors:

(₹ In Lakh)

| Sl. No. | Particulars of Remuneration | Fee for attending Board / Committee Meetings | Commission | Others | Total Amount |
|---|---|---|---|---|---|
| **1.** | **Independent Directors** | | | | |
| | Mr. AnandNarain Bhatia | 0.80 | 2.47 | - | 3.27 |
| | Mr. V.Manickam | 3.60 | 7.50 | - | 11.10 |
| | Mr. M. B. N. Rao | 3.35 | 6.84 | - | 10.19 |
| | Dr. Rca Godbole | 3.85 | 7.50 | - | 11.35 |
| | Mr. C K Ranganathan | 1.25 | 2.96 | - | 4.21 |
| | **Total (1)** | **12.85** | **27.27** | **-** | **40.12** |
| **2.** | **Other Non-Executive Directors** | | | | |
| | Mr. A.Vellayan | 1.65 | 38.37 | - | 40.02 |
| | Mr. V.Ravichandran | 3.60 | 7.50 | - | 11.10 |
| | Mr. M M Venkatachalam | 0.50 | 1.09 | | 1.59 |
| | Mr. Ramesh K B Menon | 1.15 | 2.96 | | 4.11 |
| | **Total (2)** | **6.90** | **49.92** | **-** | **56.82** |
| | **Total (B= 1+2)** | **19.75** | **77.19** | **-** | **96.94** |
| | **Total Managerial Remuneration** | **19.75** | **77.19** | **-** | **96.94** |
| | Ceiling as per the Companies Act @ 1% of the Net Profit | | 77.19 | | |

**C. Remuneration to Key Managerial Personnel other than Managing Director**

(₹ In Lakh)

| Sl. No. | Particulars of Remuneration | Company Secretary | Chief Financial Officer | Total |
|---|---|---|---|---|
| 1. | Gross salary :<br>(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961<br>(b) Value of perquisites under section 17(2) Income-tax Act,1961 | <br>88.57<br>0.22 | <br>82.98<br>0.42 | <br>171.55<br>0.64 |
| 2. | Stock Option* | - | - | - |
| 3. | Sweat Equity | - | - | - |
| 4. | Commission<br>- as % of profit<br>- Others | - | - | - |
| 5. | Others | - | - | - |
| | **Total** | **88.79** | **83.40** | **172.19** |

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

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

There were no penalties, punishment or compounding of offences during the year ended March 31, 2018.

# REPORT ON CORPORATE GOVERNANCE

Pursuant to Regulation 34 read with Schedule V of Securities Exchange Board of India (LODR) Regulations, 2015 ["SEBI (LODR) Regulations"].

## 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

E.I.D.-Parry, a member of the Murugappa Group of Companies, believes in high standards of governance and adheres to good corporate practices and is constantly striving to improve them and adopt the best practices. Adherence to business ethics, transparency in dealings with all stakeholders, adequate and timely disclosure of information and commitment to corporate social responsibility are the basic elements of the governance policy of the company. The Board recognizes that governance expectations are constantly evolving and it is committed to its standards of transparency and dissemination of information to meet both letter and spirit of the law and its own demanding levels of business ethics. The Company is committed to the spirit of Murugappa Group by upholding the core values of integrity, passion, responsibility, quality and respect in dealing with all stakeholders of the Company.

## 2. BOARD OF DIRECTORS

### 2.1 Composition and Changes during the Year

**Composition**

The Board of Directors of the Company ("Board") consists of an optimum combination of Executive, Non Executive and Independent Directors having expertise in the fields of business strategy, finance, marketing and business management. All the Independent Directors satisfy the criteria of independence specified in the Companies Act, 2013 (Act), Regulation 16 (1) (b) of the SEBI (LODR) Regulations and meet the criteria for appointment formulated by the Nomination and Remuneration Committee ("NRC") as approved by the Board.

NRC has formulated a policy on criteria for Board Nominations. It ensures diversity of qualification, experience, expertise and gender in the composition of the Board. The board members are appointed through a transparent process and the Independent Directors are issued appointment letters. The format of terms and conditions of appointment of Independent Directors is displayed on the website of the Company http://www.eidparry.com/about-us/independent- directors/. Each independent director is familiarized with the Company, business, industry, roles and responsibilities, the details of which are available on the website of the Company. http://www.eidparry.com/about-us/independent-directors/.

Independent Directors are appointed for a specific term based on the recommendations of the NRC by the Board and the members at their respective meetings. Non independent Directors are appointed as per the provisions of the Act and SEBI (LODR) Regulations.

The strength of the Board as on March 31, 2018 was seven directors, consisting of one Non Executive Non Independent Chairman, a Managing Director, two Non Independent Directors, one of them being a promoter and three Independent Directors including a woman director. The composition of the Board is in conformity with the Act and SEBI (LODR) Regulations.

The Composition of Board, membership and chairmanship held by each Director on the Board/Committees of the Board of other Companies as on March 31, 2018 are as under

| S. No | Name of the Director | DIN | Category | Position | No. of Directorships & Committee membership in Public Companies (excluding EID) | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | Board* | | Committee** | |
| | | | | | Director | Chairman | Member | Chairman |
| 1. | Mr. V. Ravichandran | 00110086 | NE, NI | Chairman | 3 | - | 1 | - |
| 2. | Mr. S. Suresh | 06999319 | E, NI | Managing Director | 1 | - | - | - |
| 3. | Mr. V. Manickam | 00179715 | NE, I | Director | 4 | - | 2 | - |
| 4. | Mr. Ramesh K B Menon | 05275821 | NE, NI | Director | 5 | - | 3 | - |
| 5. | Mr. C.K.Ranganathan | 00550501 | NE, I | Director | 2 | - | 2 | 1 |
| 6. | Mr.M.M.Venkatachalam | 00152619 | NE, NI | Director | 7 | 3 | 5 | 2 |
| 7. | Dr (Ms) Rca Godbole | 07306268 | NE, I | Director | - | - | - | - |

Non Executive ("NE"), Executive ("E"), Non Independent ("NI") and Independent ("I")

* Excludes directorship in Foreign Companies, Private Companies, Section 8 Companies.

**Represents memberships of Audit and Stakeholders Relationship Committees in Public Limited Companies & Private Limited Companies which are subsidiaries of Public Limited Companies.

None of the Directors on the Board is a member of more than 10 Committees or Chairman of more than 5 Committees across all the Companies in which he/she is a Director as required under Regulation 26 (1) of SEBI (LODR) Regulations.

None of the Independent Directors on the Board is an Independent Director in more than seven Listed Companies as required under Regulation 25 (1) of SEBI (LODR) Regulations.

None of the Directors/KMP are related to each other.

**Changes in the Board during the year**

Mr. Anand Narain Bhatia, Independent Director who was appointed on July 30, 2014 for a period of three years retired on July 29, 2017.

Mr.V.Ramesh who was appointed as the Managing Director of the Company w.e.f January 30, 2017 for period of one year and took early retirement w.e.f July 31, 2017.

The Board at the meeting held on May 18, 2017, on the recommendation of the Nomination & Remuneration Committee, appointed Mr. S. Suresh, the then Deputy Managing Director as the Managing Director of the Company for a period of five years with effect from August 1, 2017. The appointment was approved by the shareholders at the Annual General Meeting (AGM) held on August 4, 2017.

Mr. Ramesh.K.B.Menon and Mr.C.K.Ranganathan were appointed as Additional Directors at the Board Meeting held on November 8, 2017.

Mr. A Vellayan, Chairman retired from the Board w.e.f February 7, 2018.

Mr.V.Ravichandran, Vice Chairman, was elected as Chairman of the Board w.e.f February 8, 2018.

Mr.M.M.Venkatachalam was appointed as an Additional Director at the Board Meeting held on February 7, 2018.

Mr.M.B.N.Rao, Independent Director resigned from the Board w.e.f February 27, 2018

**2.2 Board Process**

The Board meets at least once in each quarter to review the matters specifically reserved for its attention to ensure that it exercises full control over significant strategic, financial, operational and compliance matters. In addition to these meetings, additional board meetings are held to approve the Business Plan of the Company and for other specific purposes. The Board is regularly briefed and updated on the key activities of the business and is provided with presentations on operations, quarterly financial statements, subsidiary performance, and other specific matters concerning the company.

The maximum time gap between two meetings does not exceed 120 days. The Board meetings are generally scheduled in advance. Notice and detailed notes on agenda of each Board Meeting are given in writing to all the directors in advance of the meetings in compliance with Secretarial Standard on Meeting of the Board of Directors (SS-1) issued by the Institute of Company Secretaries of India, Where it is not possible to enclose any document to the agenda, the same is tabled at the Meeting.

The Board periodically reviews compliance reports of all laws applicable to the Company, as prepared by the Company as well as steps taken by the Company to rectify instances of non-compliances. The Board is also free to recommend inclusion of any matter for discussion in consultation with the Chairman. The Board has no restriction to access any information and employees of the Company

All the discussions and decisions taking place in every meeting of the Board are entered in the Minutes Book. The draft minutes are circulated within the specified time to the Directors and suggestions or comments for changes, if any, are suitably incorporated in the minutes and the minutes are signed by the Chairman of the same meeting or by the Chairman of the succeeding meeting within the prescribed time period.

The process specified for the Board meeting above are followed for the meetings of all the Committees constituted by the Board, to the extent possible. The minutes of the meetings of the Committees of the Board are placed before the Board for noting. The minutes of the unlisted subsidiary Companies are placed before the Board on a quarterly basis.

Pursuant to the provisions of the Act and SEBI (LODR) Regulations, evaluation of the performance of the Board, Committees of the Board and individual directors was carried out by the Board for the year 2017-18. The questionnaires were prepared in a structured manner taking into consideration the guidance note on Board Evaluation issued by SEBI. The performance of each of the individual Directors was evaluated on parameters such as attendance, level of participation in the meetings and contribution, independence of judgement, safeguarding the interest of the Company and other stakeholders, etc.

The performance evaluation of all the independent directors was done by the entire Board excluding the concerned independent director based on the criteria of performance evaluation laid down by the NRC.

The performance evaluation of the Chairman and the Non Independent Directors were carried out by the Independent Directors.

**2.3 Board meeting and attendance of directors**

Seven Board meetings were held during the Year ended March 31, 2018 ("Year") on May 18, 2017, June 16, 2017, August 4, 2017, November 8, 2017, December 22, 2017, February 7, 2018 and March 29, 2018 and the maximum gap between any two Board meetings did not exceed one hundred twenty days during the Year.

The attendance of Directors at the Board Meeting ("BM") and last AGM are as under:

| Sl. No | Name of the Director | Position | Attendance | |
|---|---|---|---|---|
| | | | BMs | AGM held on August 4, 2017 |
| 1 | Mr. A. Vellayan | Chairman (upto February 7, 2018) | 6 | Present |
| 2 | Mr. V. Ravichandran | Chairman (w.e.f February 8, 2018) | 6 | Present |
| 3 | Mr. V. Ramesh | Managing Director (upto July 31, 2017) | 2 | NA |
| 4 | Mr. S. Suresh | Managing Director (w.e.f August 1, 2017) | 7 | Present |
| 5 | Mr.Anand Narain Bhatia | Director | 1 | NA |
| 6 | Mr.M.B.N.Rao | Director | 6# | Present |
| 7 | Mr. V. Manickam | Director | 6 | Present |
| 8 | Mr. Ramesh K B Menon | Director | 4 | NA |
| 9 | Mr. C.K.Ranganathan | Director | 3 | NA |
| 10 | Mr.M.M.Venkatachalam | Director | 2 | NA |
| 11 | Dr (Ms) Rca Godbole | Director | 7# | Present |

# includes attendance through video conference

NA – Not Applicable

**2.4 Details of Securities held by non-executive directors as on March 31, 2018:**

Except Mr.M.M.Venkatachalam who is holding 3,89,500 equity shares, none of the other directors hold equity shares in the Company.

None of the directors hold any convertible securities in the Company.

**2.5 Meeting of Independent Directors**

During the year, a meeting of the independent directors was held on March 29, 2018 as required under Regulation 25 (3) of the SEBI (LODR) Regulations and Schedule IV of the Act to discuss the matters specified therein. All the Independent Directors attended the meeting.

**3. Committees of the Board**

The Board has constituted various committees as required under the Companies Act 2013 and SEBI (LODR) Regulations. Details of the Committees and their terms of reference are given below.

**3.1 Audit Committee**

The Audit Committee has been constituted as required under Section 177 of the Act and Regulation 18 of the SEBI (LODR) Regulations.

**3.1.1 Brief Description of the Terms of Reference**

a) Oversight of the company's financial reporting process and the disclosure of its financial information
b) Examination of the financial statement and the auditor's report thereon
c) Recommendation for appointment, remuneration and terms of appointment of auditors of the company
d) Review and monitoring the auditor's independence and performance, effectiveness of the audit process
e) Approval or any subsequent modification of the transactions of the company with related parties
f) Scrutiny of inter corporate loans and investments
g) Valuation of undertakings or assets of the company, wherever it is necessary
h) Evaluation of internal financial controls and risk management system
i) Monitoring the end use of funds raised through public offers and related matter

**3.1.2. Composition of the Committee and attendance**

The Audit Committee comprises of three independent directors and one non independent director. The committee met six times during the Year-on May 18, 2017, August 4, 2017, November 7, 2017, December 22, 2017, February 6, 2018 and March 29, 2018. The details of the composition of the Committee and attendance of the members are as follows:

| Name of the Director | Position | Category | No of meetings attended |
|---|---|---|---|
| Mr. M. B. N. Rao | Chairman (upto February 27, 2018) | NE,I | 5# |
| Mr. V. Manickam | Chairman (w.e.f March 29, 2018 ) | NE,I | 6 |
| Mr. Anand Narain Bhatia* | Member | NE,I | 1 |
| Dr (Ms) Rca Godbole | Member | NE,I | 6 |
| Mr. C.K.Ranganathan** | Member | NE,I | 2 |
| Mr.M.M.Venkatachalam*** | Member | NE,NI | NA |

Non Executive ("NE"), Non Independent ("NI") and Independent ("I")
# includes attendance through video conference.
* Ceased to be a member w.e.f July 29, 2017.
** Inducted as a member w.e.f November 8, 2017.
*** Inducted as a member w.e.f March 29, 2018.

Mr. V. Manickam, who was elected as Chairman of the Audit Committee w.e.f March 29, 2018 is a Chartered Accountant. All the members of the committee have knowledge of financial management, audit and accounts.

The Company Secretary acts as the Secretary to the Committee. The Managing Director, Head of Internal Audit, Chief Financial Officer, Senior Management team members and the Statutory Auditors are invited to attend all the meetings of the Committee. The Cost Auditors are invited to the meeting as and when required.

The Committee members have separate discussions with the statutory auditors as well as internal auditors without the presence of the management team.

During the year, the Audit Committee had such a meeting on February 6, 2018.

### 3.2 Nomination & Remuneration Committee

The Nomination & Remuneration Committee has been constituted as required under Section 178 of the Act and Regulation 19 of the SEBI (LODR) Regulations.

#### 3.2.1 Brief description of Terms of Reference

- Formulation of criteria for determining the qualifications, positive attributes and independence of a director;
- Recommending to the Board a policy, relating to the remuneration of Directors, Key Managerial Personnel and other employees;
- Formulation of criteria for evaluation of Independent Directors and the Board;
- Devising a policy on Board diversity;
- Identification of persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board, their appointment and removal.

#### 3.2.2 Composition of the Committee and attendance

The Nomination & Remuneration Committee met four times during the Year on May 18, 2017, August 4, 2017, November 7, 2017 and February 6, 2018 and the details of the composition of the Committee and attendance of the members are as follows:

| Name of the Director | Position | Category | No of meetings attended |
|---|---|---|---|
| Mr.M.B.N.Rao | Chairman (Upto February 27, 2018) | NE,I | 4# |
| Mr. Anand Narain Bhatia* | Member | NE,I | 1 |
| Mr V Ravichandran | Member | NE,NI | 4 |
| Dr (Ms) Rca Godbole | Member | NE,I | 4 |
| Mr. Ramesh K B Menon** | Member | NE,NI | 1 |
| Mr.C.K.Ranganathan *** | Chairman(w.e.f. March 29, 2018) | NE,I | NA |

Non Executive ("NE"), Non Independent ("NI") and Independent ("I")
# includes attendance through video conference.
* Ceased to be a Member w.e.f July 29, 2017.
** Inducted as a Member w.e.f November 8, 2017.
*** Inducted as a Member w.e.f March 29, 2018.

### 3.3 Stakeholders Relationship Committee

The Stakeholders Relationship Committee has been constituted as required under Section 178 of the Act and Regulation 20 of the SEBI (LODR) Regulations.

#### 3.3.1 Brief description of Terms of Reference

- Dealing with the investors complaints like delay in transfer of shares, non receipt of Balance Sheet, non-receipt of declared dividends / share certificates, dematerialization of shares, replacement of lost/stolen/mutilated share certificates, etc.

- Reviewing of investors complaints and take necessary steps for redressal thereof.
- To perform all functions relating to the interest of the stakeholders of the Company as may be required under the provisions of the Companies Act, 2013 and the rules made thereunder, SEBI (LODR) Regulations and the guidelines issued by SEBI or any other regulatory authority.
- Approval of the share transfers and /or delegation thereof.

### 3.3.2 Composition of the Committee and attendance

The Stakeholders Relationship Committee met four times during the year on May 18, 2017, August 3, 2017, November 7, 2017 and February 6, 2018. The details of the composition of the Committee and attendance of the members are as follows:

| Name of the Director | Position | Category | No of meetings attended |
|---|---|---|---|
| Mr. Anand Narain Bhatia* | Chairman(Upto July 29, 2017) | NE,I | 1 |
| Mr V Ravichandran | Chairman(w.e.f August 3, 2017) | NE,NI | 4 |
| Mr V Ramesh** | Member | E,NI | 1 |
| Mr V Manickam*** | Member | NE,I | 1 |
| Mr S Suresh**** | Member | E,NI | 3 |
| Mr Ramesh K B Menon***** | Member | NE,NI | NA |

Non Executive ("NE"), Executive ("E"), Non Independent ("NI") and Independent ("I")

* Ceased to be a member w.e.f July 29, 2017.

** Ceased to be a member w.e.f July 31, 2017.

*** Inducted as a member w.e.f November 8, 2017.

**** Inducted as a member w.e.f August 1, 2017.

***** Inducted as a member w.e.f March 29, 2018.

Ms. G. Jalaja, Company Secretary is the compliance officer

### 3.3.3 Number of complaints received and redressed during the year are given below:

| Opening Balance | Received during the financial year 2017-18 | Redressed during the financial year 2017-18 | Closing Balance |
|---|---|---|---|
| Nil | 8 | 8 | Nil |

Pursuant to Regulation 13 (3) of the SEBI (LODR) Regulations, the Company has been filing Statement of Investor Complaints with stock exchanges within the stipulated time.

### 3.4 Risk Management Committee

The Risk Management Committee has been constituted as required under Regulation 21 of the SEBI (LODR) Regulations voluntarily by the Company.

### 3.4.1 Brief description of Terms of reference

- Advise the Board on the prioritisation of Risk Management issues
- Report the effectiveness of the Company's Risk Management Systems
- Carry out additional functions and adopt additional policies and procedures as may be appropriate in the light of changes in business conditions legislative, regulatory, legal and other conditions

### 3.4.2 Composition of the Committee and attendance

During the year, a meeting of the Risk Management Committee was held on March 29, 2018. The details of the composition of the Committee and attendance of the members are as follows:

| Name of the Director | Position | Category | No of meetings attended |
|---|---|---|---|
| Mr.M.B.N.Rao * | Chairman(upto February 27, 2018) | NE,I | NA |
| Mr V Ravichandran | Member | NE,NI | 1 |
| Mr V Manickam | Chairman (w.e.f March 29, 2018) | NE,I | 1 |
| Mr S Suresh | Member | E,NI | 1 |

Non Executive ("NE"), Executive ("E"), Non Independent ("NI") and Independent ("I")
* Ceased to be a member with effect from February 27, 2018

### 3.5 Corporate Social Responsibility Committee (CSR)

The Corporate Social Responsibility Committee has been constituted as required under Section 135 of the Act.

### 3.5.1 Brief Description of the Terms of reference

- To formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken as specified in schedule VII of Companies Act, 2013.
- To recommend the amount of expenditure to be incurred on the CSR activities.
- To monitor the CSR Policy of the Company from time to time

- To institute a transparent monitoring mechanism for ensuring implementation of the projects/programmes/ activities proposed to be undertaken by the Company and to do all such acts, deeds and things as may be required in connection with the CSR activities.

### 3.5.2 Composition of the Committee and attendance

The Corporate Social Responsibility Committee met twice during the year on May 17, 2017 and March 29, 2018. The details of the composition of the Committee and attendance of the members are as follows:

| Name of the Director | Position | Category | No of meetings attended |
|---|---|---|---|
| Mr.V Manickam | Chairman | NE,I | 2 |
| Mr V Ravichandran | Member | NE,NI | 1 |
| Mr V Ramesh* | Member | E,NI | 1 |
| Mr S Suresh** | Member | E,NI | 1 |

Non Executive ("NE"), Executive ("E"), Non Independent ("NI") and Independent ("I")
* Ceased to be a member w.e.f July 31, 2017.
** Inducted as a member w.e.f August 1, 2017.

## 4. Remuneration of Directors

### 4.1 Remuneration Policy

The Remuneration Policy provides the framework for remuneration of members of the Board of Directors, Key Managerial Personnel and other employees of the Company.

The Policy is guided by the principles and objectives as enumerated in Section 178 of the Act to ensure reasonableness and sufficiency of remuneration to attract, retain and motivate competent resources, a clear relationship of remuneration to performance and a balance between rewarding short-term and long-term performance of the Company. The policy reflects the remuneration philosophy and principles of the Murugappa Group and considers the pay and employment conditions with peers / competitive market to ensure that pay structures are appropriately aligned. There were no pecuniary relationship / transactions between non executive directors and the Company.

### 4.2 Remuneration of Non-Executive Directors

- Non-Executive Directors ("NEDs") are paid remuneration by way of Sitting Fees and Commission.

- As approved by the shareholders, Commission is paid at a rate not exceeding 1% of the profits of the Company computed in accordance with Section 198 of the Act. The Commission paid is restricted to a fixed sum within the above limit annually on the basis of their tenor in office during the financial year.

- The payment of Commission to the NEDs is placed before the Board every year for its consideration and approval.

- The sitting fee payable to the NEDs for attending the Board and Committee meetings is fixed subject to the statutory ceiling. The fee is reviewed periodically and aligned to comparable best in class companies.

- Keeping with evolving trends in industries and considering the time and efforts spent by specific non-executive directors, the practice of paying differential commission is considered by the Board.

### 4.3 Remuneration of Executive Directors

The compensation paid to the Executive Directors (including Managing Director) is within the scale approved by the Shareholders. The elements of the total compensation are approved by the Nomination & Remuneration Committee within the overall limits specified under the Act.

The elements of compensation of the Executive Director include the following:

- Fixed compensation

- Variable compensation in the form of annual incentive

- Benefits

- Work related facilities and perquisites

The Nomination & Remuneration Committee determines the annual variable pay compensation in the form of annual incentive and annual increment for the Executive Directors based on Company's and individual's performance as against the pre-agreed objectives for the year.

- The Executive Directors, other than from Promoter Group, are also eligible for ESOPs as per the scheme in force from time to time. Grants under the Scheme are approved by the Nomination & Remuneration Committee.

- In case of inadequacy of profit in any financial year, the remuneration payable to the Executive Directors shall be further subject to the relevant provisions of the Act.

- Executive Directors are not paid sitting fees for any Board/ Committee meetings attended by them.

**4.4 The sitting fees/commission paid to the non executive directors during the Year are given below.**

₹ in Lakh

| S. No | Name of the Director | Category | Position | Sitting fees for attending meetings | Commission# |
|---|---|---|---|---|---|
| 1. | Mr A Vellayan | NE,NI | Chairman | 1.65 | 38.37 |
| 2. | Mr. V. Ravichandran | NE,NI | Chairman | 3.60 | 7.50 |
| 3. | Mr. V. Manickam | NE,I | Director | 3.60 | 7.50 |
| 4. | Mr. Anand Narain Bhatia | NE,I | Director | 0.80 | 2.47 |
| 5. | Mr.M.B.N.Rao | NE,I | Director | 3.35 | 6.84 |
| 6. | Dr (Ms) Rca Godbole | NE,I | Director | 3.85 | 7.50 |
| 7. | Mr. Ramesh K B Menon | NE,NI | Director | 1.15 | 2.96 |
| 8. | Mr. C K Ranganathan | NE,I | Director | 1.25 | 2.96 |
| 9. | Mr. M.M. Venkatachalam | NE,NI | Director | 0.50 | 1.09 |

Non Executive ("NE"), Non Independent ("NI") and Independent ("I")

# represents provision made in the Financial Year 2017-18 and will be paid after adoption of accounts by shareholders at the 43rd AGM.

Sitting fees for Board and Audit Committee meetings was paid at ₹ 25,000 and for other Committees at ₹ 15,000

Non-Executive Directors are not entitled for grant of stock options under ESOP Scheme.

**4.5 The Remuneration paid to the Executive Directors during the Year are given below.**

₹ in Lakh

| S. No | Name of the Director | Category | Position | Salary, Allowances & Perquisites | No of Stock Options granted |
|---|---|---|---|---|---|
| 1. | Mr.V.Ramesh | E,NI | Managing Director (upto July 31,2017) | 161.36 | - |
| 2. | Mr. S. Suresh | E,NI | Managing Director( w.e.f August 1,2017) | 130.65 | 117696 |

Executive ("E") and Non Independent ("NI")

Mr.V.Ramesh who was appointed as the Managing Director of the Company for period of one year w.e.f January 30, 2017 and took early retirement with effect from July 31, 2017.

The Board at the meeting held on May 18, 2017, on the recommendation of the Nomination & Remuneration Committee, appointed Mr. S. Suresh, the then Deputy Managing Director as the Managing Director of the Company for a period of five years with effect from August 1, 2017. The appointment was approved by the shareholders at the AGM held on August 4, 2017.

Notice period for the Executive Directors is three months.

## 5. GENERAL BODY MEETINGS

**5.1 The date, time and venue of last three AGMs and Extraordinary General Meetings ("EGMs") held are as follows.**

| Year ended 31st March | Day | Date | Time | Venue |
|---|---|---|---|---|
| 2015 | Tuesday | August 4,2015 | 4.30 p.m | Tamil Isai Sangam,<br>Rajah Annamalai Mandram, 5, Esplanade Road,<br>Chennai- 600 108 |
| 2016 | Friday | August 5,2016 | 4.30 p.m | The Music Academy, Madras<br>New No. 168 (Old No. 306), T.T.K. Road, Royapettah,<br>Chennai - 600014 |
| 2017 | Friday | August 4,2017 | 3.30 p.m | |

**5.2 Details of Special Resolutions passed during the last three AGMs are given below:**

| Date of AGM | Particulars |
|---|---|
| August 4,2015 | Issue of Non Convertible Debentures for an amount not exceeding ₹ 200 Crore during a period of one year |
| August 5,2016 | Issue of Non Convertible Debentures for an amount not exceeding ₹ 300 Crore during a period of one year<br>Appointment of Mr S Suresh as Deputy Managing Director w.e.f July 1,2016 |
| August 4,2017 | Issue of Non Convertible Debentures for an amount not exceeding ₹ 300 Crore during a period of one year |

**5.3 During the Year, the Company passed the following ordinary resolutions through postal ballot.**

**A) Approval for transfer of the bio pesticides business of the Company on a going concern basis, by way of a slump sale to Coromandel International Ltd.**

The result of the Postal Ballot was as follows:-

**(i) Voted in favour of the resolution:**

| Particulars of Postal Ballot Voting | Numbers of members voted | Numbers of votes cast by them | % of total number of valid votes cast |
|---|---|---|---|
| Physical | 307 | 4386306 | 4.6740 |
| E-Voting | 200 | 89456254 | 95.3242 |
| **Total** | **507** | **93842560** | **99.9982** |

**(ii) Voted against the resolution:**

| Particulars of Postal Ballot Voting | Numbers of members voted | Numbers of votes cast by them | % of total number of valid votes cast |
|---|---|---|---|
| Physical | 9 | 1213 | 0.0013 |
| E-Voting | 5 | 436 | 0.0005 |
| **Total** | **14** | **1649** | **0.0018** |

**(iii) Invalid votes:**

| Particulars of Postal Ballot Voting | Total number of members voted | Numbers of votes cast by them |
|---|---|---|
| Physical | 7 | 1054 |
| E-Voting | - | - |
| **Total** | **7** | **1054** |

**B) Approval for transfer of shares held by the Company in Parry America Inc., to Coromandel International Ltd.**

The result of the Postal Ballot was as follows:-

**(i) Voted in favour of the resolution:**

| Particulars of Postal Ballot Voting | Numbers of members voted | Numbers of votes cast by them | % of total number of valid votes cast |
|---|---|---|---|
| Physical | 308 | 4387126 | 4.6749 |
| E-Voting | 199 | 89456244 | 95.3242 |
| **Total** | **507** | **93843370** | **99.9991** |

**(ii) Voted against the resolution:**

| Particulars of Postal Ballot Voting | Numbers of members voted | Numbers of votes cast by them | % of total number of valid votes cast |
|---|---|---|---|
| Physical | 8 | 393 | 0.0004 |
| E-Voting | 6 | 446 | 0.0005 |
| **Total** | **14** | **839** | **0.0009** |

**(iii) Invalid votes:**

| Particulars of Postal Ballot Voting | Total number of members voted | Numbers of votes |
|---|---|---|
| Physical | 7 | 1054 |
| E-Voting | - | - |
| **Total** | **7** | **1054** |

Mr. R. Sridharan, M/s R.Sridharan & Associates, Company Secretaries were appointed as the scrutinizer for carrying the process of postal ballot in a fair and transparent manner.

As on date, no special resolutions are proposed to be conducted through postal ballot.

The notice of the postal ballot contains in detail the process of the meeting.

## 6. MEANS OF COMMUNICATION

The Communication with shareholders and Investors of the Company were through multiple channels of Communications such as publication in newspapers, disclosure to National Stock Exchange of India Limited and BSE Limited and display on the Company's website at www.eidparry.com.

The quarterly and annual audited financial results and voting results of the Company were published in Business Standard (English) and in Dinamani (Tamil) within 48 hours of conclusion of the Board Meetings at which respective financial results were approved and results are placed on the Company's Website at http://www.eidparry.com/financials/

Details of Investor / Analysts / Brokers meetings / Concall transcripts, whenever held and official news releases are also posted on the Company's Website. The web link is http://www.eidparry.com/investors-meet-analysts-call/

## 7. GENERAL SHAREHOLDER INFORMATION

A separate section has been included in the Annual Report furnishing details required under the SEBI (LODR) Regulations.

## 8. OTHER DISCLOSURES & AFFIRMATIONS

### 8.1 Related Party Transactions

During the year, there were no materially significant related party transaction considered to have potential conflict with the interests of the Company at large. The Company has formulated a policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions. The policy is available on the web link http://www.eidparry.com/investors/Policies-Codes.

### 8.2 Details of non-compliance, penalties and strictures imposed.

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

### 8.3 Whistle Blower Policy and Vigil Mechanism

The company has established a whistle blower mechanism to provide an avenue for reporting concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy for the directors / employees / customers by providing adequate safeguards against victimisation of directors / employees / customers who avail this mechanism and also for appointment of an ombudsman to deal with the complaints received.

The Company has laid down a Whistle Blower policy which contains the process to be followed for dealing with complaints and in exceptional cases, also provides for direct access to the chairperson of the audit committee. The Company affirms that no person has been denied access to the Audit Committee

The policy is available on the Company's website at www.eidparry.com.

**8.4 Compliance with mandatory requirements**

The Company has complied with all mandatory requirements as laid down in the SEBI (LODR) Regulations.

**8.5 Compliance with Accounting Standards**

The Company has followed the Guidelines of Accounting Standards laid down by the Institute of Chartered Accountants of India (ICAI) in preparation of its financial statements and notes to accounts of this Annual Report.

**8.6 Disclosure from Senior Management**

Periodical disclosures from Senior Management relating to all material financial and commercial transactions, where they had or were deemed to have had personal interest, that might have had a potential conflict with the interest of the Company at large were placed before the Board.

During the year under review, the Company has not raised any funds from public issue, rights issue or preferential issue.

**8.7 Commodity price risk and commodity hedging activities**

The Company enters into Derivative Contracts such as Forwards, Swaps, etc., to hedge its foreign currency fluctuation risks for underlying assets/liabilities and high probable transactions at appropriate times, as per policy.

The Company enters into Forward Contract with NCDX and reputed institutional buyers for a reasonable quantity to mitigate commodity risks.

**9. Subsidiary Companies**

The Company does not have any material non listed Indian Subsidiary Company. The Audit Committee reviews the financial statements and in particular, the investments made by unlisted subsidiary companies. The minutes of the Board meetings as well as statements of all significant transactions of the unlisted subsidiary companies are placed before the Board of the Company for their review. The Company has formulated a policy for determining material subsidiaries and the policy is available at the weblink. http://www.eidparry.com/investors/Policies-Codes.

**10. Prevention of Insider Trading**

The Company has formulated a Code of practices and procedures for fair disclosure of unpublished price sensitive information in accordance with the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015 and the same has been published on the Company's website http://www.eidparry.com/investors/Policies-Codes. A Code of Conduct to regulate, monitor and report trading by insiders in securities of the Company has also been formulated.

**11. Compliance with the Code of Conduct**

The Board has laid-down a "Code of Conduct" (Code) for all the Board members and the senior management of the Company. Annual declaration regarding compliance with the Code is obtained from every person covered by the Code of Conduct. A declaration to this effect signed by the Managing Director is forming part of this report. The Code is available on the Company's website at www.eidparry.com.

**12. Compliance with Corporate Governance Norms**

The Company has complied with the Corporate Governance requirements as specified in Regulations 17 to 27 and Clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the SEBI (LODR) Regulations

M/s. R Sridharan & Associates, Company Secretaries, have certified that the Company has complied with the conditions of corporate governance as stipulated in the SEBI (LODR) Regulations. The said certificate is annexed to this Report and will be forwarded to the Stock Exchanges and the Registrar of Companies, Tamilnadu, Chennai, along with the Annual Report.

**13. Non-mandatory requirements**

As regards the non-mandatory requirements, the following have been adopted.

13.1 Shareholder Rights: The quarterly financial results are published in leading newspapers, uploaded on the Company's website and any major developments are covered in the press releases issued by the Company and posted in the Company's website. The Company has therefore not been sending the half yearly financial results to the shareholders.

13.2 There are no audit qualifications on the Company's financial statements.

13.3. The Company has separate persons for the post of Chairman and Managing Director.

**On behalf of the Board**

Chennai
May 9, 2018

**V. Ravichandran**
Chairman
DIN: 00110086

# CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

The Members
E.I.D- PARRY (INDIA) LIMITED
Dare House
Parrys Corner
Chennai - 600 001

We have examined all relevant records of **E.I.D- PARRY (INDIA) LIMITED**, (CIN: L24211TN1975PLC006989) having its Registered Office at Dare House, Parrys Corner, Chennai – 600 001, for the purpose of certifying compliance of the conditions of Corporate Governance under Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C, D and E of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Regulation 34(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the financial year ended March 31, 2018. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of certification.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. This Certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the financial year ended March 31, 2018.

**For R.Sridharan & Associates**
Company Secretaries

Chennai
MAY 9, 2018

**CS R.Sridharan**
CP No. 3239
FCS No. 4775
UIN : S2003TN063400

# DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT WITH THE COMPANY'S CODE OF CONDUCT

The Board of Directors
E.I.D.-Parry (India) Limited
Dare House
Parrys Corner
Chennai - 600 001

This is to confirm that the Board has laid down a code of conduct for all Board members and senior management of the Company. The code of conduct has also been posted on the website of the Company.

It is further confirmed that all directors and senior management personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the year ended March 31, 2018.

Chennai
May 9, 2018

**S. Suresh**
**Managing Director**

# GENERAL SHAREHOLDER INFORMATION

| | | |
|---|---|---|
| **i. Annual General Meeting**<br>Day, Date and Time<br>Venue | Wednesday, 8th August 2018 at 3.30 p.m.<br>The Music Academy, Madras, New No.168 (Old No.306), T.T.K Road,Royapettah, Chennai - 600 014 | |
| **ii. Financial Year** | April 1, 2017 to March 31, 2018 | |
| **iii. Date of Book closure** | July 27, 2018 to August 8, 2018 (Both days inclusive) | |
| **iv. Dividend Payment Date** | On or before August 22, 2018 | |
| **v. Listing on stock exchanges** | **Equity shares:**<br>National Stock Exchange of India Limited,<br>Exchange Plaza,<br>Plot No.C/1, G. Block,<br>Bandra Kurla Complex,<br>Bandra (E),<br>Mumbai – 400 051. | BSE Limited,<br>Phiroze Jeejeebhoy Towers,<br>Dalal Street, Mumbai – 400 001. |
| | The Listing fees for the financial year 2017-18 has been paid to both the above Stock Exchanges. | |
| **vi. Stock Code** | | |
| **Name of the Stock Exchange/Depository** | **Code/ISIN** | |
| National Stock Exchange of India Limited. (NSE) | EIDPARRY | |
| BSE Limited (BSE) | 500125 | |
| ISIN | INE126A01031 | |
| **vii. Debenture Trustees** | IDBI Trusteeship Services Limited<br>Asian Building, Ground Floor,<br>17, R. Kamani Marg, Ballard Estate, Mumbai – 400 001.<br>Tel : +91 22 4080 7000 Fax : +91 22 6631 1776 Email : itsl@idbitrustee.com | |

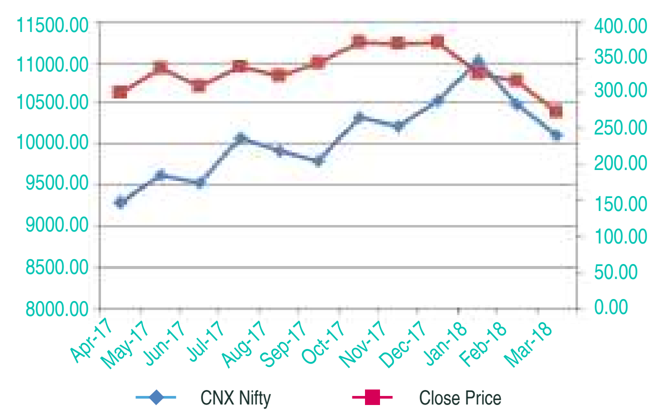
**viii. Market Price Data – Monthly high, low and trading volume for equity shares**

| Period | Bombay Stock Exchange (BSE) | | | National Stock Exchange (NSE) | | | (BSE & NSE) |
|---|---|---|---|---|---|---|---|
| | High ₹ | Low ₹ | Volume (No. of shares) | High ₹ | Low ₹ | Volume (No. of shares) | Total volume (No. of shares) |
| Apr-17 | 313.50 | 270.00 | 71,04,112 | 314.70 | 270.80 | 95,73,342 | 1,66,77,454 |
| May-17 | 353.55 | 294.45 | 22,45,851 | 354.00 | 294.25 | 83,70,341 | 1,06,16,192 |
| Jun-17 | 338.40 | 294.20 | 14,15,323 | 339.80 | 294.00 | 43,75,256 | 57,90,579 |
| Jul-17 | 340.00 | 306.00 | 13,66,402 | 339.50 | 306.00 | 37,83,816 | 51,50,218 |
| Aug-17 | 349.00 | 297.10 | 9,67,724 | 345.30 | 297.95 | 39,16,357 | 48,84,081 |
| Sep-17 | 372.00 | 321.10 | 12,22,163 | 372.70 | 321.20 | 60,76,670 | 72,98,833 |
| Oct-17 | 382.90 | 342.55 | 8,27,955 | 382.50 | 343.00 | 49,43,144 | 57,71,099 |
| Nov-17 | 386.40 | 353.00 | 8,93,017 | 385.95 | 358.45 | 38,49,880 | 47,42,897 |
| Dec-17 | 378.65 | 339.65 | 3,68,751 | 378.00 | 337.00 | 23,31,488 | 27,00,239 |
| Jan-18 | 391.95 | 321.30 | 8,52,776 | 392.00 | 320.55 | 31,50,764 | 40,03,540 |
| Feb-18 | 334.15 | 300.40 | 3,38,975 | 352.00 | 306.90 | 22,04,251 | 25,43,226 |
| Mar-18 | 321.00 | 262.20 | 10,98,271 | 322.00 | 261.90 | 23,67,597 | 34,65,868 |

**ix. Performance in comparison to broad based indices such as BSE Sensex, NSE Nifty, CRISIL Index, etc…**

**Share Price performance in comparison with BSE SENSEX**


**Share Price performance in comparison with NSE NIFTY**




**x. Investor Contacts**

**(a) Registrar and Transfer Agents**
Karvy Computershare Private Limited,
Unit: E.I.D.-Parry (India) Ltd.,
Plot No: Karvy Selenium Tower B,
Plot Number 31 & 32, Gachibowli, Financial District,
Hyderabad - 500 032
Tel : 040 6716 2222
Fax : 040 2342 0814
E-Mail : einward.ris@karvy.com;
subrahmanyam.mrv@karvy.com;
Contact Person: Mr. M R V Subrahmanyam, General Manager

**(b) Company**
E.I.D.-Parry (India) Limited,
Secretarial Department,
3rd Floor, Dare House, Parrys Corner,
Chennai – 600 001.
Tel : +91-044-25306789
Fax : +91-044-25341609
E-Mail : investorservices@parry.murugappa.com;
jalajag@parry.murugappa.com;
Contact Person : Ms. G. Jalaja, Company Secretary

**xi. Share Transfer System**

Share Transfers in Physical Form

Share transfers are approved by Stakeholders Relationship Committee.

Managing Director / Chairman are individually authorised to approve transfers up to 5,000 shares (Face value of ₹ 1 each) per transferor / transferee.

Certain senior executives along with a director have been authorised to approve request for transfers up to 1,000 shares (Face value of ₹ 1 each) per transferor / transferee.

Certain senior executives have also been authorised to approve transfers up to 500 shares (Face value of ₹ 1/- each) per transferor / transferee.

**Details of Complaints received and redressed**

| Nature of Complaints | Received during the year | Resolved during the year |
|---|---|---|
| Non receipt of Dividend, Issuance of Share Certificate and Transmission of shares | 8 | 8 |

There were no complaints remaining pending at the beginning and end of the financial year 2017 – 18.

### xii. Distribution of shareholding as on March 31, 2018

| No. of equity shares held | No. of share holders | % | No. of shares | % |
|---|---|---|---|---|
| 1- 5000 | 52,927 | 97.62 | 1,30,72,279 | 7.39 |
| 5001-10000 | 580 | 1.07 | 43,20,836 | 2.44 |
| 10001-20000 | 317 | 0.58 | 45,33,771 | 2.56 |
| 20001-30000 | 98 | 0.18 | 24,24,083 | 1.37 |
| 30001-40000 | 41 | 0.08 | 14,67,479 | 0.83 |
| 40001-50000 | 43 | 0.08 | 19,69,181 | 1.11 |
| 50001-100000 | 74 | 0.14 | 52,38,577 | 2.96 |
| 100001 & Above | 140 | 0.26 | 14,39,68,775 | 81.34 |
| **Total** | **54,220** | **100.00** | **17,69,94,981** | **100.00** |

| Shareholding Mode | No. of share holders | % | No. of shares | % |
|---|---|---|---|---|
| Physical | 13,760 | 25.38 | 26,75,994 | 1.51 |
| Demat/Electronic | 40,460 | 74.62 | 17,43,18,987 | 98.49 |
| **Total** | **54,220** | **100.00** | **17,69,94,981** | **100.00** |

### Shareholding Pattern as on March 31, 2018

| Sl. NO | Category | No. of share holders | No. of Shares | % to paid-up Capital |
|---|---|---|---|---|
| A | Shareholding of Promoter and Promoter Group | | | |
| (1) | Indian | 58 | 7,96,19,150 | 44.98 |
| (2) | Foreign | - | - | - |
| | **Total Shareholding of Promoter and Promoter Group** | 58 | 7,96,19,150 | 44.98 |
| **(B)** | **Public Shareholding** | | | |
| (1) | Institutions | 132 | 2,63,57,486 | 14.89 |
| (2) | Non-Institutions | 54,028 | 7,09,46,415 | 40.09 |
| | **Total Public Shareholding** | **54,160** | **9,73,03,901** | **54.98** |
| **(c)** | **Shares held by Custodian and against which Depository Receipts have been issued** | | | |
| (1) | Promoter and Promoter Group | - | - | - |
| (2) | Public | 2 | 71,930 | 0.04 |
| | **Total (A) + (B) + (C)** | **54,220** | **17,69,94,981** | **100.00** |

### xiii. Dematerilisation of Shares and Liquidity

The Company's shares are compulsorily traded in dematerialized form and are available for trading on both the depositories in India viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Equity shares of the Company representing 98.49% of the Company's share capital are dematerialized as on March 31, 2018. The Company's shares are regularly traded on National Stock Exchange of India Limited and the Bombay Stock Exchange Limited, in electronic form.

**xiv. Outstanding GDR/ADR/Warrants or any Convertible instruments, conversion date and likely impact on equity**

As on March 31, 2018, 71,930 (0.04%) GDR are outstanding. Each GDR represents one underlying equity share.

**xv. Plant Locations**

**Sugar**

1 Sugar and Distillery Factory
138, Keel Arungunam Road,
Nellikuppam - 607 105.
Cuddalore District
Tamilnadu

2 Sugar Factory
Pugalur - 639 113
Karur District
Tamilnadu

3 Sugar Factory
Pettavaithalai - 639 112
Tiruchirapalli District
Tamilnadu

4 Sugar Factory
Kurumbur - 614 622
Aranthangi Taluk, Pudukottai District
Tamilnadu

5 Distillery Factory
Udaikulam Village, Koothandan Post,
Sivagangai Taluk,
Sivagangai District - 630 561
Tamilnadu

6 Sugar Factory
Ariyur, Kandamangalam Post
Villianur Commune,
Puducherry - 605 102

7 Sugar Factory & Distillery
Hullatti Village
Haliyal Mandal - 581 329
Uttara Kannada
Karnataka

8 Sugar Factory & Distillery
Sankili Village
Regidi Amadalavalasa Mandal Srikakulam
District - 532 440
Andhra Pradesh

9 Sugar Factory
NH-13, Nagarlal Post,
Nainegali – 587 207
Bagalkot Taluq & District
Karnataka

10 Sugar & Co-generation Power
(leased unit)
Khanpet village, PO Toragall,
Ramdurg Taluk,
Belgaum District, Karnataka.

**Bio Products**

11 Bio-Pesticides Factory
Neemazal Plant
Thyagavalli Village,
Via Alapakkam Rly. Station
Cuddalore Taluk - 608 803
Cuddalore District
Tamilnadu

**Nutraceuticals**

12 Nutraceuticals Factory
Kadiapatti, Nemathanpatti Road
Panangudi (P.O), Thirumayam Taluk
Oonaiyur - 622 505
Pudukottai District
Tamilnadu

13 Nutraceuticals Factory
Plot No.J – 163,
MIDC Boisar-401506
Dist- Palghar, Maharashtra

14 Survey No-79/2,
Near Agrawal Godown,
Dangat Industrial Estate,
Shivane-Warje-NDA Road,
Shibvane, Pune -411023.
Maharashtra.

**R & D Facility**

15 Sugarcane R&D Centre
43, Annai Nagar
Pugalur – 639113
Karur Dt., Tamil Nadu

16 Sugarcane R&D Centre
D.No.23, Morai Campus
Nellikuppam – 607105
Cuddalore Dt., Tamil Nadu

17 Research Farm
Edayanvalli
Melpattambakkam Post – 607104
Cuddalore Dt., Tamil Nadu

18 45/1, Shree Rama Layout
Behind Subramanya Temple
Cheemasandra
Virgo Nagar Post
Bengaluru – 560 049

19 Nutraceuticals R&D Centre
655, T.H. Road
Thiruvottiyur
Chennai – 600019

20 Bio – Products R & D Centre
Alapakkam R S
Thyagavalli – 608003
Cuddalore Dt., Tamil Nadu

**xvi. Address for correspondence**

E.I.D.-Parry (India) Limited,
Secretarial Department,
3rd Floor, Dare House,
Parrys Corner,
Chennai - 600 001.
Tel :+91-044-25306789,
Fax :+91-044-25341609
E-Mail :investorservices@parry.murugappa.com;

## OTHER INFORMATION FOR SHAREHOLDERS

## TRANSFER OF UNCLAIMED DIVIDEND AND UNCLAIMED EQUITY SHARES

Pursuant to Section 124 of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), all unclaimed / unpaid dividend remaining unclaimed / unpaid for a period of seven years from the date they became due for payment as well as the underlying shares in respect of which dividends were unpaid/unclaimed for a continues period of 7 years are required to be transferred to the Investor Education & Protection Fund (IEPF). Accordingly, dividends remaining unclaimed for a period of 7 years and underlying shares wherever applicable will have to be transferred by the Company to the IEPF. Shareholders who have not encashed their dividend warrants (for earlier periods) may approach our Registrar and Transfer Agent M/s. Karvy Computershare Private Limited, Hyderabad for issue of Cheques / demand drafts in lieu of dividend warrants quoting the Folio Number / Client ID.

During the year, an amount of ₹ 22,51,264 was transferred to IEPF in accordance with the provisions of Section 124(5) of the Companies Act, 2013 in respect of which the dividend amounts have remained unclaimed for seven years.

In line with Section 124(6) of the Companies Act, 2013, 6,89,002 Equity Shares in respect of which the dividend amounts have remained unclaimed for seven consecutive years were transferred to IEPF. The Company has also published an advertisement with regard to transfer of equity shares to IEPF pertaining to unclaimed dividend which was due for transfer on April 25, 2018 in the newspapers viz., Business Standard and Makkal Kural. The Company has also sent communication to the concerned shareholders individually with regard to transfer of their shares along with the details of unclaimed dividend proceeds.

Due dates on which the unclaimed dividends would be transferred to IEPF are given below:

| Year | Dividend Type | Amount of Dividend Per share (₹.) | Due for transfer to the Investor Education and Protection Fund |
|---|---|---|---|
| 2011-12 | Interim | 4.00 | 25.04.2019 |
| 2012-13 | Interim | 6.00 | 08.03.2020 |
| 2014-15 | Interim | 2.00 | 25.04.2022 |
| 2014-15 | Final | 1.00 | 16.09.2022 |
| 2016- 17 | Interim | 4.00 | 30.03.2024 |

## NOMINATION FACILITY

Section 72 of the Companies Act, 2013 provides inter alia, the facility of nomination to shareholders. This facility is mainly useful for all holders holding the shares in single name.

In case where the securities are held in joint names, the nomination will be effective only in the event of the death of all the holders.

Shareholders are advised to avail of this facility.

## BENEFITS OF DEMATERIALISATION

13760 shareholders holding 1.51% of the shares are still holding the shares in physical form. Shareholders are advised to convert their holdings into demat form, since the Company's equity shares are under compulsory demat trading.

## GENERAL

Members are requested to quote their Folio No./DP & Client ID Nos, Email ids, telephone/Fax numbers for timely investor servicing by the Company/Registrar and Transfer Agent. Members holding shares in electronic form are requested to update with their depository participant their e-mail ids, bank particulars (9 digit MICR code) and any change thereof.

## UNCLAIMED SUSPENSE ACCOUNT

In accordance with Regulation 39(4) read with Schedule VI of SEBI (LODR) Regulations, the Company has dematted all physical shares which remained unclaimed by shareholders to an "Unclaimed Suspense Account" opened by the Company for this purpose. All corporate benefits that accrue on these shares such as bonus shares, split etc. shall also be credited to the Unclaimed Suspense Account and the voting rights on such shares shall remain frozen. Shareholders are requested to write to the Registrar & Transfer Agent and provide the correct details to enable the Company to transfer the unclaimed shares directly to the Shareholders demat account issue the share certificate.

The following disclosures are made in pursuance of Regulation 34(3) read with Clause F of Schedule V of the SEBI (LODR) Regulations.

| Sl.No. | Particulars | No. of shareholders | No. of shares |
|---|---|---|---|
| (i) | Aggregate number of shareholders and the outstanding shares lying in the unclaimed suspense account at the beginning of the year | 2478* | 1341400 |
| | Less : Number of shares transferred to Investor Education Protection Fund | 2125 | 327880 |
| | | **353** | **1013520** |
| | Add : Transferred from Parrys Sugar Industries Limited (PSIL) Unclaimed Suspense account to E.I.D.- Parry- (India) Limited - Unclaimed Suspense Account consequent to the merger of PSIL with the Company | 1353 | 58682 |
| | | **1706** | **1072202** |
| (ii) | Number of shareholders who approached the issuer for transfer of shares from the unclaimed suspense account during the year | 24 | 30360 |
| (iii) | Number of shareholders to whom shares were transferred from the unclaimed suspense account during the year | 24 | 30360 |
| (iv) | Aggregate number of shareholders and the outstanding shares lying in the unclaimed suspense account at the end of the year | 1682* | 1041842 |

* In respect of a transmission case, claim of one of the Legal heirs of the deceased shareholder has been settled. Since balance shares still remains unclaimed, it continues to appear in both no. of shareholders and no. of shares.

## GREEN INITIATIVE

Shareholders holding shares in physical form are requested to register their e-mail ids stating Folio Nos. with RTA by sending e-mail to einward.ris@karvy.com. Shareholders holding shares in electronic form are requested to register their e-mail ids with the respective depository participants to support the 'Green Initiative' of the Company. This will enable the Company for sending all communication/reports instantaneously to the Shareholders.

# BUSINESS RESPONSIBILITY REPORT

**About this report**

Securities Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015 prescribe that top 500 companies based on market capitalisation as per NSE / BSE as on March 31 of every financial year, are required to have "Business Responsibility Report" (BRR) as part of their Annual Report. Following is the Second Business Responsibility Report of your Company as the Company is amongst the top 500 listed entities as per the market capitalisation at NSE/ BSE as on March 31, 2018. The report has been prepared as prescribed and in accordance with Regulation 34 of the Listing Regulations.

**About E.I.D.- Parry (India) Limited**

E.I.D.-Parry (India) Limited, a leading player in sugar with interests in promising areas of bio-pesticides and nutraceuticals, is one of the oldest companies in India and one of the top five sugar producers in the country. E.I.D. Parry has nine sugar plants spread across South India. The integrated sugar units have been designed to optimize process efficiencies, increase sugarcane recovery ratio and increase energy efficiency through reduced steam and power consumption. E.I.D. Parry continues to be one of the leading producers of international quality sugar, through its innovative process and farmer centric practices.

## SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. **Corporate Identity Number (CIN) of the Company:**

   L24211TN1975PLC006989

2. **Name of the Company:**

   E.I.D.-Parry (India) Limited

3. **Registered address:**

   Dare House, Parrys Corner, Chennai-600-001

4. **Website:**

   www.eidparry.com

5. **E-mail id:**

   investorservices@parry.murugappa.com

6. **Financial Year reported:**

   April 1, 2017 – March 31, 2018

7. **Sector(s) that the Company is engaged in (industrial activity code-wise):**

| NIC Code | Description |
|---|---|
| 10721 | Sugar |
| 1101 | Distillery |
| 35106 | Cogeneration |
| 20211 | Bio-Pesticides |
| 03213 | Nutraceuticals |

8. **List three key products/services that the Company manufactures/provides (as in balance sheet):**

   - Sugar & by products
   - Bio Pesticides
   - Nutraceuticals

9. **Total number of locations where business activity is undertaken by the Company :**

   a. Number of International Locations - The Company operates through three overseas subsidiaries and sells its products across nearly 40 countries with manufacturing units in U.S.A and Chile. Major geographies, where the Company operates are:

   i. U.S.A

   ii. Europe

   b. Number of National Locations: The Company has its registered office in Chennai and 14 manufacturing units located across India.

10. **Markets served by the Company – Local/State/National/ International :**

    The company is predominantly in sugar business and serves the Indian market. The Bio and Nutra business are predominantly export oriented and the serve the international geography as stated above.

## SECTION B: FINANCIAL DETAILS OF THE COMPANY

| Sr. No | Particulars | FY 17-18 Standalone ₹ in Crores |
|---|---|---|
| 1 | Paid up Capital (INR) | 17.69 |
| 2 | Total Turnover (INR) | 2631.21 |
| 3 | Total profit after taxes (INR) | 101.01 |
| 4 | Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)* | 1.22% |

* The Company spent an amount of ₹ 123.46 Lakh on CSR activities though the Company was required to spend an amount of ₹ 13.20 Lakh on the basis of average net profits for the immediately preceding three financial years as specified under Section 135 of the Companies Act, 2013.

**5. List of activities in which expenditure in 4 above has been incurred:-**

| | | |
|---|---|---|
| (a) | Healthcare | Details of the projects undertaken are given in Annual Report on CSR Activities enclosed as Annexure 'C' to the Board's Report. |
| (b) | Education | |
| (c) | Rural development | |
| (d) | Sustainable livelihood | |

## SECTION C: OTHER DETAILS

**1. Does the Company have any Subsidiary Company/ Companies?:**

Yes. Refer to Annexure A to the Board's Report.

**2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such Subsidiary Company(s)?**

Yes, E.I.D.- Parry (India) Limited encourages its Subsidiary Companies to participate in its group wide Business Responsibility (BR) initiatives on various activities. All subsidiary Companies are aligned to the activities under the aegis of Murugappa Group.

**3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]**

We do not mandate that our suppliers and partners participate in the Company's BR initiatives. However, they are encouraged to do so.

## SECTION D: BR INFORMATION

**1. Details of Director/Directors responsible for BR**

**(a) Details of the Director/Director responsible for implementation of the BR policy/policies**

- DIN Number : 06999319
- Name : S.Suresh
- Designation : Managing Director

**(b) Details of the BR head**

| Sr.No | Particulars | Details |
|---|---|---|
| 1 | DIN Number (If applicable) | 06999319 |
| 2 | Name | S.Suresh |
| 3 | Designation | Managing Director |
| 4 | Telephone number | 044-25306789 |
| 5 | e-mail id | sureshs@parry.murugappa.com |

**2. Principle-wise BR Policy/Policies**

As per Regulation 34 of the Listing Regulations read with SEBI Circular No CIR/CFD/CMD/10/2015 dated 4th November 2015, the nine areas of Business Responsibilities are as follows:

**P1** Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

**P2** Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

**P3** Businesses should promote the well-being of all employees.

**P4** Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

**P5** Businesses should respect and promote human rights.

**P6** Businesses should respect, protect, and make efforts to restore the environment.

**P7** Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

**P8** Businesses should support inclusive growth and equitable development.

**P9** Businesses should engage with and provide value to their customers and consumers in a responsible manner.

Details of compliance (Reply in Y/N)-YES

| No. | Questions | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Do you have a policy/ policies for... | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 2 | Has the policy being formulated in consultation with the relevant stakeholders? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 3 | Does the policy conform to any national / international standards? If yes, specify? (50 words) | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 4 | Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 5 | Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 6 | Indicate the link for the policy to be viewed online? | http://www.eidparry.com/investors/Financials | | | | | | | | |
| 7 | Has the policy been formally communicated to all relevant internal and external stakeholders? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 8 | Does the company have in-house structure to implement the policy/ policies. | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 9 | Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 10 | Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency? | Y | Y | Y | Y | Y | Y | Y | Y | Y |

All the policies are signed by the Managing Director. All the policies in E.I.D Parry are based on its guiding principles and core values. These policies are mapped to each principle hereunder:

| Principle | Applicable Policies |
|---|---|
| **Principle1:**<br>Businesses should conduct and govern themselves with Ethics, Transparency and Accountability. | Values and Beliefs, called the **'Five Lights'**<br>Whistle Blower Policy<br>Code of Conduct |
| **Principle 2:**<br>Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle. | Safety, Health and Environmental Policy<br>Food Safety & Quality Policy<br>TPM Policy<br>Sustainable Sugarcane Production and Processing Policy |
| **Principle 3:**<br>Businesses should promote the well-being of all employees. | Safety,Health and Environmental Policy<br>Sexual Harassment Policy |
| **Principle 4:**<br>Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized | CSR Policy |
| **Principle 5:**<br>Businesses should respect and promote human rights. | Values and Beliefs, called the **'Five Lights'**<br>Whistle Blower Policy<br>Code of conduct |

| Principle | Applicable Policies |
|---|---|
| **Principle 6:**<br>Businesses should respect, protect, and make efforts to restore the environment. | Safety, Health and Environment Policy<br>Sustainable Sugarcane Production and Processing Policy.<br>TPM Policy |
| **Principle 7:**<br>Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner | Values and Beliefs, called the **'Five Lights'** |
| **Principle 8:**<br>Businesses should support inclusive growth and equitable development | CSR Policy |
| **Principle 9:**<br>Businesses should engage with and provide value to their customers and consumers in a responsible manner. | Values and Beliefs, called the **'Five Lights'**<br>Food Safety & Quality Policy<br>TPM Policy<br>Sustainable Sugarcane Production and Processing Policy. |

**(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)**

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

**3. Governance related to BR**

a) **Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year**

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

b) **Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**

This is the second Business Responsibility Report of the Company for FY 2017-18 which forms part of the Company's Annual Report for FY 2017-18. The same can be accessed at: http:// www.eidparry.com/investors/Financials.

## SECTION E: PRINCIPLE-WISE PERFORMANCE

### PRINCIPLE 1: BUSINESSES SHOULD CONDUCT AND GOVERN THEMSELVES WITH ETHICS, TRANSPARENCY AND ACCOUNTABILITY

The Company lays strong emphasis on ethics and establishment of good governance culture. The Company believes that since organisations employ societal and environmental resources, governance processes must ensure that they are utilised efficiently to meet the aspirations and expectations of all stake holders. The Company believes in high standards of governance and adheres to good corporate practices and is constantly striving for improvement and adoption of best practices. Adherence to business ethics, transparency in dealings with all stakeholders, adequate and timely disclosure of information and commitment to corporate social responsibility are the basic elements of the governance policy of the company. The Company has always given its best efforts to uphold and nurture these core values across all operational aspects. These values and the commitment to ethical business practices are reflected in the Spirit of the Murugappa Group which is inspired by a set of enduring values and beliefs called the '**Five Lights**' – a guide to everyday excellence. It clearly defines a way of life, and is demonstrated by these strong values we live by: Integrity, Passion, Quality, Respect and Responsibility. These five Core Principles of the Murugappa Group of which the Company is a part, inspire the Company to set standards which not only meet the requirements of applicable legislations but go beyond, in many areas of its functioning.

1. **Does the policy relating to ethics, bribery and corruption cover only the company? Does it extend to the Group/Joint Ventures/Suppliers/Contractors/ NGOs / Others?**

   The Company has a Whistle blower Policy which aims to deter and detect actual or suspected misconduct. It has been established to ensure that genuine concerns of misconduct/ unlawful conduct, which an individual believes may be taking place within the organisation, are raised at an early stage in a responsible and confidential manner. This mechanism also provides for adequate safeguards against victimisation of employees who avail of the mechanism. Any employee can report such incident without fear to the ombudsman.

   The Company, as part of the Murugappa Group, is guided by its five core principles governing the group to remain consistently vigilant and ensure ethical conduct of its operations. All internal and external stakeholders of the Company are expected to work within the framework of these principles. The Company ensures selection of vendors and contractors, who maintain and follow ethical standards. The Company endeavours to impart periodical training on ethics to its employees and relevant stakeholders are also made aware of the same from time to time.

2. **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

   During the year 2017-18, 4 Complaints were received from various stakeholders of the Company. All the complaints have been resolved satisfactorily.

## PRINCIPLE 2: BUSINESSES SHOULD PROVIDE GOODS AND SERVICES THAT ARE SAFE AND CONTRIBUTE TO SUSTAINABILITY THROUGHOUT THEIR LIFE CYCLE

Sustainability is a part of the Company's DNA. The Company has three different business lines i.e. Sugar, Bio Pesticides and Nutraceuticals and they are all governed by the same principle of Sustainability - Enshrined in the tenets of conserving, preserving, enhancing and creating each business in sync with Nature. The Company has been a pioneer in promoting sustainable farming practices. Three Sugar Plants of the Company are certified by BONSUCRO, an International body, for sustainable sugarcane production. The Company is the first Sugar Company in Asia and amongst a select few across the Globe to be awarded this certification. It is also the first time in the World that the certification has been awarded to an organization working with a large base of small land holding sugarcane farmers.

The Company has Environmental and Safety Accreditations of EMS 14001 across its Units and OHSAS 18001 across some of its Units, to drive business sustainability. A few factories of the Company are using the Total Productive Maintenance (TPM) Tools to drive value chain sustainability. A few factories of the Company are also certified for FSSC 22000 System and QMS ISO 9001 and they serve as benchmarks for Traceability, Quality and Reliability. Many factories of the Company have also qualified under the Sedex Members Ethical Trade Audit (SMETA) for its Customers. The SMETA programme lists parameters to assess Social and Ethical Standards. Across the world, demand for organic foods using safe and environmentally friendly bio-pesticides, for pest control, is gaining momentum. The Company has leveraged its global leadership in Azadirachtin based bio-pesticides through customer friendly product deliveries, IPR's and direct market access facilities, offering the best in class products in terms of quality and cost efficiencies. The Company undertakes multi-centre field/ clinical trials to ensure that its products do not have an untoward impact on users. The Company is the world leader in micro algae technology comprising organic spirulina and natural Beta Carotenoids-Dunaliella Salina and Haematococcus pluvialis (Astaxanthin). Nutraceuticals are food or part of food that provides medical or health benefits including the prevention and/or treatment of a disease and Nutraceutical has advantage over the medicine because they avoid side effects and are naturally dietary supplements. The Nutraceuticals division having its facility for organic microalgae cultivation and processing located in Oonaiyur has received the U.S. Food and Drug Administration (US-FDA) approval. With a growing shift towards natural and organic products, the Company has positioned itself strongly in the field of human health and wellness.

1. **List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities**

   - **Sugar**- Sugarcane is a water-intensive crop. To optimize and conserve water, the Company promotes drip irrigation system, intercropping and wider row planting. As per the studies carried out, it is reported that only around 45% of the water is required through these systems, when compared to conventional surface flood irrigation. Sugarcane contains 30% of solids and 70% of water. The water generated from sugarcane is reused in plants, which helps in conserving ground water extraction. Several collaborative initiatives are in place along with leading organizations for measuring carbon and water foot print and optimize the use of water in the Company's command area of operation. To retain soil moisture and to conserve flora and fauna, trash is not burnt in the fields and instead they are shredded and mulched to improve water holding capacity and increase organic content of the soil. The Company has eliminated the use of chemical pesticides by advocating use of Bio-control agents through Integrated Pest Management and disease management Programs. Pressmud, a by-product of sugarcane, is used as organic manure in sugarcane fields

- which contains essential nutrients and organic carbon to improve and sustain the soil quality.
- **Power**- Bagasse, a by-product of sugarcane, is used as bio-fuel to generate power and export to grid as a green product. The ash generated is used as a filler during manure production. Bagasse is a CO2 neutral renewable energy source and it qualifies for Clean Development Mechanism certification.
- **Distillery Products**- Molasses, a by-product of sugarcane, is used to manufacture Ethanol and is being blended with gasoline by the Oil Marketing Companies for use in automobiles. This helps in reduction of greenhouse gases as against fossil fuels. In the process of manufacturing Ethanol, CO2 is generated, which is being bottled and used for industrial & potable purpose. The effluent generated from molasses based process, is rich in NPK which is being extracted through advanced technology and reused as fertilizer thus helping to reduce the use of chemical fertilizer in fields.

2. **For each such product, provide the following details in respect of resource use (Energy, water, raw material etc.) per unit of product (optional):**

- **Sugar** – For crushing of sugarcane, the resources required are water, steam and power. As sugarcane contains 70% of water, the factories draw zero ground water for sugar production. The Company is one of the few to work towards achieving ZLD for the sugar operations. The Company has commissioned a condensate polishing unit at Nellikuppam factory which has enabled recycling of 2400 Cubic meter of water every day for a cane crush rate of 700 MT/Day. This water recycling facility is also proposed to be replicated across other units. The factories have installed advanced energy conservation systems like vapour conditioners, vacuum system and VFD, which conserve energy. The average Industry norm on steam required for sugar process is 45.0% / ton of cane whereas the Company's factories operate between 32 to 38% / ton of cane. The Industry norm on power required is 38 kw/ton of cane whereas all factories operate between 24 to 30 kw/ton of cane.
- **Power** – The Industry norm of steam to fuel ratio is 2.0 to 2.2 where as all factories operate between 2.4 to 2.7.
- **Distillery Products** – The best fermentation and distillation efficiencies are achieved with overall efficiency at 89% to 90% as against the norm of 86%. In case of Alcohol, water required is 25 ltr/ltr of alcohol whereas all factories of the Company operate between 12 to 15 ltr/ltr of alcohol.

The Company's carbon footprints of sugar and ethanol are very negligible when compared with other foods and fuels. The carbon footprint of sugar is expected to be in the range of 200 to 500 kg CO equivalent per tonne of sugar.

3. **Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.**

The Company is the first Company in Asia to obtain Bonsucro Certification for sustainable sugar production. Bonsucro certifies sustainable production after confirming that a number of production Standards have been met ie., compliance of law, respect for human rights and labour standards, management of input, production and processing efficiencies to enhance sustainability, actively managing biodiversity and ecosystem services, Committing to continuous improvement in key areas of the business. Three Units of the Company i.e. at Pugalur, Nellikuppam and Haliyal have been certified for Bonsucro Standards thereby ensuring sustainable sourcing. As on date, though the percentage of sugarcane farms certified as sustainable remains small, the Company has plans to increase the substantially percentage over the next three years.

4. **Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

The Company is predominantly engaged in the business of manufacture of sugar and sugar cane is the primary raw material for its operations. The Company procures sugar cane from farmers who are located within its local command area and whose livelihood is directly dependent upon the Company. The Company has taken a number of initiatives to improve the yields, recovery and for adoption of sustainable cultivation practices. The farmers are engaged with the Company in a number of initiatives, like clean seed development programs , Sustainable Sugarcane Initiative (SSI) program promoted by the state government , use of solar powered pump sets, integrated bio based crop protection needs, drip irrigation etc., which has a direct co-relationship in improving their economic well-being. The company is a pioneer in such sustainable initiatives. The company also promotes many rural entrepreneur amongst its farmers for mechanised cultivation and production of biocontrol agents and this has brought about a significant economic transformation of the predominantly agrarian economy. Women farmer training programs and empowerment have brought women into the forefront of agriculture thus encompassing all genders in business chain management. The Bio-business of the Company procures large quantity of neem seeds from local vendors, whose economic wellbeing is ensured by the Company's planned procurement. In addition, the company has also taken steps to collect the neem seeds directly from neem seed pickers, who are local villagers/communities. This direct collection from local villagers/communities was performed in collaboration with Madura Micro Finance Limited, through whom, the money is distributed directly to local villagers. This activity will help in the economic upliftment of the local people. Since, there is no involvement of middle men, the value for the material (neem seeds) being supplied by the villagers/neem seed pickers directly reaches them without any deductions. The Company generally prefers the Localized vendors, if they meet the quality specifications. The Company supports the communities around the place of work by seeking contractual arrangements for handling and transportation of its products and in-plant services.

5. **Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**

   The production of Sugar from Sugarcane is indeed an eco- friendly virtuous cycle. All joint and by products generated during the process of sugar manufacture are productively utilised viz. bagasse is utilised for power generation, molasses is utilised to produce distillery products and other wastes generated like press mud are utilised for manufacture of organic manure. The Company has laid down comprehensive guidelines on waste management for all its units, which cover hazardous as well as non-hazardous waste and monitoring of performance for each unit, is carried out on a regular basis. The Company is one of the few sugar factories to work towards achieving ZLD for the sugar operations. The Company has commissioned a condensate polishing unit at our Nellikuppam factory which has enabled recycling of 2400 Cubic meter of water every day for a cane crush rate of 700 MT/Day. This water recycling facility will be replicated across other units also The Company has adopted management practices detailed under the international standards such as ISO 9001, ISO 14001, OHSAS. Some of the manufacturing units of the Company are already certified and are working towards improvement in energy efficiency.

## PRINCIPLE 3: BUSINESSES SHOULD PROMOTE THE WELLBEING OF ALL EMPLOYEES

The Company ensures a work environment that promotes well-being of all its employees. Focusing on health, safety and preventing discrimination are part of the Company's guiding principles on Employees' well-being. The Company provides equal employment opportunities to all irrespective of their caste, creed, gender, race, religion, disability etc., The Company respects the right of employees to freedom of association, participation, and collective bargaining and provides access to appropriate grievance redressal mechanisms. The Company is committed to provide a work environment which ensures that every woman employee is treated with dignity, respect and equality. The Company has instituted processes and mechanisms to ensure that issues relating to sexual harassment are effectively addressed. In terms of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, Internal Complaints Committees have been constituted in all units. These Committees are intended to facilitate open and structured discussions on sexual harassment complaints, and to ensure their resolution in a fair and just manner. The Company has strengthened its performance-driven orientation through robust competence mapping, gap identification, training and development. The Company contributes to the medical insurance of its employees and also organises health check-ups for employees. The Company also enhances employee engagement through various initiatives on an ongoing basis. The Company is deeply committed to safety of its Employees at workplace and regularly organises mock fire drills and Fire Safety training classes at all its locations.

1. **Please indicate the Total number of employees.**

   The total number of permanent Employees is 2651 as on March 31, 2018

2. **Please indicate the Total number of employees hired on temporary/contractual/casual basis.**

   The Total number of employees hired on temporary/contractual/casual basis is 2563 as on March 31, 2018

3. **Please indicate the Number of permanent women employees**

   The total number of Women Employees is 64 as on March 31, 2018

4. **Please indicate the Number of permanent employees with disabilities**

   The number of permanent employees with disabilities is 6.

5. **Do you have an employee association that is recognized by management?**

   Yes. We have employees' associations for Non-Management Employees which are recognised by the Management.

6. **What percentage of your permanent employees is members of this recognized employee association?:**

| | |
|---|---|
| Percentage of Permanent employees in recognised employees association | 71% |

7 **Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**

| No | Category | No of complaints filed during the financial year | No of complaints pending as on end of the financial year |
|---|---|---|---|
| 1 | Child labour/forced labour/involuntary labour | Nil | Nil |
| 2 | Sexual harassment | 1 | Nil |
| 3 | Discriminatory employment | Nil | Nil |

**8 What percentage of your under mentioned employees were given safety & skill up-gradation training in the previous year?**

- Permanent Employees: 2651 Employees – 85%
- Permanent Women Employees – 64 Women Employees – 85%
- Casual/Temporary/Contractual Employees – 2563 – 100%
- Employees with Disabilities – 6 – 0.00%

## PRINCIPLE 4: BUSINESSES SHOULD RESPECT THE INTERESTS OF, AND BE RESPONSIVE TOWARDS ALL STAKEHOLDERS, ESPECIALLY THOSE WHO ARE DISADVANTAGED, VULNERABLE AND MARGINALIZED.

The Company is responsive to the requirements of all its Stakeholders and this is enshrined in our Corporate Values & Beliefs of Integrity, Passion, Quality, Respect and Responsibility. These values require that the Company acts as a responsible corporate citizen and change lives for the better and this is to be done in a manner that reflects humility. These values require us to provide everyone equal opportunities to progress and grow. The Company considers its employees, business associates (network of farmers, suppliers, stockists and dealers), customers, shareholders/investors and communities surrounding its operations and regulatory authorities as its key stakeholders. The Company continues its engagement with them through various mechanisms such as consultations with local communities, small farmer training, women empowerment in agriculture, supplier/vendor meets, customer/employee satisfaction surveys, investor forums, etc. The Company's website, www.eidparry.com, contains comprehensive information for the stakeholders about the Company. The Company also has designated an exclusive email-id for investor services – investorservices@parry.murugappa.com. The Company also promptly intimates the Stock Exchanges about all price-sensitive information or such other matters which in its opinion are material and of relevance to the stakeholders of the Company.

**1. Has the company mapped its internal and external stakeholders?**

Yes. The Company has mapped its internal and external stakeholders. It uses both formal and informal mechanisms to engage with various stakeholders to understand their concerns and expectations.

**2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.**

The Company identifies underprivileged communities around its business locations as disadvantaged, vulnerable and marginalised stakeholders and continuously engages with all such stakeholders identifying their needs and priorities so as to serve these needs accordingly.

**3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.**

The Company has always engaged itself in special initiatives with the disadvantaged, vulnerable and marginalized stakeholders. Special targeted small farmer development collaborative projects with leading institutions are underway to entail inclusive growth and development of marginal and women farmers. The company has a dedicated state of the art and integrated R&D function with facilities recognised by the Department of Scientific & Industrial Research (DSIR), Ministry of Science & Technology, Govt. of India. The R&D facilities promote soil test based nutrient management, production of low cost eco-friendly bio-products and plant tissue culture facility for production of quality seed to farmers. Many rural entrepreneurs are nurtured to inclusively enable technology transfer among marginalised farming communities.

## PRINCIPLE 5: BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS

The Company respects the rights and dignity of all individuals and upholds the principles of human rights. The Company's commitment to human rights and fair treatment is set out in its code of conduct and the Five Principles governing the group. The policy provides conduct of operations with honesty, integrity and openness with respect for human rights and interests of employees. The Company believes that a sustainable organisation rests on a foundation of ethics and respect for human rights.

**1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?**

The Company's Policy on Human Rights covers not only the Company but extends to its subsidiaries. The Company encourages its suppliers, contractors and others to follow the principles laid down in the five principles of its values and beliefs. Respecting human rights is fundamental to the Company's policies and business dealings and the Company is equally focussed on building awareness around promotion of human rights with every associate and supply chain partners. All employees and contractors are required to respect the human rights of fellow workers and communities where we operate. The Company does not employ child labour and does not permit any occurrence of forced or compulsory labour, conducts proper checks and audits to ensure that our contractors follow the same. The Company's business relationship with its Vendors/contractors encourages its vendors to comply with the relevant laws safeguarding labour rights and human rights.

**2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

The Company has not received any Complaints pertaining to violation of Human rights during the financial year 2017-2018.

## PRINCIPLE 6: BUSINESS SHOULD RESPECT, PROTECT, AND MAKE EFFORTS TO RESTORE THE ENVIRONMENT

The Company places its highest priority in ensuring best practices and procedures relating to environment protection. To enrich soil, the Company ensures that its farmers carry out trash shredding/ trash mulching post harvest and recycling sugarcane byproducts as waste to wealth. The press mud generated as a by- product during the process of manufacture of sugar, is used as a manure to enrich soil organic carbon. The Company promotes water conservation and management by drip irrigation system. Further, the Company does not use ground water for process in any of the sugar units. Sugarcane contains 70% of water which is extracted and recycled in process as well as used back for irrigation in fields. Bagasse is used as fuel in boilers which does not emit any obnoxious gases like So2. Bagasse is a CO2 neutral fuel and is a source of renewable energy. All the factories of the Company have installed online effluent and air mission monitoring systems, which are connected to the websites of CPCB/ SPCB for online monitoring. The Company's bio pesticides business provides farmers with solutions that are highly effective in managing their crop pests without affecting environment. Bio-pesticides support sustainable agriculture with safety to environment and human life.

1. **Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/ Contractors/NGOs/others.**

   Sustainability is built into Company's business processes. As on date, the Company is encouraging all its external stakeholders to strictly adhere to safety and restoration of the environment.

2. **Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.**

   All factories of the Company have a green belt to an extent of 40% of plant area. The Company has promoted through training and demonstrations to all its farmers not to burn the trash post harvest, but to shred and mulch to enrich the soil and balanced fertiliser application without use of pesticides is being promoted to mitigate the risk to environment on a larger scale. Bagasse is the predominant fuel used in the factories and this is an environment friendly renewable energy source. Other than these, the Company does not have any initiative to address global environmental issues.

3. **Does the company identify and assess potential environmental risks? Y/N**

   Yes, the Company has a mechanism to identify and assess potential environmental risks in its plants, projects and operations. Environmental risk identification and mitigation is ingrained in the Company's risk management system.

4. **Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**

   The Company uses Bagasse as the primary fuel to generate both thermal and electrical energy requirements of the plants. Bagasse is a CO2 neutral fuel, qualifying for Clean Development Mechanism.

   All major locations are certified for requirements under ISO 14001 (Environmental Management System) and OHSAS 18001(Occupational Health and Safety System). The system requirements are broad based by incorporating internal standards. Layered audits are carried out to check the level of compliance. Deviation management system ensures that the corrective actions are close looped and issues are addressed within a reasonable time frame.

5. **Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.**

   The Company has undertaken clean technology to ensure Zero water drawl from ground/river/canals for the operation of the sugar factory. The distilleries of the Company are ZLD compliant and. the solids recovered from the effluent, are recycled as a manure. The Company has undertaken a number of measures for energy efficiency as follows:

   - Variable frequency drive installation to reduce power consumption
   - Instrumentation for steam & condensate flow to minimize energy
   - Automatic combustion control system in the boilers to optimize fuel usage.
   - Recycle of unburnt carbon ash to minimize fuel consumption
   - Energy audits and reviews to optimize the usage of thermal and electrical energy.

   All factories of the Company have installed the advanced energy conservation systems like vapour conditioners, vacuum system and VFD, which conserve energy. The industry norm on steam required for sugar process is 45.0% / ton of cane whereas all factories operate between 32 to 38% / ton of cane. The industry norm on power required is 38 kw/ton of cane whereas all factories operate between 24 to 30 kw/ton of cane. The industry norm of steam fuel ratio is 2.0 to 2.2 where as our units operate between 2.4 to 2.7. Many of the factories of the Company have won the "Excellent energy efficient unit" awards from CII and from Bureau of Energy Efficiency, Govt. of India. In the area of Renewable energy, the bio-gas generation from effluent – reduce fossil fuel use. The Effluent used as fuel in incineration boiler generates steam and power.

6. **Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

   Yes, the emissions / waste generated by the Company are within the permissible limits given by CPCB/ SPCB. Besides the Company's manufacturing units are connected on line with the CPCB, which monitors on a regular basis the norms laid down under the applicable environment protection laws

7. **Number of show cause/ legal notices received from CPCB/ SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

   There were no pending or unresolved show cause/legal notices from CPCB/SPCB as at the end of 2017-18.

## PRINCIPLE 7: BUSINESSES, WHEN ENGAGED IN INFLUENCING PUBLIC AND REGULATORY POLICY, SHOULD DO SO IN A RESPONSIBLE MANNER

The Company believes that being in an industry, which is one the most regulated sectors, significant improvement can be achieved, if the Company works together with the Government, legislators, trade bodies and regulators to create positive policies affecting the industry especially cane pricing and sustainable growth affecting millions of farmers. The Company has always been at the forefront and strived to create a positive impact in the business eco-system and communities by practicing proactive advocacy not for securing certain benefits for industry, but also advocating certain best practices for the benefit of the community at large who are affected by its business. The Company engages with a number of industry bodies and associations to influence public and regulatory policy in a responsible manner.

1. **Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

   The Company is a member of various trade and chamber associations. The Indian Sugar Mills Association (ISMA) and South Indian Sugar Mills Association (SISMA) are the prime bodies that represent the interests of the private sugar mills and is the interface between the industry and Government on policy matters relating to sugar industry. The Company actively participates in the functioning of ISMA and SISMA in the matter of advancing the cause of the Industry and policy matter concerning the industry as well as vital issues concerning the industry. Besides, the Company is a member of the following Associations.

   a) CII (Confederation of Indian Industry)

   b) FICCI (Federation of Indian Chamber of Commerce and Industry)

   c) ASSOCHAM (Associated Chambers of Commerce and Industry of India)

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes, specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**

   The Company through ISMA, SISMA and various other industry associations, participates in advocating matters for advancement of the industry's interest and public good. It supports various initiatives of the Government which include farmers welfare, environment, customer information and education.

## PRINCIPLE 8: BUSINESSES SHOULD SUPPORT INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT

The Murugappa Group is known for its tradition of philanthropy and community service. The Group's philosophy is to reach out to the community by establishing service-oriented philanthropic institutions in the field of education and healthcare which has been identified as the core focus areas. The Company has been upholding the Group's tradition by earmarking a part of its income for carrying out its social responsibilities. The Company believes that social responsibility is not just a corporate obligation that has to be carried out but it is one's dharma. The Company has been carrying out Corporate Social Responsibility (CSR) activities for a long time through AMM Foundation, an autonomous charitable trust, in the field of education and healthcare, while also pursuing CSR activities for the benefit of local communities around the factories in the States of Tamil Nadu, Andhra Pradesh and Karnataka.

The Company has always believed to ensure protection of interests of all its stakeholders in tandem with its growth. The Company believes not only in value-added business, but also in discharging its responsibilities to various sections of society and in providing opportunities to learn, contribute, advance, recognize and reward initiative, innovativeness and creativity. It believes in not only making customers delighted, but the community around also, by establishing service-oriented philanthropic institutions in the field of Education and Medicare. The Company has leveraged its 100 years old experience in cane procurement and sugar manufacturing in satisfying the needs of its principal stake holders, the farmers and the consumers. The most important stakeholder of the Company are farmers and rural communities with whom the Company has forged long and enduring partnerships through crop development and procurement activities. The Company has the distinction of being the only sugar Company in India in making prompt payment to farmers even in the most difficult times. Timely payment to farmers is not only one of the critical and most enduring practice practiced by the Company but it is the hallmark of its existence and operations. The stakeholder communities face the challenge of securing sustainable livelihoods, which is addressed through the Company's multi-pronged approach to address these issues at several levels and methods. Besides prompt payment, the Company helps the farmers in a number of ways to meet their crop protection needs, improvement of yield and recovery and adoption of best cultivation practices.

**1. Does the Company have specified programmes/initiatives/ projects in pursuit of the policy related to Principle 8? If yes details thereof.**

Inclusive growth is at the core of the Company's community development strategy. As mandated by the Companies Act, 2013 and based on recommendation of the CSR Committee, the Board of Directors have adopted a CSR Policy. The CSR policy, inter-alia, deals with the objectives of the Company's CSR initiatives, the guiding principles, the thrust areas of CSR, the responsibilities of the CSR Committee, the implementation plan and reporting framework:

The thrust areas of the Company's CSR activities are:

- Empowerment of the disadvantaged sections of the society through education, access to and awareness about financial services and the like;
- Provision of access to basic necessities like healthcare, drinking water & upliftment of underprivileged;
- Work towards eradicating hunger and poverty, through livelihood generation and skill development;
- Supporting environmental and ecological balance through afforestation, soil conservation, rain water harvesting, conservation of flora & fauna, and similar program;
- Promotion of sports through training of sports person and undertake rural development projects;

**2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/ any other organization?**

The Company undertakes CSR project/programs identified by the CSR Committee and approved by the Board of Directors, in line with the CSR Policy.

Thereafter the Company implements its CSR programs/projects:

a) Through an implementation partner that can be a public charitable trust or a society registered under applicable Acts or a Company registered under Section 8 of the Companies Act, 2013 or

b) On its own

**3. Have you done any impact assessment of your initiative?**

Yes, the CSR committee internally performs a review and an impact assessment of its initiatives at the end of each year to understand the effectiveness of the programme in terms of delivery of desired benefits to the community and to gain insights for improving the design and delivery of future initiatives.

**4. What is your Company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.**

During the year 2017-18, the Company has spent an amount of ₹ 123.46 Lakh on CSR activities encompassing various community development projects. As per Section 135 of the Companies Act, 2013, the Company was required to spend ₹ 13.20 Lakh on CSR Activities during the year 2017-18 considering its average net profits for the preceding three financial years. During the year, the Company won the National CSR award under the category of "Best Overall Excellence in CSR" in National CSR Leadership Congress & Awards 2016.

Details of the projects undertaken are given in Annual Report on CSR Activities enclosed as Annexure 'C' to the Board's Report.

**5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

The CSR Committee of the Board of Directors identifies and implements all CSR projects/ programs and periodic reports are provided for review by the committee.

The Company has a well-defined, transparent monitoring and review mechanism to ensure that each CSR projects/ program has:

1. Clear sustainable objectives developed out of the societal needs that may be determined through need assessment studies and research (secondary or primary);
2. Clear targets, time lines and measurable indicators, wherever possible;
3. A progress monitoring and reporting framework that is aligned with the requirements of Section 135 of the Companies Act 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

## PRINCIPLE 9: BUSINESSES SHOULD ENGAGE WITH AND PROVIDE VALUE TO THEIR CUSTOMERS AND CONSUMERS IN A RESPONSIBLE MANNER

The Company is committed to delivering products that provides a value proposition to the customers and meet their expectations. The Company's products are the result of understanding consumer requirement and trends, generations of practical experience with a continuous flow of knowledge. Being involved in the business of providing food products, it is of paramount importance to align products with stringent qualitative and performance related parameters. The products of the Company undergo quality checks at different levels and well-defined SOPs and procedures have helped to identify and eliminate bottlenecks in the processes and systems. The Company's overall approach on this aspect is guided by its quality policy, food safety policy and TPM Policy. The Company's food safety management system is based on various practices and codes for food safety, including HACCP, good manufacturing practices, Codex, Alimentarious commission guidelines, ISO 22002-1:2009 & other similar food safety standards issued from time to time. Across Plants, surveillance audits and certifications are conducted for Quality, Environment, Food Safety and Occupational Health & Safety (OHSAS 18001). Focused quality enhancement initiatives are rolled out to enable the Company to benchmark with the best-in-class and be future ready. to meet the challenges of a globally competitive market. The major plants of the Company have Food Safety Systems Certification (FSSC 22000) and certification for Supplier's Guiding Principles (SGP) compliance.

**1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.**

As at the end of the FY 2017-18, there were no customer complaints pending with the Company. The Company has put in place a robust system for handling "Customer Complaint". The Company has provided appropriate channels to receive complaints that are recorded in SAP system immediately on receipt and a thorough investigation, Root Cause Analysis is carried out and corrective actions taken and communicated back to the Customer. During the FY17-18, a total of 27 Customer Complaints from Institutional, Trade and Retail Customers were registered in SAP system with the Company. All the complaints were resolved with appropriate Counter measures/ Corrective Actions based on the Root Cause Analysis/Why Why Analysis carried out at the respective Units of the Company and communicated back to the Customers. Also proactively several Standard Operation Procedures (SOPs) were strengthened /developed for the required Quality and Food Safety requirements across the companies.

**2. Does the company display product information on the product label, over and above what is mandated as per local laws?**

The Company displays all the requisite product information and safety guidance on the product label as required under the Food Safety and standards Act, 2006, Legal Metrology Act 2011 and other applicable laws. Over and above the mandatory requirements, the Company also subscribes to various customer information requirements. Product Information about the physical dimensions and/or compositions/nutrient content is provided through the product labels/pack declaration and/or catalogues.

**3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.**

There have been no cases relating to unfair trade practices, irresponsible advertising and/or anti-competitive behaviour against the Company.

**4. Did your company carry out any consumer survey/consumer satisfaction trends?**

The Company conducts periodical Customer Surveys at planned intervals. The primary objective is to establish the level of satisfaction amongst customers of E.I.D Parry and to identify areas of improvement in its services. The Company also does periodical Market Research Surveys to understand new customer trends and expectations.

# INDEPENDENT AUDITORS' REPORT

**TO THE MEMBERS OF E.I.D. PARRY (INDIA) LIMITED**

**Report on the Standalone Indian Accounting Standards (Ind AS) Financial Statements**

1. We have audited the accompanying standalone Ind AS financial statements of E.I.D. Parry (India) Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

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

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements to give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) 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 were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

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

4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

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

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

**Opinion**

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its total comprehensive income (comprising of profit and other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

**Other Matters**

9. The standalone Ind AS financial statements of the Company for the year ended March 31, 2017, were audited by the predecessor statutory auditors under the Companies Act, 2013 who, vide their report dated May 18, 2017, expressed an unmodified opinion on those financial statements. Our opinion is not qualified in respect of this matter.

**Report on Other Legal and Regulatory Requirements**

10. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section

(11) of section 143 of the Act ("the Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.

11. As required by Section 143 (3) of the Act, we report that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

    c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

    d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

    e) On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 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 with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.

    g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:

    i. The Company has disclosed the impact, if any, of pending litigations as at March 31, 2018 on its financial position in its standalone Ind AS financial statements – Refer Note 53;

    ii. The Company has long-term contracts including derivative contracts as at March 31, 2018 for which there were no 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 during the year ended March 31, 2018;

    iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2018.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016
Chartered Accountants

**Subramanian Vivek**
Partner
Membership No. 100332

Place: Chennai
Date: May 09, 2018

# ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 11 (f) of the Independent Auditors' Report of even date to the members of E.I.D Parry (India) Limited on the Standalone Ind AS Financial Statements for the year ended March 31, 2018.

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act**

1. We have audited the internal financial controls with reference to financial statements of E.I.D. Parry (India) Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the Standalone Ind AS Financial Statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

2. 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 (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 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 Act.

**Auditors' Responsibility**

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements 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 deemed to be prescribed under section 143(10) of the Act 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 ICAI. 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 with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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.
5. 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 with reference to financial statements.

**Meaning of Internal Financial Controls with reference to financial statements**

6. A company's internal financial control with reference to financial statements 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 with reference to financial statements 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 with reference to financial statements**

7. Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2018, 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 **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016
Chartered Accountants

Place: Chennai
Date: May 09, 2018

**Subramanian Vivek**
Partner
Membership No. 100332

# ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of E.I.D. Parry (India) Limited on the Standalone Ind AS financial statements as of and for the year ended March 31, 2018.

i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.

(b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.

(c) According to the information and explanations given to us and based on the examination of the registered title deeds provided to us, we report that the title deeds of all the immovable properties of land and buildings as disclosed in Note 2 are held in the name of the Company as at the Balance Sheet date other than those immovable properties which are yet to be registered in the name of the Company consequent to the Scheme of Arrangement (Demerger) of Haliyal and Sankili units of Parrys Sugar Industries Limited with the Company and Scheme of Amalgamation of Sadashiva Sugars Limited with the Company.

Immovable properties of land and buildings whose title deeds have been pledged as security for loans, guarantees, etc. are held in the name of the Company as per the Memorandum of Entry executed by the Company and confirmed by the banker as on the balance sheet date. In respect of immovable properties of land and buildings that have been taken on lease and disclosed as fixed assets in the financial statement, the lease agreements are in the name of the Company where the Company is a lessee in the agreement.

ii. The physical verification of inventory excluding stocks with third parties have been conducted at reasonable intervals by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on physical verification of inventory as compared to book records were not material.

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 Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.

iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of the loans and investments made, and guarantees and security provided by it.

v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.

vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products.

We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of income tax, provident fund, employees' state insurance, professional tax though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including sales tax, service tax, duty of customs, duty of excise, value added tax, cess, goods and service tax with effect from July 1, 2017 and other material statutory dues, as applicable, with the appropriate authorities.

(b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income tax, sales tax, service tax, duty of customs and duty of excise duty, value added tax as at March 31, 2018 which have not been deposited on account of a dispute, are as follows:

| Name of the statue | Nature of dues | Amount (in Lakhs)* | Period to which the amount relates | Forum where it is pending |
|---|---|---|---|---|
| The Finance Act,1994 | Service Tax | 186 | 2005-06 to 2016-17 | Commissioner (Appeals)/ Central Excise and Service Tax Appellate Tribunal |
| Customs Act, 1962 | Customs duty | 4,302 | 2005-06 | Central Excise and Service Tax Appellate Tribunal |
| The Central Excise Act, 1944 | Excise duty | 1,554 | 1997-2016 | Commissioner (Appeals)/CESTAT/High Court/ Supreme Court |
| Sales Tax Act of various states/ Central Sales Tax Act, 1956 | Sales Tax- Local | 303 | 1978-2016 | Assistant/ Deputy Commissioner / Tribunal/ Supreme Court |
| Income Tax Act, 1961 | Income Tax dues | 5,149 | 1998-99 to 2013-14 | Income Tax Appellate Tribunal/High Court/ CIT (Appeals) |

*net of amount paid under protest.

viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to debenture holders as at the balance sheet date.

ix. In our opinion, and according to the information and explanations given to us, the moneys raised by way of initial public offer or further public offer (including debt instruments) and term loans, as applicable, have been applied for the purposes for which they were obtained.

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 material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

xi. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014/ Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.

xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016
Chartered Accountants

Place: Chennai
Date: May 09, 2018

**Subramanian Vivek**
Partner
Membership No. 100332

# BALANCE SHEET AS AT MARCH 31, 2018

₹ in Lakh

| S.No | Particulars | Note No. | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|---|---|
| A | **ASSETS** | | | |
| | **Non-Current Assets** | | | |
| | (a) Property, Plant and Equipment | 2 | 1,34,982 | 1,43,926 |
| | (b) Capital Work in Progress | 2 | 533 | 799 |
| | (c) Investment Property | 3 | 2,508 | 2,574 |
| | (d) Goodwill | 3A | 1,452 | 1,452 |
| | (e) Other Intangible Assets | 4 | 109 | 65 |
| | (f) Financial Assets | | | |
| | (i) Investments | | | |
| | a) Investments in subsidiaries | 5 | 73,132 | 66,607 |
| | b) Other Investments | 6 | 14,699 | 6,905 |
| | (ii) Loans | 8 | 2,000 | 130 |
| | (iii) Other financial assets | 9 | 412 | 391 |
| | (g) Deferred Tax Assets | 44 | 6,828 | 6,752 |
| | (h) Other Non Current Assets | 10 | 3,188 | 1,678 |
| | **Total Non-Current Assets** | | **2,39,843** | **2,31,279** |
| | **Current Assets** | | | |
| | (a) Inventories | 11 | 1,09,762 | 73,456 |
| | (b) Financial Assets | | | |
| | (i) Other investments | 6 | - | 5,063 |
| | (ii) Trade Receivables | 7 | 13,446 | 21,046 |
| | (iii) Cash and Cash Equivalents | 12 | 70 | 153 |
| | (iv) Bank balances other than (iii) above | 13 | 941 | 459 |
| | (v) Loans | 8 | 48 | - |
| | (vi) Other Financial assets | 9 | 6,819 | 2,488 |
| | (c) Current tax assets (Net) | 15 | 6,536 | 5,180 |
| | (d) Other Current Assets | 10 | 15,705 | 4,827 |
| | | | **1,53,327** | **1,12,672** |
| | (e) Assets classified as held for sale | 14 | 11,051 | 590 |
| | **Total Current Assets** | | **1,64,378** | **1,13,262** |
| | **TOTAL ASSETS** | | **4,04,221** | **3,44,541** |
| | | | | |
| B | **EQUITY AND LIABILITIES** | | | |
| | **Equity** | | | |
| | (a) Equity Share Capital | 16 | 1,770 | 1,759 |
| | (b) Other Equity | 17 | 1,62,043 | 1,45,987 |
| | **Total Equity** | | **1,63,813** | **1,47,746** |
| | **Liabilities** | | | |
| | **Non-Current Liabilities** | | | |
| | (a) Financial Liabilities | | | |
| | i. Borrowings | 18 | 27,498 | 56,876 |
| | (b) Deferred Tax Liabilities (Net) | 44 | - | 590 |
| | (c) Long Term Provisions | 23 | 686 | 449 |
| | (d) Other non-current liabilities | 22 | 1,081 | 1,112 |
| | **Total Non-Current Liabilities** | | **29,265** | **59,027** |
| | **Current Liabilities** | | | |
| | (a) Financial Liabilities | | | |
| | i. Borrowings | 19 | 43,243 | 18,153 |
| | ii Trade Payables | 20 | 56,802 | 28,148 |
| | iii. Other Financial Liabilities | 21 | 1,05,337 | 82,913 |
| | (b) Short Term Provisions | 23 | 667 | 1,014 |
| | (c) Other Current Liabilities | 22 | 2,801 | 7,540 |
| | (d) Liabilities directly associated with asset classified as held for sale | 14 | 2,293 | - |
| | **Total Current Liabilities** | | **2,11,143** | **1,37,768** |
| | **Total Liabilities** | | **2,40,408** | **1,96,795** |
| | **TOTAL EQUITY AND LIABILITIES** | | **4,04,221** | **3,44,541** |

The accompanying notes are an integral part of these financial statements

In terms of our report attached

For and on behalf of the Board of Directors

**For Price Waterhouse Chartered accountants LLP**
Firm Registration Number: 012754N/N500016
Chartered Accountants

**S. Suresh**
Managing Director

**V.Ravichandran**
Chairman

**Subramanian Vivek**
Partner
Membership No :100332
**Chennai**
May 09, 2018

**G Jalaja**
Company Secretary
**Chennai**
May 09, 2018

**V Suri**
Chief Financial Officer

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

₹ in Lakh

| S.No | Particulars | Note No. | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|---|---|
| I | Revenues from Operations | 24 | 1,94,194 | 2,35,501 |
| II | Other Income | 25 | 19,373 | 14,781 |
| **III** | **Total Income (I+II)** | | **2,13,567** | **2,50,282** |
| **IV** | **Expenses:** | | | |
| | Cost of materials consumed | 26 | 1,63,478 | 1,36,952 |
| | Purchases of Stock-in-Trade | 27 | 919 | 849 |
| | Changes in Inventories of finished goods, by products,work-in-progress and stock in trade | 28 | (37,494) | 5,283 |
| | Excise duty on sale of goods | | 2,065 | 10,666 |
| | Employee benefits expense | 29 | 13,510 | 12,525 |
| | Finance costs | 30 | 11,290 | 13,991 |
| | Depreciation and amortisation expense | 31 | 11,296 | 11,100 |
| | Other expenses | 32 | 35,001 | 34,721 |
| | **Total Expenses (IV)** | | **2,00,065** | **2,26,087** |
| V | Profit/(Loss) before tax from continuing operations and exceptional items (III-IV) | | 13,502 | 24,195 |
| VI | Exceptional item | 43 | (8,719) | - |
| VII | Profit before tax from continuing operations (V+VI) | | 4,783 | 24,195 |
| VIII | Tax Expense: | | | |
| | (1) Current Tax | 45 | 31 | 2,435 |
| | (2) Deferred Tax | | (3,396) | (5,640) |
| | | | **(3,365)** | **(3,205)** |
| IX | Profit/(Loss) for the year from Continuing Operations (VII-VIII) | | 8,148 | 27,400 |
| | Profit/(Loss) for the year from Discontinued Operations before tax | 14 | 3,002 | 1,470 |
| | Tax expense of Discontinued Operations | | 1,049 | 509 |
| X | Profit/(Loss) for the year from Discontinued Operations (after tax) | | 1,953 | 961 |
| **XI** | **Profit/(Loss) for the year ( IX + X)** | | **10,101** | **28,361** |
| | *Other Comprehensive Income* | | | |
| | A. i) Items that will not be reclassified to profit or loss | | | |
| | a) Remeasurements of the defined benefit plans | | (156) | (156) |
| | b) Equity instruments through other comprehensive income | | 7,794 | (2,607) |
| | | | **7,638** | **(2,763)** |
| | ii) Income tax relating to items that will not be re-classified to profit or loss | | (1,751) | 673 |
| | B. i) Items that will be reclassified to profit or loss | | | |
| | a) Effective portion of gains and loss on designated portion of hedging instruments in a cash flow hedge | | (203) | 247 |
| | ii) Income tax relating to items that will be re-classified to profit or loss | | 70 | (85) |
| **XII** | **Total other comprehensive income (A(i-ii)+B(i-ii))** | | **5,754** | **(1,928)** |
| **XIII** | **Total Comprehensive Income (XI+XII)** | | **15,855** | **26,433** |
| XIV | Earnings Per Equity Share (Nominal value per share ₹ 1) | | | |
| | - For continuing operations | | | |
| | (a) Basic | 48 | 4.60 | 15.49 |
| | (b) Diluted | 48 | 4.60 | 15.49 |
| | - For discontinued operations | | | |
| | (a) Basic | 48 | 1.10 | 0.54 |
| | (b) Diluted | 48 | 1.10 | 0.54 |
| | - For continuing and discontinued operations | | | |
| | (a) Basic | 48 | 5.70 | 16.03 |
| | (b) Diluted | 48 | 5.70 | 16.03 |

The accompanying notes are an integral part of these financial statements

In terms of our report attached

For and on behalf of the Board of Directors

**For Price Waterhouse Chartered accountants LLP**
Firm Registration Number: 012754N/N500016
Chartered Accountants

**S. Suresh**
Managing Director

**V.Ravichandran**
Chairman

**Subramanian Vivek**
Partner
Membership No :100332
Firm Registration Number: 012754N/N500016

**G Jalaja**
Company Secretary

**V Suri**
Chief Financial Officer

**Chennai**
May 09, 2018

**Chennai**
May 09, 2018

# CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

₹ in Lakh

| Particulars | For the Year ended March 31, 2018 | | For the Year ended March 31, 2017 | |
|---|---|---|---|---|
| **A. Cash flow from operating activities** | | | | |
| **Net profit before tax** | | **7,785** | | **25,665** |
| **Adjustments for :** | | | | |
| Depreciation and Amortisation | 11,446 | | 11,211 | |
| Finance costs | 11,290 | | 13,991 | |
| Dividend Income | (14,193) | | (7,665) | |
| Profit on sale of investment property & fixed assets (net) | (381) | | (537) | |
| Net (Gain)/loss arising on FVTPL Transaction | (1,217) | | (561) | |
| Interest Income | (248) | | (488) | |
| Liabilities/ Provisions no longer required written back | (1,262) | | (1,087) | |
| Bad debts written off and provision for doubtful debts | 1,337 | | 836 | |
| Provision for employee benefits | 134 | | (125) | |
| Fixed Assets scrapped | 115 | **7,021** | 140 | **15,715** |
| **Operating profit before working capital changes** | | **14,806** | | **41,380** |
| **Changes in operating assets & liabilities** | | | | |
| Adjustments for increase/(decrease) in | | | | |
| Trade Receivables | 1,372 | | 3,302 | |
| Inventories | (39,304) | | 7,438 | |
| Bank balances considered as other than cash and cash equivalent | (482) | | 5,222 | |
| Other Assets | (13,164) | | 8,664 | |
| Other Financial Assets | 833 | | (184) | |
| Trade Payable | 31,900 | | (19,786) | |
| Other Liabilities | 9,644 | | 63 | |
| Other Financial Liabilities | (4,816) | | 9,937 | |
| | | **(14,017)** | | **14,656** |
| Cash generated from operations | | **789** | | **56,036** |
| Income tax paid net of refund | | (1,387) | | (4,190) |
| **Net cash from / (used in) operating activities** | | **(598)** | | **51,846** |
| | | | | |
| **B. Cash flow from investing activities** | | | | |
| Purchase of fixed assets including capital advances | (4,815) | | (3,878) | |
| Proceeds from sale of investment property and fixed assets | 1,109 | | 1,521 | |
| Purchase of investments | - | | (3,660) | |
| Sale of investments & Investment income | 6,280 | | 561 | |
| Investments in subsidiary companies (Refer note no 5.2 & 5.3) | (6,549) | | (90) | |
| Repayment of loan by subsidiary | 82 | | 135 | |
| Intercorporate loan | (2,000) | | - | |
| Interest received | 161 | | 476 | |
| Dividend income received | 8,879 | | 7,665 | |
| **Net cash from /(used in) investing activities** | | **3,147** | | **2,730** |

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

₹ in Lakh

| Particulars | For the Year ended March 31, 2018 | | For the Year ended March 31, 2017 | |
|---|---|---|---|---|
| **C. Cash flow from financing activities** | | | | |
| | | | | |
| Proceeds from issue of equity shares | * | | 1 | |
| Security premium in issue of shares | 66 | | 50 | |
| Proceeds from long term borrowings | 1,046 | | 20,000 | |
| Repayment of long term borrowings | (18,681) | | (55,663) | |
| Net increase / (Decrease) in working capital borrowing | 25,089 | | (2,026) | |
| Finance costs | (10,152) | | (14,695) | |
| Dividends paid Including Dividend Tax | - | | (7,035) | |
| **Net cash (used in) financing activities** | | **(2,632)** | | **(59,368)** |
| | | | | |
| **Net (decrease) / increase in cash and cash equivalents (A+B+C)** | | **(83)** | | **(4,792)** |
| **Reconciliation** | | | | |
| Cash and cash equivalents as at beginning of the Year | | 153 | | 4,945 |
| Cash and cash equivalents as at end of the Year (Refer Note No 12) | | 70 | | 153 |
| **Net (decrease) / increase in cash and cash equivalents** | | **(83)** | | **(4,792)** |

* Less than ₹ 1 Lakh

**Disclosure of non cash transactions( Refer note below)**

₹ in Lakh

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| i. Barter Transaction | - | 1,160 |
| ii. Conversion of Preference shares to Equity shares | - | 14,100 |

The accompanying notes are an integral part of these financial statements

In terms of our report attached

For and on behalf of the Board of Directors

**For Price Waterhouse Chartered accountants LLP**
Firm Registration Number: 012754N/N500016
Chartered Accountants

**S. Suresh**
Managing Director

**V.Ravichandran**
Chairman

**Subramanian Vivek**
Partner
Membership No :100332

**G Jalaja**
Company Secretary

**V Suri**
Chief Financial Officer

**Chennai**
May 09, 2018

**Chennai**
May 09, 2018

# Statement of Changes in Equity for the year ended March 31, 2018

## (in Indian ₹ lakh, unless otherwise stated)

| Particulars | Share Capital | Reserves and Surplus | | | | | | | | | Items of other comprehensive income | | | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Share Capital Suspense | Capital redemption reserve | Capital Reserve on amalgamation | Securities premium reserve | Debenture Redemption reserve | Capital Reserve | General reserve | ESOP Reserve | Retained earnings | Equity Instruments through Other comprehensive Income | Effective portion of cash flow hedges | Actuarial Gain / (Loss) | |
| **Balance at March 31, 2016** | 1,758 | 11 | 4,288 | 688 | 6,053 | 5,000 | 5,718 | 88,669 | 32 | 8,590 | 7,507 | (19) | (19) | 1,28,276 |
| **Movement during 2016-17** | | | | | | | | | | | | | | - |
| Shares issued during the year | 1 | - | - | - | 50 | - | - | - | - | - | - | - | - | 51 |
| Profit for the year | - | - | - | - | - | - | - | - | - | 28,361 | - | - | - | 28,361 |
| Recognition of share based payments | - | - | - | - | - | - | - | - | 21 | - | - | - | - | 21 |
| Other comprehensive income for the year, net of income tax | - | - | - | - | - | - | - | - | - | - | (1,988) | 162 | (102) | (1,928) |
| Amount transferred within Reserves | - | - | - | - | - | (3,333) | - | - | - | 3,333 | - | - | - | - |
| Payment of dividends | - | - | - | - | - | - | - | - | - | (7,035) | - | - | - | (7,035) |
| **Balance at March 31, 2017** | **1,759** | **11** | **4,288** | **688** | **6,103** | **1,667** | **5,718** | **88,669** | **53** | **33,249** | **5,519** | **143** | **(121)** | **1,47,746** |
| **Movement during 2017-18** | | | | | | | | | | | | | | **-** |
| Shares issued during the year | 11 | (11) | - | - | 66 | - | - | - | - | - | - | - | - | 66 |
| Profit for the year | - | - | - | - | - | - | - | - | - | 10,101 | - | - | - | 10,101 |
| Recognition of share based payments | - | - | - | - | - | - | - | - | 146 | - | - | - | - | 146 |
| Other comprehensive income for the year, net of income tax | - | - | - | - | - | - | - | - | - | - | 5,989 | (133) | (102) | 5,754 |
| Amount transferred within Reserves | - | | - | - | 5 | 833 | - | 11 | (16) | (833) | - | - | - | - |
| **Balance at March 31, 2018** | **1,770** | **-** | **4,288** | **688** | **6,174** | **2,500** | **5,718** | **88,680** | **183** | **42,517** | **11,508** | **10** | **(223)** | **1,63,813** |

The accompanying notes are an integral part of these financial statements

In terms of our report attached

For and on behalf of the Board of Directors

**For Price Waterhouse Chartered accountants LLP**
Firm Registration Number: 012754N/N500016
Chartered Accountants

**Subramanian Vivek**
Partner
Membership No :100332
**Chennai**
May 09, 2018

**S.Suresh**
Managing Director

**G Jalaja**
Company Secretary

**Chennai**
May 09, 2018

**V.Ravichandran**
Chairman

**V Suri**
Chief Financial Officer

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2018

**Corporate Information**

E.I.D. Parry is a significant player in sugar with interests in promising areas of Bio Pesticides and Nutraceuticals. The company also has a significant presence in Farm Inputs business through its subsidiary, Coromandel International Limited.

E.I.D Parry together with its subsidiaries has nine sugar factories having a capacity to crush 45,800 Tonnes of Cane per day, generate 160 MW of power and four distilleries having a capacity of 234 KLPD. In the Bio Pesticides business, the Company offers an unique neem extract, Azadirachtin, having a good demand in the bio pesticide markets of developed countries. In the Nutraceuticals business, it holds a strong position in the growing wellness segment mainly catering to the world markets with its organic products.

## SIGNIFICANT ACCOUNTING POLICIES

**1. Statement of Compliance**

The Financial Statements have been prepared in accordance with Ind AS's notified under section 133 of the Companies Act 2013. [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

**Standards issued but not yet effective**

The Ministry of Corporate Affairs (MCA) notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 (the 'Rules') on March 28, 2018. The rules notify the new revenue standard Ind AS 115, Revenue from contracts with customers and also bring in amendments to existing Ind AS. The rules shall be effective from reporting periods beginning on or after April 1, 2018 and cannot be early adopted. Accordingly, the Company shall be adopting the said rules from April 1, 2018.

**(a) New Standards issued**

**1. Ind AS 115, Revenue from contracts with customers**

Nature of change :

Ind AS 115, Revenue from contracts with customers deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a promised good or service and thus has the ability to direct the use and obtain the benefits from the good or service in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The standard replaces Ind AS 18 Revenue and Ind AS 11 Construction contracts and related appendices. A new five-step process must be applied before revenue can be recognised:

1. identify contracts with customers
2. identify the separate performance obligation
3. determine the transaction price of the contract
4. allocate the transaction price to each of the separate performance obligations, and
5. recognise the revenue as each performance obligation is satisfied. The new standard is mandatory for financial years commencing on or after April 1, 2018 and early application is not permitted. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

Impact:

The Company is in the process of assessing the detailed impact of Ind AS 115. Presently, the Company is not able to reasonably estimate the impact that application of Ind AS 115 is expected to have on its financial statements.

**(b) Amendments to Existing Standards**

**1. Appendix B to Ind AS 21 Foreign currency transactions and advance consideration**

Nature of change :

The MCA has notified Appendix B to Ind AS 21, Foreign currency transactions and advance consideration. The appendix clarifies how to determine the date of transaction for the exchange rate to be used on initial recognition of a related asset, expense or income where an entity pays or receives consideration in advance for foreign currency-denominated contracts. For a single payment or receipt, the date of the transaction should be the date on which the entity initially recognises the non-monetary asset or liability arising from the advance consideration (the prepayment or deferred income/contract liability). If there are multiple payments or receipts for one item, date of transaction should be determined as above for each payment or receipt. The appendix can be applied:

- retrospectively for each period presented applying Ind AS 8;
- prospectively to items in scope of the appendix that are initially recognised on or after the beginning of the reporting period in which the appendix is first applied (i.e. April 1, 2018 for entities with March year-end); or from the beginning of a prior reporting period presented as comparative information (i.e. April 1, 2017 for entities with March year-end).

Impact:

The Company is in the process of assessing the detailed impact of Appendix B to Ind AS 21.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

**2. Amendments to Ind AS 40 Investment property - Transfers of investment property**

Nature of change :

The amendments clarify that transfers to, or from, investment property can only be made if there has been a change in use that is supported by evidence. A change in use occurs when the property meets, or ceases to meet, the definition of investment property. A change in intention alone is not sufficient to support a transfer. The list of evidence for a change of use in the standard was re-characterised as a non exhaustive list of examples and scope of these examples have been expanded to include assets under construction/development and not only transfer of completed properties. The amendment provides two transition options. Entities can choose to apply the amendment:

- Retrospectively without the use of hindsight; or
- Prospectively to changes in use that occur on or after the date of initial application (i.e. 1 April 2018 for entities with March year-end). At that date, an entity shall reassess the classification of properties held at that date and, if applicable, reclassify properties to reflect the conditions that exist as at that date.

Impact:

The Company is in the process of assessing the detailed impact of the amendments made to Ind AS 40.

**3. Amendments to Ind AS 12 Income taxes regarding recognition of deferred tax assets on unrealised losses**

Nature of change :

The amendments clarify the accounting for deferred taxes where an asset is measured at fair value and that fair value is below the asset's tax base. They also clarify certain other aspects of accounting for deferred tax assets set out below:

A temporary difference exists whenever the carrying amount of an asset is less than its tax base at the end of the reporting period. The estimate of future taxable profit may include the recovery of some of an entity's assets for more than its carrying amount if it is probable that the entity will achieve this. For example, when a fixed-rate debt instrument is measured at fair value, however, the entity expects to hold and collect the contractual cash flows and it is probable that the asset will be recovered for more than its carrying amount. Where the tax law restricts the source of taxable profits against which particular types of deferred tax assets can be recovered, the recoverability of the deferred tax assets can only be assessed in combination with other deferred tax assets of the same type. Tax deductions resulting from the reversal of deferred tax assets are excluded from the estimated future taxable profit that is used to evaluate the recoverability of those assets. This is to avoid double counting the deductible temporary differences in such assessment. An entity shall apply the amendments to Ind AS 12 retrospectively in accordance with Ind AS 8. However, on initial application of the amendment, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity.

Impact:

The Company is in the process of assessing the detailed impact of the amendments made to Ind AS 12.

**1.1 Basis of preparation and presentation**

The financial statements have been prepared in accordance with Ind ASs notified under Sec 133 of the Companies Act, 2013[Companies (Indian Accounting Standards) Rules, 2015] & other relevant provisions of the Act.

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, defined benefit plan - plan assets measured at fair value & share based payments as explained in the accounting policies below.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

- 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.

**The principal accounting policies are set out below :**

### 1.2 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates, VAT, GST, amounts collected on behalf of third parties and other similar allowances.

**i. Sale of goods**

Revenue from the sale of goods is recognised when the goods are despatched and titles have passed, at which time all the following conditions are satisfied:

- the company has transferred to the buyer the significant risks and rewards of ownership of the goods;

- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

- the amount of revenue can be measured reliably;

- it is probable that the economic benefits associated with the transaction will flow to the company; and

- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

In barter transaction, revenue is recognised at fair value of the goods given up when the goods are despatched.

**ii. Rendering of services**

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. The stage of completion of the contract is determined based on the agreements/ arrangements with the concerned parties and when services are rendered.

**iii. Dividend and interest income**

a). Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably).

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 timely 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.

**iv. 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.

**v. Export Incentives**

Export incentives are treated as income in the year of export at the estimated realisable value.

### 1.3 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

**Company as Lessee**

The Company's significant leasing arrangements are in respect of operating leases for premises that are cancelable in nature. The lease rentals under such agreements are recognised in the Statement of Profit and Loss as per the terms of the lease.

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease or based on the time pattern of user benefit basis. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

**Company as Lessor**

The Company's significant leasing arrangements are in respect of operating leases for premises that are cancelable in nature. The lease rentals under such agreements are recognised in the Statement of Profit and Loss as per the terms of the lease.

Rental income from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the Company's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

**1.4 Functional and Presentation Currency and Foreign Currency Transactions**

Items included in the financial statements of the company 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 Company.

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 foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

- Exchange differences on transactions entered into in order to hedge certain foreign currency risks (see note 1.20 below for hedging accounting policies); and

- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

**1.5 Borrowings and related costs**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gains/ (losses).

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

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.

**1.6 Government grants**

Government grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the company recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the company should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the balance

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

sheet and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the company with no future related costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

### 1.7 Employee Benefits

#### (a) Retirement benefit costs and termination benefits

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

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.

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
- Re-measurement

The company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'.

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.

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

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. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

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

The Company makes contributions to 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

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognizes any related restructuring costs.

#### (b) Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries in the period the related service is rendered.

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.

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.

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.

### 1.8 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. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 50.

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

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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.

Under the previous GAAP, share based payment costs were accrued on a intrinsic value method. Upon transition to Ind AS, the company has availed the exemption to apply the fair value to only unvested options.

### 1.9 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.

### 1.10 Taxation

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

#### a. Current tax

The tax currently payable is based on taxable profit for the year. 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.

#### b. 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. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

#### c. 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.

### 1.11 Property, Plant and Equipment

Land and buildings 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. Freehold land is not depreciated.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes 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.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. 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 held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

Estimated useful lives of the assets are as follows:

| Asset | Useful lives (in years) |
|---|---|
| Buildings | 10 - 60 years |
| Plant and equipment (Continuous Process) | 18 years |
| Plant and equipment (General) | 3 - 8 years |
| Vehicles | 4 years |
| Office equipment, furniture and fixtures | 5 - 10 years |

Assets on leased premises are depreciated on the remaining period of lease or as per the useful life prescribed in schedule II of the Companies Act 2013 whichever is earlier.

An item of property, plant and equipment is de-recognized 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.

Assets costing ₹5000 each and below, are depreciated over a period of one year.

**1.12 Investment Property**

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost including transactions costs. Subsequent to initial recognition, investment properties are measured in accordance with Ind AS 16's requirement for cost model. Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. 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.

Estimated useful lives of the assets are as follows:

| Asset | Useful lives (in years) |
|---|---|
| Buildings | 10 - 60 years |

An investment property is de-recognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on de-recognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is de-recognised.

**1.13 Intangible Assets**

**a. Intangible assets acquired separately**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

**b. Internally-generated intangible assets - research and development expenditure**

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

**c. De-recognition of intangible assets**

An intangible asset is de-recognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition 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 de-recognized.

**d. Useful lives of intangible assets**

Estimated useful lives of the intangible assets are as follows:

| Asset | Useful lives (in years) |
|---|---|
| Software & Licenses | 3 to 10 years |

### 1.14 Impairment of Tangible & Intangible Assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives, goodwill and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

### 1.15 Inventories

Inventories other than by products are stated at the lower of cost and net realizable value. Inventories of by-products are valued at net realizable value. Cost of raw materials and traded goods comprises cost of purchases after deducting rebates and discounts. Cost of work-in-progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Net realizable value represents the estimated selling price in the ordinary course of business, less all estimated costs of completion and costs necessary to make the sale. Cost of inventories are determined on weighted average basis.

### 1.16 Provisions

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

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

amount is the present value of those cash flows (when the effect of the time value of money is material).The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

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.

### 1.17 Financial instruments

Financial assets and financial liabilities are recognised when a company 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.

### 1.18 Financial assets

All regular way purchases or sales of financial assets are recognised and de-recognized 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

#### a. 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 debt instruments carried at amortised cost include Deposits, Debtors, Loans and advances recoverable in cash.

- 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.

For the impairment policy on financial assets measured at amortized cost, refer Note 1.18e

Investment in subsidiaries are accounted under cost basis.

For the impairment policy on investment in subsidiaries, refer Note 1.18e

All other financial assets are subsequently measured at fair value.

#### b. 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.

#### c. Investments in equity instruments at FVTOCI

The Company has elected to carry investment in equity instruments as Fair value through other comprehensive income. On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments.

The Company has equity investments which are not held for trading. The Company has elected the FVTOCI irrevocable option for these investments (see note 6). Fair value is determined in the manner described in note 49.8 .

Dividends on these investments in equity instruments are recognised in profit or loss when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably. Dividends recognised in profit or loss are included in the 'Other income' line item.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

**d. Financial assets at fair value through profit or loss (FVTPL)**

The Company carries derivative contracts not designated in a hedge relationship at FVTPL. Financial assets at FVTPL also includes assets held for trading.

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.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

**e. Impairment of financial assets**

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, 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.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information or case to case basis.

**f. De-recognition of financial assets**

The Company de-recognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition 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.

**g. 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.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

**1.19 Financial liabilities and equity instruments**

**a. 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.

**b. 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 company 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.

**c. 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 de-recognition 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.

**c.1. *Financial liabilities at FVTPL***

Financial liabilities at FVTPL includes derivative liabilities. Non-derivative 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. There are no non-derivative financial liabilities carried at FVTPL.

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.

Fair value is determined in the manner described in note 49.8.

**c.2. *Financial liabilities subsequently measured at amortised 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.

**c.3. *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 company entity are initially measured at their fair values and, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109;
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18.

**c.4. *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.

**c.5. *De-recognition of financial liabilities***

The Company de-recognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognised in profit or loss.

**1.20 Derivative financial instruments & Hedge Accounting**

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, interest rate swaps and cross currency swaps. Further details of derivative financial instruments are disclosed in note 49.8

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 Company designates certain hedging instruments, which include derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

**Cash Flow Hedge**

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 and are grouped under head of cashflow hedge reserve. The gain or loss relating to the ineffective portion is recognized immediately in the profit or loss, and is included in the 'Other income' line item. 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. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. 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 profit or loss, and is included in Other income.

**1.21 Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount in reported in the balance sheet, where there is a legally enforceable right to offset the recognised amounts and there is intention to settle on net basis or realise the assets and liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the group or the counterparty.

**1.22 Cash flow statement**

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

Cash & cash equivalents includes balances in current accounts, cash on hand, cheques, drafts on hand. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet

**1.23 Key sources of estimation uncertainty**

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.

Key assumption 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 is as given below.

**a. Fair value measurement and valuation processes**

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. 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. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in notes 3 and 49.8.

**b. Useful life of Property, Plant & 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.

**c. Impairment of Tangible Assets, Intangible Assets and Financial Assets**

The recoverable amount have been determined based on value in use calculations which uses cash flow projections or net realisable value. For further details, refer note 1.14 and 1.18e. Based on the impairment assessment carried out by the Management, it has been determined that no impairment is required.

### 1.24 Operating Cycle

Based on the nature of products / activities of the Company and the normal 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.

### 1.25 Contributed equity

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as deduction, net of tax, from the proceeds.

### 1.26 Dividend

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period.

### 1.27 Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, which in our case are the operating segments.

### 1.28 Non current assets (or disposal groups) held for sale & discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised.

A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit and loss.

### 1.29 Rounding off amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## NOTE 2

### PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK-IN-PROGRESS

₹ in Lakh

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| Carrying amounts of: | | |
| Freehold land | 5,815 | 5,907 |
| Buildings | 21,328 | 22,227 |
| Plant and equipment | 1,06,802 | 1,14,792 |
| Furniture and Fixtures | 242 | 263 |
| Office Equipments | 323 | 272 |
| Vehicles | 472 | 465 |
| | **1,34,982** | **1,43,926** |
| Capital Work-in-progress | 533 | 799 |
| **Total** | **1,35,515** | **1,44,725** |

| Particulars | Freehold land | Buildings (Refer note 2) | Plant and equipment | Furniture and Fixtures | Office Equipments | Vehicles | Total |
|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | |
| Balance at 01-Apr-2016 | 4,797 | 23,562 | 1,30,464 | 303 | 528 | 719 | 1,60,373 |
| Additions | 1,160 | 938 | 4,028 | 43 | 126 | 152 | 6,447 |
| Disposals | (50) | (204) | (319) | (4) | (21) | (108) | (706) |
| **Balance at 31-Mar-2017** | **5,907** | **24,296** | **1,34,173** | **342** | **633** | **763** | **1,66,114** |
| Additions | - | 469 | 3,164 | - | 327 | 210 | 4,170 |
| Disposals | (1) | (49) | (473) | - | (37) | (110) | (670) |
| Transfer to discontinued operations | (157) | (407) | (1,266) | (3) | (44) | (49) | (1,926) |
| Transfer from Investment property | 66 | - | - | - | - | - | 66 |
| **Balance at 31-Mar-2018** | **5,815** | **24,309** | **1,35,598** | **339** | **879** | **814** | **1,67,754** |

| Particulars | Freehold land | Buildings | Plant and equipment | Furniture and Fixtures | Office Equipments | Vehicles | Total |
|---|---|---|---|---|---|---|---|
| **Accumulated depreciation and impairment** | | | | | | | |
| Balance at 01-Apr-2016 | - | 1,031 | 9,664 | 40 | 201 | 185 | 11,121 |
| Eliminated on disposals | - | (1) | (26) | (1) | (14) | (50) | (92) |
| Depreciation expense | - | 1,039 | 9,743 | 40 | 174 | 163 | 11,159 |
| **Balance at 31-Mar-2017** | **-** | **2,069** | **19,381** | **79** | **361** | **298** | **22,188** |
| Eliminated on disposals | - | (11) | (295) | - | (28) | (70) | (404) |
| Depreciation expense | - | 974 | 9,885 | 18 | 229 | 126 | 11,232 |
| Transfer to discontinued operations | - | (51) | (175) | - | (6) | (12) | (244) |
| **Balance at 31-Mar-2018** | **-** | **2,981** | **28,796** | **97** | **556** | **342** | **32,772** |
| **Carrying amount as on March 31, 2017** | **5,907** | **22,227** | **1,14,792** | **263** | **272** | **465** | **1,43,926** |
| **Carrying amount as on March 31, 2018** | **5,815** | **21,328** | **1,06,802** | **242** | **323** | **472** | **1,34,982** |

**Note:**

1. Details of assets offered as security is provided in Note 18 and 19.
2. Includes Building on Leasehold land : Cost : ₹ 612 Lakh (2017 - ₹ 612 Lakh) and Accumulated Depreciation : ₹ 42 Lakh (2017 - ₹ 28 Lakh).
3. Additions for the year includes ₹ 103 Lakhs (2017- ₹ 94 Lakhs) of Fixed assets additions made in approved In-house R&D Centre.
4. Capital work in progress primarily represents building, plant and equipment related work.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## NOTE 3

### INVESTMENT PROPERTY

₹ in Lakh

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| **Carrying amounts of:** | | |
| Completed investment properties | 2,508 | 2,574 |
| **Total** | **2,508** | **2,574** |

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| **Cost** | | |
| Balance at beginning of the year | 2,630 | 3,730 |
| Re classified from/(to) as Asset held for sale | 30 | (1,100 ) |
| Deletions | (2 ) | - |
| Transfer to Plant, Property & Equipment | (66 ) | - |
| **Balance at end of year** | **2,592** | **2,630** |

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| **Accumulated depreciation and impairment** | | |
| Balance at beginning of the year | 56 | 28 |
| Depreciation expense | 28 | 28 |
| **Balance at end of year** | **84** | **56** |

All of the Company's investment properties are held under freehold interests.

**3.1 Fair value of the Company's investment properties**

The following table gives details of the fair value of the Company's investment properties as at March 31, 2018 and March 31, 2017:

₹ in Lakh

| Particulars | Level 2 | |
|---|---|---|
| | March 31, 2018 | March 31, 2017 |
| i. Land and Buildings in Tamilnadu | 31,051 | 34,371 |

The fair value of the Company's investment properties as at March 31, 2018 and March 31, 2017 have been arrived at on the basis of a valuation carried out by M/s.Value Assessors & Surveyors Private Limited, independent valuers not related to the Company. M/s.Value Assessors & Surveyors Private Limited are registered with the authority which governs the valuers in India, and they have appropriate qualifications and relevant experience in the valuation of properties in the relevant locations. Fair value was derived using the market comparable approach based on recent market/government guideline prices without any significant adjustments being made to the market observable data.

In estimating the fair value of the property, the current use is considered as the highest and best use.

## NOTE 3A

Goodwill of ₹ 1,452 Lakhs represents the goodwill accounted on the date of acquisition of erstwhile Subsidiary Parrys Sugar Industries Limited (Which was a Common control entity) as reflected in the Consolidated Financial Statements of the Company for the year ended March 31, 2015. The company has assessed the goodwill for impairment and based on the assessment no impairment has been considered.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## NOTE 4

### INTANGIBLE ASSETS

₹ in Lakh

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| **Carrying amounts of:** | | |
| Software and Licenses | 109 | 65 |
| **Total** | **109** | **65** |

| Cost | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| Balance at beginning of the year | 1,138 | 1,128 |
| Transferred to discontinued operations | (2) | - |
| Additions | 82 | 10 |
| **Balance at end of year** | **1,218** | **1,138** |

| Accumulated depreciation and impairment | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| Balance at beginning of year | 1,073 | 1,049 |
| Amortisation expense | 36 | 24 |
| **Balance at end of year** | **1,109** | **1,073** |
| | | |
| **Carrying amount at end of year** | **109** | **65** |

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## NOTE 5

### FINANCIAL ASSETS:

### INVESTMENTS IN SUBSIDIARIES

₹ in Lakh

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| **I. Quoted Investments** | | |
| (a) *Investments in Equity Instruments at Cost* | | |
| 17,71,55,580 (2017 - 17,71,55,580) shares of ₹1 each fully paid up in Coromandel International Limited | 11,989 | 11,989 |
| **Total Quoted Investments** | 11,989 | 11,989 |
| **Market value of quoted investments** | 9,30,333 | 5,52,460 |
| **II. Unquoted Investments** | | |
| (a) Investments in Equity Instruments at Cost | | |
| 776 (2017 - 776 ) shares of USD 100 each fully paid up in Parry America Inc ( Refer Note : 14) | - | 24 |
| 15,00,000 (2017 - 15,00,000 ) shares of ₹.10 each fully paid up in Parrys Sugar Limited | 150 | 150 |
| 50,00,000 (2017 - 50,00,000) shares of ₹.10 each fully paid up in Parry Infrastructure Company Private Limited | 500 | 500 |
| US Nutraceuticals LLC | 7,790 | 7,040 |
| 30,12,50,002 (2017 - 27,07,25,672) shares of ₹ 10 each fully paid up in Parry Sugars Refinery Private Limited | 49,871 | 44,072 |
| 6,838 (2017 - 6,838) equity shares fully paid up Alimtec S.A. | 2,640 | 2,640 |
| 9,500 (2017- 9500) shares of ₹ 10 each fully paid up in Parry Agro Chem Exports Limited | * | * |
| 18,00,150 (2017-18,00,150 ) shares of ₹.10 each fully paid up in Parry Investments Limited | 192 | 192 |
| **Total Unquoted Investments** | **61,143** | **54,618** |
| **Total Non-Current Investments** | **73,132** | **66,607** |

* less than ₹ 1 Lakh

5.1. The details of subsidiaries are given in the Note 51 - Related Party.

5.2. During the year, Company has invested in 3,05,24,330 Equity Shares of face value ₹ 10 each at a premium of ₹ 9 in Parry Sugars Refinery India Private Limited amounting to ₹ 5,799 Lakhs.

5.3. During the year, Company has increased it's stake in US Nutraceuticals LLC from 93.52% to 100% by investing an amount of ₹ 750 Lakhs.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## NOTE 6

### OTHER INVESTMENTS

₹ in Lakh

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| **I. Quoted Investments** | | |
| (*a*) *Investments in Equity Instruments at FVTOCI* | | |
| 100 (2017- 100) shares of ₹ 10 each fully paid up in Travancore Sugars and Chemicals Limited | * | * |
| 82,440(2017- 82,440) shares of ₹ 10 each fully paid up in State Bank of India | 206 | 241 |
| 393(2017-393) shares of ₹ 10 each fully paid up in Cholamandalam Investment and Finance Company Limited | 6 | 4 |
| 42,398(2017-42,938) shares of ₹ 10 each fully paid up in Coromandel Engineering Company Limited | 20 | 17 |
| 2,000(2017-2,000) shares of ₹ 1 each fully paid up in Carborundum Universal Limited | 7 | 5 |
| 2,50,000(2017-2,50,000) shares of ₹ 2 each fully paid up in Metkore Alloys & Industries Ltd | 7 | 8 |
| (*b*) *Other Investments at FVTPL* | | |
| Mutual Fund | - | 5,063 |
| **Total Quoted Investments ( At Market Value)** | **246** | **5,338** |
| | | |
| **II. Unquoted Investments** | | |
| (*a*) *Investments in Equity Instruments at FVTOCI* | | |
| 23,600 (2017 - 23,600) shares of ₹ 10 each fully paid up in Kartik Investments Limited | 11 | 4 |
| 18,270 (2017-18,270) shares of ₹ 100 each fully paid up Murugappa Management Services Limited | 56 | 55 |
| 125 (2017-125) shares of 25 pence each fully paid up in Hawker Siddley Group Limited | * | * |
| 10,000 (2017-10,000) shares of ₹ 1 each fully paid up in Indian Dairy Entrepreneur and Agricultural Co Limited | * | * |
| 266 (2017 - 266) shares of ₹ 10 each fully paid up in Chennai Wellingdon Corporate Foundation | * | * |
| 6,37,200(2017-6,37,200) shares of ₹ 10 each fully paid up in Indian Potash Limited | 14,339 | 6,528 |
| 1,00,000(2017-1,00,000) shares of ₹ 10 each fully paid up in Bio Tech Consortium (India) Limited | 47 | 43 |
| 2 (2017- 2 ) shares of ₹ 10 each fully paid up in Murugappa Morgan Thermal Ceramics Limited | * | * |
| 20 (2017- 20 ) shares of ₹ 100 each fully paid up in Kullittalai Cane Farms Private Limited | * | * |
| **Total Unquoted Investments** | **14,453** | **6,630** |
| **Total Other Investments** | **14,699** | **11,968** |
| | | |
| **Current** | **-** | **5,063** |
| **Non-current** | **14,699** | **6,905** |

* less than ₹ 1 Lakh

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## NOTE 7

## TRADE RECEIVABLES

₹ in Lakh

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| **Trade Receivables** | | |
| Unsecured, considered good | 13,446 | 21,046 |
| Doubtful | 1,864 | 1,388 |
| Allowance for doubtful debts (expected credit loss allowance) | (1,864) | (1,388) |
| | **13,446** | **21,046** |
| | | |
| **Current** | **13,446** | **21,046** |
| **Non-current** | - | - |

The credit period on sales of goods ranges from 10 to 60 days. No interest is charged on trade receivables up to the due date.

The company uses other publicly available financial information and its own trading records before accepting any customer. The company's exposure is continuously monitored and the aggregate value of transactions concluded is spread amongst approved counter parties. Refer Note No 51.5 for receivable from related parties

Of the trade receivables balance, customer balances which represent more than 5% of the total balance of trade receivable are given below.

| Customer | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| TNEB Limited | 2,281 | 6,216 |
| Parry America Inc * | 2,187 | 1,730 |
| Hubli Electricity Supply Company Limited | 1,441 | 730 |
| Tamil Nadu Newsprint and Papers Limited | 1,586 | 28 |
| TRIFOLIO-M GMBH * | 730 | 678 |

* Includes balances relating to discontinued operations which has been considered in note 14

## NOTE 8

## LOANS

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| **Unsecured, Considered good** | | |
| a. Loans to related parties (at amortised cost) | 48 | 130 |
| b. Loans to Others (at amortised cost) | 2,000 | - |
| | 2,048 | 130 |
| **Current** | **48** | **-** |
| **Non-current** | **2,000** | **130** |

Further information relating to these loans are given in Note 51.5- Related Party Transactions

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## NOTE 9

## OTHER FINANCIAL ASSETS

₹ in Lakh

| Particulars | Non-current | | Current | |
|---|---|---|---|---|
| | March 31, 2018 | March 31, 2017 | March 31, 2018 | March 31, 2017 |
| ***At Amortised Cost*** | | | | |
| (a) Security Deposits | 412 | 368 | 172 | 12 |
| (b) Interest | - | - | 160 | 74 |
| (c) Dividend Receivable from Subsidiary | - | - | 5,315 | - |
| (d) Insurance claims | - | - | 17 | 15 |
| (e) Advance recoverable in cash | | | | |
| (i) Unsecured and Considered Good | - | 23 | 147 | 97 |
| (ii) Unsecured and Considered Doubtful | - | 3 | 266 | 266 |
| Less: Provision for Doubtful Advances | - | (3) | (266) | (266) |
| (f) Other receivable | - | - | 546 | 267 |
| ***At Fair Value*** | | | | |
| (a) Fair value of Foreign exchange Forward and Options | - | - | 462 | 2,023 |
| **Total** | **412** | **391** | **6,819** | **2,488** |

## NOTE 10

## OTHER ASSETS

₹ in Lakh

| Particulars | Non-current | | Current | |
|---|---|---|---|---|
| | March 31, 2018 | March 31, 2017 | March 31, 2018 | March 31, 2017 |
| (a) Security Deposit | 166 | 35 | - | 33 |
| (b) Capital Advances | - | - | 38 | 79 |
| (c) Balance with Customs and GST Authorities | - | - | 5,429 | 2,064 |
| (d) Advance recoverable in kind | | | | |
| (i) Unsecured and Considered Good | 3,022 | 1,643 | 10,238 | 2,651 |
| (ii) Unsecured and Considered Doubtful | 2,859 | 2,501 | - | - |
| Less: Provision for Doubtful Advances | (2,859) | (2,501) | - | - |
| **Total** | **3,188** | **1,678** | **15,705** | **4,827** |

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## NOTE 11

**INVENTORIES** (At lower of cost and net realisable value)

₹ in Lakh

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| (a) Raw materials | 3,676 | 1,585 |
| (b) Work-in-process | 2,594 | 3,698 |
| (c) Finished goods | 95,433 | 61,865 |
| (d) Stock-in-trade (goods acquired for trading) | - | 78 |
| (e) Stores and spares | 2,378 | 2,895 |
| (f) By products | 5,681 | 3,335 |
| **Total** | **1,09,762** | **73,456** |

The cost of inventories recognised as an expense during the year in respect of continuing operations was ₹ 1,26,903 lakh (March 31, 2017: ₹ 1,43,084 lakh).

The cost of inventories recognised as an expense includes ₹ 1,152 Lakhs (2016-17: ₹ Nil) in respect of write-downs of inventory to net realisable value, and has been reduced by Nil (2016-17: ₹ Nil) in respect of reversal of such write downs.

Inventories includes ₹ 29,160 Lakhs (2016-17: ₹ Nil) carried at fair value less cost to sell. The mode of valuation of inventories has been stated in note 1.15

## NOTE 12

**CASH AND CASH EQUIVALENTS**

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks, cheques and drafts on hand. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the balance sheet as follows:

₹ in Lakh

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| (a) Balances with banks | | |
| (i) In Current account | 39 | 148 |
| (b) Cash on hand | 3 | 5 |
| (c) Cheques, drafts on hand | 28 | - |
| **Total** | **70** | **153** |

## NOTE 13

**OTHER BANK BALANCES**

₹ in Lakh

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| (a) Balances with banks in earmarked accounts | | |
| - In Unpaid Dividend account | 232 | 272 |
| - In Cane Development / SEFASU Loan No-Lien account | 515 | - |
| - In Margin Money accounts towards Bank Guarantee | 194 | 187 |
| **Total** | **941** | **459** |

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## NOTE 14

**Assets & Liabilities classified as held for sale / Discontinued operations**

₹ in Lakh

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| (i) Asset relating to discontinued operations ( Refer Note below) | 11,027 | - |
| (ii) Investment in Parry America ( Refer Note Below) | 24 | - |
| (ii) Freehold land held for sale | - | 590 |
| | **11,051** | **590** |
| Liabilities associated with asset held for sale | 2,293 | - |

The Board of Directors of the Company in their meeting held on December 22, 2017 have approved the sale of Bio-pesticides division of the Company and its Investment in Parry America Inc (a wholly owned subsidiary of the Company) , to the company's subsidiary, Coromandel International Limited, with effective date as April 01, 2018 for a consideration of ₹ 33,801 Lakhs. The shareholders through the postal ballot had approved the same on February 22, 2018. The proceeds of sale substantially exceeds the carrying amount of the related net assets and, accordingly, no impairment losses were recognised on the reclassification of these divisions as held for sale. The major classes of assets and liabilities of the Bio business at the end of the reporting period are as follows.

| Particulars | As at March 31, 2018 |
|---|---|
| Property, Plant and equipment | 2,218 |
| Capital Work in Progress | 167 |
| Intangible | 2 |
| Inventories | 2,998 |
| Trade receivable | 5,251 |
| Cash& bank balances | 1 |
| Other financial assets | 13 |
| Other assets | 377 |
| **Assets of Bio business classified as held for sale** | **11,027** |
| | |
| Trade payable | 1,985 |
| Other liabilities | 210 |
| Provisions | 98 |
| **Liabilities of Bio business associated with assets classified as held for sale** | **2,293** |
| **Net assets of Bio business classified as held for sale** | **8,734** |

**Analysis of Profit for the year from discontinued operations.**

The result of the discontinued operations included in the Profit for the year are set out below. The Comparative profit and cash flows from discontinued operations have been presented as if these operations were discontinued in the prior year as well.

₹ in Lakh

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| Profit for the year from the discontinued operations | | |
| Revenue | 13,789 | 12,174 |
| Other income | 813 | 665 |
| **Total income** | **14,602** | **12,839** |

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

₹ in Lakh

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| Depreciation | 150 | 111 |
| Other expenses debited to profit or loss | 11,450 | 11,258 |
| **Total expenses** | **11,600** | **11,369** |
| Profit before tax | 3,002 | 1,470 |
| Attributable income tax expenses | 1,049 | 509 |
| **Profit for the year from the discontinued operations ( After tax)** | **1,953** | **961** |
| Cash flows from discontinued operations : | | |
| Net cash flow from operating activities | 849 | 512 |
| Net cash flow from investing activities | (967) | (494) |
| Net cash flow from financing activities | (1) | (4) |
| **Net (decrease) / increase in cash and cash equivalents from discontinued operations** | **(119)** | **14** |

**Movement in Asset & Liabilities Held for Sale during the year**

₹ in Lakh

| Particulars | Period ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| Balance at beginning of the year | 590 | - |
| Add: Transferred from Investment Property | - | 1100 |
| Add: Assets related to discontinued operations | 11,027 | - |
| Less : Liabilities relating to discontinued operations | (2,293) | - |
| Less: Disposals | (560) | (510) |
| Less: Transferred to Investment Property | (30) | - |
| **Balance at end of year** | **8,734** | **590** |

## NOTE 15

## CURRENT TAX ASSET AND LIABILITIES

₹ in Lakh

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| Tax refund receivable | 6,536 | 5,180 |
| **Total** | **6,536** | **5,180** |

## NOTE 16

## EQUITY SHARE CAPITAL

₹ in Lakh

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| **AUTHORISED :** | | |
| Equity Shares: | | |
| 2,34,40,00,000 Equity Shares of ₹ 1 each (2017 - 2,34,40,00,000) | 23,440 | 23,440 |
| Preference Shares: | | |
| 203,10,000 Redeemable Preference shares of ₹ 100/- each (2017 - 203,10,000) | **20,310** | **20,310** |
| **ISSUED, SUBSCRIBED AND FULLY PAID UP** | | |
| 17,69,94,981 Equity Shares of ₹ 1 each (2017 - 17,58,70,898 ) | 1,770 | 1,759 |
| | **1,770** | **1,759** |

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

**16.1 Reconciliation of number of shares and amount outstanding at the beginning and at the end of the reporting period.** ₹ in Lakh

| Reconciliation | 2017-18 | | 2016-17 | |
|---|---|---|---|---|
| | No of Shares | ₹ Lakhs | No of Shares | ₹ Lakhs |
| **Equity Shares of ₹ 1 each fully paid up** | | | | |
| At the beginning of the period | 17,58,70,898 | 1,759 | 17,58,14,884 | 1,758 |
| Allotment of shares on exercise of Employee Stock Option (**Refer note 50**) | 49,222 | * | 56,014 | 1 |
| Allotment of shares on account of merger of PSIL | 10,74,861 | 11 | - | - |
| At the end of the period | **17,69,94,981** | **1,770** | **17,58,70,898** | **1,759** |

* Less than ₹ 1 Lakh

**16.2 Details of shares held by each shareholder holding more than 5 percent of equity shares in the company:** ₹ in Lakh

| Name of the Share holder | No of shares held as at | | | |
|---|---|---|---|---|
| | March 31, 2018 | | March 31, 2017 | |
| | Nos. | % | Nos. | % |
| Murugappa Holdings Limited (Merged with Ambadi Investment Limited) | - | - | 5,87,35,204 | 33.40 |
| Ambadi Investment Ltd (Formerly Ambadi Investment Pvt Ltd) | 6,80,58,444 | 38.45 | 93,23,240 | 5.30 |

**16.3 Terms attached to Equity Shares:**

The Company has one class of equity share having a par value of ₹ 1 per share. Each holder of equity share is entitled to one vote per share. The dividend when proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. Repayment of capital on liquidation after meeting external liabilities will be in proportion to the number of equity shares held.

Share options granted under the Company's employee share option plan carry no rights to dividends and no voting rights.

**16.4 Details of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date.**

During the year, 10,74,861 equity shares of ₹ 1 each fully paid up were allotted to shareholders of Parrys Sugar Industries Limited ( PSIL) other than the Company in the proportion of 2 equity shares of ₹ 1 each in the company for every 13 equity shares of ₹ 10 each held in the PSIL pursuant to the Scheme of Amalgamation between PSIL and the Company.

**16.5 Dividend**

Final dividend of ₹ 3 per share is proposed for the year ended March 31, 2018. The dividend proposed by the Board of Directors is subject to the approval from the shareholders in the ensuing Annual General Meeting, upon which the liability will be recorded in the books.

## Note 17

### OTHER EQUITY

₹ in Lakh

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| Share Capital Suspense | - | 11 |
| Capital redemption reserve | 4,288 | 4,288 |
| Capital reserve on amalgamation | 688 | 688 |
| Securities Premium reserve | 6,174 | 6,103 |
| Debenture Redemption reserve | 2,500 | 1,667 |
| Capital Reserve(as per Scheme of Arrangement of Demerger) | 5,718 | 5,718 |
| General Reserve | 88,680 | 88,669 |
| Cash flow hedging reserve | 10 | 143 |
| Share options outstanding reserve | 183 | 53 |
| Reserve for equity instruments through other comprehensive income | 11,508 | 5,519 |
| Actuarial movement through other comprehensive income | (223) | (121) |
| Retained Earnings | 42,517 | 33,249 |
| **Total** | **1,62,043** | **1,45,987** |

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## RESERVES AND SURPLUS:

₹ in Lakh

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| **(a) Share Capital Suspense** | | |
| Opening balance( Arising Pursuant to Scheme of Amalgamation with Parrys Sugar Industries Limited) | 11 | 11 |
| Less : Utilised for Allotment of Shares | (11) | - |
| **Closing balance** | **-** | **11** |
| | | |
| **(b) Capital Redemption Reserve** | 4,288 | 4,288 |
| **Closing balance** | **4,288** | **4,288** |

The capital redemption reserve is created out of the statutory requirement to create such reserve on buyback of shares. These are not available for distribution of dividend and will not be reclassified subsequently to profit or loss.

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| **(c) Capital reserve on amalgamation** | | |
| Opening balance( Arising Pursuant to Scheme of Amalgamation with Parrys Sugar Industries Limited) | 688 | 688 |
| Less : Utilised during the period | - | - |
| **Closing balance** | **688** | **688** |
| | | |
| **(d) Securities Premium Account** | | |
| Opening balance | 6,103 | 6,053 |
| Add :Addition during the period | 71 | 50 |
| **Closing balance** | **6,174** | **6,103** |
| | | |
| **(e) Debenture Redemption Reserve** | | |
| Opening balance | 1,667 | 5,000 |
| Add : Addition during the period | 833 | 1,667 |
| Less : Utilised during the period | - | 5,000 |
| **Closing balance** | **2,500** | **1,667** |

Debenture redemption reserve is created as per the statutory requirements to maintain funds to repay the debenture liability. These will be subsequently transferred to Retained Earnings on payment of the debenture liability.

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| **(f).Capital Reserve(as per Scheme of Arrangement of Demerger)** | **5,718** | **5,718** |
| | | |
| **(g) General Reserve** | | |
| Opening balance | 88,669 | 88,669 |
| Add : Transfer from Share Option Outstanding Reserve in Pursuant of Lapses of ESOP | 11 | - |
| **Closing balance** | **88,680** | **88,669** |

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 except to the extent permitted as per Companies Act,2013 and rules made thereunder.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

₹ in Lakh

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| **(h) Cash Flow Hedging Reserve** | | |
| Opening balance | 143 | (19) |
| Add : Deferred taxes recognised | 70 | (85) |
| Less : Utilised /reversed during the year | (203) | 247 |
| **Closing balance** | **10** | **143** |

The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. The cumulative gains or loss arising on changes in fair value of the designated portion of the hedging instruments that are recognised and accumulated under the heading of cash flow hedging reserve will be reclassified to profit or loss only when the hedged transaction affects the profit or loss, or included as a basis adjustment to the non-financial hedged item.

| | | |
|---|---|---|
| **(i) Share Options Outstanding Reserve** | | |
| Opening balance | 53 | 32 |
| Add :Addition during the year | 146 | 21 |
| Less : Utilised for Issuing ESOP | (5) | - |
| Less: Transfer to General Reserve on Lapse of Option | (11) | - |
| **Closing balance** | **183** | **53** |

The above reserve relates to share options granted by the Company to its employees under its employee share option plan. Further information about share based payments to employees is set out in note 50.

| | | |
|---|---|---|
| **(j) Reserve for equity instruments through Other Comprehensive income** | | |
| Opening Balance | 5,519 | 7,507 |
| Additions/(Deletions) | 5,989 | (1,988) |
| **Closing balance** | **11,508** | **5,519** |

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.

| | | |
|---|---|---|
| **(k) Actuarial movement through Other Comprehensive Income** | | |
| Opening Balance | (121) | (19) |
| Additions/(Deletions) | (102) | (102) |
| **Closing balance** | **(223)** | **(121)** |
| **(l) Retained Earnings** | | |
| Opening Balance | 33,249 | 8,590 |
| Less : Transfer to Debenture Redemption Reserve | 833 | 1,667 |
| Add : Transfer from Debenture Redemption Reserve | - | 5,000 |
| Profit/(Loss) for the year | 10,101 | 28,361 |
| | **42,517** | **40,284** |
| Less : Appropriations | | |
| Interim Dividend on Equity Shares | - | 7,035 |
| **Closing Balance** | **42,517** | **33,249** |

The amount that can be distributed by the Company as dividends to its equity shareholders is determined based on the separate financial statements of the Company and also considering the requirements of the Companies Act, 2013. Thus, the amounts reported above are not distributable in entirety.

| | | |
|---|---|---|
| **Total Other Equity** | **1,62,043** | **1,45,987** |

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## Note 18

### NON-CURRENT BORROWINGS

₹ in Lakh

| LONG TERM BORROWING | Non-Current Portion | | Current Maturities | |
|---|---|---|---|---|
| | As at March 31, 2018 | As at March 31, 2017 | As at March 31, 2018 | As at March 31, 2017 |
| **Unsecured - at amortised cost** | | | | |
| i). Bonds / Debentures | - | 9,990 | 9,997 | - |
| ii). Deposits | 1,492 | 1,388 | - | - |
| iii). Purchase Tax Deferment Loan | 350 | 241 | - | 109 |
| **Sub Total** | **1,842** | **11,619** | **9,997** | **109** |
| | | | | |
| **Secured - at amortised cost** | | | | |
| i). Term Loans | | | | |
| - from banks | 17,040 | 36,586 | 19,554 | 17,814 |
| - from Government of India - Sugar Development Fund | 8,616 | 8,671 | 1,508 | 1,394 |
| **Sub Total** | **25,656** | **45,257** | **21,062** | **19,208** |
| **Total** | **27,498** | **56,876** | **31,059** | **19,317** |

### SUMMARY OF BORROWING ARRANGEMENTS

₹ in Lakh

| Particulars | March 31, 2018 | March 31, 2017 | Rate of interest | Security | Terms of repayment |
|---|---|---|---|---|---|
| a. 9.23% Unsecured, Redeemable Non-convertible debentures 2015-16 series | 9,997 | 9,990 | 9.23% | Unsecured | Redeemable on September 04, 2018. The interest rate on this debenture series is linked to the external credit rating of the same. |
| b. State Bank of India | 951 | 1,672 | 1 Year MCLR + 0.75% | Secured by pari passu first charge on fixed assets of Sankili and Haliyal plants. | Repayable in 4 quarterly installments. |
| c. State Bank of India - Financial Assistance Loan | 4,793 | 10,021 | As per the terms of this loan, interest @ 12% per annum will be directly paid by the Government to the Bank. | Secured by pari passu first charge on fixed assets of (both present and future) of the Company and second charge on the Company's current assets. | Repayable 12 equal monthly installments. |
| d. State Bank of India - Financial Assistance Loan | 484 | 972 | As per the terms of this loan, interest rate is 12.25% per annum. Out of this @ 12% will be reimbursed by Government of India through nodal Bank. | Secured by pari passu first charge on fixed assets of (both present and future) of the Company and second charge on the Company's current assets. | Repayable 4 equal monthly installments. |

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

₹ in Lakh

| Particulars | March 31, 2018 | March 31, 2017 | Rate of interest | Security | Terms of repayment |
|---|---|---|---|---|---|
| e. State Bank of India | 180 | 359 | 1Year MCLR + 0.75% | Secured primarily by pari passu first charge onteh plant and machinery of the Company and pari passu first charge by way of equitable mortagage of land and Factory buildings of the Bagalkot plant and collaterally secured by pari passu charge on the fixed assets of the Bagalkot plant. | Repayable in 4 quarterly installments |
| f. State Bank of India | 699 | 1,228 | 1Year MCLR + 0.75% | Secured by pari passu first charge on fixed assets of Company. | Repayable in 4 quarterly installments. |
| g. BNP Paribas | - | 4,167 | 9.00% | Secured primarily by pari passu first charge on the movable fixed assets of the company. | Repaid |
| h. HDFC Bank - - SOFT Loan | 6,173 | 11,011 | 1Year MCLR + .05% | Secured by pari passu first charge on movable fixed assets (both present and future) of the company. | Repayable in 6 equal quarterly installments. |
| i. HDFC Bank | 3,326 | 4,984 | 1Year MCLR + .05% | Secured by pari passu first charge on movable fixed assets (both present and future) of the company. | Repayable in 2 equal annual installments. |
| j. HDFC Bank | 19,991 | 19,985 | 1Year MCLR + .05% | Secured by pari passu first charge on movable fixed assets (both present and future) of the company. | Repayable in 3 equal annual installments. |
| k. Sugar Development Fund Loans | | | | | |
| i. Pudukottai - Modernisation and Expansion of Cogeneration unit and Modernisation of sugar unit | - | 128 | 4% | Secured by way of a bank guarantee from State Bank of India. | Repaid |
| ii. Pettavaithalai - Modernisation and Expansion of Sugar and Cogeneration units | 632 | 1,238 | 4% | Secured by way of a bank guarantee from State Bank of India. | Repayable over 7 to 10 years |
| iii. Nellikuppam - Expansion of Sugar and Co-generation Units | 864 | 1,080 | 4% | Secured by way of a bank guarantee from State Bank of India. | Repayable over 7 to 10 years |
| iv. Nellikuppam - Expansion of Sugar and Co-generation Units | 1,046 | - | 4.25% | Secured by way of a bank guarantee from State Bank of India. | Repayable over 4 yearly Installments |
| v. Haliyal - Raw Sugar Processing, Cane Development Loan I & II and Loan for Co-generation unit | 2,864 | 2,794 | 4% - 7% | Secured by way of a bank guarantee from Indusind Bank Ltd. | Repayable over 7 to 14 years |
| vi. Sankili - Modernisation and Expansion of sugar unit and Cane Development Loan | 486 | 264 | 4% - 7% | Secured by way of a bank guarantee from Indusind Bank Ltd. | Repayable over 7 to 14 years |
| vii. Bagalkot - Cane Development Loan and Loan for Cogeneration unit. | 1,161 | 1,357 | 6.75% - 8.25% | Secured by way of a bank guarantee. | Repayable over 6 to 10 years |

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

₹ in Lakh

| Particulars | March 31, 2018 | March 31, 2017 | Rate of interest | Security | Terms of repayment |
|---|---|---|---|---|---|
| viii. Ramdurg - Cane Development Loan and Loan for Expansion unit. | 3,069 | 3,205 | 6.75% - 8.25% | Secured by way of a bank guarantee. | Repayable over 6 to 10 years |
| l. TNPL Deposit | 1,491 | 1,388 | Interest Free | Unsecured | Repayable on December 2024 |
| m. Purchase Tax deferment Loan | 350 | 350 | Interest Free | Unsecured | Repayable over 5 years commencing from April 2019 |
| **Total** | **58,557** | **76,193** | | | |

**Breach of Loan agreement**

There is no breach of loan agreement

## Note 19

### SHORT TERM BORROWINGS

₹ in Lakh

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| **Unsecured - at amortised cost** | | |
| a. Loan repayable on demand | | |
| - from banks (bank over draft) | 57 | - |
| b. Others | | |
| - Commercial papers | - | 6,925 |
| -Rupee Loan from banks (refer note a&c below) | 38,103 | 2,300 |
| - Foreign Currency Non-repatriable loans from banks | - | 7,360 |
| | | |
| **Secured - at amortised cost** | | |
| a. Loan repayable on demand | | |
| - from banks (refer note b below) | 5,083 | 1,568 |
| **Total** | **43,243** | **18,153** |

a. Working Capital Demand Loan availed from Indusind Bank of ₹ 10,800 Lakhs @ 7.80% for 7 days and ₹ 7,500 Lakhs from Kotak Mahindra Bank @ 8.05 % for of 7 days. (2017: Out of Rupee loan of ₹ 2,300 Lakhs; Interest for ₹ 500 lakhs is 7% and for rest it is 6.8%. Interest for USD denominated FCNR loan of ₹ 7,360 Lakhs is 1.2%)

b. Working Capital facilities from State Bank of India are secured by hypothecation of sugar and other stocks, stores, book debts and liquid assets and further secured by a second charge over the immovable properties of the company and carries interest of Base rate/MCLR plus 1.25%

c. Interest for Citi Bank Loan of ₹ 10,000 Lakh and ₹ 9,800 Lakh is linked with 1 Month T-Bill for 2 months.

d. **Net Debt Reconciliation**

| Particulars | As at March 31, 2018 |
|---|---|
| Opening net debt | 98,821 |
| Proceeds from long term borrowings | 1,046 |
| Repayment of long term borrowings | (18,681) |
| Net increase / (Decrease) in working capital borrowing | 25,089 |
| Interest expense | 11,290 |
| Interest paid | (10,152) |
| Decrease in cash equivalents | 83 |
| **Closing net debt** | **107,496** |

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## NOTE 20

### TRADE PAYABLES

₹ in Lakh

| Particulars | Current | |
|---|---|---|
| | As at March 31, 2018 | As at March 31, 2017 |
| Trade payables | 55,394 | 26,669 |
| Employee related payables | 1,408 | 1,479 |
| **Total** | **56,802** | **28,148** |

There are no dues to enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 which is on the basis of such parties having been identified by the management and relied upon by the auditors.

## NOTE 21

### OTHER FINANCIAL LIABILITIES

₹ in Lakh

| Particulars | Current | |
|---|---|---|
| | As at March 31, 2018 | As at March 31, 2017 |
| ***At Amortised Cost*** | | |
| (a) Current maturities of long-term debt | 31,059 | 19,317 |
| (b) Interest accrued but not due on borrowings& acceptance | 5,766 | 4,628 |
| (c) Unclaimed dividends( Refer note 21.1& 21.2) | 232 | 272 |
| (d) Other Liabilities | | |
| – Due to Directors | 113 | 137 |
| – Advances and Deposits repayable in cash | - | 89 |
| – Cane Bill due | 67,859 | 57,455 |
| – Other Miscellaneous liabilities includes Retention money and Investment money deposits. | 210 | 624 |
| ***At Fair Value*** | | |
| (i) Fair value of Forward and Options | 98 | 391 |
| **Total** | **1,05,337** | **82,913** |

21.1 These amounts represent warrants issued to the Shareholders which remained unpresented as on March 31, 2018 .

21.2 During the year, ₹ 22.51 Lakhs was transferred to the Investor Education and Protection Fund and there are no amount due to be transferred to Investor Education and Protection Fund.

## NOTE 22

### OTHER LIABILITIES

₹ in Lakh

| Particulars | Non-current | | Current | |
|---|---|---|---|---|
| | As at March 31, 2018 | As at March 31, 2017 | As at March 31, 2018 | As at March 31, 2017 |
| a. Excise Duty on un-despatched stock | - | - | - | 3,794 |
| b. Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, and Indirect Taxes) | - | - | 692 | 838 |
| c. Advances and Deposits from Customers/Others | - | - | 1,130 | 1,976 |
| d. Deferred revenue arising from interest free deposit/ Government grants | 1,081 | 1,112 | - | - |
| e. Gratuity Payable | - | - | 979 | 932 |
| **Total** | **1,081** | **1,112** | **2,801** | **7,540** |

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## NOTE 23
## PROVISIONS

₹ in Lakh

| Particulars | Non-current | | Current | |
|---|---|---|---|---|
| | As at March 31, 2018 | As at March 31, 2017 | As at March 31, 2018 | As at March 31, 2017 |
| Provision for compensated absences | 686 | 449 | 667 | 1,014 |
| **Total** | **686** | **449** | **667** | **1,014** |

The provision for employee benefits includes annual leave and vested long service leave entitlements accrued and compensation claims made by employees.

## NOTE 24
## REVENUE FROM OPERATIONS

₹ in Lakh

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| (a) Sales of Products | 1,91,688 | 2,33,662 |
| (b) Other operating revenues | | |
| - Sundry Income | 923 | 376 |
| - Scrap sales | 332 | 408 |
| - Liabilities/ Provisions no longer required written back | 1,251 | 1,055 |
| **Total** | **1,94,194** | **2,35,501** |

Goods and service tax (GST) has been effective from July 1, 2017. Consequently excise duty, Value Added Tax (VAT), service tax. etc has been replaced with GST. Until June 30, 2017, 'Sale of Products' included amount excise duty recovered on sales. With effective from July 1, 2017, 'Sale of Products' excludes the amount of GST recovered. Accordingly revenue from 'Sale of Products' and 'Revenue from Operations' for the year ended March 31, 2018 are not comparable with those of the previous year.

## NOTE 25
## OTHER INCOME

₹ in Lakh

| Particulars | Year ended March 31, 2018 | | Year ended March 31, 2017 | |
|---|---|---|---|---|
| (a) Interest income earned on financial assets that are not designated as at fair value through profit or loss (FVTPL) | | | | |
| On bank deposits (at amortised cost) | 10 | | 341 | |
| On loans and advances to subsidiaries & others (at amortised cost) | 92 | | 14 | |
| On others asset (at amortised cost) | 146 | 248 | 133 | 488 |
| | | | | |
| (b) Dividend Income | | | | |
| From equity investments designated | | | | |
| As at cost | 14,172 | | 7,631 | |
| As at FVTOCI | 21 | 14,193 | 34 | 7,665 |
| (c) Other gains or losses | | | | |
| - Profit on sale of investment property & fixed assets (Net) | 375 | | 537 | |
| - Net gain arising on financial assets designated as at FVTPL | 1,217 | | 561 | |
| - Net gain on foreign currency transaction and translation | (855) | 737 | 1,205 | 2,303 |

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

| Particulars | Year ended March 31, 2018 | | Year ended March 31, 2017 | |
|---|---|---|---|---|
| | | | | |
| (d) Other non-operating income | | | | |
| - Rental income Operating lease rental from investment property | 1,689 | | 1,645 | |
| - Services | 977 | | 524 | |
| - Sale of tenancy Rights | 300 | | - | |
| - Insurance claim received | 154 | | 121 | |
| - Government grant income | 13 | | 711 | |
| - Commission | 1,007 | | 1,304 | |
| - Others | 55 | 4,195 | 20 | 4,325 |
| **Total** | | **19,373** | | **14,781** |

## NOTE 26
## COST OF MATERIAL CONSUMED

₹ in Lakh

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| (a) Sugarcane | 1,09,993 | 1,27,509 |
| (b) Others | 53,485 | 9,443 |
| **Total** | **1,63,478** | **1,36,952** |

## NOTE 27
## PURCHASES OF STOCK-IN-TRADE

₹ in Lakh

| Classes of Goods | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| (a) Sugar | 78 | - |
| (b) Nutra Products | 841 | 849 |
| **Total** | **919** | **849** |

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## NOTE 28

### CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK IN TRADE

₹ in Lakh

| Particulars | Year ended March 31, 2018 | | Year ended March 31, 2017 | |
|---|---|---|---|---|
| **Opening Stock:** | | | | |
| Work-in-process | 1,340 | | 3,264 | |
| Finished goods including by-products | 64,868 | | 67,891 | |
| Stock-in-trade | 6 | 66,214 | 342 | 71,497 |
| | | | | |
| **Closing Stock:** | | | | |
| Work-in-process | 2,594 | | 1,340 | |
| Finished goods including by-products | 1,01,114 | | 64,868 | |
| Stock-in-trade | - | 1,03,708 | 6 | 66,214 |
| | | | | |
| **(Increase)/Decrease in Stocks** | | **(37,494)** | | **5,283** |

## NOTE 29

### EMPLOYEE BENEFIT EXPENSE

₹ in Lakh

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| (a) Salaries, Wages and Bonus | 10,507 | 9,826 |
| (b) Contribution to Provident and Other Funds | 1,123 | 987 |
| (c) Workmen and Staff Welfare Expenses | 1,734 | 1,691 |
| (d) Share-based payments to employees | 146 | 21 |
| **Total** | **13,510** | **12,525** |

## NOTE 30

### FINANCE COST

₹ in Lakh

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| (i) Interest costs: | | |
| (a) Debentures | 952 | 1,910 |
| (b) Loans | 9,655 | 11,431 |
| (ii) Other borrowing costs | 580 | 533 |
| (iii) Unwinding of discounts on provisions | 103 | 117 |
| **Total** | **11,290** | **13,991** |

30.1. The weighted average capitalisation rate on funds borrowed is 7.83 % per annum (2016-17 - 7.86% per annum)

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## NOTE 31

### DEPRECIATION AND AMORTISATION EXPENSE

₹ in Lakh

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| Depreciation/amortisation on | | |
| a. Property, plant and equipment | 11,232 | 11,048 |
| b. Investment property | 28 | 28 |
| c. Intangible assets | 36 | 24 |
| **Total** | **11,296** | **11,100** |

## NOTE 32

### OTHER EXPENSES

₹ in Lakh

| Particulars | Year ended March 31, 2018 | | Year ended March 31, 2017 | |
|---|---|---|---|---|
| (a) Consumption of Stores, Spares and Consumables | | 2,240 | | 2,594 |
| (b) Power and Fuel | | 6,214 | | 6,801 |
| (c) Rent | | 293 | | 305 |
| (d) Repairs and Maintenance | | | | |
| - Buildings | 225 | | 297 | |
| - Plant and Machinery | 3,871 | | 4,950 | |
| - Others | 4,099 | 8,195 | 3,924 | 9,171 |
| (e) Insurance | | 504 | | 471 |
| (f) Rates and Taxes | | 1,148 | | 942 |
| (g) Packing, Despatching and Freight | | 5,448 | | 4,515 |
| (h) Commission to Selling Agents | | 279 | | 516 |
| (i) Operating Lease Rentals | | 893 | | 866 |
| (j) Auditor's Remuneration | | 52 | | 54 |
| (k) Non Whole time Directors remuneration / Director Fees and Commission | | 97 | | 160 |
| (l) Sales Promotion and Publicity | | 448 | | 484 |
| (m) Fixed Assets scrapped | | 100 | | 140 |
| (n) Professional Charges | | 3,054 | | 2,908 |
| (o) Provision for Doubtful Debts and Advances | | 1,174 | | 664 |
| (p) Bad Debts/Advances written off | 234 | | 1,939 | |
| Less: Transfer from provision | (71) | 163 | (1,789) | 150 |
| (q) Cane Development Expenditure | | 356 | | 425 |
| (r) Miscellaneous Manufacturing, Selling and Administration Expenses | | 4,220 | | 3,467 |
| (s) Corporate Social Responsibility expenditure | | 123 | | 88 |
| **Total** | | **35,001** | | **34,721** |

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## NOTE 33

### RESEARCH AND DEVELOPMENT EXPENDITURE INCURRED BY THE APPROVED INHOUSE R & D CENTRES

₹ in Lakh

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| (i) Revenue Expenses (excluding depreciation and fixed assets scrapped):- | | |
| a) Employee benefit expense | 227 | 194 |
| b) Power and Fuel | 52 | 51 |
| c) Repairs and Maintenance | 80 | 71 |
| d) Miscellaneous expenses | 315 | 274 |
| e) Other Income relating to Research and Development | (30) | (15) |
| Net Revenue expenses on Research and Development | **644** | **575** |
| (ii) Fixed Assets additions in R & D Centre made during the year | **103** | **94** |

## NOTE 34

### CORPORATE SOCIAL RESPONSIBILITY

₹ in Lakh

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| (i) Amount required to be spent as per Sec 135 of the Companies Act, 2013 | 13 | - |
| (ii) Actual expenditure incurred for Corporate social responsibility | 123 | 88 |

## NOTE 35

### PAYMENT TO AUDITORS

₹ in Lakh

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| (i) Audit Fees | 33 | 27 |
| (ii) Fees for other services | 16 | 26 |
| (iii) Reimbursement of out of pocket expenses | 3 | 1 |
| **Total** | **52** | **54** |

## NOTE 36

₹ in Lakh

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| **AMOUNTS CONTRIBUTED TO ELECTORAL TRUST DURING THE YEAR** | **200** | **-** |

## NOTE 37

₹ in Lakh

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| **AMOUNTS CONTRIBUTED TO THE NATIONAL DEFENCE FUND OR ANY OTHER FUND APPROVED BY THE CENTRAL GOVERNMENT** | **-** | **-** |

## NOTE 38

### DIRECT OPERATING EXPENSES ARISING FROM INVESTMENT PROPERTY

₹ in Lakh

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| Direct operating expenses arising from investment property that generated rental income during the year | 358 | 488 |
| Direct operating expenses arising from investment property that did not generate rental income during the year | 27 | 49 |
| **Total** | **385** | **537** |

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## NOTE 39

### REPAIRS AND MAINTENANCE INCLUDES STORES AND SPARE PARTS CONSUMED

₹ in Lakh

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| Includes ₹ 116 Lakhs (2017: ₹ 66 Lakhs) towards discontinued operations | 2,942 | 3,363 |

## NOTE 40

### DIRECTOR'S REMUNERATION:

**40.1 Whole time Directors remuneration:**

₹ in Lakh

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| Short-term benefits | 186 | 182 |
| Post-employment benefits | 17 | 26 |
| **Total** | **203** | **208** |

**Note :** Managerial remuneration above does not include gratuity and leave encashment benefit, since the same is computed actuarially for all the employees and the amount attributable to the managerial person cannot be ascertained separately.

**40.2 Non Whole time Directors remuneration :**

₹ in Lakh

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| Commission to Non Whole Time Directors | 77 | 138 |
| Directors' sitting Fees | 20 | 22 |
| **Total** | **97** | **160** |

## NOTE 41

### OPERATING LEASE ARRANGEMENTS

**41.1 Company as a Lessee**

The company has entered into a non cancellable operating lease agreement with Shri Dhanalaxmi Sahakari Sakkare Karkhane Niyamit,Ramdurg for the lease of sugar factory together with the specified assets on Built,Own,Operate and Transfer basis (BOOT) for a period of 25 years till 2032.

**41.2 Payments recognised as expense**

₹ in Lakh

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| Minimum Lease payments | 893 | 866 |

**41.3 Non-cancellable operating lease commitments**

₹ in Lakh

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| Not later than 1 year | 919 | 892 |
| Later than 1 year and not later than 5 years | 3,961 | 3,846 |
| Later than 5 years | 4,379 | 5,413 |
| **Total** | **9,259** | **10,151** |

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 41.4 Company as a Lessor

Payments recognised as Income

₹ in Lakh

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| Rental income | 1,689 | 1,645 |

## NOTE 42

### 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: (Refer note no 51)

| Particulars | As on 31st Mar,2018 | As on 31st Mar,2017 |
|---|---|---|
| 1. Loan balance | 48 | 130 |
| Maximum balance outstanding during the year | 132 | 265 |
| 2. Guarantee | 32,215 | 36,908 |

Note: The loan is repayable on demand and carries interest @ 9%. This loan has been given for general business purposes

## NOTE 43

Exceptional item represents one-time settlement of additional cane price for sugar seasons 2013-14 to 2016-17 which has been agreed with farmers registered with the Company in Tamilnadu.

## NOTE 44

### DEFERRED TAX BALANCES

The following is the analysis of deferred tax assets/(liabilities) presented in the balance sheet:

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| Deferred tax assets | 6,828 | 6,752 |
| Deferred tax liabilities | - | (590) |
| **Total** | **6,828** | **6,162** |

₹ in Lakh

| 2017-18 | Opening balance | Recognised in profit or loss | Recognised in Other comprehensive income | Closing balance |
|---|---|---|---|---|
| **Deferred tax (liabilities)/asset in relation to** | | | | |
| Property plant and equipment | (25,972) | 1,164 | - | (24,808) |
| Provision for Doubtful Debts, Provision for compensated absences and others | 2,732 | 1,244 | - | 3,976 |
| Cash flow hedges | (75) | - | 70 | (5) |
| Financial assets at FVTOCI | (1,287) | - | (1,805) | (3,092) |
| Defined benefit obligation | 64 | - | 54 | 118 |
| | (24,538) | 2,408 | (1,681) | (23,811) |
| Tax losses | 23,948 | (92) | - | 23,856 |

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

| 2017-18 | Opening balance | Recognised in profit or loss | Recognised in Other comprehensive income | Closing balance |
|---|---|---|---|---|
| **Net Deferred Tax Assets/( Liability)** | **(590)** | **2,316** | **(1,681)** | **45** |
| MAT Credit entitlement | 6,752 | 31 | - | 6,783 |
| **Net Deferred Tax Asset** | **6,752** | **31** | **-** | **6,783** |

₹ in Lakh

| 2016-17 | Opening balance | Recognised in profit or loss | Recognised in Other comprehensive income | Closing balance |
|---|---|---|---|---|
| **Deferred tax (liabilities)/asset in relation to** | | | | |
| Property plant and equipment | (25,706) | (266) | - | (25,972) |
| Provision for Doubtful Debts, Provision for compensated absences and others | 2,524 | 208 | - | 2,732 |
| Cash flow hedges | 10 | - | (85) | (75) |
| Financial assets at FVTOCI | (1,906) | - | 619 | (1,287) |
| Defined benefit obligation | 10 | - | 54 | 64 |
| | (25,068) | (58) | 588 | (24,538) |
| **Tax losses** | **21,194** | **2,754** | - | **23,948** |
| | | | | |
| **Net Deferred Tax Asset / (Liability)** | **(3,874)** | **2,696** | **588** | **(590)** |
| MAT Credit entitlement | 3,494 | 3,258 | - | 6,752 |
| **Net Deferred Tax Asset** | **3,494** | **3,258** | **-** | **6,752** |

## Note 45
## INCOME TAXES RELATING TO CONTINUOUS OPERATIONS

### 45.1 Income tax recognised in profit or loss

₹ in Lakh

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| **Current tax** | | |
| In respect of current year | - | 2,435 |
| In respect of prior years | 31 | - |
| **Deferred tax** | | |
| In respect of current year | (3,360) | (3,205) |

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

₹ in Lakh

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| MAT Credit availed | (31) | (2,435) |
| Adjustments to deferred tax attributable to change in tax rates | (5) | - |
| **Total income tax gain recognised in the current year relating to continuing operations** | **(3,365)** | **(3,205)** |

The income tax expense for the year can be reconciled to the accounting profit as follows:

₹ in Lakh

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| **Profit before tax from continuing operations** | 4,783 | 24,195 |
| | | |
| Income tax expense calculated at 34.944% (2016-17 - 34.608%) | 1,671 | 8,373 |
| Effect of income that is exempt from taxation | (4,910) | (3,515) |
| Effect of concession | (378) | (237) |
| Effect of expenses that are not deductible in determining taxable profit | 257 | (1,046) |
| Effect of unused tax losses and tax offsets not recognised as deferred tax asset | - | (4,008) |
| Effect on deferred tax balance due to change in income tax rates from 34.608% to 34.944% | (5) | - |
| Effect of temporary differences now recognised as DTL | - | (2,772) |
| | (3,365) | (3,205) |
| Adjustments recognised in current year relating to current tax of previous years | - | - |
| **Income tax expense recognised in profit or loss (relating to continuing operations)** | **(3,365)** | **(3,205)** |

The tax rate used for the years 2017-18 and 2016-17 reconciliations above is the corporate tax rate of 34.944% for 17-18 & 34.608% for 16-17 payable by corporate entities in India on taxable profits under the Indian tax law.

**45.2 Income tax recognised in other comprehensive income**

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| **Deferred tax** | | |
| Arising on income and expenses recognised in other comprehensive income: | | |
| Net fair value gain on investments in equity shares at FVTOCI | (1,805) | 619 |
| Net gain on designated portion of hedging instruments in cash flows hedges | 70 | (85) |
| Remeasurement of defined benefit obligation | 54 | 54 |
| **Total income tax recognised in other comprehensive income** | **(1,681)** | **588** |

**45.3 Income tax directly recognised in equity**

No tax has been recognised directly in equity.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## Note 46

### SEGMENT INFORMATION

Information reported to the chief operating decision maker (CODM) for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided, and in respect of the following segments tabulated below. The directors of the Company have chosen to organise the Company around differences in products and services. No operating segments have been aggregated in arriving at the reportable segments of the Company. Specifally the Company's reportable segments under Ind AS 108 are as follows.

**Operating Segment :**

| Sugar | Cogeneration | Distillery | Bio-pesticides | Nutraceuticals |
|---|---|---|---|---|
| Sugar | Power | Spirits | Neem (Refer : Note : 14) | Nutraceuticals |

**Geographical information:**

The Company operates in the following principal geographical areas -

| | | | |
|---|---|---|---|
| North America | Europe | Rest of the world | India (Country of domicile) |

Revenue and expenses directly attributable to segments are reported under each reportable segment. Other expenses and income which are not attributable or allocable to segments have been disclosed as net unallocable expenses/income.

Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as unallocable. Property, plant and equipment that are used interchangeably among segments are not allocated to reportable segments.

Operating segments represent the products also and therefore separate disclosure of revenue from major products is not made.

**Inter segment Transfer Pricing:**

Inter Segment prices are normally negotiated amongst the segments with reference to cost, market prices and business risks, within an overall optimisation objective for the enterprise.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## 46.1.Segment Reporting

### OPERATING SEGMENTS REVENUE AND RESULTS:

₹ in Lakh

| Particulars | OPERATING SEGMENTS | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Sugar | | Cogeneration | | Distillery | | Nutraceuticals | | Elimination | | Overall | |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| **Revenue from Operations:** | | | | | | | | | | | | |
| External Customers | 1,49,124 | 1,78,537 | 7,513 | 17,709 | 30,549 | 31,775 | 6,848 | 7,076 | - | - | 1,94,034 | 2,35,097 |
| Other revenue from operation | | | | | | | | | - | - | 160 | 404 |
| Revenue from discontinued operation | | | | | | | | | - | - | 13,789 | 12,174 |
| Inter-segmental Sales | - | 1,576 | 3,561 | 2,350 | - | - | - | - | (3,561) | (3,926) | - | - |
| Total | **1,49,124** | **1,80,113** | **11,074** | **20,059** | **30,549** | **31,775** | **6,848** | **7,076** | **(3,561)** | **(3,926)** | **2,07,983** | **2,47,675** |
| **Results :** | | | | | | | | | | | | |
| Operating Profit/(Loss) | (2,882) | 15,019 | (537) | 3,107 | 3,741 | 7,691 | 810 | 1,071 | - | - | 1,132 | 26,888 |
| Interest income | | | | | | | | | - | - | 248 | 488 |
| Dividend Income | | | | | | | | | - | - | 14,193 | 7,665 |
| Other Unallocated Income net of expenses | | | | | | | | | - | - | 500 | 3,145 |
| Finance Costs | | | | | | | | | - | - | (11,290) | (13,991) |
| Profit/(Loss) before Tax from continuing operations | | | | | | | | | - | - | 4,783 | 24,195 |
| Profit/(Loss) before Tax from discontinued operations | | | | | | | | | - | - | 3,002 | 1,470 |
| Tax Expenses | | | | | | | | | - | - | 2,316 | 2,696 |
| **Net Profit After Tax for the year** | | | | | | | | | - | - | **10,101** | **28,361** |
| **Other Information :** | | | | | | | | | | | | |
| Segment Assets of continuing operations | 1,94,036 | 1,52,671 | 40,466 | 47,141 | 25,842 | 25,717 | 11,620 | 11,935 | - | - | 2,71,964 | 2,37,464 |
| Unallocated Corporate Assets | | | | | | | | | - | - | 1,21,230 | 96,670 |
| Segment Assets of discontinued operations | | | | | | | | | - | - | 11,027 | 10,407 |
| **Total Assets** | | | | | | | | | - | - | **4,04,221** | **3,44,541** |
| Segment Liabilities of continuing operations | 1,23,104 | 87,770 | 2,961 | 1,217 | 1,788 | 1,814 | 1,997 | 1,725 | - | - | 1,29,850 | 92,526 |
| Unallocated Corporate Liabilities | | | | | | | | | - | - | 1,08,265 | 1,02,010 |
| Segment Liabilities of discontinued operations | | | | | | | | | - | - | 2,293 | 2,259 |
| **Total Liabilities** | | | | | | | | | - | - | **2,40,408** | **1,96,795** |
| Addition to Property, Plant and Equipment and Intangible Assets of continuing operations | 2,040 | 1,312 | 237 | 277 | 761 | 1,755 | 540 | 2,646 | - | - | 3,578 | 5,990 |
| Unallocated addition to Property, Plant and Equipment and Intangible Assets | | | | | | | | | - | - | 675 | 52 |
| Addition to Property, Plant and Equipment and Intangible Assets of discontinued operations | | | | | | | | | - | - | 703 | 448 |
| **Additions to Property, Plant and Equipment & Intangible Assets** | | | | | | | | | - | - | **4,956** | **6,490** |
| Depreciation for continuing operations | 5,673 | 5,678 | 3,282 | 3,260 | 1,718 | 1,611 | 410 | 387 | - | - | 11,083 | 10,936 |
| Unallocated Depreciation | | | | | | | | | - | - | 213 | 164 |
| Depreciation for discontinued operations | | | | | | | | | - | - | 150 | 111 |
| **Total Depreciation** | | | | | | | | | - | - | **11,446** | **11,211** |
| Non cash item for continuing operations | 1,395 | 1,483 | 50 | 179 | 11 | 107 | 431 | 43 | - | - | 1,887 | 1,812 |
| Unallocated Non cash item | | | | | | | | | - | - | 11 | 11 |
| Non cash item for discontinued operations | | | | | | | | | - | - | 15 | 22 |
| **Total Non cash item** | | | | | | | | | - | - | **1,913** | **1,845** |

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 46.2 Geographical information

| Particulars | North America | | Europe | | Rest of the World | | India | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2017-18 | 2016-17 | 2017-18 | 2016-17 | 2017-18 | 2016-17 | 2017-18 | 2016-17 | 2017-18 | 2016-17 |
| Segment Revenue of continuing operations | 2,204 | 2,274 | 2,186 | 3,596 | 1,359 | 1,366 | 1,88,445 | 2,28,265 | 1,94,194 | 2,35,501 |
| Segment Revenue of discontinued operations | 5,086 | 4,346 | 3,060 | 2,315 | 326 | 283 | 5,317 | 5,230 | 13,789 | 12,174 |
| Non-current asset* | - | - | - | - | - | - | 1,42,772 | 1,50,494 | 1,42,772 | 1,50,494 |

*Non-current assets exclude those relating to Investments, Deferred tax assets and non-current financial assets.

## Note 47 EMPLOYEE BENEFIT PLANS

### A. Defined contribution plans

The Company makes Provident Fund, Superannuation Fund and Employee State Insurance Scheme contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ₹ 463 Lakh (Year ended March 31, 2017 - ₹ 368 Lakh) for Provident Fund contributions, ₹ 503 Lakh (Year ended March 31, 2017- ₹ 458 Lakh) for Superannuation Fund contributions and ₹ 4 Lakh (Year ended March 31, 2017 - ₹ 2 Lakh) for Employee State Insurance Scheme contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes. The above amounts include contribution of ₹ 30 Lakhs for Provident fund, ₹ 34 Lakhs for superannuation ₹ 3 Lakhs for Employee State Insurance Scheme towards discontinued operations.

### B. Defined benefit plans :

**Gratuity :**

In respect of Gratuity plan, the most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as March 31, 2018 by Mr.Khushwant Pahwa, Fellow of the Institute of Actuaries of India. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit cost method. The following table sets forth the status of the Gratuity Plan of the Company and the amount recognized in the Balance Sheet and Statement of Profit and Loss. The Company provides the gratuity benefit through annual contributions to a fund managed by the Life Insurance Corporation of India (LIC).

The Company is exposed to various risks in providing the above gratuity benefit which are as follows:

**Interest Rate Risk :** The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability (as shown in financial statements).

**Investment Risk :** The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

**Salary Escalation Risk :** The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

**Demographic Risk :** The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

₹ in Lakh

| Particulars | Gratuity (Funded) | |
|---|---|---|
| | Year ended March 31, 2018 | Year ended March 31, 2017 |
| **Present Value of obligations at the beginning of the year** | 2,164 | 1,824 |
| Current service cost | 209 | 178 |
| Interest Cost | 166 | 146 |
| Re-measurement (gains)/losses: | | |
| - Actuarial gains and losses arising from change in financial assumption | | 46 |
| - Actuarial gains and losses arising from experience adjustment | 148 | 95 |
| Benefits paid | (202) | (125) |
| **Present Value of obligations at the end of the year** | **2,485** | **2,164** |
| **Change in fair value of planned assets** | | |
| **Fair value of plan assets at beginning of year** | 1,232 | 1,271 |
| Interest Income | 94 | 101 |
| Return on plan assets | (8) | (15) |
| Contributions from the employer | 306 | - |
| Benefits Paid | (202) | (125) |
| **Fair Value of plan assets at the end of the year** | **1,422** | **1,232** |
| **Amounts recognized in the Balance Sheet** | | |
| Projected benefit obligation at the end of the year | 2,485 | 2,164 |
| Fair value of plan assets at end of the year | 1,422 | 1,232 |
| Funded status of the plans – Liability recognised in the balance sheet<br>*(Includes ₹ 84 Lakhs towards discontinued operations) | 1,063* | 932 |
| **Components of defined benefit cost recognised in profit or loss** | | |
| Current service cost | 209 | 178 |
| Net Interest Expense | 72 | 44 |
| **Net Cost in Profit or Loss**<br>*(Includes ₹ 13 towards discontinued operations) | **281*** | **222** |
| Components of defined benefit cost recognised in Other Comprehensive income | | |
| Remeasurement on the net defined benefit liability: | | |
| - Actuarial gains and losses arising from change in financial assumption | - | 46 |
| - Actuarial gains and losses arising from experience adjustment | 148 | 95 |
| Return on plan assets | 8 | 15 |
| **Net Cost in Other Comprehensive Income** | **156** | **156** |

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| **Assumptions** | | |
| Discount rate | 7.70% | 7.70% |
| Expected rate of salary increases | 6.00% | 6.00% |
| Expected rate of attrition | 5.00% | 5.00% |
| Average age of members | 39.10 | 38.87 |
| Average remaining working life | 18.90 | 19.13 |
| Mortality (IALM (2006-2008) Ultimate) | 100% | 100% |

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

The Company has invested the plan assets with the insurer managed funds. The insurance company has invested the plan assets in Government Securities, Debt Funds, Equity shares, Mutual Funds, Money Market Instruments and Time Deposits. The expected rate of return on plan asset is based on expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligation.

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below:

₹ in Lakh

| Particulars | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Discount rate | | |
| - 1% increase | 163 | 146 |
| - 1% decrease | (204) | (166) |
| Salary growth rate | | |
| - 1% increase | (183) | (159) |
| - 1% decrease | 166 | 144 |
| Attrition rate | | |
| - increase of 50% of attrition rate | (36) | (36) |
| - decrease of 50% of attrition rate | 47 | 47 |
| Mortality rate | | |
| - increase of 10% of mortality rate | (1) | (1) |
| - decrease of 10% of mortality rate | 1 | 1 |

Please note that the sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There was no change in the methods of assumptions used in preparing the sensitivity analysis from prior years. Negative represents increase and positive represents decrease in obligation.

The Company has purchased insurance policy, which is basically a year-on-year cash accumulation plan in which 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 outgoes happening during the year (subject to sufficiency of funds under the policy). The policy, thus, mitigates the liquidity risk. However, being a cash accumulation plan, the duration of assets is shorter compared to the duration of liabilities. Thus, the Company is exposed to movement in interest rate (in particular, the significant fall in interest rates, which should result in a increase in liability without corresponding increase in the asset)

The Company's best estimate of the contribution expected to be paid to the plan during the next year is ₹ 300 lakh (2017: ₹ 277 lakh).

**C. Note on Provident Fund:**

With respect to employees,who are covered under Provident Fund Trust administered by the company,the company shall make good deficiency,if any in the interest rate declared by Trust over statutory limit. Having regards to the assets of the Fund and the return on the investments, the company does not expect any deficiency in the foreseeable future

The actuary has assessed for the calculations of the Interest Rate Guarantees based on the guidance note issued by the Institute of Actuaries of India . The disclosures required under Ind AS 19 is as set out below:

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

**Fund and plan asset position are as follows:**

₹ in Lakh

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| Accumulated Account Value of Employee's Fund | 4,034 | 3,162 |
| Interest Rate Guarantee Liability | 79 | 58 |
| Present value of benefit obligation at the end of the year | 4,113 | 3,220 |
| Plan asset at the end of the year | 4,527 | 3,426 |
| Surplus available | (414) | (206) |
| Asset recognised in the Balance Sheet | - | - |

The plan assets are primarily invested in government securities, corporate bonds & special deposit schemes.

Assumptions for present value of interest rate guarantee are as follows:

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| Discount rate | 7.60% | 7.40% |
| Expected guaranteed rate(%) | 8.65% | 8.55% |
| Attrition rate | 5.00% | 5.00% |

## Note 48

**Earnings per Share:**

| Particulars | For the Year ended March 31, 2018 | For the Year ended March 31, 2017 |
|---|---|---|
| **Basic Earnings per share** | | |
| From Continuing Operations | 4.60 | 15.49 |
| From Discontinued Operations | 1.10 | 0.54 |
| From Continuing and discontinued operations | 5.70 | 16.03 |
| **Diluted Earnings per share** | | |
| From Continuing Operations | 4.60 | 15.49 |
| From Discontinued Operations | 1.10 | 0.54 |
| From Continuing and discontinued operations | 5.70 | 16.03 |

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 48.1 Basic Earnings per share

The earnings and weighted average number of equity shares used in the calculation of basic earnings per share are as follows.

| Particulars | March 31, 2018 | March 31, 2017 |
|---|---|---|
| **Earnings used in the calculation of basic earnings per share** | | |
| Profit after Taxation (₹ in Lakh) | | |
| From Continuing Operations | 8,148 | 27,400 |
| From Discontinued Operations | 1,953 | 961 |
| From Continuing and discontinued operations | 10,101 | 28,361 |
| Number of equity shares of ₹ 1 each outstanding at the beginning of the year | 17,69,45,759 | 17,68,89,745 |
| Add : Number of shares issued pursuant exercise of Employees Stock option | 49,222 | 56,014 |
| (a) Number of equity Shares of ₹ 1 each outstanding at the end of the year | 17,69,94,981 | 17,69,45,759 |
| (b) Weighted Average number of Equity Shares | 17,69,75,759 | 17,69,32,177 |

### 48.2 Diluted Earnings per share

The earnings and weighted average number of equity shares used in the calculation of diluted earnings per share are as follows :

| | | |
|---|---|---|
| **Earnings used in the calculation of diluted earnings per share** | | |
| From Continuing Operations | 8,148 | 27,400 |
| From Discontinued Operations | 1,953 | 961 |
| From Continuing and discontinued operations | 10,101 | 28,361 |

The weighted average number of equity shares for the purposes of diluted earnings per share reconciles to the weighted average number of equity shares used in the calculation of basic earnings per share as follows:

| | | |
|---|---|---|
| Weighted average number of equity shares used in the calculation of basic earnings per share | 17,69,75,759 | 17,69,32,177 |
| Shares deemed to be issued for no consideration in respect of - employee options | 1,29,376 | 31,297 |
| Weighted average number of equity shares used in the calculation of diluted earnings per share | 17,71,05,135 | 17,69,63,474 |

## NOTE 49

## FINANCIAL INSTRUMENTS

### 49.1 Capital management

The Company's capital management is intended to maximise the return to shareholders for meeting the long-term and short-term goals of the Company through the optimization of the debt and equity balance.

The Company determines the amount of capital required on the basis of annual and long-term operating plans and strategic investment plans. The funding requirements are met through equity 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.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

**The following table summarises the capital of the Company:**

(₹ in lakh, unless otherwise stated)

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| **Equity** | **1,63,813** | **1,47,746** |
| Debt | 1,01,800 | 94,346 |
| Cash and cash equivalents | (70) | (153) |
| **Net debt** | **1,01,730** | **94,193** |
| **Total capital (equity + net debt)** | **2,65,543** | **2,41,939** |
| Net debt to capital ratio | 0.38 | 0.39 |

**49.2 Categories of financial instruments**

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| **Financial assets** | | |
| **Measured at fair value through profit or loss (FVTPL)** | | |
| (a) Mandatorily measured: | | |
| (i) Mutual fund investment | - | 5,063 |
| (ii) Derivative instruments not designated in hedge accounting relationship | 462 | 2,023 |
| **Measured at amortised cost** | | |
| (a) Cash and bank balances | 1,011 | 612 |
| (b) Other financial assets at amortised cost | 22,263 | 22,032 |
| **Measured at FVTOCI** | | |
| Investments in equity instruments designated upon initial recognition | 14,699 | 6,905 |
| **Measured at cost** | | |
| Investments in equity instruments in subsidiaries, joint ventures and associate | 73,132 | 66,607 |
| **Financial liabilities** | | |
| Measured at amortised cost | 2,32,782 | 1,85,699 |
| Measured at FVTPL | 98 | 391 |

**49.3 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, 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 approved by the Board of Directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk and the investment of excess liquidity. The Company does not enter into trade financial instruments, including derivative financial instruments, for speculative purposes.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

| Item | Primarily affected by | Risk management policies | Refer |
|---|---|---|---|
| Market risk - currency risk | USD balances and exposure towards trade payables, exports, and long-term borrowings | Mitigating foreign currency risk using foreign currency forward contracts, option contracts and currency swaps | Note 49.4.1 |
| 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 49.4.2 |
| Market risk - other price risk | Decline in value of equity instruments | Monitoring forecasts of cash flows; diversification of portfolio | Note 49.4.3 |
| 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 49.5 |
| Liquidity risk | Fluctuations in cash flows | Preparing and monitoring forecasts of cashflows; cash management policies; multiple-year credit and banking facilities | Note 49.6 |

**49.4 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.

**49.4.1 Foreign currency risk management**

The Company is exposed to foreign exchange risk on account of following:

1. Exports and imports
2. Foreign currency borrowings in the form of Foreign Currency Non-Repatriable (B) loans (FCNRB), packing credit etc. availed for meeting its funding requirements

The Company has a forex policy in place whose objective is to reduce foreign exchange risk by deploying the appropriate hedging strategies (forward covers and options) and also by maintaining reasonable open exposures within approved parameters depending on the future outlook on currencies.

**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 March 31, 2018 | As at March 31, 2017 | As at March 31, 2018 | As at March 31, 2017 |
| USD (in lakh) | 0.36 | 116.15 | 13.38 | 111.46 |
| INR (₹ in lakh) | 23 | 7,535 | 870 | 7,231 |
| EURO (in lakh) | - | 0.84 | 4.29 | 19.36 |
| INR (₹ in lakh) | - | 58 | 346 | 1,341 |
| GBP (in lakh) | - | - | 0.41 | 1.50 |
| INR (₹ in lakh) | - | - | 38 | 121 |

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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 current and interest rate swaps outstanding as at the Balance Sheet date:** ₹ in lakh

| Currency | As at March 31, 2018 | | As at March 31, 2017 | |
|---|---|---|---|---|
| | Buy | Sell | Buy | Sell |
| **Forward contracts** | | | | |
| **i Cash flow hedges** | | | | |
| USD/INR (in FCY) | - | 1.21 | - | 13.37 |
| USD/INR (in INR) | - | 79 | - | 867 |
| EURO/INR (in FCY) | - | 1.06 | - | 12.89 |
| EURO/INR (in INR) | - | 86 | - | 893 |
| **ii. Others** | | | | |
| USD/INR (in FCY) | - | 118.52 | 134.67 | 195.29 |
| USD/INR (in INR) | - | 7,973 | 8,737 | 12,669 |
| EURO/INR (in FCY) | - | 45.78 | - | 56.37 |
| EURO/INR (in INR) | - | 3,944 | - | 3,904 |
| Number of contracts | - | 184 | 27 | 322 |

At March 31, 2018, the aggregate amount of gains under forward foreign exchange contracts recognised in other comprehensive income and accumulated in the cash flow hedging reserve net of taxes relating to the exposure on these anticipated future transactions is ₹ 10 lakhs (March 31, 2017: ₹ 143 lakh). It is anticipated that the sales will take place over the next two year period, at which time the amount deferred in equity will be reclassified to profit or loss.

**c. Foreign currency sensitivity analysis**

The Company is mainly exposed to fluctuations in US Dollar. The following table details the Company's sensitivity to a 10% increase and decrease against the US Dollar. 10% 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 10% change in foreign currency rates. A positive number below indicates an increase in profit or equity where the Rupee strengthens by 10% against the US Dollar. For a 10% weakening against the US Dollar, there would be a comparable impact on the profit or equity.

| Currency USD impact on: | For the Year ended 31st March 2018 | For the Year ended 31st March 2017 |
|---|---|---|
| Profit or loss | 713 | 423 |
| Other comprehensive income | 8 | 87 |
| Equity | 721 | 510 |

In management's opinion the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of reporting period does not reflect the exposure during the year.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 49.4.2 Interest rate risk management

The Company issues commercial papers, draws working capital demand Loans, cash credit, foreign currency borrowings, 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 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 were to increase by 50 basis from March 31, 2018, in case of rupee borrowings and all other variables were held constant, additional net annual interest expense on floating rate borrowing would amount to approximately ₹ 182 lakhs (March 31, 2017: ₹ 225 lakhs).

### 49.4.3 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.

**Equity price sensitivity analysis**

The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 1% higher/lower other comprehensive income/ equity for the year ended March 31, 2018 would increase/ decrease by ₹ 146 Lakhs (₹ 69 Lakh for the year ended March 31, 2017) 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

### 49.5 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. There is no material expected credit loss based on the past experience. However, the Company assesses the impairment by specific items of trade receivable and has accordingly created loss allowance on trade receivables.

The Company has issued financial guarantee to its wholly owned subsidiary, Parry Sugars Refinery India Private Limited of ₹ 30,000 lakh (March 31, 2017: ₹ 36,000 lakh). Further the company has issued Letter of Credit to its subsidiaries US Nutraceuticals LLC & Alimtec SA to the tune of ₹ 2,215 Lakhs (March 31, 2017: ₹ 908 lakh) during the year. Based on the financial performance of subsidiaries, the Company does not expect the guarantee liability to devolve on the Company.

The credit risk on cash and bank balances is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 49.6 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.

The table below provides details regarding the contractual maturities of non-derivative financial liabilities including estimated interest payments as at March 31, 2018:

₹ in lakh

| Particulars | Carrying amount | upto 1 year | 1-3 year | More than 3 year | Total contracted cash flows |
|---|---|---|---|---|---|
| Non interest bearing | 57,357 | 57,357 | - | - | 57,357 |
| Variable interest rate instruments | 36,635 | 21,509 | 17,978 | - | 39,487 |
| Fixed interest rate instruments | 1,38,790 | 1,29,575 | 6,406 | 8,441 | 1,44,422 |
| **Total** | **2,32,782** | **2,08,441** | **24,384** | **8,441** | **2,41,266** |

The table below provides details of non-derivative financial assets as at March 31, 2018:

₹ in lakh

| Particulars | Carrying amount |
|---|---|
| Trade receivables | 13,446 |
| Other financial assets | 97,659 |
| **Total** | **1,11,105** |

The table below provides details regarding the contractual maturities of non-derivative financial liabilities including estimated interest payments as at March 31, 2017:

₹ in lakh

| Particulars | Carrying amount | upto 1 year | 1-3 year | More than 3 year | Total contracted cash flows |
|---|---|---|---|---|---|
| Non interest bearing | 29,270 | 29,270 | | | 29,270 |
| Variable interest rate instruments | 44,974 | 16,992 | 27,691 | 6,802 | 51,485 |
| Fixed interest rate instruments | 1,11,455 | 82,780 | 21,245 | 9,339 | 1,13,364 |
| **Total** | **1,85,699** | **1,29,042** | **48,936** | **16,141** | **1,94,119** |

The table below provides details of non-derivative financial assets as at March 31, 2017:

₹ in lakh

| Particulars | Carrying amount |
|---|---|
| Trade receivables | 21,046 |
| Other financial assets | 80,173 |
| **Total** | **1,01,219** |

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

The following table details the Company's maturity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted estimated cash flows determined by reference to the projected market rates at the end of the reporting period. A positive amount represents an anticipated cash inflow and a negative amount represents an anticipated cash outflow.

**March 31, 2018**

| Particulars | Less than 1 year | 1-3 year | above 3 years |
|---|---|---|---|
| Net settled | | | |
| - foreign exchange forward contracts | 354 | 10 | - |

**March 31, 2017**

| Particulars | Less than 1 year | 1-3 year | above 3 years |
|---|---|---|---|
| Net settled | | | |
| - foreign exchange forward contracts | 1,178 | 454 | - |

**49.7 Financing facilities**
The Company has access to financing facilities of which ₹ 93,988 Lakhs (as at March 31, 2017: ₹ 61,848 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.

**49.8 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):

(₹ in lakh, unless otherwise stated)

| Financial assets/financial liabilities | Fair Value as at* | | Fair value hierarchy | Valuation techniques & key inputs used |
|---|---|---|---|---|
| | As at March 31, 2018 | As at March 31, 2017 | | |
| 1) Foreign currency forward contracts | | | | |
| Financial asset | 462 | 2,023 | Level 2 | Refer Note 3(a) |
| Financial liabilities | (98) | (391) | Level 2 | Refer Note 3(a) |
| 2) Investments in quoted equity instruments at FVTPL | - | 5,063 | Level 1 | Refer Note 2 |
| 3) Investments in quoted equity instruments at FVTOCI | 246 | 279 | Level 1 | Refer Note 2 |
| 4) Investments in unquoted equity instruments at FVTOCI | 14,453 | 6,630 | Level 3 | Refer Note 4(a) |

*positive value denotes financial asset and negative value denotes financial liability

**Notes:**
1. There were no transfers between Level 1 and 2 in the period.
2. The Level 1 financial instruments are measured using quotes in active market
3. The following table shows the valuation technique and key input used for Level 2:

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

| 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. |

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 equity instruments at FVTOCI | Market Multiple Approach | Discount for lack of marketability, determined by reference to the share price of listed entities in similar industries, ranging from 30% to 50% (as at March 31, 2017: 30% to 50%) | A 5% increase/ decrease in the discount for lack of marketability used in isolation would decrease/increase the carrying amount by ₹ 753. Lakhs (as at March 31, 2017: ₹ 143 Lakhs) |

Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required) ₹ in lakh

| Particulars | Fair value hierarchy | As at March 31, 2018 | | As at March 31, 2017 | |
|---|---|---|---|---|---|
| | | Carrying amount | Fair value | Carrying amount | Fair value |
| **Financial Assets:** | | | | | |
| Financial Assets at amortised cost : | | | | | |
| - Trade receivables | Level 2 | 13,446 | 13,446 | 21,046 | 21,046 |
| - Cash and cash equivalents | Level 2 | 70 | 70 | 153 | 153 |
| - Bank balances other than cash and cash equivalents | Level 2 | 941 | 941 | 459 | 459 |
| - Loans | Level 2 | 2,048 | 1,944 | 130 | 130 |
| - Other financial assets | Level 2 | 6,769 | 6,769 | 856 | 856 |

| Particulars | Fair value hierarchy | As at March 31, 2018 | | As at March 31, 2017 | |
|---|---|---|---|---|---|
| | | Carrying amount | Fair value | Carrying amount | Fair value |
| **Financial liabilities** | | | | | |
| Financial liabilities at amortised cost: | | | | | |
| Borrowings | Level 2 | 1,07,566 | 1,07,373 | 99,365 | 97,831 |
| Trade payables | Level 2 | 56,802 | 56,802 | 28,148 | 28,148 |
| Other financial liabilities | Level 2 | 68,414 | 68,414 | 58,577 | 58,577 |

1. In case of trade receivables, cash and cash equivalents, trade payables, short term 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.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

**Reconciliation of Level 3 fair value measurements for the year ended March 31, 2018:**

₹ in lakh

| Particulars | Investments in unquoted equity instruments at FVTOCI | Total |
|---|---|---|
| Opening balance | 6,630 | 6,630 |
| Total gains or losses: | | |
| - in profit or loss | - | - |
| - in other comprehensive income | 7,823 | 7,823 |
| **Closing balance** | **14,453** | **14,453** |

**Reconciliation of Level 3 fair value measurements for the year ended March 31, 2017:**

₹ in lakh

| Particulars | Investments in unquoted equity instruments at FVTOCI | Total |
|---|---|---|
| Opening balance | 9,314 | 9,314 |
| Total gains or losses: | | |
| - in profit or loss | - | - |
| - in other comprehensive income | (2,684) | (2,684) |
| **Closing balance** | **6,630** | **6,630** |

## NOTE 50

### SHARE BASED PAYMENTS:

**50. 1 Employee share option plan of the Company**

50.1.1 Details of the employee share option plans of the Company

The Company has share option scheme for executives and senior employees of the Company. As approved by the shareholders at previous annual general meetings, ESOP schemes will be administered by the Nomination and Remuneration committee of the Board of Directors.

Each employee share option converts into one equity share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The following share-based payment arrangement were in existence during the current and prior years

| S.No | Particulars | Date of grant | Number of Options granted | Expiry date | Fair value on the date of grant as per Black Scholes option pricing model | Exercise price |
|---|---|---|---|---|---|---|
| 1 | Details of options granted | 31.08.2007 | 1858200 | 31.08.2017 | 29.46 | 64.80 |
| | | 29.10.2007 | 232400 | 29.10.2017 | 26.32 | 75.70 |
| | | 24.01.2008 | 460600 | 28.02.2015 | 21.98 | 94.15 |
| | | 24.04.2008 | 152200 | 24.04.2018 | 24.59 | 103.60 |
| | | 28.07.2008 | 130000 | 28.07.2018 | 26.63 | 92.98 |
| | | 24.09.2008 | 387000 | 31.10.2012 | 24.11 | 106.30 |
| | | 29.10.2008 | 113600 | 29.10.2018 | 30.73 | 74.95 |

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

| S.No | Particulars | Date of grant | Number of Options granted | Expiry date | Fair value on the date of grant as per Black Scholes option pricing model | Exercise price |
|---|---|---|---|---|---|---|
| | | 20.03.2009 | 47800 | 30.06.2011 | 32.26 | 69.13 |
| | | 28.01.2011 | 329600 | 28.01.2021 | 90.05 | 225.15 |
| | | 28.01.2011 | 36700 | 01.04.2014 | 87.86 | 225.15 |
| | | 29.04.2011 | 41400 | 29.04.2015 | 92.46 | 240.90 |
| | | 29.04.2011 | 34500 | 29.04.2015 | 58.18 | 240.90 |
| | | 27.07.2011 | 115000 | 27.07.2015 | 105.80 | 269.10 |
| | | 24.10.2011 | 75700 | 24.10.2021 | 80.86 | 220.90 |
| | | 24.10.2011 | 19300 | 30.09.2014 | 30.21 | 220.90 |
| | | 06.02.2017 | 843220 | 06.02.2020 | 107.85 | 289.50 |
| | **Total** | | **4877220** | | | |

**50.1.2 Fair value of share options granted in a year**

**A. Grant Registration ID : GT06FEB2018 :-**

The weighted average fair value of the share options granted during the financial year is ₹ 125.20. Options were priced using Black Scholes model of option pricing. The expected volatility is based on historical volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility . Inputs into the model is as follows

| Particulars | Vest 1 | Vest 2 | Vest 3 | Vest 4 |
|---|---|---|---|---|
| **Vest Percent (%)** | **20%** | **20%** | **30%** | **30%** |
| Grant date share price | 319.45 | 319.45 | 319.45 | 319.45 |
| Exercise price | 319.45 | 319.45 | 319.45 | 319.45 |
| Expected volatility | 34.57 | 34.57 | 34.11 | 32.92 |
| Expected life | 3.50 | 4.51 | 5.51 | 6.51 |
| Dividend yield | 1.21 | 1.21 | 1.21 | 1.21 |
| Risk free interest rate | 7.20 | 7.39 | 7.55 | 7.66 |

**B. Grant Registration ID : GT06FEB2018A :-**

The weighted average fair value of the share options granted during the financial year is ₹ 119.15. Options were priced using Black Scholes model of option pricing. The expected price volatility is based on historical volatility (based on the remaining life of the options) , adjusted for any expected changes to future volatility. Inputs into the model is as follows

| Particulars | Vest 1 | Vest 2 | Vest 3 |
|---|---|---|---|
| **Vest Percent (%)** | **25%** | **37.5%** | **37.5%** |
| Grant date share price | 319.45 | 319.45 | 319.45 |
| Exercise price | 319.45 | 319.45 | 319.45 |
| Expected volatility | 34.57 | 35.03 | 34.11 |
| Expected life | 3.50 | 4.51 | 5.51 |
| Dividend yield | 1.21 | 1.21 | 1.21 |
| Risk free interest rate | 7.2 | 7.39 | 7.55 |

**50.1.3 Movements in share options during the year**

| S.No | Particulars | Description | 2017-18 | | 2016-17 | |
|---|---|---|---|---|---|---|
| | | | Options (Nos.) | Weighted Average Exercise Price per option | Options (Nos.) | Weighted Average Exercise Price per option |
| a | Balance at the beginning of the year | Options vested and exercisable | 107368 | 190.97 | 192026 | 170.64 |
| | | Options unvested | 843220 | 289.50 | - | - |
| | | Total | 950588 | 278.37 | 192026 | 170.64 |
| b | Options granted during the year | | 212020 | 319.45 | 843220 | 289.50 |
| c | Options vested during the year | | 112804 | 289.50 | - | - |
| d | Options exercised during the year | | 49222 | 133.35 | 56014 | 91.18 |
| e | Options lapsed/cancelled during the year | | 279200 | 289.50 | 28644 | 249.85 |
| f | Options outstanding at the end of the year | Options vested and exercisable | 170950 | 272.58 | 107368 | 190.97 |
| | | Options unvested | 663236 | 299.07 | 843220 | 289.50 |
| **Total (a + b - d - e)** | | | **834186** | **293.64** | **950588** | **278.37** |

Weighted Average remaining contractual life for option outstanding as at March 31, 2018 was 2342 days (March 31, 2017: 2551 days)

**50.1.4. Share options exercised during the year**

| Grant date | Numbers exercised | Exercise date | Share price at exercise date |
|---|---|---|---|
| 31-Aug-07 | 16368 | 29-Aug-17 | 316.45 |
| 23-Oct-17 | 9072 | 11-Oct-17 | 359.70 |
| 24-Oct-11 | 16698 | 18-Aug-17 | 324.85 |
| 24-Apr-08 | 3844 | 09-Jun-17 | 327 |
| 28-Jan-11 | 3240 | 09-Jun-17 | 327 |

## Note 51

### Related Party Disclosure for the year ended March 31, 2018

**51.1. Subsidiary Companies/ Entities**

01. Coromandel International Ltd
02. Parry Chemicals Ltd
03. CFL Mauritius Limited
04. Coromandel Brasil Limitada – LLP,Brazil
05. Liberty Pesticides and Fertilisers Limited
06. Dare Investments Ltd
07. Alimtec S.A
08. Sabero Europe BV ,Netherlands
09. Sabero Australia Pty. Ltd
10. Sabero Organics America SA,Brazil
11. Sabero Argentina SA

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

12. Coromandel Agronegoious De Mexico S. A C. V.
13. Parry America Inc.
14. Parrys Investments Limited
15. Parrys Sugar Limited
16. Parry Infrastructure Company Private Limited
17. US Nutraceuticals LLC
18. Parry Agrochem Exports Limited
19. Parry Sugars Refinery India Private Limited
20. Parry International DMCC

### 51.2. Investing Party Group

1. Ambadi Investment Limited ( Investing Party)
2. Parry Enterprises India Limited
3. Parry Agro Industries Limited

### 51.3. Other related parties

1. Parry Group Staff Provident Fund

### 51.4. Key Management Personnel (KMP)

1. Mr. V Ramesh, Managing Director (upto July 31, 2017)
2. Mr. S Suresh, Managing Director

Note : Related Party Relationships are as identified by the management and relied upon by the auditors.

### 51.5 Transactions with related parties

₹ in Lakh

| Particulars | 2017-18 | | | 2016-17 | | |
|---|---|---|---|---|---|---|
| | Subsidiary Companies | Investing Party Group | KMP & Others | Subsidiary Companies | Investing Party Group | KMP & Others |
| **Sale of Goods** | | | | | | |
| a. Parry America Inc. | 5,014 | - | - | 4,346 | - | - |
| b. U.S. Nutraceuticals L.L.C | 233 | - | - | 367 | - | - |
| c. Coromandel International Limited | 1,877 | - | - | 1,539 | - | - |
| d. Parry Agro Industries Limited | - | 15 | - | - | 6 | - |
| **Rendering of services** | | | | | | |
| a. Coromandel International Limited | 378 | - | - | 323 | - | - |
| b. Parry Sugars Refinery India Private Limited | 81 | - | - | 186 | - | - |
| c. Parrys Enterprises India Limited | - | 57 | - | - | 36 | - |
| d. Parry Agro Industries Limited | - | 37 | - | - | 31 | - |
| e. Parry America Inc | - | - | - | 1 | - | - |
| f. U.S. Nutraceuticals L.L.C | 8 | - | - | - | - | - |
| g. Alimtec | 5 | - | - | - | - | - |

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

₹ in Lakh

| Particulars | 2017-18 | | | 2016-17 | | |
|---|---|---|---|---|---|---|
| | Subsidiary Companies | Investing Party Group | KMP & Others | Subsidiary Companies | Investing Party Group | KMP & Others |
| **Other income** | | | | | | |
| a. Parry Sugars Refinery India Private Limited | 15 | - | - | - | - | - |
| b. Alimtec S.A. | 1 | - | - | - | - | - |
| **Dividend Income / Share of income** | | | | | | |
| a. Coromandel International Limited | 14,172 | - | - | 7,086 | - | - |
| b. U.S. Nutraceuticals L.L.C | - | - | - | 33 | - | - |
| c. Parry America Inc | - | - | - | 325 | - | - |
| **Deputation Charges Received** | | | | | | |
| a. Parry Sugars Refinery India Private Limited | 58 | - | - | 178 | - | - |
| **Purchase/Receipt of Goods** | | | | | | |
| a. Coromandel International Limited | 2 | - | - | 1 | - | - |
| b. Parry Sugars Refinery India Private Limited | 2,782 | - | - | 404 | - | - |
| c. Parry Enterprises India Limited | - | 12 | - | - | 10 | - |
| d. Alimtec S.A. | 6 | - | - | - | - | - |
| **Receipt of services** | | | | | | |
| a. U.S. Nutraceuticals L.L.C | 218 | - | - | 257 | - | - |
| b. Parry Sugars Refinery India Private Limited | 1,392 | - | - | 292 | - | - |
| c. Parry Enterprises India Limited | - | 171 | - | - | 128 | - |
| d. Parry America Inc | - | - | - | 2 | - | - |
| **Interest Income on ICD Loans** | | | | | | |
| a. Alimtec S.A. | 7 | - | - | 14 | - | - |
| **Dividend Paid** | | | | | | |
| a. Murugappa Holdings Limited (Merged with Ambadi Investment Limited) | - | - | - | - | 2,349 | - |
| **Subscription to Equity Shares** | | | | | | |
| a. Parrys Investments Limited | - | - | - | 90 | - | - |
| b. U.S. Nutraceuticals LLC | 750 | - | - | - | - | - |
| c. Parry Sugars Refinery India Private Limited | 5,799 | - | - | - | - | - |
| **Employee related Contribution** | | | | | | |
| Parry Group Staff Provident Fund | 102 | - | - | 429 | - | - |
| **Loans and Advances to Subsidiaries Given / (Repaid)** | | | | | | |
| a. Alimtec S.A. | (82) | - | - | 130 | - | - |

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

₹ in Lakh

| Particulars | 2017-18 | | | 2016-17 | | |
|---|---|---|---|---|---|---|
| | Subsidiary Companies | Investing Party Group | KMP & Others | Subsidiary Companies | Investing Party Group | KMP & Others |
| **Closing Balances - Debit / (Credit)** | | | | | | |
| a. Coromandel International Limited | (100) | - | - | (209) | - | - |
| b. Coromandel International Limited - Dividend | 5,315 | - | - | - | - | - |
| c. Parry America Inc. | 2,187 | - | - | 1,730 | - | - |
| d. U.S. Nutraceuticals LLC | 63 | - | - | 267 | - | - |
| e. Parry Sugars Refinery India Private Limited | (1,351) | - | - | (25) | - | - |
| f. Parry Agro Industries Limited | - | (15) | - | 3 | - | - |
| g. Alimtec S.A. | 56 | - | - | 158 | - | - |
| h. Parry Enterprises India Limited | - | (24) | - | (16) | - | - |
| i. Parry Group Staff Provident Fund | - | - | 102 | - | - | - |
| **Guarantees given** | | | | | | |
| a. Parry Sugars Refinery India Private Limited | 30,000 | - | - | 36,000 | - | - |
| b. Alimtec S.A. | 912 | - | - | 908 | - | - |
| c. U.S. Nutraceuticals LLC | 1,303 | - | - | - | - | - |
| For remuneration to KMP refer Note 40.1 | | | | | | |

₹ in Lakh

| | Particulars | 2017-18 | 2016-17 |
|---|---|---|---|
| 52 | Estimated amount of contracts remaining to be executed on capital account and not provided for net of advances | 205 | 373 |
| 53 | Other monies for which the Company is contingently liable | | |
| | (a) Letters of Credit and Bank Guarantees established for Purchases of Raw Materials, Spares and Capital Goods / Supply of Goods | 684 | 1,482 |
| | (b) Disputed Income Tax demands which are under various stages of appeal (out of which ₹ 2,415 Lakh (2017 - ₹ 1,730 lakh) have been paid under protest). (Refer note 53.3) | 5,665 | 4,942 |
| | (c) Disputed Indirect Taxes demands (out of which ₹ 250.30 lakh (2017 - ₹ 252 lakh) have been deposited under protest). (Refer note 53.3) | 6,306 | 5,722 |
| | (d) Cane price (Refer Note 53.1) | 2,613 | 19,887 |
| | (e) Certain Industrial Disputes are pending before Tribunal / High Courts. The liability of the Company in respect of these disputes depends upon the final outcome of such cases and the quantum of which is not currently ascertainable. | | |
| | (f) Corporate Guarantee / Letter of Credit given in favour of Subsidiaries. | 32,215 | 36,908 |

53.1 The Tamilnadu Government declared State Advisory Price (SAP) for the sugar year 2013-14,2014-15 and 2015-16. The Company has challenged the right of State Government to declare the SAP in the Hon'ble High Court of Madras. The matter is subjudice.

53.2 Future cash outflows in respect of the above referred matters are determinable only on receipt of judgements / decisions pending at various forums / authorities

53.3 The Income Tax Department/Commercial Tax Department/Central Excise and Service Tax and GST Authority has filed appeal against the favorable order passed by lower forum in favor of the Company in appropriate appellate forum to the extent of ₹ 2,165 lakh. It is expected that there will not be any outflow of economic resources embodying economic benefits. Hence, no provision is considered necessary against the same.

## 54 DISCLOSURE ON SPECIFIED BANK NOTES

₹ in lakh

| Particulars | SBNs | Other Notes | Total |
|---|---|---|---|
| Closing cash on hand as on November 08, 2016 | 5 | 1 | 6 |
| (+) Permitted receipts | 1 | 65 | 66 |
| (-) Permitted payments | 1 | 24 | 25 |
| (-) Amount deposited in Banks | 5 | 9 | 14 |
| Closing cash on hand as on December 30, 2016 | - | 33 | 33 |

55 The figures for the previous year have been reclassified / regrouped wherever necessary for better understanding and comparability

**56 Approval of financial statements**

The financial statements were reviewed and recommended by the Audit Committee and has been approved by the Board of Directors in their meeting held on May 09, 2018

In terms of our report attached

For and on behalf of the Board of Directors

**For Price Waterhouse Chartered accountants LLP**
Firm Registration Number: 012754N/N500016
Chartered Accountants

**S. Suresh**
Managing Director

**V.Ravichandran**
Chairman

**Subramanian Vivek**
Partner
Membership No :100332

**G Jalaja**
Company Secretary

**V Suri**
Chief Financial Officer

**Chennai**
May 09, 2018

**Chennai**
May 09, 2018

# CONSOLIDATED FINANCIAL STATEMENTS

# INDEPENDENT AUDITORS' REPORT

**TO THE MEMBERS OF E.I.D. PARRY (INDIA) LIMITED**

**Report on the Consolidated Indian Accounting Standards (Ind AS) Financial Statements**

1. We have audited the accompanying consolidated Ind AS financial statements of E.I.D. Parry (India) Limited ("hereinafter referred to as the Holding Company") and its subsidiaries (the holding Company and its subsidiaries together herein referred to as the " Group"), its joint ventures and associate companies; (refer Note 52 to the attached consolidated Ind AS financial statements), comprising of the consolidated Balance Sheet as at March 31, 2018, the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Cash Flow Statement for the year then ended, the Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as "the Consolidated Ind AS Financial Statements").

**Management's Responsibility for the Consolidated Ind AS Financial Statements**

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated cash flows and changes in equity of the Group including its joint ventures and associate companies in accordance with accounting principles generally accepted in India including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. The respective Board of Directors of the companies included in the Group, its joint ventures and associate companies are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group, its joint ventures and associate companies respectively and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which has been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

**Auditors' Responsibility**

3. Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.

4. We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

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

6. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 8 of the Other Matters paragraph below, other than the unaudited financial statements/financial information as certified by the management and referred to in sub-paragraph 9 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

**Opinion**

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group, its joint ventures and associate companies as at March 31, 2018 and

their consolidated total comprehensive income (comprising of consolidated profit and consolidated other comprehensive income), their consolidated cash flows and consolidated changes in equity for the year ended on that date.

**Other Matters**

8. We did not audit the financial statements/financial information of Eight subsidiaries, whose financial statements/financial information reflect total assets of ₹ 993,687 Lakhs and net assets of ₹ 326,550 Lakhs as at March 31, 2018, total revenue of ₹ 1,121,501 Lakhs, total comprehensive income (comprising of profit and other comprehensive income) of ₹ 49,811 Lakhs and net cash flows amounting to ₹ 29,513 Lakhs for the year ended on that date, as considered in the consolidated Ind AS financial statements. These financial statements/ financial information have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the consolidated Ind AS financial statements insofar as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act insofar as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

9. We did not audit the financial statements/financial information of a subsidiary, whose financial statements/financial information reflect total assets of ₹ 28 Lakhs and net assets of ₹ 6 Lakhs as at March 31, 2018, total revenue of ₹ Nil, total comprehensive income (comprising of loss and other comprehensive income) of ₹ 12 Lakhs and net cash flows amounting to ₹ 18 Lakhs for the year ended on that date, as considered in the consolidated Ind AS financial statements. The consolidated Ind AS financial statements also include the Group's share of total comprehensive income (comprising of profit and other comprehensive income) of ₹ Nil for the year ended March 31, 2018 as considered in the consolidated Ind AS financial statements, in respect of a joint venture whose financial information have not been audited by us. These financial statements/financial information are unaudited and have been furnished to us by the Management, and our opinion on the consolidated Ind AS financial statements insofar as it relates to the amounts and disclosures included in respect of this subsidiary and joint venture and our report in terms of sub-section (3) of Section 143 of the Act insofar as it relates to the aforesaid subsidiary and joint venture, is based solely on such unaudited financial statements/financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements/financial information are not material to the Group.

10. The financial statement/financial information of three subsidiaries located outside India, included in the consolidated financial statements, which constitute total assets of ₹ 17,036 Lakhs and net assets of ₹ 11,190 Lakhs as at March 31, 2018, total revenue of ₹ 22,343 Lakhs, total comprehensive income (comprising of profit and other comprehensive income) of ₹ 414 Lakhs and net cash outflows amounting to ₹ 6 Lakhs for the year then ended have been prepared in accordance with accounting principles generally accepted in their respective countries and have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements/financial information of such subsidiaries located outside India from the accounting principles generally accepted in their respective countries to the accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the Management of the Company and audited by us.

    Our opinion on the consolidated Ind AS financial statements 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 statement/financial information certified by the Management.

11. Further, the auditor's report on the financial statements of Coromandel International Limited which is audited by other auditor include the following comments:

    "We did not audit the financial statements/ financial information of nine subsidiaries, whose financial statements/ financial information reflect total assets of ₹ 8,652 lakhs as at 31 March, 2018, total revenues of ₹ 872 lakhs and net cash (outflows) amounting to ₹ 138 lakhs for the year ended on that date, as considered in the consolidated Ind AS financial statements. The consolidated Ind AS financial statements also include the Group's share of net profit of ₹ 218 lakhs for the year ended 31 March, 2018, as considered in the consolidated Ind AS financial statements, in respect of one joint venture, whose financial statements / financial information have not been audited by us. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and one joint venture, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and joint venture is based solely on the reports of the other auditors.

    Six 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 Company'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 Company'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 Company and audited by us.

We did not audit the financial statements / financial information of one subsidiary, whose financial statements/ financial information reflect total assets of ₹ Nil as at 31 March, 2018, total revenues of ₹ Nil and net cash (outflows) amounting to ₹ 0.22 lakhs for the year ended on that date, as considered in the consolidated Ind AS financial statements. The consolidated Ind AS financial statements also include the Group's share of net loss of ₹ 1.28 lakhs for the year ended 31 March, 2018, as considered in the consolidated Ind AS financial statements, in respect of an associate, whose financial statements / financial information have not been audited by us. These financial statements / financial information are unaudited and have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary and joint venture, is based solely on such unaudited financial statements / financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements/ financial information are not material to the Group.

Our opinion on the consolidated Ind AS financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management".

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

12. The consolidated Ind AS financial statements of the Company for the year ended March 31, 2017, were audited by another firm of chartered accountants under the Companies Act, 2013 who, vide their report dated May 18, 2017, expressed an unmodified opinion on those financial statements. Our opinion is not qualified in respect of this matter.

**Report on Other Legal and Regulatory Requirements**

13. As required by Section 143 (3) of the Act, we report, to the extent applicable, that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.

(b) In our opinion, proper books of account as required by law have been kept by the Holding Company, its subsidiaries included in the Group, and its joint ventures incorporated in India including relevant records relating to preparation of the aforesaid consolidated Ind AS financial statements so far as it appears from our examination of those books and records of the Holding Company and the reports of the other auditors.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), 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 by the Holding Company, its subsidiaries included in the Group and its joint ventures incorporated in India including relevant records relating to the preparation of the consolidated Ind AS financial statements.

(d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2018 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, and its joint ventures incorporated in India, none of the directors of the Group companies, its joint ventures incorporated in India and associate companies is disqualified as on March 31, 2018 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 with reference to financial statements of the Holding Company, its subsidiary companies and its joint ventures incorporated in India and the operating effectiveness of such controls, refer to our separate Report in Annexure A.

(g) With respect to the other matters to be included in the Auditors' 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 consolidated Ind AS financial statements disclose the impact of pending litigations as at March 31, 2018 on the consolidated financial position of the Group, its joint ventures and associate companies – Refer Note 51 to the consolidated Ind AS financial statements.

   ii. The Group, its joint ventures and associate companies had long term contracts including derivative contracts as at March 31, 2018 for which there were no 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 Holding Company and its subsidiary companies and joint ventures incorporated in India during the year ended March 31, 2018.

iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Holding Company and its subsidiary companies and joint ventures incorporated in India for the year ended March 31, 2018.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016
Chartered Accountants

**Subramanian Vivek**
Partner
Membership No. 100332

Place: Chennai
Date: May 09, 2018

# ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 13 [f] of the Independent Auditors' Report of even date to the members of E.I.D. Parry (India) Limited on the Consolidated Ind AS Financial Statements for the year ended March 31, 2018.

**Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act**

1. In conjunction with our audit of the consolidated Ind AS Financial Statements of the Company as of and for the year ended March 31, 2018, we have audited the internal financial controls with reference to financial statements of E.I.D. Parry (India) Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies and its joint ventures, which are companies incorporated in India, as of that date.

**Management's Responsibility for Internal Financial Controls**

2. The respective Board of Directors of the Holding Company, its subsidiary companies and its joint ventures, to whom reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls with reference to financial statements is applicable, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on 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 (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 Act.

**Auditor's Responsibility**

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements 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 ICAI and the Standards on Auditing 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 ICAI. 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 with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements , 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.

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors 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 Company's internal financial controls system with reference to financial statements.

**Meaning of Internal Financial Controls with reference to financial statements**

6. A company's internal financial control with reference to financial statements 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 with reference to financial statements 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 with reference to financial statements**

7. Because of the inherent limitations of internal financial controls with reference to financial statements , 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 with reference to financial statements to future periods are subject

to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

8. In our opinion, the Holding Company, its subsidiary companies and its joint ventures, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2018, 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.

**Other Matters**

9. Further, the auditor's report on internal financial controls with reference to financial statements under Section 143(3)(i) of the Companies Act, 2013, audited by other auditors include the following comments :

   "Our aforesaid reports 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 nine subsidiary companies, and one jointly controlled company, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India. Our opinion is not qualified in respect of this matter"

10. Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements insofar as it relates to five subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India. Our opinion is not qualified in respect of this matter.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016
Chartered Accountants

Place: Chennai
Date: May 09, 2018

**Subramanian Vivek**
Partner
Membership No. 100332

## CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2018

₹ in Lakh

| S.No | Particulars | Note No. | As at March 31, 2018 | As at April 01, 2017 |
|---|---|---|---|---|
| A | **ASSETS** | | | |
| | **Non-Current Assets** | | | |
| | (a) Property, plant and equipment | 2 | 3,11,412 | 3,21,047 |
| | (b) Capital Work in Progress | 2 | 4,350 | 3,033 |
| | (c) Investment Property | 3 | 2,508 | 2,574 |
| | (d) Goodwill | 4 | 2,502 | 2,502 |
| | (e) Other Intangible Assets | 5 | 3,233 | 3,534 |
| | (f) Intangible assets under Development | | 1,062 | 825 |
| | (g) Financial Assets | | | |
| | (i) Investments | | | |
| | a) Investments in associate | 6A | 873 | 817 |
| | b) Investments in Joint ventures | 6B | 1,620 | 1,680 |
| | c) Other Investments | 6C | 36,457 | 45,058 |
| | (ii) Loans | | 2,000 | - |
| | (iii) Other financial assets | 9 | 441 | 419 |
| | (h) Deferred Tax Assets | 34 | 7,115 | 6,752 |
| | (i) Other Non Current Assets | 10 | 12,337 | 8,915 |
| | **Total non-current assets** | | **3,85,910** | **3,97,156** |
| | **Current Assets** | | | |
| | (a) Inventories | 11 | 4,09,588 | 3,57,201 |
| | (b) Financial Assets | | | |
| | (i) Other investments | 6C | 4,074 | 9,370 |
| | (ii) Trade Receivables | 7 | 1,82,883 | 1,85,022 |
| | (iii) Cash and Cash Equivalents | 12 | 54,538 | 23,145 |
| | (iv) Bank balances other than (iii) above | 13 | 11,831 | 2,571 |
| | (v) Loans | 8 | 40,777 | 52,225 |
| | (vi) Government subsidies receivable | | 2,62,686 | 2,55,703 |
| | (vii) Other Financial assets | 9 | 12,067 | 21,501 |
| | (c) Current tax assets (Net) | 15 | 7,094 | 5,276 |
| | (d) Other Current Assets | 10 | 88,434 | 33,369 |
| | | | **10,73,972** | **9,45,383** |
| | Assets classified as held for sale | 14 | **-** | 590 |
| | **Total current assets** | | **10,73,972** | **9,45,973** |
| | **TOTAL ASSETS** | | **14,59,882** | **13,43,129** |
| | | | | |
| B | **EQUITY AND LIABILITIES** | | | |
| | **Equity** | | | |
| | (a) Equity Share Capital | 16 | 1,770 | 1,759 |
| | (b) Other Equity | 17 | 2,95,224 | 2,73,272 |
| | **Equity attributable to the owners of the Company** | | **2,96,994** | **2,75,031** |
| | Non controlling interest | 18 | **1,26,648** | **1,13,769** |
| | **Total equity** | | **4,23,642** | **3,88,800** |
| | **Liabilities** | | | |
| | **Non-Current Liabilities** | | | |
| | (a) Financial Liabilities | | | |
| | i. Borrowings | 19 | 40,997 | 84,265 |
| | ii. Other financial Liabilities | 22 | - | 4 |
| | (b) Provision | 24 | 2,203 | 1,932 |
| | (c) Deferred Tax Liabilities (Net) | 34 | 12,908 | 15,441 |
| | (d) Other non-current liabilities | 23 | 1,083 | 1,113 |
| | **Total non-current liabilities** | | **57,191** | **1,02,755** |
| | **Current Liabilities** | | | |
| | (a) Financial Liabilities | | | |
| | i. Borrowings | 20 | 3,61,438 | 2,82,959 |
| | ii. Trade Payables | 21 | 4,64,198 | 4,20,445 |
| | iii. Other financial Liabilities | 22 | 1,37,762 | 1,29,029 |
| | (b) Provisions | 24 | 1,684 | 2,490 |
| | (c) Current tax liability (net) | 15 | 2,196 | 1,762 |
| | (d) Other Current Liabilities | 23 | 11,771 | 14,889 |
| | **Total current liabilities** | | **9,79,049** | **8,51,574** |
| | **Total Liabilities** | | **10,36,240** | **9,54,329** |
| | **TOTAL EQUITY AND LIABILITIES** | | **14,59,882** | **13,43,129** |

The accompanying notes are an integral part of these financial statements

In terms of our report attached

For and on behalf of the Board of Directors

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016
Chartered Accountants

**S Suresh**
Managing Director

**V Ravichandran**
Chairman

**Subramanian Vivek**
Partner
Membership No: 100332

**G Jalaja**
Company Secretary

**V Suri**
Chief Financial Officer

Chennai
May 09, 2018

Chennai
May 09, 2018

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

₹ in Lakh

| S.No | Particulars | Note No. | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|---|---|
| I | Revenues from Operations | 25 | 15,43,758 | 14,66,711 |
| II | Other Income | 26 | 17,341 | 15,859 |
| **III** | **Total Income (I+II)** | | **15,61,099** | **14,82,570** |
| IV | Expenses: | | | |
| | Cost of materials consumed | 27 | 10,24,019 | 8,71,532 |
| | Purchases of Stock-in-Trade | 28 | 1,36,969 | 1,23,937 |
| | Changes in Inventories of finished goods, work-in-progress and stock in trade | 29 | (43,969) | 30,353 |
| | Excise duty on sale of goods | | 6,481 | 27,586 |
| | Employee benefits expense | 30 | 52,970 | 47,628 |
| | Finance costs | 31 | 33,551 | 41,732 |
| | Depreciation and amortisation expense | 32 | 25,130 | 24,804 |
| | Other expenses | 33 | 2,30,409 | 2,23,064 |
| | **Total Expenses (IV)** | | **14,65,560** | **13,90,636** |
| IVa | Share of profit of Associates | | 55 | 97 |
| IVb | Share of profit of Joint Ventures | | (60) | (71) |
| **V** | **Profit before tax and exceptional items (III-IV+IVa+IVb)** | | **95,534** | **91,960** |
| VI | Exceptional items | | (8,719) | - |
| **VII** | **Profit before tax (V+VI)** | | **86,815** | **91,960** |
| **VIII** | **Tax Expense:** | | | |
| | (1) Current Tax | 34 | 38,288 | 27,740 |
| | (2) Deferred Tax | 34 | (3,216) | (6,605) |
| | | | 35,072 | 21,135 |
| **IX** | **Profit for the year (VII - VIII)** | | **51,743** | **70,825** |
| | *Other Comprehensive Income* | | | |
| | A. i) Items that will not be reclassified to profit or loss | | | |
| | a) Remeasurements of the defined benefit plans | | (552) | (458) |
| | b) Equity instruments through other comprehensive income | | (10,101) | (11,734) |
| | | | (10,653) | (12,192) |
| | ii) Income tax relating to items that will not be reclassified to profit or loss | | 422 | (1,736) |
| | B. i) Items that will be reclassified to profit or loss | | | |
| | a) Effective portion of gains and loss on designated portion of hedging instruments in a cash flow hedge | | (203) | 247 |
| | b) exchange differences in translating the financial statements of foreign operations | | 38 | (356) |
| | ii) Income tax relating to items that will be reclassified to profit or loss | | (70) | 85 |
| **X** | **Total other comprehensive income (A(i-ii)+B(i-ii))** | | **(11,170)** | **(10,650)** |
| **XI** | **Total Comprehensive Income (IX+X)** | | **40,573** | **60,175** |
| | Profit for the year attributable to: | | | |
| | - Owners of the Company | | 25,582 | 52,081 |
| | - Non-controlling interests | | 26,161 | 18,744 |
| | Other comprehensive income for the year: | | | |
| | - Owners of the Company | | (4,372) | (7,364) |
| | - Non-controlling interests | | (6,798) | (3,286) |
| | Total comprehensive income for the year: | | | |
| | - Owners of the Company | | 21,210 | 44,717 |
| | - Non-controlling interests | | 19,363 | 15,458 |
| **XII** | **Earnings Per Equity Share (Nominal value per share ₹ 1)** | | | |
| | (a) Basic | 43 | 14.46 | 29.44 |
| | (b) Diluted | 43 | 14.36 | 29.41 |

The accompanying notes are an integral part of these financial statements

In terms of our report attached

For and on behalf of the Board of Directors

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016
Chartered Accountants

**S. Suresh**
Managing Director

**V Ravichandran**
Chairman

**Subramanian Vivek**
Partner
Membership No: 100332
Chennai
May 9, 2018

**G Jalaja**
Company Secretary

Chennai
May 9, 2018

**V Suri**
Chief Financial Officer

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018
(in Indian Rupees Lakhs, unless otherwise stated)

| Particulars | Share Capital | Reserves and Surplus | | | | | | | | | | | | | | Items of other comprehensive income | | | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Share Capital Suspense | Capital redemption reserve | Capital Reserve on amalgamation | Capital Reserve on consolidation | Securities premium | Debenture Redemption reserve | Capital Reserve | Foreign currency translation reserve | Central Subsidy | General reserve | ESOP Reserve | Statutory Reserve | Retained earnings | | Equity Instruments through Other comprehensive Income | Effective portion of cash flow hedges | Actuarial Gain / (Loss) | |
| **Balance at March 31, 2016** | 1,758 | 11 | 4,888 | 688 | 6,226 | 43,232 | 5,000 | 5,932 | 4,584 | 7 | 1,92,264 | 73 | 24 | (38,126) | | 12,279 | (19) | (88) | 2,38,733 |
| **2016-17** | | | | | | | | | | | | | | | | | | | |
| Profit for the year | - | - | - | - | - | - | - | - | - | - | - | - | - | 52,081 | | - | - | - | 52,081 |
| On issue of shares | 1 | - | - | - | - | 162 | - | - | - | - | - | - | - | - | | - | - | - | 163 |
| Other comprehensive income for the year, net of income tax | - | - | - | - | - | - | - | - | (180) | - | - | - | - | - | | (7,125) | 162 | (221) | (7,364) |
| Movement on account of reduction in control percentage without loss of control | - | - | (1) | - | - | (7) | - | - | (225) | - | (119) | - | - | (46) | | (4) | - | - | (402) |
| Amount transferred within Reserves | - | - | - | - | - | - | (1,917) | - | - | - | - | - | 2 | 1,915 | | - | - | - | - |
| Recognition of share based payments | - | - | - | - | - | - | - | - | - | - | - | 124 | - | - | | - | - | - | 124 |
| Payment of dividends | - | - | - | - | - | - | - | - | - | - | - | - | - | (8,471) | | - | - | - | (8,471) |
| Other movements during the year | - | - | - | - | - | - | - | - | - | - | - | - | - | 167 | | - | - | - | 167 |
| **Balance at March 31, 2017** | **1,759** | **11** | **4,887** | **688** | **6,226** | **43,387** | **3,083** | **5,932** | **4,179** | **7** | **1,92,145** | **197** | **26** | **7,520** | | **5,150** | **143** | **(309)** | **2,75,031** |
| **2017-18** | | | | | | | | | | | | | | | | | | | |
| Profit for the year | - | - | - | - | - | - | - | - | - | - | - | - | - | 25,582 | | - | - | - | 25,582 |
| On issue of shares | 11 | (11) | - | - | - | 1,196 | - | - | - | - | - | - | - | - | | - | - | - | 1,196 |
| Other comprehensive income for the year, net of income tax | - | - | - | - | - | - | - | - | 60 | - | - | - | - | - | | (4,030) | (133) | (267) | (4,370) |
| Movement on account of reduction in control percentage without loss of control | - | - | (1) | - | - | (16) | - | (1) | (8) | - | (301) | - | - | (105) | | 2 | - | - | (430) |
| Amount transferred within Reserves | - | - | - | - | - | - | 833 | - | - | - | 18,200 | (23) | 2 | (19,012) | | - | - | - | - |
| Recognition of share based payments | - | - | - | - | - | - | - | - | - | - | - | 554 | - | - | | - | - | - | 554 |

| Particulars | Share Capital | Reserves and Surplus | | | | | | | | | | | | | Items of other comprehensive income | | | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Share Capital Suspense | Capital redemption reserve | Capital Reserve on amalgamation | Capital Reserve on consolidation | Securities premium | Debenture Redemption reserve | Capital Reserve | Foreign currency translation reserve | Central Subsidy | General reserve | ESOP Reserve | Statutory Reserve | Retained earnings | Equity Instruments through Other comprehensive Income | Effective portion of cash flow hedges | Actuarial Gain / (Loss) | |
| On account of increase in shareholding in subsidiary | - | - | - | - | - | - | - | - | - | - | - | - | | (464) | - | - | - | (464) |
| Other movements during the year | - | - | - | - | - | - | - | - | - | - | - | - | | (105) | - | - | - | (105) |
| **Balance at March 31, 2018** | **1,770** | **-** | **4,886** | **688** | **6,226** | **44,567** | **3,916** | **5,931** | **4,231** | **7** | **2,10,044** | **728** | **28** | **13,416** | **1,122** | **10** | **(576)** | **2,96,994** |

The accompanying notes are an integral part of these financial statements

In terms of our report attached

For and on behalf of the Board of Directors

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016
Chartered Accountants

**S Suresh**
Managing Director

**V Ravichandran**
Chairman

**Subramanian Vivek**
Partner
Membership No: 100332

**G Jalaja**
Company Secretary

**V Suri**
Chief Financial Officer

Chennai
May 9, 2018

Chennai
May 9, 2018

# CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

₹ in Lakh

| Particulars | For the Year ended March 31, 2018 | | For the Year ended March 31, 2017 | |
|---|---|---|---|---|
| **A. Cash flow from operating activities** | | | | |
| **Profit before tax** | | 86,815 | | 91,960 |
| **Adjustments for :** | | | | |
| Depreciation and Amortisation | 25,130 | | 24,804 | |
| Finance costs | 33,551 | | 41,732 | |
| Dividend Income | (901) | | (546) | |
| Loss/(Profit) on sale of investment property, fixed assets & asset scrapped (net) | 178 | | (411) | |
| Net (Gain)/Loss arising on FVTPL Transaction | (1,253) | | (873) | |
| Interest Income | (5,692) | | (5,230) | |
| Liabilities/ Provisions no longer required written back | (2,726) | | (1,251) | |
| Bad debts written off and provision for doubtful debts | 3,185 | | 4,079 | |
| Net unrealised exchange loss/(gain) | 8,576 | | (2,539) | |
| Net unrealised (Gain)/Loss arising on derivatives at FVTPL | (3,995) | | 2,575 | |
| Earnings on equity method | 5 | | (26) | |
| Provision for employee benefits | (52) | | 83 | |
| Others | 111 | | 511 | |
| | | **56,117** | | **62,908** |
| **Operating profit before working capital changes** | | **1,42,932** | | **1,54,868** |
| **Changes in working capital** | | | | |
| Adjustments for increase/(decrease) in | | | | |
| Trade Receivables | (1,572) | | 15,257 | |
| Government subsidies receivable | (6,983) | | (18,997) | |
| Inventories | (52,387) | | 45,028 | |
| Bank balances considered as other than cash and cash equivalent | 2,562 | | 5,230 | |
| Other Assets | (55,637) | | 3,591 | |
| Other Financial Assets | 7,184 | | 7,494 | |
| Trade Payable | 36,020 | | 6,530 | |
| Other Liabilities | (13,793) | | (837) | |
| Other Financial Liabilities | 5,480 | | 9,523 | |
| | | **(79,126)** | | **72,819** |
| Cash generated from operations | | **63,806** | | **2,27,687** |
| Direct taxes paid net of refund | | **(36,547)** | | **(30,804)** |
| **Net cash flow from operating activities** | | **27,259** | | **1,96,883** |
| | | | | |
| **B. Cash flow from investing activities** | | | | |
| Purchase of fixed assets including capital advances | (19,165) | | (15,526) | |
| Proceeds from sale of fixed assets | 1,421 | | 2,575 | |
| Amount transferred from Escrow account | - | | 122 | |

# CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

₹ in Lakh

| Particulars | For the Year ended March 31, 2018 | | For the Year ended March 31, 2017 | |
|---|---|---|---|---|
| Inter-corporate deposits/ loans given | (42,052) | | (52,225) | |
| Inter-corporate deposits matured/ loans received | 51,500 | | 48,000 | |
| Sale/ (Purchase) of investments (net) | 1,950 | | (3,240) | |
| Investments in subsidiaries/joint ventures | (750) | | (400) | |
| Investment income | - | | 561 | |
| Interest received | 6,143 | | 4,768 | |
| Dividend income received | 901 | | 545 | |
| **Net cash flow (used in) investing activities** | | **(52)** | | **(14,820)** |
| **C. Cash flow from financing activities** | | | | |
| Proceeds from issue of equity shares | 1,739 | | 240 | - |
| Proceeds from long term borrowings | 1,046 | | 20,663 | |
| Repayment of long term borrowings | (25,105) | | (65,768) | |
| Net increase / (Decrease) in working capital borrowing | 72,731 | | (82,569) | |
| Finance costs | (32,267) | | (42,785) | |
| Dividends paid Including Dividend Tax | (13,960) | | (13,946) | |
| **Net cash flow from / (used in) financing activities** | | **4,184** | | **(1,84,165)** |
| | | | | |
| **Net (decrease) / increase in cash and cash equivalents (A+B+C)** | | **31,391** | | **(2,102)** |
| **Reconciliation** | | | | |
| Cash and cash equivalents at beginning of the year | | 23,145 | | 25,248 |
| Exchange gain/(loss) on cash and cash equivalents | | 2 | | (1) |
| Cash and cash equivalents as at 31st, March 2018 | | **54,538** | | **23,145** |
| **Net (decrease) / increase in cash and cash equivalents** | | **31,391** | | **(2,102)** |

The accompanying notes are an integral part of these financial statements

**Disclosure of non cash transactions( Refer note below)**

₹ in Lakh

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| **i. Barter Transaction** | **-** | **1,160** |

In terms of our report attached

For and on behalf of the Board

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016
Chartered Accountants

**S Suresh**
Managing Director

**V Ravichandran**
Chairman

**Subramanian Vivek**
Partner
Membership No: 100332
Chennai
May 9, 2018

**G Jalaja**
Company Secretary

**V Suri**
Chief Financial Officer

Chennai
May 9, 2018

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

**Corporate information**

E.I.D. Parry is a significant player in Sugar with interests in promising areas of Bio Pesticides and Nutraceuticals. The company also has a significant presence in Farm Inputs business through its subsidiary, Coromandel International Limited.

E.I.D Parry together with its subsidiaries has nine sugar factories having a capacity to crush 45,800 Tonnes of Cane per day, generate 160 MW of power and four distilleries having a capacity of 234 KLPD. In the Bio Pesticides business, the Company offers a unique neem extract, Azadirachtin, having a good demand in the developed countries' bio pesticide markets. In the Nutraceuticals business, it holds a strong position in the growing wellness segment mainly catering to the world markets with its organic products.

## SIGNIFICANT ACCOUNTING POLICIES

**1.1 Statement of Compliance**

The financial statements have been prepared in accordance with Ind ASs notified under Sec 133 of the Companies Act, 2013[Companies (Indian Accounting Standards) Rules, 2015] & other relevant provisions of the Act.

**Standards issued but not yet effective**

The Ministry of Corporate Affairs (MCA) notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 (the 'Rules') on March 28, 2018. The rules notify the new revenue standard Ind AS 115, Revenue from contracts with customers and also bring in amendments to existing Ind AS. The rules shall be effective from reporting periods beginning on or after April 1, 2018 and cannot be early adopted. Accordingly, the Group shall be adopting the said rules from April 1, 2018.

**A. New standards issued**

**1. Ind AS 115, Revenue from contracts with customers**

**Nature of change :**

Ind AS 115, Revenue from contracts with customers deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a promised good or service and thus has the ability to direct the use and obtain the benefits from the good or service in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The standard replaces Ind AS 18 Revenue and Ind AS 11 Construction contracts and related appendices. A new five-step process must be applied before revenue can be recognised:

1. identify contracts with customers
2. identify the separate performance obligation
3. determine the transaction price of the contract
4. allocate the transaction price to each of the separate performance obligations, and
5. recognise the revenue as each performance obligation is satisfied. The new standard is mandatory for financial years commencing on or after April 1, 2018 and early application is not permitted. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

**Impact:**

The Group is in the process of assessing the detailed impact of Ind AS 115. Presently, the Group is not able to reasonably estimate the impact that application of Ind AS 115 is expected to have on its financial statements.

**B. Amendments to existing standards**

**1. Appendix B to Ind AS 21 Foreign currency transactions and advance consideration**

**Nature of change :**

The MCA has notified Appendix B to Ind AS 21, Foreign currency transactions and advance consideration. The appendix clarifies how to determine the date of transaction for the exchange rate to be used on initial recognition of a related asset, expense or income where an entity pays or receives consideration in advance for foreign currency-denominated contracts. For a single payment or receipt, the date of the transaction should be the date on which the entity initially recognises the non-monetary asset or liability arising from the advance consideration (the prepayment or deferred income/contract liability). If there are multiple payments or receipts for one item, date of transaction should be determined as above for each payment or receipt. The appendix can be applied:

- retrospectively for each period presented applying Ind AS 8;
- prospectively to items in scope of the appendix that are initially recognised on or after the beginning of the reporting period in which the appendix is first applied (i.e. April 1, 2018 for entities with March year-end); or from the beginning of a prior reporting period presented as comparative information (i.e. April 1, 2017 for entities with March year-end).

**Impact:**

The Group is in the process of assessing the detailed impact of Appendix B to Ind AS 21.

**2. Amendments to Ind AS 40 Investment property - Transfers of investment property**

**Nature of change :**

The amendments clarify that transfers to, or from, investment property can only be made if there has been a change in use that is supported by evidence. A change in use occurs when the property meets, or

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

ceases to meet, the definition of investment property. A change in intention alone is not sufficient to support a transfer. The list of evidence for a change of use in the standard was re-characterised as a nonexhaustive list of examples and scope of these examples have been expanded to include assets under construction/development and not only transfer of completed properties. The amendment provides two transition options. Entities can choose to apply the amendment:

- Retrospectively without the use of hindsight; or
- Prospectively to changes in use that occur on or after the date of initial application (i.e. April 01, 2018 for entities with March year-end). At that date, an entity shall reassess the classification of properties held at that date and, if applicable, reclassify properties to reflect the conditions that exist as at that date.

**Impact:**

The Group is in the process of assessing the detailed impact of the amendments made to Ind AS 40.

**3. Amendments to Ind AS 12 Income taxes regarding recognition of deferred tax assets on unrealised losses**

**Nature of change :**

The amendments clarify the accounting for deferred taxes where an asset is measured at fair value and that fair value is below the asset's tax base. They also clarify certain other aspects of accounting for deferred tax assets set out below:

A temporary difference exists whenever the carrying amount of an asset is less than its tax base at the end of the reporting period. The estimate of future taxable profit may include the recovery of some of an entity's assets for more than its carrying amount if it is probable that the entity will achieve this. For example, when a fixed-rate debt instrument is measured at fair value, however, the entity expects to hold and collect the contractual cash flows and it is probable that the asset will be recovered for more than its carrying amount. Where the tax law restricts the source of taxable profits against which particular types of deferred tax assets can be recovered, the recoverability of the deferred tax assets can only be assessed in combination with other deferred tax assets of the same type. Tax deductions resulting from the reversal of deferred tax assets are excluded from the estimated future taxable profit that is used to evaluate the recoverability of those assets. This is to avoid double counting the deductible temporary differences in such assessment. An entity shall apply the amendments to Ind AS 12 retrospectively in accordance with Ind AS 8. However, on initial application of the amendment, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity.

**Impact:**

The Group is in the process of assessing the detailed impact of the amendments made to Ind AS 12.

**1.2 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, defined benefit plan - plan assets measured at fair value & share based payments as explained in the accounting policies below.
Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

**1.3 Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Group and entities controlled by the Group and its subsidiaries. Control is achieved when the Group:

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

- 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 Group 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 Group 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 Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group 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 Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Group 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.

#### 1.3.1 Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Group.

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.

### 1.4 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.

### 1.5 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.

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised directly in equity as capital reserve in the period in which the investment is acquired.

After application of the equity method of accounting, the Group determines whether there is any objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the net investment in an associate or a joint venture and that event (or events) has an impact on the estimated future cash flows from the net investment that can be reliably estimated. If there exists such an objective evidence of impairment, then it is necessary to recognise impairment loss with respect to the Group's investment in an associate or a joint venture.

When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with Ind AS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with Ind AS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the 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.

### 1.6 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates , VAT, GST, amounts collected on behalf of third parties and other similar allowances.

**i. Sale of goods**

Revenue from the sale of goods is recognised net of returns and discount when the goods are despatched and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

In barter transactions, revenue is recognised at fair value of the goods given up when the goods are despatched.

Revenue is also recognised on sale of goods in case where the delivery is kept pending at the instance of the customer, the risk and rewards are transferred and customer takes title and accepts billing as per usual payment terms.

**ii. Rendering of services**

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. The stage of completion of the contract is determined based on the agreements/ arrangements with the concerned parties and when services are rendered.

**iii. Dividend and interest income**

a). Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

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.

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

**iv. 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.

**v. Export Incentives**
Export incentives are treated as income in the year of export at the estimated realisable value.

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

### 1.7 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

**Group as Lessee**
The Group's significant leasing arrangements are in respect of operating leases for premises that are cancellable in nature. The lease rentals under such agreements are recognised in the Statement of Profit and Loss as per the terms of the lease.

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease and based on the time pattern of user benefit basis. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

**Group as Lessor**
The Group's significant leasing arrangements are in respect of operating leases for premises that are cancellable in nature. The lease rentals under such agreements are recognised in the Statement of Profit and Loss as per the terms of the lease.

Rental income from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the Group's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

### 1.8 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.

### 1.9 Foreign Currency Transactions

In preparing the financial statements of the Group, 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 foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

- Exchange differences on transactions entered into in order to hedge certain foreign currency risks (see note 1.25 below for hedging accounting policies); and

- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

### 1.10 Borrowings and related costs

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gains/(losses).

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

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.

### 1.11 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the balance sheet and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

In respect of government loans at below-market rate of interest existing on the date of transition, the Group has availed the optional exemption under Ind AS 101 - First Time Adoption and has not recognised the corresponding benefit of the government loan at below-market interest rate as Government grant.

### 1.12 Employee Benefits

**(a) Retirement benefit costs and termination benefits**

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

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.

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 Group presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'.
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.

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.

Curtailment gains and losses are accounted for as past service costs. The retirement benefit obligation recognised in the balance

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

sheet represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

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

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.

The Group makes contributions to Provident Fund Trusts for certain employees, at a specified percentage of the employees' salary. The Group has an obligation to make good the shortfall, if any, between the return from the investments of trust and the notified interest rates

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognizes any related restructuring costs.

**(b) Short-term and other long-term employee benefits**
A liability is recognised for benefits accruing to employees in respect of wages and salaries in the period the related service is rendered.

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.

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 Group in respect of services provided by employees up to the reporting date.

### 1.13 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. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 44.

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.

Under the previous GAAP, share based payment costs were accrued on a intrinsic value method. Upon transition to Ind AS, the Group has availed the exemption to apply the fair value to only unvested options.

### 1.14 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.

### 1.15 Taxation

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

**a. Current tax**
The tax currently payable is based on taxable profit for the year. 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 Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

**b. 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. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

**c. 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.

### 1.16 Property, Plant and Equipment

Land and buildings 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. Freehold land is not depreciated.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Group'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 recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. 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 held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

Estimated useful lives of the assets are as follows:

| Asset | Useful lives (in years) |
|---|---|
| Buildings | 10 - 80 years |
| Plant and equipment | 3 - 20 years |
| Vehicles | 4 - 7 years |
| Office equipment, furniture and fixtures | 5 -10 years |

Assets on leased premises are depreciated on the remaining period of lease or as per the useful life prescribed in schedule II of the Companies Act 2013 whichever is earlier. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Assets costing ₹ 5,000 and below are depreciated over a period of one year.

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.

### 1.17 Investment Property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost including transactions costs. Subsequent to initial recognition, investment properties are measured in accordance with Ind AS 16's requirement for cost model. Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. 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.

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Estimated useful lives of the assets are as follows:

| Asset | Useful lives (In yrs) |
|---|---|
| Buildings | 10-60 years |

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

### 1.18 Intangible Assets

**a. Intangible assets acquired separately**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

**b. Internally-generated intangible assets - research and development expenditure**

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

**c. Derecognition of intangible assets**

An intangible asset is derecognised 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 derecognised.

**d. Useful lives of intangible assets**

Estimated useful lives of the intangible assets are as follows:

| Asset | Useful lives (In yrs) |
|---|---|
| Patents, Rights, Trademarks, Product registration, Technical know how, Software, Licenses and Clinical Trial cost. | 3-20 years |

### 1.19 Impairment of Tangible and Intangible Assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

### 1.20 Inventories

Inventories other than by products are stated at the lower of cost and net realizable value. Inventories of by-products are valued at net realisable value. Cost of raw materials and traded goods comprises cost of purchases after deducting rebates and discounts. Cost of work-in-progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Cost of inventories are determined on weighted average basis except in case of raw materials of subsidiary company Coromandel International Limited relating to Nutrient and allied business and Crop protection determined in FIFO basis, in case of subsidiary Parry Sugars Refinery India Private Limited, cost of raw material and finished goods of sugar are determined on the basis of "specific identification method", and in case of Parry America Inc, cost of finished goods are determined on FIFO basis.

### 1.21 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group 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). The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

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.

### 1.22 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.

### 1.23 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised 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.

**a. 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.
- the debt instruments carried at amortised cost include Deposits, Debtors, Loans and advances recoverable in cash.

For the impairment policy on financial assets measured at amortized cost, refer Note 1.23e

Investment in joint ventures and associates are accounted under equity method.

For the impairment policy on investment in associates and joint ventures, refer Note 1.23e

All other financial assets are subsequently measured at fair value.

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

**b. 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.

**c. Investments in equity instruments at FVTOCI**

The Group has elected to carry investment in equity instruments as Fair value through other comprehensive income. 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.

The Group has equity investments which are not held for trading. The Group has elected the FVTOCI irrevocable option for both of these investments (see note 6C). Fair value is determined in the manner described in note 49.9.

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.

**d. Financial assets at fair value through profit or loss (FVTPL)**

The Group carries derivative contracts not designated in a hedge relationship at FVTPL. Financial assets at FVTPL also includes assets held for trading.

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.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re measurement 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.

**e. Impairment of financial assets**

The Group applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, 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.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Group always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Group has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information or case to case basis.

**f. 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

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

**g. 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.

**1.24 Financial liabilities and equity instruments**

**a. Classification as debt or equity**

Debt and equity instruments issued by the Group 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.

**b. 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 Group'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 Group's own equity instruments.

**c. 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.

***c.1. Financial liabilities at FVTPL***

Financial liabilities at FVTPL includes derivative liabilities. Non-derivative 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. There are no non-derivative financial liabilities carried at FVTPL.

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.

Fair value is determined in the manner described in note 49.9.

***c.2. Financial liabilities subsequently measured at amortised 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.

***c.3. 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.

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Financial guarantee contracts issued by a Group entity are initially measured at their fair values and, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109;
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18.

***c.4. 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.

***c.5. 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.

**1.25 Derivative financial instruments & Hedge Accounting**

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, interest rate swaps and cross currency swaps. Further details of derivative financial instruments are disclosed in note 49.9

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.

Some of the Group's commodity derivatives are treated as own use contracts, since they are both entered into, and continue to be held in accordance with the entity's purchase, sale or usage requirements, and the Group takes physical delivery of the commodity concerned. 'Own use' contracts are scoped out from the requirements under Ind AS 109. Hence such contracts have been identified and are not recognized in books. Contracts other than 'own use' contracts i.e. where there is no physical delivery involved are treated as 'held for trading' and marked to market through income statement.

The Group designates certain hedging instruments, which include derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

**Cash Flow Hedge**

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 and are grouped under head of cashflow hedge reseve. The gain or loss relating to the ineffective portion is recognized immediately in the profit or loss, and is included in the 'Other income' line item. 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. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. 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 profit or loss, and is included in Other income.

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 1.26 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Group are segregated based on the available information.

Cash & cash equivalents includes balances in current accounts, cash on hand, cheques, drafts on hand.

### 1.27 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet, where there is a legally enforceable right to offset the recognised amounts and there is intention to settle on net basis or realize the assets and liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the group or the counter party.

### 1.28 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies the directors of the Group 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.

#### (i) Critical accounting judgements

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.

a. Revenue recognition
In making their judgment, the management considered the detailed criteria for the recognition of revenue from the sale of goods set out in Ind AS 18 and, in particular, whether the Group had transferred to the buyer the significant risks and rewards of ownership of the goods.

b. Identifying non financial derivative instruments entered into and continued to be held for receipt or delivery of a non-financial item in accordance with the entity's expected purchase, sale or usage requirements

In making their judgement, the past purchase and sale patterns, business plans are considered and also data from trade desk team are considered to evaluate the contracts that are scoped out.

#### (ii) Key sources of estimation uncertainty

Key assumption 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 are as given below.

**a. Fair value measurement and valuation processes**
Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. 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 Group engages third party qualified valuers to perform the valuation. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in notes 3 and 49.9.

**b. Useful life of Property, Plant & 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.

**c. 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.

**d. Subsidy income**
Subsidy income is recognised on the basis of the rates notified from time to time by the Government of India in accordance with the Nutrient Based Subsidy (NBS) policy on the quantity of fertilizers sold by the Coromandel International Limited, a subsidiary, for the period for which notification has been issued and for the remaining period, based on estimates.

**e. Estimation of net realisable value of inventories**
Inventories are stated at the lower of cost and net realisable value. In estimating the net realisable value of inventories the Group makes an estimate of future selling prices and costs necessary to make the sale.

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

**f. Impairment of Tangible Assets, Intangible Assets and Financial Assets**

The recoverable amounts have been determined based on value in use calculations which users cash flow projections are net realisable value. For further details, refer note 1.19 and 1.23e. Based on the impairment assessment carried out by Management, necessary effect of impairment has been given in the financial statements.

**g. 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.

**h. 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.

### 1.29 Operating Cycle

Based on the nature of products / activities of the Group and the normal time between acquisition of assets and their realization 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.

### 1.30 Contributed equity

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as deduction, net of tax, from the proceeds.

### 1.31 Dividend

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period

### 1.32 Rounding off amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated.

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 2

### PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK-IN-PROGRESS

₹ in Lakh

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| **Carrying amounts of:** | | |
| Freehold land | 33,248 | 33,183 |
| Buildings | 55,206 | 55,811 |
| Road and railway sidings | 2,478 | 2,524 |
| Plant and equipment | 2,16,650 | 2,26,150 |
| Furniture and Fixtures | 2,552 | 2,239 |
| Vehicles | 1,278 | 1,140 |
| | **3,11,412** | **3,21,047** |
| Capital Work-in-progress | 4,350 | 3,033 |
| **Total** | **3,15,762** | **3,24,080** |

| Particulars | Freehold Land | Buildings (Refer note 1 & 2) | Road and Railway Sidings | Plant and Equipment | Furniture & Fixtures and Office Equipment | Vehicles | Total |
|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | |
| Balance at 01-Apr-2016 | 32,078 | 65,221 | 4,826 | 3,28,773 | 9,286 | 3,046 | **4,43,230** |
| Additions | 1,160 | 1,523 | 123 | 14,840 | 733 | 399 | **18,778** |
| Disposals | (50) | (387) | - | (4,133) | (326) | (390) | **(5,286)** |
| Effect of foreign currency exchange differences | (3) | (371) | - | (779) | (9) | (1) | **(1,163)** |
| **Balance at 31-Mar-2017** | **33,185** | **65,986** | **4,949** | **3,38,701** | **9,684** | **3,054** | **4,55,559** |
| Additions | - | 1,839 | 360 | 11,323 | 1,224 | 567 | **15,313** |
| Transfer from investment property | 66 | - | - | - | - | - | **66** |
| Disposals | (19) | (109) | (15) | (4,322) | (347) | (239) | **(5,051)** |
| Effect of foreign currency exchange differences | 19 | 114 | - | 437 | - | 7 | **577** |
| **Balance at 31-Mar-2018** | **33,251** | **67,830** | **5,294** | **3,46,139** | **10,561** | **3,389** | **4,66,464** |

| Particulars | Freehold Land | Buildings | Road and Railway Sidings | Plant and Equipment | Furniture and Fixtures | Vehicles | Total |
|---|---|---|---|---|---|---|---|
| **Accumulated depreciation and impairment** | | | | | | | |
| Balance at 01-Apr-2016 | 1 | 7,791 | 2,049 | 96,147 | 6,831 | 1,799 | **1,14,618** |
| Eliminated on disposals | - | (27) | - | (3,524) | (246) | (272) | **(4,069)** |
| Depreciation expense | 1 | 2,484 | 376 | 20,101 | 875 | 388 | **24,225** |
| Effect of foreign currency exchange differences | - | (73) | - | (173) | (15) | (1) | **(262)** |
| **Balance at 31-Mar-2017** | **2** | **10,175** | **2,425** | **1,12,551** | **7,445** | **1,914** | **1,34,512** |
| Eliminated on disposals | - | (11) | (14) | (3,480) | (338) | (170) | **(4,013)** |
| Depreciation expense | 1 | 2,434 | 405 | 20,079 | 902 | 364 | **24,185** |
| Impairment recognised in statements of profit and loss | - | - | - | 139 | - | - | **139** |
| Effect of foreign currency exchange differences | - | 26 | - | 200 | - | 3 | **229** |
| **Balance at 31-Mar-2018** | **3** | **12,624** | **2,816** | **1,29,489** | **8,009** | **2,111** | **1,55,052** |
| **Carrying amount as on March 31, 2017** | **33,183** | **55,811** | **2,524** | **2,26,150** | **2,239** | **1,140** | **3,21,047** |
| **Carrying amount as on March 31, 2018** | **33,248** | **55,206** | **2,478** | **2,16,650** | **2,552** | **1,278** | **3,11,412** |

**Note:**

1. Details of assets offered as security is provided in Note 19 and 20.
2. Includes building on leasehold land cost: ₹ 612 Lakhs (2017- ₹ 612 Lakhs) and Accumulated Depreciation: ₹ 42 Lakhs (2017- ₹ 28 Lakhs)
3 Capital work in progress primarily represents building, plant and equipment related work.

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 3

₹ in Lakh

| Investment Property | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| **Carrying amounts of:** | | |
| Completed investment properties | 2,508 | 2,574 |
| **Total** | **2,508** | **2,574** |

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| **Cost** | | |
| Balance at beginning of the year | 2,630 | 3,730 |
| Re-classified from /(to) Asset held for sale | 30 | (1,100) |
| Deletions | (2) | - |
| Transfer to Property, Plant & Equipment | (66) | - |
| **Balance at end of year** | **2,592** | **2,630** |

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| **Accumulated depreciation and impairment** | | |
| Balance at beginning of year | 56 | 28 |
| Depreciation expense | 28 | 28 |
| **Balance at end of year** | **84** | **56** |

All of the Group's investment properties are held under freehold interests.

### 3.1 Fair value of the Group's investment properties

The following table gives details of the fair value of the Group's investment properties as at March 31, 2018 and March 31, 2017:

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| i. Land and Buildings in Tamilnadu | 31,051 | 34,371 |

The fair value of the Group's investment properties as at March 31, 2018 and March 31, 2017 have been arrived at on the basis of a valuation carried out by M/s.Value Assessors & Surveyors Private Limited, independent valuers not related to the Group. M/s.Value Assessors & Surveyors Private Limited are registered with the authority which governs the valuers in India, and they have appropriate qualifications and relevant experience in the valuation of properties in the relevant locations. Fair value was derived using the market comparable approach based on recent market/ government guideline prices without any significant adjustments being made to the market observable data.

In estimating the fair value of the properties, current use is considered as the highest and best use.

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 4

₹ in Lakh

| Goodwill | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| **Carrying amounts of:** | | |
| Goodwill | 2,502 | 2,502 |
| **Total** | **2,502** | **2,502** |

| Cost | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| Balance at beginning of the year | 2,502 | 2,525 |
| Effect of foreign currency exchange differences | - | (23) |
| **Balance at end of year** | **2,502** | **2,502** |

As at March 31, 2018 and March 31, 2017, goodwill of ₹ 1,452 lakh, ₹ 1,018 lakh and ₹ 32 lakh relates to the Sugar, Nutraceuticals and Fertiliser segments respectively. Goodwill on each of the segment arose when the businesses were acquired and has been assessed for impairment and based on the assessment no impairment has been considered.

## NOTE 5

### INTANGIBLE ASSETS

₹ in Lakh

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| **Carrying amounts of:** | | |
| Software and Licenses | 111 | 65 |
| Product registrations | 973 | 911 |
| Technical know-how | 134 | 223 |
| Patents | 1,863 | 2,028 |
| Product development | 26 | 26 |
| Other rights | 126 | 281 |
| **Total** | **3,233** | **3,534** |

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

₹ in Lakh

| Cost | Software and Licenses | Product registrations | Technical know-how | Patents | Product development | Other rights | Total |
|---|---|---|---|---|---|---|---|
| Balance at April 1, 2016 | 1,128 | 1,203 | 725 | 2,512 | 94 | 210 | 5,872 |
| Additions | 10 | 494 | - | 532 | - | 158 | 1,194 |
| Disposals | - | - | - | (253) | - | (46) | (299) |
| Effect of foreign currency exchange differences | - | 71 | - | (65) | (2) | (7) | (3) |
| **Balance at March 31, 2017** | **1,138** | **1,768** | **725** | **2,726** | **92** | **315** | **6,764** |
| Additions | 82 | 234 | - | 359 | - | 96 | 771 |
| Disposals | - | - | - | (68) | - | (253) | (321) |
| Effect of foreign currency exchange differences | - | (34) | - | 2 | - | 10 | (22) |
| **Balance at March 31, 2018** | **1,220** | **1,968** | **725** | **3,019** | **92** | **168** | **7192** |

₹ in Lakh

| Accumulated depreciation and impairment | Software and Licenses | Product registrations | Technical know-how | Patents | Product development | Other rights | Total |
|---|---|---|---|---|---|---|---|
| Balance at April 1, 2016 | 1,049 | 604 | 413 | 509 | 64 | 30 | 2,669 |
| Eliminated on disposals | - | - | - | - | - | - | - |
| Amortisation expense | 24 | 224 | 89 | 210 | - | 4 | 551 |
| Effect of foreign currency exchange differences | - | 29 | - | (21) | 2 | - | 10 |
| **Balance at March 31, 2017** | **1,073** | **857** | **502** | **698** | **66** | **34** | **3,230** |
| Eliminated on disposals | - | - | - | (39) | - | - | (39) |
| Amortisation expense | 36 | 154 | 89 | 150 | - | 4 | 433 |
| Impairment recognised in statement of profit and loss | - | - | - | 345 | - | - | 345 |
| Effect of foreign currency exchange differences | - | (16) | - | 2 | - | 4 | (10) |
| **Balance at March 31, 2018** | **1,109** | **995** | **591** | **1,156** | **66** | **42** | **3,959** |
| **Carrying amount as at March 31, 2017** | **65** | **911** | **223** | **2,028** | **26** | **281** | **3,534** |
| **Carrying amount as at March 31, 2018** | **111** | **973** | **134** | **1,863** | **26** | **126** | **3,233** |

### NOTE 6 A

### FINANCIAL ASSETS: INVESTMENTS IN ASSOCIATES

₹ in Lakh

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| **I. Unquoted Investments** | | |
| (a) Investments in Equity Instruments at Cost | | |
| Labelle Botanics LLC | 873 | 817 |
| 320 (2017: 320) Equity shares of PHP$100/- each fully paid-up in Sabero Organics Philippines Asia Inc. - Associate | * | * |
| **Total Investment in Associates** | **873** | **817** |

* Less than ₹ 1 Lakh

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 6B

### INVESTMENTS IN JOINT VENTURES

₹ in Lakh

| Particulars | As at March 31, 2018 | As at April 1, 2017 |
|---|---|---|
| **Unquoted Investments** | | |
| (a) Investments in Equity Instruments at Cost | | |
| 1,30,04,000 (2017: 1,30,04,000) Equity shares of ₹ 10 each, fully paid-up in Yanmar Coromandel Agrisolutions Private Limited | 453 | 725 |
| 50,00,000 (2017: 50,00,000) Ordinary shares of ₹ 10 each, fully paid-up in Coromandel SQM (India) Private Limited | 1,167 | 955 |
| **Total Investments in Joint Venture** | **1,620** | **1,680** |

## NOTE 6C

### OTHER INVESTMENTS

₹ in Lakh

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| **I. Quoted Investments** | | |
| (a) *Investments in Equity Instruments at FVTOCI* | | |
| 100 (2017- 100) shares of ₹ 10 each fully paid up in Travancore Sugars and Chemicals Limited | * | * |
| 82,440(2017- 82,440) shares of ₹ 10 each fully paid up in State Bank of India | 206 | 241 |
| 393(2017-393) shares of ₹ 10 each fully paid up in Cholamandalam Investment and Finance Company Limited | 6 | 4 |
| 50,42,598 (2017 - 50,42,598) shares of ₹ 10 each fully paid up in Coromandel Engineering Company Limited | 2,400 | 1,960 |
| 2,000(2017-2,000) shares of ₹ 1 each fully paid up in Carborundum Universal Limited | 7 | 5 |
| 250,000(2017 - 250,000) shares of ₹ 2 each fully paid up in Metkore Alloys & Industries Ltd | 7 | 8 |
| 300 (2017 - 300) shares of ₹ 10 each fully paid up in Chennai Petroleum Corporation Limited | 1 | 1 |
| (b) Investments in Equity Instruments at FVTPL | | |
| 13,719 (2017: 13,719) Equity shares of ₹ 10 each, fully paid-up in Rama Phosphate Limited | 13 | 12 |
| (c) Other Investments at FVTPL | | |
| Mutual Funds | 4,074 | 9,370 |
| **Total Quoted Investments** | **6,714** | **11,601** |
| **II. Unquoted Investments** | | |
| (a) *Investments in Equity Instruments at FVTOCI* | | |
| 23,600 (2017 - 23,600) shares of ₹ 10 each fully paid up in Kartik Investments Limited | 11 | 4 |
| 42,410 (2017 - 42,410) shares of ₹ 100 each fully paid up in Murugappa Management Services Limited | 154 | 152 |
| 7,27,200 (2017-7,27,200) shares of ₹ 10 each fully paid up in Indian Potash Limited | 16,365 | 7,450 |

* Less than ₹ 1 Lakh

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| 1,00,000(2017-1,00,000) shares of ₹ 10 each fully paid up in Bio Tech Consortium (India) Limited | 47 | 43 |
| 41,79,848 (2017: 41,79,848) Ordinary shares of Tunisian Dinars (TND) 10 each, fully paid up in Tunisian Indian Fertilisers S.A.# | - | 4,720 |
| 2,000 (2017: 2,000) Equity shares of ₹ 10 each, fully paid-up in Nandesari Environment Control Limited | 9 | 8 |
| 10,01,000 (2017: 10,01,000) Equity shares of ₹ 10/- each, fully paid-up in Ranar Agrochem Limited | 2 | 2 |
| 5000 (2017: 5,000) shares of ₹ 10 each fully paid up in Chola People Service (P) Ltd | 37 | * |
| 125 (2017-125) shares of 25 pence each fully paid up in Hawker Siddley Group Limted | * | * |
| 10,000 (2017-10,000) shares of ₹ 1 each fully paid up in Indian Dairy Entrepreneur and Agricultural Co Limited | * | * |
| 266 (2017 - 266) shares of ₹ 10 each fully paid up in Chennai Wellingdon Corporate Foundation | * | * |
| 2 (2017- 2 ) shares of ₹ 10 each fully paid up in Murugappa Morgan Thermal Ceramics Limited | * | * |
| 20 (2017- 20 ) shares of ₹ 100 each fully paid up in Kullittalai Cane Farms Private Limited | * | * |
| 12,82,070 (2017: 12,82,070) Ordinary shares of South African Rand 1 each, fully paid-up in Foskor (Pty) Limited | 5,781 | 21,408 |
| 16,100 (2017: 16,100) Equity shares of ₹ 10/- each, fully paid-up in Bharuch Enviro Infrastructure Limited | 140 | 106 |
| 2,75,000 (2017: 2,75,000) Equity shares of ₹ 10/- each, fully paid-up in Narmada Clean Tech | 16 | 68 |
| 53,92,160 (2017: 53,92,160) Equity shares of ₹ 10 each, fully paid-up in A.P. Gas Power Corporation Limited | 9,281 | 8,448 |
| (*b*) *Other Investment at FVTPL* | | |
| 31,864 (2017: 36,435 ) units of ₹ 1,000/- each, fully paid-up in Faering Capital India Evolving Fund | 361 | 414 |
| 1,000 (2017: 1,000) shares of ₹ 10/- each, fully paid-up in UTI Master Shares | * | * |
| (*c*) *Other at FVTOCI* | | |
| Share application money pending allotment - at cost | 4 | 4 |
| Loans at FVTOCI** | 1,609 | - |
| **Total Unquoted Investments** | **33,817** | **42,827** |
| **Total Other Investments** | **40,531** | **54,428** |
| **Current** | **4,074** | **9,370** |
| **Non-current** | **36,457** | **45,058** |

* less than a lakh

#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 (2017: ₹ Nil) to TIFERT which is compulsorily convertible to equity shares at the end of three years from June 2017

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 7

### TRADE RECEIVABLES

₹ in Lakh

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| **Trade Receivables** | | |
| Secured, considered good | 8,012 | 7,488 |
| Unsecured, considered good | 1,74,871 | 1,77,243 |
| Doubtful | 14,269 | 11,693 |
| Allowance for doubtful debts (expected credit loss allowance) | (14,269) | (11,693) |
| Other trade receivable, Unsecured, considered good | - | 291 |
| | **1,82,883** | **1,85,022** |
| | | |
| **Current** | **1,82,883** | **1,85,022** |
| **Non-current** | - | - |

The credit period on sales of goods ranges from 10 to 180 days. No interest is charged on trade receivables up to the due date.

The Group uses publicly available financial information and its own trading records before accepting any customer. The Group's exposure is continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The concentration of risk with respect to trade receivables is reasonably low, as its customers are located in several jurisdictions representing large number of minor receivables operating in independent markets. No single customer constitutes more than 5% balance of the total trade receivables as of the Balance Sheet date.

**Securitisation of financial assets**

Coromandel International Limited (CIL), a subsidiary, securitises and surrenders control over the trade receivables, though it continues to act as an agent for the collection of receivables. The dealer finance facility provided by banks to CIL's fertiliser dealers under this arrangement is Nil (2017: ₹ 55,958 lakhs).

In some of these transactions, CIL also provides credit enhancements to the transferee by way of agreeing to bear a portion of default losses. Because of the existence of credit enhancements in certain transactions, CIL continues to have the obligation to pay to the transferee, limited to the extent of credit enhancement, even if it does not collect the equivalent amounts from the original asset, and hence, such transfer or assignment does not meet the derecognition criteria resulting into the transfer not being recorded as sale. Consequently, the proceeds received from the transfer amounting Nil (2017: ₹ 864 lakhs) are recorded as borrowings.

## NOTE 8

### LOANS

₹ in Lakh

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| **(Unsecured, considered good)** | | |
| **Current** | | |
| Inter-corporate deposits | 40,777 | 52,225 |
| **Non-current** | | |
| Loans to others | 2,000 | - |
| **Total** | **42,777** | **52,225** |

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 9
## OTHER FINANCIAL ASSETS

₹ in Lakh

| Particulars | Non-current | | Current | |
|---|---|---|---|---|
| | As at March 31, 2018 | As at March 31, 2017 | As at March 31, 2018 | As at March 31, 2017 |
| ***At Amortised Cost*** | | | | |
| (a) Security Deposits | 441 | 396 | 440 | 152 |
| (b) Interest receivable | - | - | 818 | 1,255 |
| (c) Advances from related parties | - | - | 115 | 485 |
| (d) Insurance claims | - | - | 356 | 752 |
| (e) Funds available with commodity exchange brokers | - | - | 8,125 | 14,609 |
| (f) Advance recoverable in cash | | | | |
| (i) Unsecured and Considered Good | - | 23 | 158 | 97 |
| (ii) Considered Doubtful | 47 | 3 | 266 | 266 |
| Less: Provision for Doubtful Advances | (47) | (3) | (266) | (266) |
| (g) Other receivable | - | - | 546 | 267 |
| ***At Fair Value*** | | | | |
| (a) Foreign currency forward contracts | - | - | 1,131 | 3,384 |
| (b) Currency and interest rate swaps | - | - | - | 500 |
| (c) Option contracts | - | - | 378 | - |
| **Total** | **441** | **419** | **12,067** | **21,501** |

## NOTE 10
## OTHER ASSETS

₹ in Lakh

| Particulars | Non-current | | Current | |
|---|---|---|---|---|
| | As at March 31, 2018 | As at March 31, 2017 | As at March 31, 2018 | As at March 31, 2017 |
| (a) Security Deposit | 3,233 | 3,122 | 38 | 33 |
| (b) Capital Advances | 1,790 | 912 | - | 79 |
| (c) Prepayment for leasehold land | 3,887 | 2,969 | - | - |
| (d) Balance with Government Authorities | 217 | 27 | 5,843 | 2,142 |
| (e) Deferred losses on Commodity future contracts | - | - | - | 6,711 |
| (f) Advance recoverable in kind | | | | |
| (i) Unsecured and Considered Good | 3,038 | 1,828 | 82,432 | 24,404 |
| (ii) Considered Doubtful | 2,856 | 2,038 | 689 | 1,139 |
| Less: Provision for Doubtful Advances | (2,856) | (2,038) | (689) | (1,139) |
| (g) Gratuity Fund | - | - | 121 | - |
| (h) Others | 172 | 57 | - | - |
| **Total** | **12,337** | **8,915** | **88,434** | **33,369** |

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 11

### INVENTORIES

₹ in Lakh

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| (At lower of cost or net realisable value) | | |
| (a) Raw materials | 1,26,242 | 1,26,905 |
| (b) Raw materials in transit | 30,068 | 17,244 |
| (c) Work-in-process | 6,072 | 8,254 |
| (d) Finished goods | 2,10,717 | 1,62,266 |
| (e) By products | 5,681 | 3,335 |
| (f) Stock-in-trade (goods acquired for trading) | 20,587 | 28,662 |
| (g) Stores and spares | 7,982 | 7,977 |
| (h) Packing materials | 2,239 | 2,558 |
| **Total** | **4,09,588** | **3,57,201** |

The cost of inventories recognised as an expense during the year was ₹ 11,17,019 Lakh (March 31, 2017: ₹ 10,25,822 lakh).

The cost of inventories recognised as an expense includes ₹ 12,506 Lakh (2016-17: Nil) in respect of write-downs of inventory to net realisable value, and has been reduced by Nil (2016-17: Nil) in respect of reversal of such write downs.

Inventories includes ₹ 98,338 Lakh (2016-17: Nil) carried at fair value less cost to sell.

The mode of valuation of inventories has been stated in note 1.20

## NOTE 12

### CASH AND CASH EQUIVALENTS

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks, cheques and drafts on hand. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the balance sheet as follows:

₹ in Lakh

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| (a) Balances with banks | | |
| (i) In Current account | 16,314 | 17,050 |
| (ii) In Deposit account ( Maturing within 3 Months) | 38,128 | 6,003 |
| (b) Cash on hand | 68 | 92 |
| (c) Cheques, drafts on hand | 28 | - |
| **Total** | **54,538** | **23,145** |

## NOTE 13

### OTHER BANK BALANCES

₹ in Lakh

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| (a) Balances with banks in earmarked accounts | | |
| – In Unpaid Dividend account | 10,408 | 1,667 |
| – In Bonus Debenture redemption account | 705 | 708 |
| – In Cane development/ SEFASU Loan no lien account | 515 | - |
| – In Margin Money accounts towards Bank Guarantee | 203 | 196 |
| **Total** | **11,831** | **2,571** |

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 14
## ASSETS CLASSIFIED AS HELD FOR SALE

₹ in Lakh

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| Freehold land held for sale | - | 590 |
| **Total** | **-** | **590** |

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| Balance at beginning of the year | 590 | - |
| Add: Transferred from/(to) Investment Property | (30) | 1,100 |
| Disposals | (560) | (510) |
| **Balance at end of year** | **-** | **590** |

## NOTE 15
## CURRENT TAX ASSET

₹ in Lakh

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| Tax refund receivable | 7,094 | 5,276 |
| **Total** | **7,094** | **5,276** |

## CURRENT TAX LIABILITIES

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| Income Tax payable | 2,196 | 1,762 |
| **Total** | **2,196** | **1,762** |

## Note 16
## EQUITY SHARE CAPITAL

₹ in Lakh

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| Equity Share Capital | 1,770 | 1,759 |
| **AUTHORISED :** | | |
| Equity Shares: | | |
| 2,34,40,00,000 Equity Shares of ₹ 1 each (2017 - 2,34,40,00,000) | 23,440 | 23,440 |
| Preference Shares: | | |
| 2,03,10,000 Redeemable Preference shares of ₹ 100 each (2017- 2,03,10,000) | 20,310 | 20,310 |
| **ISSUED, SUBSCRIBED AND FULLY PAID UP** | | |
| 17,69,94,981 Equity Shares of ₹ 1 each (2017 - 17,58,70,898) | 1,770 | 1,759 |
| | **1,770** | **1,759** |

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 16.1 Reconciliation of number of shares

₹ in Lakh

| Reconciliation | 2017-18 | | 2016-17 | |
|---|---|---|---|---|
| | No of Shares | ₹ Lakhs | No of Shares | ₹ Lakhs |
| Equity Shares of ₹ 1 each fully paid up | | | | |
| At the beginning of the period | 17,58,70,898 | 1,759 | 17,58,14,884 | 1,758 |
| Allotment of shares on account of merger of PSIL | 10,74,861 | 11 | - | - |
| Allotment of shares on exercise of Employee Stock Option | 49,222 | * | 56,014 | 1 |
| At the end of the period | **17,69,94,981** | **1,770** | **17,58,70,898** | **1,759** |

* Less than ₹ 1 Lakh

### 16.2 Details of shares held by each shareholder holding more than 5 percent of equity shares in the company:

₹ in Lakh

| Name of the Shareholder | No of shares held as at | | | |
|---|---|---|---|---|
| | March 31, 2018 | | March 31, 2017 | |
| | Nos. | % | Nos. | % |
| Murugappa Holdings Limited (Merged with Ambadi Investment Ltd) | - | - | 5,87,35,204 | 33.40 |
| Ambadi Investment Ltd (Formerly Ambadi Investment Pvt Ltd) | 6,80,58,444 | 38.45 | 93,23,240 | 5.30 |

### 16.3 Terms attached to Equity Shares:

The Company has one class of equity share having a par value of ₹ 1 per share. Each holder of equity share is entitled to one vote per share. The dividend when proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General meeting. Repayment of capital on liquidation will be in proportion to the number of equity shares held.

Share options granted under the Company's employee share option plan carry no rights to dividends and no voting rights.

### 16.4 Details of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date

During the year, 10,74,861 equity shares of ₹ 1 each fully paid up were allotted to shareholders of Parrys Sugar Industries Limited ( PSIL) other than the Company in the proportion of 2 equity shares of ₹ 1 each in the company for every 13 equity shares of ₹ 10 each held in the PSIL pursuant to the Scheme of Amalgamation between PSIL and the Company.

### 16.5 Dividend

Final dividend of ₹ 3 per share is proposed for the year ended March 31, 2018. The dividend proposed by the Board of Directors is subject to the approval from the shareholders in the ensuing Annual General Meeting, upon which the liability will be recorded in the books.

## Note 17

### OTHER EQUITY

₹ in Lakh

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| Share Capital Suspense | - | 11 |
| Capital redemption reserve | 4,886 | 4,887 |
| Capital reserve on amalgamation | 688 | 688 |
| Securities Premium reserve | 44,567 | 43,387 |
| Debenture Redemption reserve | 3,916 | 3,083 |
| Capital Reserve | 5,931 | 5,932 |
| Capital Reserve on consolidation | 6,226 | 6,226 |
| Central Subsidy | 7 | 7 |
| Foreign currency translation reserve | 4,231 | 4,179 |
| Cash flow hedging reserve | 10 | 143 |

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| Reserve for equity instruments through other comprehensive income | 1,122 | 5,150 |
| Actuarial movement through other comprehensive income | (576) | (309) |
| General Reserve | 2,10,044 | 1,92,145 |
| Share options outstanding reserve | 728 | 197 |
| Statutory reserve | 28 | 26 |
| Retained Earnings | 13,416 | 7,520 |
| **Total** | **2,95,224** | **2,73,272** |

## RESERVES AND SURPLUS

₹ in Lakh

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| **(a) Share Capital Suspense** | | |
| Arising Pursuant to Scheme of Amalgamation of Parent company with Parrys Sugar Industries Limited | 11 | 11 |
| Less : Utilised for Allotment of Shares | (11) | - |
| **Closing balance** | **-** | **11** |
| | | |
| **(b) Capital Redemption Reserve** | | |
| Opening balance | 4,887 | 4,888 |
| Add: Reduction in control percentage without loss of control | (1) | (1) |
| **Closing balance** | **4,886** | **4,887** |

The capital redemption reserve is created out of the statutory requirement to create such reserve on buyback of shares. These are not available for distribution of dividend and will not be reclassified subsequently to profit or loss.

| | | |
|---|---|---|
| **(c) Capital reserve on amalgamation** | **688** | **688** |
| | | |
| **(d) Securities Premium Account** | | |
| Opening balance | 43,387 | 43,232 |
| Add :Addition during the period | 1,196 | 162 |
| Add: Reduction in control percentage without loss of control | (16) | (7) |
| **Closing balance** | **44,567** | **43,387** |
| | | |
| **(e) Debenture Redemption Reserve** | | |
| Opening balance | 3,083 | 5,000 |
| Add :Addition during the period | 833 | 3,083 |
| Less : Utilised during the period | - | 5,000 |
| **Closing balance** | **3,916** | **3,083** |

Debenture redemption reserve is created as per the statutory requirements to maintain funds to repay the debenture liability. These will be subsequently transferred to Retained Earnings on payment of the debenture liability.

| | | |
|---|---|---|
| **(f) Capital Reserve** | | |
| Opening balance | 5,932 | 5,932 |
| Add: Reduction in control percentage without loss of control | (1) | - |
| **Closing balance** | **5,931** | **5,932** |

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| **(g) Capital Reserve on Consolidation** | **6,226** | **6,226** |
| | | |
| **(h) Central subsidy** | **7** | **7** |
| | | |
| **(i) Foreign currency translation Reserve** | | |
| As per last Balance Sheet | 4,179 | 4,584 |
| Movement during the year | 60 | (180) |
| Add: Reduction in control percentage without loss of control | (8) | (225) |
| **Closing balance** | **4,231** | **4,179** |

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.

| | | |
|---|---|---|
| **(j) Hedging Reserve** | | |
| Opening balance | 143 | (19) |
| Add: Movement during the year | (203) | 247 |
| Add: Deferred tax | 70 | (85) |
| **Closing balance** | **10** | **143** |

The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. The cumulative gains or loss arising on changes in fair value of the designated portion of the hedging instruments that are recognised and accumulated under the heading of cash flow hedging reserve will be reclassified to profit or loss only when the hedged transaction affects the profit or loss, or included as a basis adjustment to the non-financial hedged item.

| | | |
|---|---|---|
| **(k) Reserve for equity instruments through Other Comprehensive income** | | |
| Opening balance | 5,150 | 12,279 |
| Additions/(Reduction) net of tax | (4,030) | (7,125) |
| Add: Reduction in control percentage without loss of control | 2 | (4) |
| **Closing balance** | **1,122** | **5,150** |

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 reatined earnings when those assets have been disposed of.

| | | |
|---|---|---|
| **(l) Actuarial gains or losses** | | |
| Opening balance | (309) | (88) |
| Additions/(Deletions) | (267) | (221) |
| **Closing balance** | **(576)** | **(309)** |
| | | |
| **(m) General Reserve** | | |
| Opening balance | 1,92,145 | 1,92,264 |
| Add :Addition during the year | 18,200 | - |
| Add: Reduction in control percentage without loss of control | (301) | (119) |
| **Closing balance** | **2,10,044** | **1,92,145** |

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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 except to the extent permitted as per Companies Act,2013 and rules made thereunder.

| | | |
|---|---|---|
| **(n) ESOP Reserve** | | |
| Opening balance | 197 | 73 |
| Add :Addition during the year | 531 | 124 |
| **Closing balance** | **728** | **197** |

The above reserve relates to share options granted by the Company to its employees under its employee share option plan. Further information about share based payments to employees is set out in note 44.

| | | |
|---|---|---|
| **(o) Statutory Reserve** | | |
| As per last Balance Sheet | 26 | 24 |
| Movement during the year | 2 | 2 |
| **Closing balance** | **28** | **26** |

| | | |
|---|---|---|
| **(p) Retained Earnings** | | |
| Opening Balance | 7,520 | (38,126) |
| Transfer from /(to) Debenture Redemption Reserve (Net) | (833) | 1,917 |
| Profit for the year | 25,582 | 52,081 |
| | **32,269** | **15,872** |
| Less : Appropriations | | |
| On account of reduction of control | 105 | 46 |
| Dividend on Equity Shares | - | 8,471 |
| Transfer to General Reserve and Statutory reserve | 18,179 | 2 |
| Others | 105 | (167) |
| Add: On account of increase in shareholding in subsidiary | (464) | - |
| **Closing balance** | **13,416** | **7,520** |

The amount that can be distributed by the Company as dividends to its equity shareholders is determined based on the separate financial statements of the Company and also considering the requirements of the Companies Act, 2013. Thus, the amounts reported above are not distributable in entirety.

| | | |
|---|---|---|
| **Total Other Equity** | **2,95,224** | **2,73,272** |

## NOTE 18

## NON-CONTROLLING INTERESTS

₹ in Lakh

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| Balance at beginning of year | 1,13,769 | 1,03,951 |
| Share of profit and other comprehensive income for the year | 19,363 | 15,458 |
| Dividend paid including dividend tax | (7,619) | (5,508) |
| Other Consolidation adjustments | 1,135 | (132) |
| **Balance at end of the year** | **1,26,648** | **1,13,769** |

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

**Details of non-wholly owned subsidiaries that have material non-controlling interests.**

The table below shows details of non-wholly owned subsidiaries of the Company that have material non-controlling interests:

| Name of the Subsidiary | Place of incorporation and principal place of business | Proportion of ownership interests and voting rights held by non-controlling interests as at | |
|---|---|---|---|
| | | March 31, 2018 | March 31, 2017 |
| Coromandel International Limited | India | 39.41% | 39.26% |

| Name of the Subsidiary | Place of incorporation and principal place of business | Accumulated non-controlling interests as at | |
|---|---|---|---|
| | | March 31, 2018 | March 31, 2017 |
| Coromandel International Limited | India | 1,26,648 | 1,13,493 |
| Immaterial subsidiary - US Nutraceuticals LLC | USA | - | 276 |

Summarised financial information in respect of each of the Company's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

₹ in Lakh

| Particulars | Coromandel International Limited | |
|---|---|---|
| | As at March 31, 2018 | As at March 31, 2017 |
| Non-current assets | 1,66,224 | 1,80,831 |
| Current assets | 8,06,501 | 6,83,669 |
| Non-current liabilities | 15,439 | 17,510 |
| Current liabilities | 6,44,700 | 5,57,913 |
| Equity attributable to owners of the Company | 1,85,938 | 1,75,584 |
| Non-controlling interests | 1,26,648 | 1,13,493 |

₹ in Lakh

| Particulars | Coromandel International Limited | |
|---|---|---|
| | Year ended March 31, 2018 | Year ended March 31, 2017 |
| Revenue | 11,04,851 | 10,24,991 |
| Expenses | 10,03,912 | 9,53,690 |
| Share of profit/ (loss) of joint ventures and associate | (60) | (71) |
| **Profit / (loss) for the year** | 66,362 | 47,696 |
| Profit / (loss) attributable to owners of the Company | 40,209 | 28,971 |
| Profit / (loss) attributable to non-controlling interests | 26,153 | 18,725 |
| **Other comprehensive income for the year** | (17,256) | (8,342) |
| Other comprehensive income attributable to owners of the Company | (10,455) | (5,067) |
| Other comprehensive income attributable to non-controlling interests | (6,801) | (3,275) |
| **Total comprehensive income for the year** | 49,106 | 39,354 |
| Total comprehensive income attributable to owners of the Company | 29,754 | 23,904 |
| Total comprehensive income attributable to non-controlling interests | 19,352 | 15,450 |

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

₹ in Lakh

| Particulars | Coromandel International Limited | |
|---|---|---|
| | Year ended March 31, 2018 | Year ended March 31, 2017 |
| Dividends paid to non-controlling interests | (7,619) | (5,508) |
| Net cash inflow / (outflow) from operating activities | 25,555 | 91,524 |
| Net cash inflow / (outflow) from investing activities | 4,063 | (7,860) |
| Net cash inflow / (outflow) from financing activities | (98) | (86,440) |
| **Net cash inflow / (outflow)** | 29,520 | (2,776) |

**Note**: The figures given above are based on the consolidated financials of Coromandel International Limited along with its subsidiaries, joint ventures and associates.

### NOTE 19
### NON-CURRENT BORROWINGS

₹ in Lakh

| Particulars | Non-Current Portion | | Current Maturities | |
|---|---|---|---|---|
| | As at March 31, 2018 | As at March 31, 2017 | As at March 31, 2018 | As at March 31, 2017 |
| **Unsecured - at amortised cost** | | | | |
| i). Bonds / Debentures (refer note 19.1) | - | 9,990 | 9,997 | - |
| ii). Term Loans | | | | |
| - from banks (refer note 19.5) | - | 389 | - | - |
| iii). Deposits (refer note 19.2) | 1,491 | 1,388 | - | - |
| iv). Purchase Tax Deferment Loan (refer note 19.4) | 350 | 241 | - | 109 |
| **Sub Total** | **1,841** | **12,008** | **9,997** | **109** |
| **Secured - at amortised cost** | | | | |
| i). Bonds / Debentures (refer note 19.3) | 13,500 | 27,000 | 13,500 | 5,728 |
| ii). Term Loans | | | | |
| -from banks (refer note 19.5) | 17,040 | 36,586 | 19,554 | 17,814 |
| - from Government of India - Sugar Development Fund (refer note 19.6) | 8,616 | 8,671 | 1,508 | 1,394 |
| **Sub Total** | **39,156** | **72,257** | **34,562** | **24,936** |
| **Total** | **40,997** | **84,265** | **44,559** | **25,045** |

19.1. 9.23% Unsecured redeemable debenture of ₹ 9,997 Lakh (March 31, 2017 - ₹ 9,990 Lakh) is redeemable on September 04,2018. The rate of Interest on this debenture series is linked to the external credit rating of the same.

19.2. Unsecured-Deposit received from TNPL for supply of bagasse,which is interest free and Repayable in December 2024

19.3: Detail of the secured debentures are given below

a. Debenture /Bonds comprises of 1,350 10.05% 2014-15 Series A Secured, Unlisted, Redeemable Non - Convertible Debentures of ₹ 10,000 each and 1,350 10.05% 2014-15 Series B Secured Redeemable Non - Convertible Debentures of ₹ 10,00,000 each aggregating to ₹ 27,000 Lakh of Parry Sugars Refinery India Private Limited( PSRIPL) ,which is secured by exclusive charge on the fixed assets of PSRIPL. Debentures are redeemable in full at par on July 16, 2018 and July 16, 2019 in equal installments of ₹ 1,350 Lakh each. The Parent Company has given corporate guarantee to the Debenture Trustee IDBI Trusteeship Services Limited against this issue.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Principal INR liability of Debentures mentioned in the above table aggregating to ₹ 27,000 Lakh has been swapped for USD 44,665,012. The swap trade is effective from August 22, 2014 and termination date is July 12, 2019. Interest liability of 10.05% p.a. in Indian Rupees has been swapped for 3.4% fixed per annum on Effective USD Notional.

b. 600 Secured Unlisted redeemable Non convertible debentures with Zero coupon with a yield of 10.2% p.a. ; having 3 years tenor having maturity amount of ₹ 6,000 lakh have been repaid in the current year on the due date.

19.4 Purchase tax deferment loan carries nil rate of interest and repayable over 5 years commencing from April 2019.

19.5 Secured Term loan from banks consists of those of the Parent Company secured by pari passu first charge on movable fixed assets of (both present and future) of the Parent Company and further ,these are secured by second charge on the Parent Company's current assets. Term loans from bank including unsecured carries interest rates ranging 8.20% -8.75%.

19.6 Loan from Sugar Development Fund is secured by way of a bank guarantee from State Bank of India, Indus Ind Bank Ltd., which carries interest rate of 4% -8.25% and repayable over 6 to 14 years.

**Breach of Loan Agreement**

There is no breach of loan agreement.

### NOTE 20
### CURRENT BORROWINGS

₹ in Lakh

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| **Unsecured - at amortised cost** (refer note 20.1) | | |
| a. Loan repayable on demand | | |
| - from banks | 59,596 | 63,050 |
| b. Term loan from banks | 69,503 | 62,644 |
| c. Others | 90,000 | 16,925 |
| | | |
| **Secured - at amortised cost** | | |
| a. Loan repayable on demand | | |
| - from banks (refer note 20.2) | 80,632 | 68,736 |
| b. Term loan from banks (refer note 20.3) | 61,707 | 70,740 |
| c. Amount payable on securitisation of financial assets (refer note 20.4) | - | 864 |
| **Total** | **3,61,438** | **2,82,959** |

20.1 Unsecured loans repayable on demand comprises of buyers credit denominated in foreign currency and cash credit. Unsecured short term loan and others includes foreign currency loans from bank and commercial papers.

20.2 Secured loans repayable on demand comprises buyer's credit denominated in foreign currency and cash credit. Buyer's Credit is secured by first pari passu charge on all current asset of the PSRIPL as well as second pari passu charge on all movable fixed assets of the PSRIPL. Cash credit facilities are primarily secured on the current assets of the Parent Company and Coromandel International Limited (CIL) supplemented by second charge on movable and immovable properties primarily of the Parent Company and CIL.

20.3 Secured short term borrowing consists of commercial papers and working capital loan. Commercial paper is secured by a pari-passu charge on current assets of CIL and working capital loans are primarily secured by way of specific subsidy receivable, letter of comfort from Government of India or Letter of credit from Banks.

20.4 Amount payable on securitisation of financial assets is secured by way of charge over certain trade receivables and subsidy receivables of CIL.

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

**20.5 Net debt reconciliation for the Year.**

₹ in Lakh

| Particulars | As at March 31, 2018 |
|---|---|
| i. Opening Net Debt | 3,77,214 |
| ii. Proceeds from Long Term Borrowings | 1,046 |
| iii. Repayment of long Term Borrowings | (25,105) |
| iv. Net Increase/ (Decrease) in Working Capital Borrowings * | 78,366 |
| v. Interest expense | 33,551 |
| vi. Interest paid | (32,267) |
| vii. Increase in cash Equivalents | (31,391) |
| viii. Effect of changes in Foreign Exchange Rates | (2) |
| ix. Non cash Items and Others | 124 |
| **Closing Net Debt** | **4,01,536** |

* Excludes effect of changes in foreign exchange rates of ₹ 5,635 Lakh

## NOTE 21
## TRADE PAYABLES

₹ in Lakh

| Particulars | Current | |
|---|---|---|
| | As at March 31, 2018 | As at March 31, 2017 |
| Trade Payables | 4,60,826 | 4,16,848 |
| Employee related payables | 3,372 | 3,597 |
| **Total** | **4,64,198** | **4,20,445** |

## NOTE 22
## OTHER FINANCIAL LIABILITIES

₹ in Lakh

| Particulars | Non-Current | | Current | |
|---|---|---|---|---|
| | As at March 31, 2018 | As at March 31, 2017 | As at March 31, 2018 | As at March 31, 2017 |
| **At amortised cost** | | | | |
| (a) Current maturities of long-term debt | - | - | 44,559 | 25,045 |
| (b) Interest accrued but not due on borrowings & acceptance | - | - | 9,080 | 8,090 |
| (c) Unclaimed dividends | - | - | 1,636 | 1,667 |
| (d) Security deposit | - | 4 | 11,457 | 10,294 |
| (e) Other Liabilities | | | | |
| - Due to Directors | - | - | 113 | 137 |
| - Advances and Deposits repayable in cash | - | - | 99 | 89 |
| - Cane Bill due payable to Banks | - | - | 67,859 | 57,455 |
| - Unclaimed debentures | - | - | 705 | 708 |
| - Payable on purchase of fixed assets | - | - | 395 | 218 |
| - Financial guarantee | - | - | - | 109 |
| - Others* | - | - | 236 | 11,853 |

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

| Particulars | Non-Current | | Current | |
|---|---|---|---|---|
| | As at March 31, 2018 | As at March 31, 2017 | As at March 31, 2018 | As at March 31, 2017 |
| ***Financial liabilities mandatorily measured at fair value through profit or loss (FVTPL)*** | | | | |
| - Foreign currency forward contracts | - | - | 648 | 5,548 |
| - Commodity futures | - | - | 880 | 5,639 |
| - Currency and interest rate swaps | - | - | 95 | - |
| - Option contracts | - | - | - | 2,177 |
| **Total** | **-** | **4** | **1,37,762** | **1,29,029** |

*includes amount payable on contractual terms Nil (2017: ₹ 9,779 lakhs)

## NOTE 23
## OTHER LIABILITIES

₹ in Lakh

| Particulars | Non-Current | | Current | |
|---|---|---|---|---|
| | As at March 31, 2018 | As at March 31, 2017 | As at March 31, 2018 | As at March 31, 2017 |
| a. Excise Duty on undespatched stock | - | - | - | 3,794 |
| b. Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, GST, etc.) | - | - | 2,809 | 4,234 |
| c. Advances and Deposits from Customers and Others Liabilities | - | - | 7,870 | 5,929 |
| d. Deferred revenue arising from interest free deposit/ Government grant | 1,083 | 1,113 | - | - |
| e. Gratuity payable | - | - | 1,092 | 932 |
| **Total** | **1,083** | **1,113** | **11,771** | **14,889** |

## NOTE 24
## PROVISIONS

₹ in Lakh

| Particulars | Non-Current | | Current | |
|---|---|---|---|---|
| | As at March 31, 2018 | As at March 31, 2017 | As at March 31, 2018 | As at March 31, 2017 |
| Provision for employee benefits | 2,154 | 1,888 | 1,684 | 2,490 |
| Provision for decommissioning liability | 49 | 44 | - | - |
| **Total** | **2,203** | **1,932** | **1,684** | **2,490** |

The provision for employee benefits includes annual leave and vested long service leave entitlements accrued and compensation claims made by employees.

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 25
## REVENUE FROM OPERATIONS

₹ in Lakh

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| (a) Sales of Products | **12,65,836** | **12,12,226** |
| | | |
| (b) Other operating revenues | | |
| - Government subsidy | 2,67,314 | 2,46,802 |
| - Duty Drawback | 3,178 | 2,853 |
| - Liabilities/ Provisions no longer required written back | 2,726 | 1,251 |
| - Insurance claim | 329 | 681 |
| - Scrap sales | 420 | 413 |
| - Service Income | 168 | 284 |
| - Others | 3,787 | 2,201 |
| **Total** | **15,43,758** | **14,66,711** |

Goods and Service Tax (GST) has been effective from July 1, 2017. Consequently excise duty, Value Added Tax (VAT), service tax. etc has been replaced with GST. Until June 30, 2017, 'Sale of Products' included amount of excise duty recovered on sales. With effective from July 1, 2017, 'Sale of Products' excludes the amount of GST recovered. Accordingly revenue from 'Sale of Products' and 'Revenue from Operations' for the year ended March 31, 2018 are not comparable with those of the previous year.

## NOTE 26
## OTHER INCOME

₹ in Lakh

| Particulars | Year ended March 31, 2018 | | Year ended March 31, 2017 | |
|---|---|---|---|---|
| (a) Interest income earned on financial assets that are not designated as at fair value through profit or loss | | | | |
| On asset at amortised cost | 5,692 | 5,692 | 5,230 | 5,230 |
| (b) Dividend Income | | | | |
| Dividend from equity investments | 326 | | 314 | |
| Dividend from Mutual funds | 575 | 901 | 232 | 546 |
| (c) Other gains or losses | | | | |
| - Profit on sale of Investments property and fixed assets (Net) | | 382 | | 551 |
| - Net gain arising on financial assets at FVTPL | | 1,253 | | 873 |
| - Net gain arising on derivatives at FVTPL | | 11,590 | | - |
| - Net gain on foreign currency transaction and translation | | (6,372) | | 2,285 |
| - Others | | - | | 1,913 |

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

| Particulars | Year ended March 31, 2018 | | Year ended March 31, 2017 | |
|---|---|---|---|---|
| (d) Other non-operating income | | | | |
| - Rental income | | | | |
| i). Operating lease rental from investment property | | 1,689 | | 1,645 |
| - Services | | 660 | | 524 |
| - Insurance claim received | | 192 | | 149 |
| - Government grant income | | 13 | | 711 |
| - Others | | 1,341 | | 1,432 |
| **Total** | | **17,341** | | **15,859** |

## NOTE 27
## COST OF MATERIAL CONSUMED

₹ in Lakh

| Particulars | PURCHASES | |
|---|---|---|
| | Year ended March 31, 2018 | Year ended March 31, 2017 |
| (a) Farm inputs | 6,46,346 | 5,58,523 |
| (b) Sugarcane / Sugar | 3,15,034 | 2,89,100 |
| (c) Others | 62,639 | 23,909 |
| **Total** | **10,24,019** | **8,71,532** |

## NOTE 28
## PURCHASES OF STOCK-IN-TRADE

₹ in Lakh

| Classes of Goods | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| (a) Farm inputs | 124,317 | 123,013 |
| (b) Bio Products | 105 | 75 |
| (c) Nutra Products | 841 | 849 |
| (d) Others | 11,706 | - |
| **Total** | **136,969** | **123,937** |

## NOTE 29
## CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK IN TRADE

₹ in Lakh

| Particulars | Year ended March 31, 2018 | | Year ended March 31, 2017 | |
|---|---|---|---|---|
| Opening Stock: | | | | |
| Work-in-process | 8,254 | | 10,132 | |
| Finished goods including by-products | 1,65,601 | | 1,78,695 | |
| Stock-in-trade | 28,662 | 2,02,517 | 44,529 | 2,33,356 |
| | | | | |

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

| | | | | |
|---|---|---|---|---|
| Less: Goods and Service tax credit on transition | | 3,418 | | - |
| Closing Stock: | | | | |
| Work-in-process | 6,072 | | 8,254 | |
| Finished goods including by-products | 2,16,398 | | 1,65,601 | |
| Stock-in-trade | 20,587 | | 28,662 | |
| Foreign Currency Translation Reserve | 11 | 2,43,068 | 486 | 2,03,003 |
| | | | | |
| **(Increase)/Decrease** | | **(43,969)** | | **30,353** |

## NOTE 30
## EMPLOYEE BENEFIT EXPENSE

₹ in Lakh

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| (a) Salaries, Wages and Bonus | 43,110 | 39,185 |
| (b) Contribution to Provident and Other Funds | 3,680 | 3,305 |
| (c) Workmen and Staff Welfare Expenses | 5,169 | 4,948 |
| (d) Share-based payments to employees | 1,011 | 190 |
| **Total** | **52,970** | **47,628** |

## NOTE 31
## FINANCE COST

₹ in Lakh

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| (i) Interest costs; | | |
| (a) Debentures | 1,225 | 2,439 |
| (b) Loans | 30,067 | 37,355 |
| (ii) Other borrowing costs | 2,156 | 1,831 |
| (iii) Unwinding of discounts on provisions | 103 | 107 |
| **Total** | **33,551** | **41,732** |

## NOTE 32
## DEPRECIATION, AMORTISATION AND IMPAIRMENT EXPENSE

₹ in Lakh

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| Depreciation/amortisation/impairment on: | | |
| a. Property, plant and equipment | 24,324 | 24,225 |
| b. Investment property | 28 | 28 |
| c. Intangible assets | 778 | 551 |
| **Total** | **25,130** | **24,804** |

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 33

## OTHER EXPENSES

₹ in Lakh

| Particulars | Year ended March 31, 2018 | | Year ended March 31, 2017 | |
|---|---|---|---|---|
| (a) Consumption of Stores, Spares and Consumables | | 15,365 | | 15,587 |
| (b) Power and Fuel | | 29,610 | | 28,211 |
| (c) Rent | | 10,718 | | 5,435 |
| (d) Repairs and Maintenance | | | | |
| - Buildings | 1,127 | | 1,101 | |
| - Plant and Machinery | 8,393 | | 9,755 | |
| - Others | 6,225 | 15,745 | 6,272 | 17,128 |
| (e) Insurance | | 2,374 | | 2,219 |
| (f) Rates and Taxes | | 2,722 | | 2,314 |
| (g) Packing, Despatching and Freight | | 1,04,848 | | 89,766 |
| (h) Net loss on foreign currency transactions and translation | | - | | 10,251 |
| (i) Auditors' Remuneration | | 52 | | 54 |
| (j) Directors' Fees and Commission | | 97 | | 160 |
| (k) Sales Promotion and Publicity | | 934 | | 991 |
| (l) MTM losses on commodity futures | | - | | 5,436 |
| (m) Professional Charges | | 4,659 | | 4,157 |
| (n) Provision for Doubtful Debts and Advances | | 3,022 | | 2,912 |
| (o) Bad Debts/Advances written off | | 163 | | 1,167 |
| (p) General Manufacturing, Selling and Administration Expenses | | 38,538 | | 36,092 |
| (q) Corporate Social Responsibility expenditure | | 1,562 | | 1,184 |
| **Total** | | **2,30,409** | | **2,23,064** |

## NOTE 34

## INCOME TAXES

**34.1 Deferred Taxes Liabilities (net)**
**Deferred tax liabilities/(assets) in relation to:**

₹ in Lakh

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| Property, plant and equipment | 21,242 | 47,117 |
| Investments at FVTOCI | (2,395) | 414 |
| Provision for doubtful debts and advances | (4,997) | (7,142) |
| Cash flow hedges | - | 75 |
| Employees separation and retirement costs | (942) | (1,075) |
| Tax losses | - | (23,948) |
| **Total** | **12,908** | **15,441** |

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 34.2 Deferred Tax Assets (net)

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| **Deferred tax assets in relation to:** | | |
| MAT credit entitlement | 6,783 | 6,752 |
| Property, plant and equipment | (24,808) | - |
| Investments at FVTOCI | (3,092) | - |
| Provision for doubtful debts and advances | 4,263 | - |
| Cash flow hedges | (5) | - |
| Employees separation and retirement costs | 118 | - |
| Tax losses | 23,856 | - |
| **Total** | **7,115** | **6,752** |

### 34.3 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 | 13 | 74 |
| -short-term capital loss | 4 | 4 |
| -unused tax losses | 21,925 | 22,232 |
| **Total** | **21,942** | **22,310** |

### 34.4 Income tax recognised in profit or loss

₹ in Lakh

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| **Current tax** | | |
| In respect of current year | 38,273 | 27,740 |
| In respect of prior years | 15 | - |
| | | |
| **Deferred tax** | | |
| In respect of current year | (2,989) | (3,347) |
| MAT credit availed | (31) | (3,258) |
| Adjustments to deferred tax attributable to change in tax rates | (196) | - |
| **Total income tax expense /(gain) recognised in the current year** | **35,072** | **21,135** |

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

**34.5 The income tax expense for the year can be reconciled to the accounting profit as follows:**

₹ in Lakh

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| **Profit before tax** | 86,815 | 91,960 |
| | | |
| Income tax expense calculated at 34.944% (2016-17 - 34.608%) | 30,337 | 31,826 |
| Effect of difference in tax rates of subsidiaries operating in other jurisdiction | (195) | (150) |
| Effect of income that is exempt from taxation | (83) | (1,153) |
| Effect of concession | (1,084) | (1,595) |
| Effect of expenses that are not deductible in determining taxable profit | 292 | (1,001) |
| Effect of unused tax losses and tax offsets not recognised as deferred tax asset | 2,869 | (4,406) |
| Effect of temporary differences now recognised as DTL | - | (2,772) |
| Tax on distributed profits | 2,883 | - |
| Effect of change in tax rate | (196) | - |
| Adjustments recognised in current year relating to current tax of previous years | 15 | - |
| Others | 234 | 386 |
| **Income tax expense recognised in profit or loss** | **35,072** | **21,135** |

The tax rate used for the years 2017-18 and 2016-17 reconciliations above is the corporate tax rate of 34.944% & 34.608% payable by corporate entities in India on taxable profits under the Indian tax law.

**34.6 Income tax recognised in other comprehensive income**

₹ in Lakh

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| **Deferred tax** | | |
| Arising on income and expenses recognised in other comprehensive income: | | |
| Net fair value gain on investments in equity shares at FVTOCI | (609) | 1,577 |
| Net gain on designated portion of hedging instruments in cash flows hedges | 70 | (85) |
| Remeasurement of defined benefit obligation | 187 | 159 |
| **Total income tax recognised in other comprehensive income** | **(352)** | **1,651** |

## NOTE 35

## RESEARCH AND DEVELOPMENT EXPENDITURE INCURRED BY THE APPROVED INHOUSE R&D CENTRES

₹ in Lakh

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| (i) Revenue Expenses (excluding depreciation and fixed assets scrapped):- | | |
| a) Employee benefit expense | 830 | 760 |
| b) Power and Fuel | 82 | 64 |
| c) Repairs and Maintenance | 182 | 115 |
| d) Miscellaneous expenses | 509 | 380 |
| e) Other Income relating to Research and Development | (30) | (15) |
| Net Revenue expenses on Research and Development | **1,573** | **1,304** |
| (ii) Fixed Assets additions in R & D Centre made during the year | **103** | **94** |

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 36

| AMOUNTS CONTRIBUTED DURING THE YEAR TO ELECTORAL TRUST | 200 | 100 |
|---|---|---|

## NOTE 37

### DIRECT OPERATING EXPENSES ARISING FROM INVESTMENT PROPERTY

₹ in Lakh

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| Direct operating expenses arising from investment property that generated rental income during the year | 358 | 488 |
| Direct operating expenses arising from investment property that did not generate rental income during the year | 27 | 49 |
| **Total** | **385** | **537** |

## NOTE 38

### DIRECTOR'S REMUNERATION:

**38.1 Whole time Director's remuneration :**

₹ in Lakh

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| Short-term benefits | 186 | 182 |
| Post-employment benefits | 17 | 26 |
| **Total** | **203** | **208** |

Note : Managerial remuneration above does not include gratuity and leave encashment benefit, since the same is computed actuarially for all the employees and the amount attributable to the managerial person cannot be ascertained separately.

**38.2 Non Whole time Directors remuneration :**

₹ in Lakh

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| Commission to Non Whole Time Directors | 77 | 138 |
| Directors' sitting Fees | 20 | 22 |
| **Total** | **97** | **160** |

## NOTE 39

### OPERATING LEASE ARRANGEMENTS

**39.1 Group as a Lessee**

The Group has entered into the following non-cancellable operating lease agreements.

a. The Group has entered into a non cancellable operating lease agreement with Shri Dhanalaxmi Sahakari Sakkare Karkhane Niyamit, Ramdurg for the lease of sugar factory together with the specified assets on Built,Own,Operate and Transfer basis (BOOT) for a period of 25 years till 2032.

**39.2 Payments recognised as expense**

₹ in Lakh

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| Minimum Lease payments | 10,718 | 5,435 |

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 39.3 Non-cancellable operating lease commitments

₹ in Lakh

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| Not later than 1 year | 919 | 892 |
| Later than 1 year and not later than 5 years | 3,961 | 3,846 |
| Later than 5 years | 4,379 | 5,413 |
| **Total** | **9,259** | **10,151** |

### 39.4 Group as a Lessor

Payments recognised as income

₹ in Lakh

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| Rental income | 1,689 | 1,645 |

## NOTE 40

## DISCLOSURE ON SPECIFIED BANK NOTES

₹ in Lakh

| Particulars | SBNs | Other Notes | Total |
|---|---|---|---|
| Closing cash on hand as on November 08, 2016 | 274 | 30 | 304 |
| (+) Permitted receipts | 331 | 6,571 | 6,902 |
| (-) Permitted payments | 1 | 36 | 37 |
| (-) Amount deposited in Banks | 604 | 6,285 | 6,889 |
| **Closing cash on hand as on December 30, 2016** | - | **280** | **280** |

## NOTE 41

## SEGMENT INFORMATION

Information reported to the chief operating decision maker (CODM) for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided, and in respect of the following segments tabulated below. The directors of the Group have chosen to organise the Group around differences in products and services. No operating segments have been aggregated in arriving at the reportable segments of the Group. Specifically the Group's reportable segments under Ind AS 108 are as follows.

| Operating Segment : | | | | | | | |
|---|---|---|---|---|---|---|---|
| Nutrient and allied business | Crop protection | Sugar | Co-generation | Distillery | Bio Pesticides | Nutraceuticals | Others |

| Geographical information: | | | |
|---|---|---|---|
| The Group operates in the following principal geographical areas - | | | |
| North America | Europe | Rest of the world | India (Country of domicile) |

Revenue and expenses directly attributable to segments are reported under each reportable segment. Other expenses and income which are not attributable or allocable to segments have been disclosed as net unallocable expenses/income.

Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment.All other assets and liabilities are disclosed as unallocable. Property, plant and equipment that are used interchangeably among segments are not allocated to reportable segments.

**Inter Segment Transfer Pricing:**

Inter Segment prices are normally negotiated amongst the segments with reference to cost, market prices and business risks, within an overall optimisation objective for the enterprise.

## NOTE 41.1

## SEGMENT REPORTING

**Operating Segments revenue and results:**

₹ in Lakh

| Particulars | Nutrient and allied business | | Crop protection | | Sugar | | Co-generation | | Distillery | | Bio Pesticides | | Nutraceuticals | | Others | | Elimination | | Overall | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| **Revenue from operations:** | | | | | | | | | | | | | | | | | | | | |
| External Customers | 9,60,236 | 8,91,342 | 1,38,776 | 1,28,166 | 3,71,587 | 3,62,527 | 7,513 | 17,709 | 30,225 | 31,447 | 13,694 | 12,336 | 21,567 | 22,780 | 160 | 404 | - | - | 15,43,758 | 14,66,711 |
| Inter-segmental Sales | - | - | 12,200 | 12,654 | 2,543 | 1,576 | 3,561 | 2,350 | 324 | - | 1,554 | - | - | - | - | - | (20,182) | (16,580) | - | - |
| **Total** | **9,60,236** | **8,91,342** | **1,50,976** | **1,40,820** | **3,74,130** | **3,64,103** | **11,074** | **20,059** | **30,549** | **31,447** | **15,248** | **12,336** | **21,567** | **22,780** | **160** | **404** | **(20,182)** | **(16,580)** | **15,43,758** | **14,66,711** |
| **Results :** | | | | | | | | | | | | | | | | | | | | |
| Operating Profit/(Loss) | 1,01,443 | 73,048 | 24,066 | 26,154 | (6,087) | 21,775 | (537) | 3,107 | 3,741 | 7,691 | 2,932 | 2,396 | 767 | 1,150 | - | - | - | - | 1,26,325 | 1,35,321 |
| Interest income | | | | | | | | | | | | | | | | | - | - | 5,692 | 5,230 |
| Dividend Income | | | | | | | | | | | | | | | | | - | - | 901 | 546 |
| Other Unallocated Expenses (net) | | | | | | | | | | | | | | | | | - | - | (12,547) | (7,431) |
| Finance Costs | | | | | | | | | | | | | | | | | - | - | (33,551) | (41,732) |
| Share of profit of Associate | | | | | | | | | | | | | | | | | - | - | 55 | 97 |
| Share of profit of Joint ventures | | | | | | | | | | | | | | | | | - | - | (60) | (71) |
| **Profit/(Loss) before Tax** | | | | | | | | | | | | | | | | | - | - | 86,815 | 91,960 |
| Income Tax | | | | | | | | | | | | | | | | | | | | |
| - Current | | | | | | | | | | | | | | | | | - | - | 38,288 | 27,740 |
| - Deferred | | | | | | | | | | | | | | | | | - | - | (3,216) | (6,605) |
| **Net Profit After Tax** | | | | | | | | | | | | | | | | | - | - | 51,743 | 70,825 |
| **Other Information :** | | | | | | | | | | | | | | | | | | | | |
| Segment Assets | 7,35,773 | 6,56,367 | 1,16,801 | 97,507 | 3,38,572 | 3,35,353 | 40,466 | 47,141 | 25,705 | 25,717 | 12,344 | 11,672 | 23,877 | 25,600 | 2,819 | 2,520 | - | - | 12,96,357 | 12,01,877 |
| Unallocated Corporate Assets | | | | | | | | | | | | | | | | | - | - | 1,63,525 | 1,41,252 |
| **Total Assets** | | | | | | | | | | | | | | | | | - | - | **14,59,882** | **13,43,129** |
| Segment Liabilities | 3,22,361 | 2,94,267 | 34,793 | 28,021 | 2,65,793 | 2,66,915 | 2,961 | 1,217 | 1,788 | 1,814 | 2,616 | 2,558 | 4,939 | 5,599 | 40 | 33 | - | - | 6,35,291 | 6,00,424 |
| Unallocated Corporate Liabilities | | | | | | | | | | | | | | | | | - | - | 4,00,949 | 3,53,905 |
| **Total Liabilities** | | | | | | | | | | | | | | | | | - | - | **10,36,240** | **9,54,329** |
| Depreciation | 7,386 | 7,502 | 2,373 | 2,569 | 8,472 | 8,476 | 3,282 | 3,260 | 1,718 | 1,611 | 152 | 118 | 1,534 | 1,104 | - | - | - | - | 24,917 | 24,640 |
| Unallocated Depreciation | | | | | | | | | | | | | | | | | - | - | 213 | 164 |
| Total Depreciation | | | | | | | | | | | | | | | | | - | - | 25,130 | 24,804 |

### 41.2 Geographical information

₹ in Lakh

| Particulars | North America | | Europe | | Rest of the World | | India | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2017-18 | 2016-17 | 2017-18 | 2016-17 | 2017-18 | 2016-17 | 2017-18 | 2016-17 | 2017-18 | 2016-17 |
| Segment Revenue | 23,473 | 23,697 | 1,08,668 | 72,208 | 1,17,812 | 1,17,441 | 1,98,086 | 2,35,396 | 4,48,039 | 4,48,742 |
| Non-current asset* | 3,101 | 3,558 | - | - | 2,555 | 2,627 | 1,84,274 | 1,92,383 | 1,89,930 | 1,98,568 |

*Non-current assets exclude those relating to Investments, Deferred tax assets and non-current financial assets and other assets

The geographical information relating to the group is provided to the extent the information is readily available in accordance with para 33 of Ind AS 108 on Operating Segment.

### 41.3 Revenue from major products

| Particulars | For the year ended | |
|---|---|---|
| | March 31, 2018 | March 31, 2017 |
| Phosphatic Fertilisers | 5,01,043 | 4,58,636 |
| Urea | 50,584 | 50,583 |
| Muriate of Potash | 18,699 | 18,827 |
| Single Super Phosphate | 28,983 | 27,136 |
| Others | 93,613 | 89,358 |
| Government subsidies | 2,67,314 | 2,46,802 |
| **Nutrient and other allied business** | **9,60,236** | **8,91,342** |
| Crop protection | 1,50,976 | 1,40,820 |
| Sugar | 3,74,130 | 3,64,103 |
| Co-generation | 11,074 | 20,059 |
| Distillery | 30,549 | 31,447 |
| Bio-Pesticide | 15,248 | 12,336 |
| Nutraceuticals | 21,567 | 22,780 |
| Others | 160 | 404 |
| **Total** | **15,63,940** | **14,83,291** |
| Less: Inter-segment revenue | (20,182) | (16,580) |
| **Revenue from operations** | **15,43,758** | **14,66,711** |

## Note 42

## EMPLOYEE BENEFIT PLANS

### A. Defined contribution plans

The Group has recognised ₹ 2,961 lakh (March 31, 2017: ₹ 2,568 lakh) as expense in Statement of Profit or Loss towards defined contribution plans. The contributions payable to these plans by the Group are at rates specified in the rules of the schemes.

### B. Defined benefit plans :

#### i. Gratuity:

In respect of Gratuity plan, the most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as at March 31, 2018. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method. The following table sets forth the status of the Gratuity Plan of the Group and the amount recognized in the Balance Sheet and Statement of Profit and Loss. The Group provides the gratuity benefit through annual contributions to a fund managed by the Life Insurance Corporation of India (LIC).

The Group is exposed to various risks in providing the above gratuity benefit which are as follows:

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

**Interest Rate risk :** The plan exposes the Group to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability (as shown in financial statements).

**Investment Risk :** The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

**Salary Escalation Risk :** The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

**Demographic Risk :** The Group has used certain mortality and attrition assumptions in valuation of the liability. The Group is exposed to the risk of actual experience turning out to be worse compared to the assumption.

| Particulars | Gratuity (Funded) | |
|---|---|---|
| | 2017-18 | 2016-17 |
| **Present Value of obligations at the beginning of the year** | 6,793 | 5,967 |
| Current service cost | 655 | 586 |
| Interest Cost | 477 | 455 |
| Re-measurement (gains)/losses: | | |
| - Actuarial gains and losses arising from change in financial assumption | (147) | 46 |
| - Actuarial gains and losses arising from experience adjustment | 626 | 417 |
| Acquisition adjustment | 11 | - |
| Past service cost | 6 | - |
| Benefits paid | (888) | (678) |
| **Present Value of obligations at the end of the year** | **7,533** | **6,793** |
| **Changes in the fair value of planned assets** | | |
| **Fair value of plan assets at beginning of year** | 5,556 | 4,862 |
| Interest Income | 437 | 418 |
| Return on plan assets | (73) | 5 |
| Acquisition adjustment | 11 | - |
| Contributions from the employer | 1,519 | 949 |
| Benefits Paid | (888) | (678) |
| **Fair Value of plan assets at the end of the year** | **6,562** | **5,556** |
| **Amounts recognized in the Balance Sheet** | | |
| Projected benefit obligation at the end of the year | 7,533 | 6,793 |
| Fair value of plan assets at end of the year | 6,562 | 5,556 |
| **Funded status of the plans – Liability recognised in the balance sheet** | **971** | **1,237** |
| **Components of defined benefit cost recognised in profit or loss** | | |
| Current service cost | 655 | 586 |
| Net Interest Expense | 40 | 37 |
| Past service cost | 6 | - |
| **Net Cost in Profit or Loss** | **701** | **623** |
| **Components of defined benefit cost recognised in Other Comprehensive income** | | |
| Remeasurement on the net defined benefit liability: | | |
| - Actuarial gains and losses arising from change in financial assumption | (147) | 46 |
| - Actuarial gains and losses arising from experience adjustment | 626 | 417 |
| Return on plan assets | 73 | (5) |
| **Net Cost in Other Comprehensive Income** | **552** | **458** |

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

| | 2017-18 | 2016-17 |
|---|---|---|
| **Assumptions** | | |
| Discount rate | 7.70-7.82% | 7.25-7.70% |
| Expected rate of salary increases | 5-7% | 5-7% |
| Expected rate of attrition | 5.00% | 5.00% |
| Mortality (IALM (2006-2008) Ultimate) | 100% | 100% |

The Group has generally invested the plan assets with the insurer managed funds. The insurance Group has invested the plan assets in Government Securities, Debt Funds, Equity shares, Mutual Funds, Money Market Instruments and Time Deposits. The expected rate of return on plan asset is based on expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligation.

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below:

| Particulars | March 31,2018 | March 31,2017 |
|---|---|---|
| Discount rate | | |
| - 1% increase | 4,906 | 4,532 |
| - 1% decrease | (5,488) | (5,068) |
| Salary growth rate | | |
| - 1% increase | (5,434) | (5,032) |
| - 1% decrease | 4,931 | 4,551 |
| Attrition rate | | |
| - 1% increase | (5,032) | (4,656) |
| - 1% decrease | 4,985 | 4,631 |

Please note that the sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There was no change in the methods of assumptions used in preparing the sensitivity analysis from prior years.

The Group generally purchases insurance policy, which is basically a year-on-year cash accumulation plan in which the interest rate is declared on yearly basis and is guaranteed for a period of one year. The insurance Group, as part of the policy rules, makes payment of all gratuity outgoes happening during the year (subject to sufficiency of funds under the policy). The policy, thus, mitigates the liquidity risk. However, being a cash accumulation plan, the duration of assets is shorter compared to the duration of liabilities. Thus, the Group is exposed to movement in interest rate (in particular, the significant fall in interest rates, which should result in a increase in liability without corresponding increase in the asset)

The Group's best estimate of the contribution expected to be paid to the plan during the next year is ₹ 2,269 lakh (2017: ₹ 1,135 lakh).

**ii. Note on Provident Fund:**

With respect to employees,who are covered under Provident Fund Trust administered by the companies in the Group,the respective companies shall make good deficiency, if any in the interest rate declared by Trust over statutory Limit. Having regards to the assets of the Fund and the return on the investments, the Group does not expect any deficiency in the foreseeable future

The actuary has assessed the calculations of the Interest Rate Guarantees based on the guidance note issued by the Institute of Actuaries of India. The disclosures required under Ind AS 19 is as set out below:

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

**Fund and plan asset position are as follows:**

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| Accumulated Account Value of Employee's Fund | 4,034 | 3,162 |
| Interest Rate Guarantee Liability | 79 | 58 |
| **Present value of benefit obligation at the end of the year** | **4,113** | **3,221** |
| Plan asset at the end of the year | 4,527 | 3,426 |
| **Surplus available** | **(414)** | **(205)** |
| Asset recognised in the Balance Sheet | - | - |

The plan assets are primarily invested in government securities, corporate bonds & special deposit schemes.

**Assumptions for present value of interest rate guarantee are as follows:**

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| Discount rate | 7.60% | 7.40% |
| Expected guaranteed rate(%) | 8.65% | 8.55% |
| Attrition rate | 5.00% | 5.00% |

**C. Long Term Compensated Absence**

The assumption used for computing the long term accumulated compensated absences on actuarial basis are as follows

| Assumptions | 2017-18 | 2016-17 |
|---|---|---|
| Discount rate | 7.70 - 7.82% | 7.25 - 7.70% |
| Attrition Rate | 5.00% | 5.00% |
| Expected rate of salary increases | 5-7% | 5-7% |

## Note 43

**Earnings per Share:**

| Particulars | For the Year ended March 31, 2018 | For the Year ended March 31, 2017 |
|---|---|---|
| Basic Earnings per share | 14.46 | 29.44 |
| Diluted Earnings per share | 14.36 | 29.41 |

**43.1 Basic Earnings per share**

The earnings and weighted average number of equity shares used in the calculation of basic earnings per share are as follows.

| | | |
|---|---|---|
| Profit after Taxation ( ₹ in Lakh) | 25,582 | 52,081 |
| **Earnings used in the calculation of basic earnings per share** | **25,582** | **52,081** |
| Number of equity shares of ₹ 1 each outstanding at the beginning of the year | 17,69,45,759 | 17,68,89,745 |
| Add : Number of shares issued pursuant to exercise of Employees Stock Option | 49,222 | 56,014 |
| (a) Number of equity Shares of ₹ 1 each outstanding at the end of the year | 17,69,94,981 | 17,69,45,759 |
| (b) Weighted Average number of Equity Shares | 17,69,75,759 | 17,69,32,177 |

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 43.2 Diluted Earnings per share

The earnings and weighted average number of equity shares used in the calculation of diluted earnings per share are as follows.

| | | |
|---|---|---|
| **Earnings used in the calculation of basic earnings per share** | **25,582** | **52,081** |
| Adjustments | (142) | (35) |
| **Earnings used in the calculation of diluted earnings per share** | **25,440** | **52,046** |

The weighted average number of equity shares for the purposes of diluted earnings per share reconciles to the weighted average number of equity shares used in the calculation of basic earnings per share as follows:

| | | |
|---|---|---|
| Weighted average number of equity shares used in the calculation of basic earnings per share | 17,69,75,759 | 17,69,32,177 |
| Shares deemed to be issued for no consideration in respect of - employee options | 1,29,376 | 31,297 |
| Weighted average number of equity shares used in the calculation of diluted earnings per share | 17,71,05,135 | 17,69,63,474 |

## Note 44
## SHARE BASED PAYMENTS

### 44. 1 Employee share option plan of the Company.

44.1.1 Details of the employee share option plans of the Company.

The Company has share option scheme for executives and senior employees of the Company. As approved by the shareholders at previous annual general meetings, ESOP schemes will be administered by the Nomination and Remuneration committee of the Board of Directors.

Each employee share option converts into one equity share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The following share-based payment arrangement were in existence during the current and prior years:

| S.No | Description | Date of grant | Number of Options granted | Expiry date | Fair value on the date of grant as per Black Scholes option pricing model | Exercise price |
|---|---|---|---|---|---|---|
| 1 | Details of options granted | 31.08.2007 | 1858200 | 31.08.2017 | 29.46 | 64.80 |
| | | 29.10.2007 | 232400 | 29.10.2017 | 26.32 | 75.70 |
| | | 24.01.2008 | 460600 | 28.02.2015 | 21.98 | 94.15 |
| | | 24.04.2008 | 152200 | 24.04.2018 | 24.59 | 103.60 |
| | | 28.07.2008 | 130000 | 28.07.2018 | 26.63 | 92.98 |
| | | 24.09.2008 | 387000 | 31.10.2012 | 24.11 | 106.30 |
| | | 29.10.2008 | 113600 | 29.10.2018 | 30.73 | 74.95 |
| | | 20.03.2009 | 47800 | 30.06.2011 | 32.26 | 69.13 |
| | | 28.01.2011 | 329600 | 28.01.2021 | 90.05 | 225.15 |
| | | 28.01.2011 | 36700 | 01.04.2014 | 87.86 | 225.15 |
| | | 29.04.2011 | 41400 | 29.04.2015 | 92.46 | 240.90 |

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

| S.No | Description | Date of grant | Number of Options granted | Expiry date | Fair value on the date of grant as per Black Scholes option pricing model | Exercise price |
|---|---|---|---|---|---|---|
| | | 29.04.2011 | 34500 | 29.04.2015 | 58.18 | 240.90 |
| | | 27.07.2011 | 115000 | 27.07.2015 | 105.80 | 269.10 |
| | | 24.10.2011 | 75700 | 24.10.2021 | 80.86 | 220.90 |
| | | 24.10.2011 | 19300 | 30.09.2014 | 30.21 | 220.90 |
| | | 06.02.2017 | 843220 | 06.02.2020 | 107.85 | 289.50 |
| | **Total** | | **4877220** | | | |

#### 44.1.2 Fair value of share options granted in a year

**A. Grant Registration ID : GT06FEB2018 :-**

The weighted average fair value of the share options granted during the financial year is ₹ 125.20. Options were priced using Black Scholes model of option pricing. Expected volatility is based on the historical share price volatility. Inputs into the model is as follows

| Particulars | Vest 1 | Vest 2 | Vest 3 | Vest 4 |
|---|---|---|---|---|
| **Vest Percent (%)** | **20%** | **20%** | **30%** | **30%** |
| Grant date share price | 319.45 | 319.45 | 319.45 | 319.45 |
| Exercise price | 319.45 | 319.45 | 319.45 | 319.45 |
| Expected volatility | 34.57 | 34.57 | 34.11 | 32.92 |
| Expected life | 3.50 | 4.51 | 5.51 | 6.51 |
| Dividend yield | 1.21 | 1.21 | 1.21 | 1.21 |
| Risk free interest rate | 7.20 | 7.39 | 7.55 | 7.66 |

**B. Grant Registration ID : GT06FEB2018A :-**

The weighted average fair value of the share options granted during the financial year is ₹ 119.15. Options were priced using Black Scholes model of option pricing. Expected volatility is based on the historical share price volatility. Inputs into the model is as follows

| Particulars | Vest 1 | Vest 2 | Vest 3 |
|---|---|---|---|
| **Vest Percent (%)** | **25%** | **37.5%** | **37.5%** |
| Grant date share price | 319.45 | 319.45 | 319.45 |
| Exercise price | 319.45 | 319.45 | 319.45 |
| Expected volatility | 34.57 | 35.03 | 34.11 |
| Expected life | 3.50 | 4.51 | 5.51 |
| Dividend yield | 1.21 | 1.21 | 1.21 |
| Risk free interest rate | 7.2 | 7.39 | 7.55 |

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 44.1.3 Movements in share options during the year

| S.No | Particulars | Description | 2017-18 | | 2016-17 | |
|---|---|---|---|---|---|---|
| | | | Options (Nos.) | Weighted Average Exercise Price per option | Options (Nos.) | Weighted Average Exercise Price per option |
| a | Balance at the beginning of the year | Options vested and exercisable | 107368 | 190.97 | 192026 | 170.64 |
| | | Options unvested | 843220 | 289.50 | - | - |
| | | **Total** | **950588** | **278.37** | **192026** | **170.64** |
| b | Options granted during the year | | 212020 | 319.45 | 843220 | 289.50 |
| c | Options vested during the year | | 112804 | 289.50 | - | - |
| d | Options exercised during the year | | 49222 | 133.35 | 56014 | 91.18 |
| e | Options lapsed/cancelled during the year | | 279200 | 289.50 | 28644 | 249.85 |
| f | Options outstanding at the end of the year | Options vested and exercisable | 170950 | 272.58 | 107368 | 190.97 |
| | | Options unvested | 663236 | 299.07 | 843220 | 289.50 |
| | | **Total (a+b-d-e)** | **834186** | **293.64** | **950588** | **278.37** |

Weighted Average remaining contractual life for option outstanding as at March 31, 2018 was 2342 days (March 31, 2017: 2551 days)

### 44.1.4. Share options exercised during the year

| Grant date | Numbers exercised | Exercise date | Share price at exercise date |
|---|---|---|---|
| 31.08.07 | 16368 | 29.08.17 | 316.45 |
| 23.10.17 | 9072 | 11.10.17 | 359.7 |
| 24.10.11 | 16698 | 18.08.17 | 324.85 |
| 24.04.08 | 3844 | 09.06.17 | 327 |
| 28.01.11 | 3240 | 09.06.17 | 327 |

### 44. 2 Employee share option plan of the Coromandel International Limited (subsidiary)

44.2.1 Details of the employee share option plans

| Particulars | Employee Stock Option Scheme 2007 ('ESOP 2007 Scheme') | Employee Stock Option Scheme 2016 ('ESOP 2016 Scheme') |
|---|---|---|
| Approval of shareholders | July 24, 2007 | January 11, 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 3* 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 July 23, 2012 decided to approve the extension of the exercise period of options granted under the ESOP 2007 from three years to six years.

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

**Employee Stock Option Scheme 2007 ('ESOP 2007 Scheme'):**

a) Pursuant to the ESOP 2007 Scheme, Coromandel International Limited (CIL) 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:

| Particulars | For the year ended March 31, 2018 | | For the year ended March 31, 2017 | |
|---|---|---|---|---|
| | No. of Options | Weighted average exercise price (₹) | No. of Options | Weighted average exercise price (₹) |
| At the beginning of the year | 661182 | 224.81 | 1085924 | 175.64 |
| Granted | - | - | - | - |
| Exercised | 609082 | 219.45 | 348662 | 54.07 |
| Cancelled | - | - | 76080 | 305.46 |
| Lapsed | - | - | - | - |
| At the end of the year | 52100 | 287.5 | 661182 | 224.81 |

b) The above outstanding options have been granted in various tranches and have a weighted average remaining life of 0.02 years (2017: 0.05 years). The exercise price of the outstanding options range from ₹ 44.58 to ₹ 334.35 (2017: ₹ 44.58 to ₹ 334.35). The weighted average share price during the year is ₹ 460 (2017: ₹ 263).

c) Number of options exercisable at the end of the year 52,100 (2017: 6,61,182).

The fair values of the option with modified terms were determined using a Black Scholes' model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions, and behavioural considerations. Expected volatility is based on the historical share price volatility over the past 3-4 years.

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

| Particulars | For the Year ended March 31, 2018 | For the Year ended March 31, 2017 |
|---|---|---|
| Dividend yield (%) | 700 | 700 |
| Expected volatility (%) | 0.39-0.47 | 0.39-0.47 |
| Risk free interest rate (%) | 8 | 8 |
| Expected term (in years) | 4 to 6 | 4 to 6 |

**Employee Stock Option Scheme 2016 ('ESOP 2016 Scheme'):**

a) Pursuant to the ESOP 2016 Scheme, CIL 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:

| Particulars | For the year ended March 31, 2018 | | For the year ended March 31, 2017 | |
|---|---|---|---|---|
| | No. of Options | Weighted average exercise price (₹) | No. of Options | Weighted average exercise price (₹) |
| At the beginning of the year | 2174500 | 319.65 | - | - |
| Granted* | 148900 | 529.4 | 2174500 | 319.65 |
| Exercised | 105200 | 319.65 | - | - |
| Cancelled | 89800 | 319.65 | - | - |
| Lapsed | - | - | - | - |
| At the end of the year | 2128400 | 334.32 | 2174500 | 319.65 |

*the weighted average fair value of options granted during the year is ₹ 207.85 (2017: ₹ 118.53)

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

b) The above outstanding options have been granted in various tranches and have a weighted average remaining life of 4.09 years (2017: 5.10 years). The exercise price of the outstanding options range from ₹ 319.65 to ₹ 529.40 (2017: ₹ 319.65). The weighted average share price during the year is ₹ 460 (2017: ₹ 263)

c) Number of options exercisable at the end of the year 3,11,740 (2017: Nil).

d) The fair values of the option were determined using a Black Scholes' model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions, and behavioural considerations. Expected volatility is based on the historical share price volatility over the past 5-6 years.

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

| Particulars | For the Year ended March 31, 2018 | For the Year ended March 31, 2017 |
|---|---|---|
| Dividend yield (%) | 400-500 | 400 |
| Expected volatility (%) | 0.32-0.34 | 0.32 |
| Risk free interest rate (%) | 7.0 - 7.6 | 7 |
| Expected term (in years) | 5 to 6 | 5 to 6 |

## Note 45

### SUBSIDIARIES

**Details of the Company's subsidiaries at the end of reporting period are as follows:**

| Name of the Company | Country of incorporation | % of voting power (directly/ indirectly) held on | |
|---|---|---|---|
| | | March 31, 2018 | March 31, 2017 |
| Parry Chemicals Limited (PCHL) | India | 60.59 | 60.74 |
| Parry America Inc. (PAI) | USA | 100.00 | 100.00 |
| Coromandel International Limited (CIL) | India | 60.59 | 60.74 |
| Sabero Europe BV (Sabero Europe) | Netherlands | 60.59 | 60.74 |
| Sabero Australia Pty.Ltd (Sabero Australia) | Australia | 60.59 | 60.74 |
| Sabero Organics America Ltda (SOAL) | Brazil | 60.55 | 60.73 |
| Sabero Argentina SA (Sabero Argentina) | Argentina | 57.56 | 57.70 |
| Coromandel Agronegocios de Mexico, S.A de C.V (Coromandel Mexico) | Mexico | 60.59 | 60.74 |
| Parry Infrastructure company Pvt Ltd (PICPL) | India | 100.00 | 100.00 |
| Parrys Investments Limited (PIL) | India | 100.00 | 100.00 |
| Parrys Sugar Limited (PSL) | India | 100.00 | 100.00 |
| CFL Mauritius Limited (CML) | Mauritius | 60.59 | 60.74 |
| Coromandel Brasil Limitada (CBL) | Brazil | 60.59 | 60.74 |
| US Nutraceuticals LLC (USN) | USA | 100.00 | 100.00 |
| Parry Sugars Refinery India Private Limited (PSRIPL) | India | 100.00 | 100.00 |
| Parry Agrochem Exports Limited (PAEL) | India | 100.00 | 100.00 |
| La Belle Botanics LLC (LBBL) | USA | 49.00 | 49.00 |
| Liberty Pesticides and Fertilisers Limited (LPFL) | India | 60.59 | 60.74 |
| Dare Investments Limited (DIL) | India | 60.59 | 60.74 |
| Alimtec SA (ASA) | Chile | 100.00 | 100.00 |
| Parry International DMCC | Dubai | 100.00 | - |

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

In respect of CML, SOAL, Coromandel Mexico, CBL and Sabero Argentina the financial year is from January 1, 2017 to December 31, 2017 and accordingly audited financial statements are available up to December 31, 2017. These consolidated financial statements have been adjusted by the Management for significant transactions between 1 January and 31 March to align for consolidation purposes.

In respect of Sabero Europe the financial year is from June 01, 2017 to May 31, 2018 however un-audited financial statements for the period April 01, 2017 to March 31, 2018 has been considered for the purpose of preparation of consolidated financial statements.

## Note 46

### FINANCIAL INFORMATION IN RESPECT OF JOINT VENTURES AND ASSOCIATES THAT ARE NOT INDIVIDUALLY MATERIAL:

**a. Joint ventures**

| Particulars | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
|---|---|---|
| Group's share of profit/ (loss) | (60) | (71) |
| Group's share of other comprehensive income | - | - |
| Group's share of total comprehensive income | (60) | (71) |

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| Aggregate carrying amount of the Group's interests in these joint ventures | 1,620 | 1,680 |

**b. Associate**

| Particulars | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
|---|---|---|
| Group's share of profit/ (loss) | 55 | 97 |
| Group's share of other comprehensive income | - | - |
| Group's share of total comprehensive income | 55 | 97 |

| Particulars | As at March 31, 2018 | As at April 01, 2017 |
|---|---|---|
| Aggregate carrying amount of the Group's interests in these associates | 873 | 817 |

## Note 47

### ACQUISITION IN SUBSIDIARIES

During the year, Group has increased its stake in US Nutraceuticals LLC from 93.52% to 100% by investing an amount of ₹ 750 Lakhs.

## Note 48

### EXCEPTIONAL ITEMS

Exceptional item represents one-time settlement of additional cane price for sugar seasons 2013-14 to 2016-17 which has been agreed with farmers registered with the Company in Tamilnadu.

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

## Note 49
## FINANCIAL INSTRUMENTS

### 49.1 Capital Management

The Group's capital management is intended to maximise the return to shareholders for meeting the long-term and short-term goals of the Group through the optimization of the debt and equity balance.

The Group determines the amount of capital required on the basis of annual and long-term operating plans and strategic investment plans. The funding requirements are met through equity 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.

The following table summarises the capital of the Group:

₹ in Lakh

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| **Equity** | **4,23,642** | **3,88,800** |
| Debt | 4,46,994 | 3,92,269 |
| Cash and cash equivalents | (54,538) | (23,145) |
| **Net debt** | **3,92,456** | **3,69,124** |
| **Total capital (equity + net debt)** | **8,16,098** | **7,57,924** |
| Net debt to capital ratio | 0.48 | 0.49 |

### 49.2 Categories of financial instruments

₹ in Lakh

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| **Financial assets** | | |
| **Measured at fair value through profit or loss (FVTPL)** | | |
| (a) Mandatorily measured: | | |
| (i) Equity investments | 4,448 | 9,796 |
| (ii) Derivative instruments not designated in hedge accounting relationship | 1,509 | 3,884 |
| **Measured at amortised cost** | | |
| (a) Cash and bank balances | 66,369 | 25,716 |
| (b) Other financial assets at amortised cost | 4,99,345 | 5,10,986 |
| **Measured at FVTOCI** | | |
| (a) Investments in equity instruments designated upon initial recognition | 36,083 | 44,632 |
| **Measured at equity** | | |
| (a) Investments in equity instruments in joint ventures and associate | 2,493 | 2,497 |
| **Financial liabilities** | | |
| Measured at amortised cost | 10,02,772 | 9,03,338 |
| Measured at FVTPL | 1,623 | 13,364 |

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 49.3 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, 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 approved by the Board of Directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk and the investment of excess liquidity. The Group does not enter into trade financial instruments, including derivative financial instruments, for speculative purposes.

| Item | Primarily affected by | Risk management policies | Refer |
|---|---|---|---|
| Market risk - currency risk | USD balances and exposure towards trade payables, exports, and long-term borrowings | Mitigating foreign currency risk using foreign currency forward contracts, option contracts and swap contracts. | Note 49.4.1 |
| 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 49.4.2 |
| Market risk - Price risk | Change in prices of commodity and value of equity instruments | Monitoring forecasts of cash flows; diversification of portfolio | Note 49.4.3 |
| 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 49.5 |
| Liquidity risk | Fluctuations in cash flows | Preparing and monitoring forecasts of cash flows; cash management policies; multiple-year credit and banking facilities | Note 49.6 |

### 49.4 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
- 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.

### 49.4.1 Foreign currency risk management

The Group is exposed to foreign exchange risk on account of following:
1. Exports and imports.
2. foreign currency borrowings in the form of Foreign Currency Non-Repatriable (B) loans (FCNRB), packing credit etc. availed for meeting its funding requirements.

The fluctuation in foreign currency exchange rates may have potential impact on the income statement and equity, where any transaction references more than one currency or where assets/liabilities are denominated in a currency other than the functional currency of the respective consolidated entities.

The Group has a forex policy in place whose objective is to reduce foreign exchange risk by deploying the appropriate hedging strategies (forward covers and options) and also by maintaining reasonable open exposures within approved parameters depending on the future outlook on currencies.

Companies in the group had entered into the swap contracts to hedge the interest and currency risks on the external commercial borrowings.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

**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 March 31, 2018 | As at March 31, 2017 | As at March 31, 2018 | As at March 31, 2017 |
| USD (₹ in lakhs) | 4,10,300 | 4,54,744 | 52,695 | 2,10,156 |
| EURO (₹ in lakhs) | 44 | 97 | 416 | 1,397 |
| GBP (₹ in lakhs) | - | - | 38 | 121 |
| INR (₹ In lakhs) * | 31,591 | 39,173 | 14,055 | 10,988 |
| CLP (₹ in lakhs) | 313 | 122 | 59 | 323 |

* Indian Rupee (INR) liabilities and assets relates to Parry Sugars Refinery India Private Limited, whose functional currency is determined as US Dollars and accordingly INR is disclosed as foreign currency.

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 forwards and current and interest rate swaps outstanding as at the Balance Sheet date:**

| Currency | As at March 31, 2018 | | As at March 31, 2017 | |
|---|---|---|---|---|
| | Buy | Sell | Buy | Sell |
| Forward contracts | | | | |
| **i. Cash flow hedges** | | | | |
| USD/INR (in INR) | - | 79 | - | 867 |
| EURO/INR (in INR) | - | 86 | - | 893 |
| **ii. Others** | | | | |
| USD/INR (in INR) | 1,81,085 | 85,757 | 1,65,540 | 38,640 |
| EURO/INR (in INR) | - | 3,944 | - | 3,904 |
| **Option contracts** | | | | |
| USD/INR (in INR) | 43,214 | - | 60,639 | - |
| **Currency and interest rate swaps** | | | | |
| USD/INR (in INR) | - | 6,275 | - | 14,234 |

The forward and option contracts have been entered into to hedge highly probable forecast sale transactions and trade receivables. The swap contracts have been entered into to hedge the currency and interest rate risks on the external commercial borrowings of the Group.

At March 31, 2018, the aggregate amount of gains under forward foreign exchange contracts recognised in other comprehensive income and accumulated in the cash flow hedging reserve relating to the exposure on these anticipated future transactions is ₹ 10 lakhs (March 31, 2017: ₹ 143 lakh). It is anticipated that the sales will take place over the next two year period, at which time the amount deferred in equity will be reclassified to profit or loss.

**c. Foreign currency sensitivity analysis**

The Group is mainly exposed to fluctuations in US Dollar. The following table details the Group's sensitivity to a 10% increase and decrease against the US Dollar. 10% 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 10% change in foreign currency rates. A positive number below indicates an increase in profit or equity where the Rupee strengthens by 10% against the US Dollar. For a 10% weakening against the US Dollar, there would be a comparable impact on the profit or equity.

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

| Currency USD impact on: | For the Year ended 31st March 2018 | For the Year ended 31st March 2017 |
|---|---|---|
| Profit or loss | (10,639) | 10,446 |
| Other Comprehensive income | (9,257) | (3,231) |
| Equity | (19,896) | 7,215 |

In management's opinion the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of reporting period does not reflect the exposure during the year.

### 49.4.2 Interest rate risk management

The Group issues commercial papers, draws working capital demand Loans, cash credit, foreign currency borrowings, Packing Credit etc. for meeting its funding requirements.

Interest rates on these borrowings are exposed to change in respective benchmark rates. The Group manages the interest rate risk by maintaining appropriate mix/portfolio of the borrowings.

#### a. Interest rate swap contract

PSRIPL had entered into a Swap contract exchange fixed interest rate in INR to USD fixed rate on agreed notional principal amounts. Such contracts enable the Group to reduce the interest cost. Details of the fixed to fixed interest rate swap is given below.

| Particulars | Weighted average interest rate | As at 31, March 2018 INR | As at 31, March 2017 INR |
|---|---|---|---|
| Fixed Interest Rate Swap carried at FVTPL (Fair value) | 3.46% | (95) | 500 |

#### b. Interest rate sensitivity analysis

The sensitivity analysis below has been determined for borrowings assuming the amount of borrowings outstanding at the end of the reporting period was outstanding for the whole year. A 10 basis points increase or decrease in case of foreign currency borrowings and 50 basis points increase or decrease in case of rupee borrowings is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rate had been 10 basis points higher/ lower in case of foreign currency borrowings and 50 basis points higher/ lower in case of rupee borrowings and all other variables were held constant, the Group's profit for the year ended 31 March 2018 would decrease/ increase by ₹ 944 lakhs (March 31, 2017: ₹ 771 lakhs)

### 49.4.3 Price risks

#### a. Commodity price risk

Commodity Price Risk arises from commodity future contracts undertaken by Parry Sugars Refinery India Private Limited, a subsidiary, for procurement of white sugar and sale of refined sugar and the consequent exposure to changes in market prices. Exposure to the market prices of the raw sugar procured and white sugar sold is managed through the use of commodity futures and other hedging instruments, including options primarily to convert floating or indexed prices to fixed prices. The use of such contracts to hedge commodity exposures is governed by the Group's risk management policies and continuously monitored by the Trade desk team. Commodity derivatives also provides a way to meet customer's pricing requirements whilst achieving a price structure consistent with the Group's over all pricing strategy.

Some of the PSRIPL's commodity derivatives are treated as own use contracts, since they are both entered into, and continue to be held in accordance with the entity's purchase, sale or usage requirements, and the Company takes physical delivery of the commodity concerned. 'Own use' contracts are scoped out from the requirements under Ind AS 109. Hence such contracts have been identified and are not recognized in books. All other commodity contracts are marked to market through income statement.

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

The table below illustrates the sensitivity of the Group's commodity pricing contracts to the price movement of commodities:

| Particulars | Impact on INR (-10% change) | | Impact on INR (+10% change) | |
|---|---|---|---|---|
| | March 31, 2018 | March 31, 2017 | March 31, 2018 | March 31, 2017 |
| Impact on Profit or loss for the year and on total equity as at reporting date | (993) | (4,624) | 993 | 4,624 |

**b. Equity price sensitivity analysis**

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. 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 1% higher/lower other comprehensive income/ equity for the year ended March 31, 2018 would increase/ decrease by ₹ 361 Lakhs (₹ 446 Lakh for the year ended March 31, 2017) 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.

**49.5 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 counter parties 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. There is no material expected credit loss based on the past experience. However, the Group assesses the impairment by specific items of trade receivable and creates loss allowance except in Coromandel International Limited provision is created for past due receivables beyond 180 days ranging between 25%-100% after reckoning the underlying collaterals and provides upto 0.50% for receivables less than 180 days on expected credit loss model.

The credit risk on cash and bank balances is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

**49.6 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.

The table below provides details regarding the contractual maturities of non-derivative financial liabilities including estimated interest payments as at March 31, 2018:

| Particulars | Carrying amount | upto 1 year | 1-3 year | More than 3 year | Total contracted cash flows |
|---|---|---|---|---|---|
| Accounts payable and acceptances | 4,64,198 | 4,65,720 | - | - | 4,65,720 |
| Borrowings including interest | 4,56,074 | 4,18,394 | 39,241 | 8,441 | 4,66,076 |
| Other financial liabilities | 82,500 | 82,500 | - | - | 82,500 |
| **Total** | **10,02,772** | **9,66,614** | **39,241** | **8,441** | **10,14,296** |

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

The table below provides details of non-derivative financial assets as at March 31, 2018:

| Particulars | Carrying amount |
|---|---|
| Trade and Subsidy receivables | 4,45,569 |
| Other financial assets | 1,63,169 |
| **Total** | **6,08,738** |

The table below provides details regarding the contractual maturities of non-derivative financial liabilities including estimated interest payments as at March 31, 2017:

| Particulars | Carrying amount | upto 1 year | 1-3 year | More than 3 year | Total contracted cash flows |
|---|---|---|---|---|---|
| Accounts Payable | 4,20,445 | 4,21,178 | - | - | 4,21,178 |
| Borrowings including interest | 4,00,359 | 3,17,851 | 80,398 | 16,141 | 4,14,390 |
| Other financial liabilities | 82,534 | 82,534 | - | - | 82,534 |
| **Total** | **9,03,338** | **8,21,563** | **80,398** | **16,141** | **9,18,102** |

The table below provides details of non-derivative financial assets as at March 31, 2017.

| Particulars | Carrying amount |
|---|---|
| Trade and Subsidy receivables | 4,40,725 |
| Other financial assets | 1,52,902 |
| **Total** | **5,93,627** |

The following table details the Group's maturity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted estimated cash flows determined by reference to the projected market rates at the end of the reporting period. A positive amount represents an anticipated cash inflow and a negative amount represents an anticipated cash outflow.

**March 31, 2018**

| Particulars | Less than 1 year | 1-3 year | above 3 years |
|---|---|---|---|
| Net settled | | | |
| - foreign exchange forward contracts | 473 | 10 | - |
| - option contracts | 378 | - | - |
| - currency and interest rate swaps | (95) | - | - |
| - commodity futures | (880) | - | - |

**March 31, 2017**

| Particulars | Less than 1 year | 1-3 year | above 3 years |
|---|---|---|---|
| Net settled | | | |
| - foreign exchange forward contracts | (2,618) | 454 | - |
| - option contracts | (2,177) | - | - |
| - currency and interest rate swaps | 500 | - | - |
| - commodity futures | (5,639) | - | - |

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 49.7 Financial guarantee contract

Coromandel International Limited (CIL), a subsidiary, has provided a sponsor guarantee for USD 41.1 million (proportionate to the shareholding of 15%) towards the borrowings of Tunisian Indian Fertilisers S.A. (TIFERT), a company based in Tunisia, manufacturing phosphoric acid. In March 2017, TIFERT has requested reschedulement of installment due to the lenders and delayed the payment. The same was not agreed to by the Lenders and the the acceleration notice was served on TIFERT by lenders on March 28, 2017. The loan installment was immediately paid on March 30, 2017 by TIFERT however, on April 4, 2017 the lenders followed up with call notice on shareholders towards guaranteed amount (CIL's share USD 35.25 million outstanding as on March 31, 2017). CIL along with other shareholders of TIFERT are in discussion with the Lenders to resolve the matter with regard to liquidity situation and operational improvements of TIFERT and also to find a solution for meeting the future debt obligations of TIFERT.

Based on communication exchanged with Lenders and operational improvement initiatives taken by TIFERT, CIL 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 installments that were due in September 2017 and March 2018 as per the payment schedule. The sponsor guarantee was valid upto March 31, 2018. CIL's obligation under this financial guarantee if that amount is claimed by the counterparty to the guarantee is subject to a maximum of ₹ 17,777 Lakhs (March 31, 2017: ₹ 22,959 Lakhs). Carrying amount of the financial guarantee contract in the books is as under:

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| Financial guarantee contract | - | 109 |

### 49.8 Financing facilities

The Group has access to financing facilities of which ₹ 3,00,757 Lakhs (as at March 31, 2017: ₹ 3,47,967 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.

### 49.9 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):

(₹ in lakh, unless otherwise stated)

| Financial assets / financial liabilities | Fair Value as at* | | Fair value hierarchy | Valuation techniques & key inputs used |
|---|---|---|---|---|
| | As at March 31, 2018 | As at March 31, 2017 | | |
| 1) Foreign currency forward contracts | 483 | (2,164) | Level 2 | Refer Note 3(a) |
| 2) Currency and Interest rate swap contracts | (95) | 500 | Level 2 | Refer Note 3(a) |
| 3) Commodity future | (880) | (5,639) | Level 1 | Refer Note 2 |
| 4) Option contracts | 378 | (2,177) | Level 2 | Refer Note 3(a) |
| 5) Investments in quoted equity instruments at FVTOCI | 2,627 | 2,219 | Level 1 | Refer Note 2 |
| 6) Investments in quoted equity instruments at FVTPL | 4,087 | 9,382 | Level 1 | Refer Note 2 |
| 7) Investments in unquoted equity instruments at FVTOCI | 33,456 | 42,413 | Level 3 | Refer Note 4(a) & 4(c) |
| 8) Investments in unquoted equity instruments at FVTPL | 361 | 414 | Level 3 | Refer Note 4(b) |

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

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

**Notes:**

1. There were no transfers between Level 1 and 2 in the period.
2. The Level 1 financial instruments are measured using quotes in active market
3. The following table shows the valuation technique and key input used for Level 2:

| Financial Instrument | Valuation Technique | Key Inputs used |
|---|---|---|
| (a) Foreign currency forward contracts, currency and interest rate swaps | Discounted Cash Flow | Forward exchange rates, contract forward and interest rates, observable yield curves. |
| (b) Option contracts. | Black Scholes model | The significant valuation inputs considered are the option exercise price, currency spot rates, tenure, risk-free interest rates and the anticipated volatility in the underlying currency. |

4. The following table shows the valuation technique and key input used for Level 3:

| Financial Instrument | Valuation Technique | Key Inputs used | Sensitivity |
|---|---|---|---|
| (a) Investments in unquoted equity instruments at FVTOCI | Market Multiple Approach | Discount for lack of marketability, determined by reference to the share price of listed entities in similar industries, ranging from 30% to 50% (as at March 31, 2017: 30% to 50%) | A 5% increase/ decrease in the discount for lack of marketability used in isolation would decrease/increase the carrying amount by ₹ 771 lakhs (as at March 31, 2017: ₹ 172 lakh) |
| (b) Investments in unquoted venture capital fund at FVTPL | Net Asset Value (NAV) method | The Group 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 ₹ 21 Lakhs (March 31, 2017: ₹ 24 Lakhs). |
| (c) Investments in unquoted equity instruments at FVTOCI | Discounted Cash Flow Method | Long-term growth rates, taking into account management's experience and knowledge of market conditions of the specific industries, ranging from 2% (as at March 31, 2017: 2%) | If the long-term growth rates used were 100 basis points higher/lower while all the other variables were held constant, the carrying amount would increase/decrease by ₹ 4,758 lakhs (as at March 31, 2017: ₹ 4,747 lakhs) |
| | | Weighted average cost of capital (WACC) as determined ranging from 12% to 15% (as at March 31, 2017: 13% to 15%) | A 100 basis points increase/decrease in the WACC or discount rate used while holding all other variables constant would decrease/ increase the carrying amount by ₹ 5,508 lakhs (as at March 31, 2017: ₹ 5,167 lakhs) |

**Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)**

| Particulars | Fair value hierarchy | As at March 31, 2018 | | As at March 31, 2017 | |
|---|---|---|---|---|---|
| | | Carrying amount | Fair value | Carrying amount | Fair value |
| **Financial assets** | | | | | |
| Financial assets at amortised cost: | | | | | |
| - Trade Receivables | Level 2 | 1,82,883 | 1,82,883 | 1,85,022 | 1,85,022 |
| - Cash and cash equivalents | Level 2 | 54,538 | 54,538 | 23,145 | 23,145 |
| - Bank balances other than cash and cash equivalents | Level 2 | 11,831 | 11,831 | 2,571 | 2,571 |
| - Loans | Level 2 | 42,777 | 42,673 | 52,225 | 52,225 |
| - Government subsidies receivable | Level 2 | 2,62,686 | 2,62,686 | 2,55,703 | 2,55,703 |
| - Other financial assets | Level 2 | 10,999 | 10,999 | 18,036 | 18,036 |

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

| Particulars | Fair value hierarchy | As at March 31, 2018 | | As at March 31, 2017 | |
|---|---|---|---|---|---|
| | | Carrying amount | Fair value | Carrying amount | Fair value |
| **Financial liabilities** | | | | | |
| Financial liabilities at amortised cost: | | | | | |
| Borrowings | Level 2 | 4,56,074 | 4,56,522 | 4,00,359 | 4,01,440 |
| Trade Payables | Level 2 | 4,64,198 | 4,64,198 | 4,20,445 | 4,20,445 |
| Other financial liabilities | Level 2 | 82,500 | 82,500 | 82,534 | 82,534 |

1. In case of trade receivables, cash and cash equivalents, trade payables, short term 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 March 31, 2018:**

| Particulars | Investments in unquoted equity instruments at FVTOCI | Investments in unquoted venture capital fund at FVTPL | Total |
|---|---|---|---|
| Opening balance | 42,413 | 414 | 42,827 |
| Total gains or losses: | | | |
| - in profit or loss | - | 71 | 71 |
| - in other comprehensive income | (10,510) | - | (10,510) |
| Exchange differences | (56) | - | (56) |
| Purchases | 1,609 | 16 | 1,625 |
| Sold | - | (140) | (140) |
| **Closing balance** | **33,456** | **361** | **33,817** |

**Reconciliation of Level 3 fair value measurements for the year ended March 31, 2017:**

| Particulars | Investments in unquoted equity instruments at FVTOCI | Investments in unquoted venture capital fund at FVTPL | Total |
|---|---|---|---|
| Opening balance | 53,668 | 472 | 54,140 |
| Total gains or losses: | | | |
| - in profit or loss | - | 23 | 23 |
| - in other comprehensive income | (10,920) | - | (10,920) |
| Exchange differences | (335) | - | (335) |
| Sold | - | (81) | (81) |
| **Closing balance** | **42,413** | **414** | **42,827** |

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

## Note 50

### RELATED PARTY DISCLOSURE FOR THE YEAR ENDED MARCH 31, 2018

**(a) Investing Party & its Group**
- i) Ambadi Investment Ltd (Investing Party)
- ii) Parry Enterprises India Limited
- iii) Parry Agro Industries Limited

**(b) Joint Venture Entites**
- i) Coromandel Getax Phospates Pte Ltd
- ii) Coromandel SQM India Pvt Limited
- iii) Yanmar Coromandel Agrisolutions Private Limited

**(c) Associate Entity**

Labelle Botanics LLC

Sabero Organics Philippines Asia Inc.,

**(d) Other related parties**
- i) Parry Group Staff Provident Fund

**(e) Key Management Personnel (KMP)**
- i) Mr. V. Ramesh, Managing Director (Upto July 31, 2017)
- ii) Mr. S. Suresh, Managing Director

₹ in lakh

| Particulars | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
|---|---|---|
| **i) Sale of Finished Goods / Raw Materials / Services** | | |
| Coromandel SQM India Private Limited | 207 | 341 |
| Parry Enterprises India Limited | 98 | 36 |
| Parry Agro Industries Limited | 52 | 37 |
| **ii) Purchase of Finished Goods and Services** | | |
| Coromandel SQM India Private Limited | 3,078 | 2,911 |
| Labelle Botanics LLC | 4,400 | 1,458 |
| Parry Enterprises India Limited | 1,650 | 782 |
| Yanmar Coromandel Agrisolutions Private Limited | 2 | 2 |
| **iii) Purchase of Assets and Spare Parts** | | |
| Yanmar Coromandel Agrisolutions Private Limited | 257 | 124 |
| **iv) Commission on sales** | | |
| Sabero Philippines | 10 | 12 |
| **v) Expenses Reimbursed by** | | |
| Coromandel SQM India Private Limited | 4 | 3 |
| Yanmar Coromandel Agrisolutions Private Limited | - | * |
| Parry Enterprises India Limited | 1 | 2 |
| **vi) Payment of Dividend** | | |
| Ambadi Investment Limited | - | 2,349 |
| **vii) Investment made** | | |
| Equity shares of Yanmar Coromandel Agrisolutions Private Limited | - | 400 |
| **viii) Deposit paid and received back** | | |
| Coromandel SQM India Private Limited | * | 1 |
| **ix) Employee related Contribution** | | |
| a. Parry Group Staff Provident Fund | 102 | 429 |
| **x) Closing Balances - Debit/(Credit)** | | |
| Coromandel SQM India Private Limited | (636) | (1,522) |
| Yanmar Coromandel Agrisolutions Private Limited | (53) | (1) |

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

₹ in lakh

| Particulars | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
|---|---|---|
| Labelle Botanics LLC | (265) | (375) |
| Parry Agro Industries Limited | (15) | 3 |
| Parry Group Staff Provident Fund | 102 | 429 |
| Sabero Organics Philippines Asia Inc | 6 | 5 |
| Parry Enterprises India Limited | (59) | (72) |

* Less than a Lakh

- For remuneration to KMP refer Note 38.1

## Note 51

### CONTINGENT LIABILITIES

₹ in lakh

| Particulars | March 31, 2018 | March 31, 2017 |
|---|---|---|
| **a. Commitments** | | |
| i. Capital expenditure commitment | 6,039 | 3,170 |
| ii. Commitment towards investment | 338 | 332 |
| iii. Maximum obligation on long term lease of land | 2,742 | 1,343 |
| **b. Other monies for which the Group is contingently liable** | | |
| i. Letters of Credit and Bank Guarantees established for Purchases of Raw Materials, Spares and Capital Goods / Supply of Goods | 74,265 | 1,00,390 |
| ii. Income tax demands which are under various stages of appeal. (refer note 51.3) | 7,785 | 7,608 |
| iii. Claims against the Group for Sales tax, Excise Duty and others including Industrial Disputes (refer note 51.3) | 10,245 | 9,178 |
| iv. Cane price (Refer Note 51.1) | 2,613 | 19,887 |
| v. Certain Industrial Disputes are pending before Tribunal / High Courts. The liability of the Group in respect of these disputes depends upon the final outcome of such cases and the quantum of which is not currently ascertainable. | | |
| vi. Other claims against the Group not acknowledged as debts | 1,943 | 1,956 |

51.1 The Tamilnadu Government declared State Advisory Price (SAP) for the sugar year 2013-14,2014-15 and 2015-16. The Company has challenged the right of State Government to declare the SAP in the Hon'ble High Court of Madras. The matter is subjudice.

51.2 Future cash outflows in respect of the above referred matters are determinable only on receipt of judgements / decisions pending at various forums / authorities.

51.3 The Income Tax Department/Commercial Tax Department/Central Excise and Service Tax and GST Authority has filed appeal against the favorable order passed by lower forum in favor of the Company in appropriate appellate forum to the extent of ₹ 2,165 lakh. It is expected that there will not be any outflow of economic resources embodying economic benefits. Hence, no provision is considered necessary against the same.

51.4 Coromandel International Limited (CIL), a subsidiary of the Company, has received a Product Liability claim from a customer in respect of contamination in the product exported during the year. The amount of the claim is not mentioned in the claim document. Discussions have been initiated with the customer to determine the amount and consequently no provision towards the said claim has been made as at the Balance Sheet date. CIL carries product liability insurance and has intimated the insurance company of receipt of such claim.

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

## Note 52

## DISCLOSURE OF ADDITIONAL INFORMATION AS REQUIRED BY THE SCHEDULE III

a) As at and for the year ended March 31, 2018

₹ in lakh

| Name of the entity in the Group | Net Asset | | Share in Profit or Loss | | Share in other comprehensive income | | Share in total comprehensive income | |
|---|---|---|---|---|---|---|---|---|
| | As % of consolidated net assets | Amount | As % of consolidated profit or loss | Amount | As % of consolidated other comprehensive income | Amount | As % of consolidated total comprehensive income | Amount |
| ***Parent Company*** | | | | | | | | |
| E.I.D.Parry (India) Limted | 22% | 91,130 | (9%) | (4,427) | (52%) | 5,754 | 3% | 1,327 |
| ***Subsidiaries - Indian*** | | | | | | | | |
| Coromandel International Limited | 44% | 1,83,463 | 72% | 37,457 | 24% | (2,642) | 86% | 34,815 |
| Liberty Pesticides and Fertilisers Limited (LPFL) | * | 155 | * | 8 | - | - | * | 8 |
| Parry Chemicals Limited (PCL) | * | 970 | * | 5 | - | - | * | 5 |
| Dare Investments Limited (DIL) | * | 629 | * | (2) | (1%) | 106 | * | 104 |
| Parry Infrastructure Company Private Limited | * | 2,169 | * | 16 | (2%) | 219 | 1% | 235 |
| Parrys Sugar Limited | * | 299 | * | 15 | - | - | * | 15 |
| Parrys Investments Limited | * | 282 | * | 11 | * | 29 | * | 40 |
| Parry Agrochem Exports Limited | * | 29 | * | 1 | - | - | * | 1 |
| *Parry Sugars Refinery India Private limited* | 1% | 2,491 | (15%) | (7,594) | * | (76) | (19%) | (7,670) |
| ***Subsidiaries - Foreign*** | | | | | | | | |
| Sabero Organics America S.A. | * | 113 | * | (75) | * | (9) | * | (84) |
| Sabero Australia Pty Ltd, Australia | * | (4) | * | (2) | - | - | * | (2) |
| Sabero Europe B.V. | * | (4) | * | (3) | * | (1) | - | (4) |
| Sabero Argentina S.A. | * | - | * | - | - | - | * | - |
| Coromandel Agronegocios de Mexico, S.A de C.V (Coromandel Mexico) | * | 58 | * | (13) | * | 2 | * | (11) |
| CFL Mauritius Limited | 1% | 3,099 | * | (16) | 71% | (7,915) | (20%) | (7,931) |
| Coromandel Brasil Limitada, Limited Liability Partnership | * | (62) | * | 3 | * | 4 | * | 7 |
| Parry America Inc | * | 1,883 | 1% | 334 | * | 3 | 1% | 337 |
| US Nutraceuticals LLC | 2% | 6,490 | * | 460 | * | 5 | * | 465 |
| Alimtec S.A. | * | 1,944 | * | (603) | (1%) | 149 | * | (454) |
| Parry International DMCC | * | 6 | * | (12) | - | - | * | (12) |

₹ in lakh

| Name of the entity in the Group | Net Asset | | Share in Profit or Loss | | Share in other comprehensive income | | Share in total comprehensive income | |
|---|---|---|---|---|---|---|---|---|
| | As % of consolidated net assets | Amount | As % of consolidated profit or loss | Amount | As % of consolidated other comprehensive income | Amount | As % of consolidated total comprehensive income | Amount |
| ***Joint Ventures - Indian*** | | | | | | | | |
| Coromandel SQM (India) Private Limited | * | 707 | * | 128 | - | - | * | 128 |
| Yanmar Coromandel Agrisolutions Private Limited | * | 274 | * | (164) | - | - | * | (164) |
| ***Joint Ventures - Foreign*** | | | | | | | | |
| Coromandel Getax Phosphates Pte Ltd., | * | - | - | - | - | - | * | - |
| ***Associate - Foreign*** | | | | | | | | |
| Labelle Botanics LLC | * | 873 | * | 55 | - | - | * | 55 |
| Sabero Organics Philippines Asia Inc. | - | - | - | - | - | - | - | - |
| ***Non-controlling interest*** | 30% | 1,26,648 | 51% | 26,161 | 61% | (6,798) | 48% | 19,363 |
| **Total** | **100%** | **4,23,642** | **100%** | **51,743** | **100%** | **(11,170)** | **100%** | **40,573** |

* Represents less than 1% or ₹ 1 Lakh.

53. The figures for the previous year have been reclassified/regrouped wherever necessary for the better understanding and comparability.

54. Approval of financial statements

The financial statements were reviewed and recommended by the Audit Committee and has been approved by the Board of Directors at their meeting held on May 09, 2018.

In terms of our report attached

For and on behalf of the Board of Directors

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016
Chartered Accountants

**S Suresh**
Managing Director

**V Ravichandran**
Chairman

**Subramanian Vivek**
Partner
Membership No: 100332

**G Jalaja**
Company Secretary

**V Suri**
Chief Financial Officer

Chennai
May 09, 2018

Chennai
May 09, 2018

**E.I.D. PARRY (INDIA) LIMITED**

**CIN : L24211TN1975PLC006989**

**'DARE HOUSE', 234, N.S.C. BOSE ROAD, CHENNAI - 600 001**

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