

Resilience+



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Forward Looking Statements

Certain statements in this annual report concerning our future growth prospects are forward-looking statements, which involve a number of 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 realized, 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 results 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.

Sugar industry remains a cyclical and regulated industry. The agrarian dependence on monsoons adds to its challenges. Notwithstanding these issues, EID Parry has stayed focused on what best can be done to enhance stakeholders' value. Enhancing operational efficiency, hence, remains an ongoing theme at EID Parry. Applying commercial prudence with optimum utilization of by-products from sugar, investing in value added refined sugar, having a strong agri-input portfolio of crop protection, nutrients and niche food products mitigates the inherent uncertainties of the sugar business.

Amid the difficult business environment that the industry is facing, EID Parry remains committed to be one of the more resilient players in the industry and is working towards continually strengthening these pillars, and moving from resilience to

Resilience+



Efficiency⁺



In our journey of enhancing operational efficiencies and strengthening our internal processes, we endeavor to touch every aspect of our business right from the germination of seeds to irrigation to crushing till the finished product stage.

We have taken several measures to enhance the crop yields and farmland efficiency. Through our in-house research team, we develop better yielding sugarcane breeds and share them with farmers. We have introduced drip irrigation, solar pumps to resolve the issues of water scarcity and power interruptions, respectively. These steps are aimed towards developing a stronger bonding with our farmers.

We have been identifying innovative methods to squeeze our operating cost, improve plant efficiency and increase auxiliary revenues. We have developed an in-house steam conservation process that consumes 3% less steam for every ton of cane used. This process has already been implemented in three of our plants at Pudukkottai, Pugalur and Petta. Similarly, we have introduced an innovative "Parry Roller" design which helps us in recovering more sugar from every ton of cane used.

Overall we enhanced sugar recovery from 9.23% in 2012-13 to 9.84% in 2013-14. By not getting bogged down by external challenges but rather going deep to discover different ways to make EID Parry **efficient plus**.



We have developed an in-house steam Conservation process that **consumes 3% less steam** for every ton of cane.



Diversity+



The sugar industry is facing multiple regulatory hurdles. To reduce their impact, we have been adding new revenue streams that leverage our core capabilities and create new growth avenues. Our sugar business is geographically diversified and our mills are located across four states in India. Our auxiliary businesses such as co-gen and distillery enhance our resilience by positively impacting our revenue streams and profitability.

Our well-diversified client base includes healthy mix of retail and institutional clients. Today, both institutional and retail clients vouch for brand Parry, one of the most renowned names in Indian sugar business.

Further to lessen the seasonality impact on our business, we have diversified into non-seasonal and fast growing business of bio-products. Under this, we have identified two distinct revenue streams viz. bio-pesticides and nutraceuticals. A few of the products developed under each of these streams have found global acceptance and through them, we have been serving many of our clients located mainly in the developed economies. Our growth strategy includes mix of organic and inorganic growth. We recently acquired 100% stake in Alimtec S.A. Chile. The Company provides Astaxanthin, a key ingredient for our nutraceuticals business.

Hence, by adding strong new pillars, we are reducing the regional, seasonal, regulatory & concentration risk and adding to EID Parry's resilience by being **diversity plus**.



We recently acquired 100% stake in Alimtec S.A. Chile.

The Company provides Astaxanthin, a key ingredient for our nutraceuticals business.



Care+





Under the guiding light of our Group values, principles and beliefs we have been following high standards of corporate governance with all our stakeholders such as our investors, financiers, farmers, customers and employees.

We consider farmers as one of our important partners and we follow ethical practices in our every interaction with them. We always ensure timely payment to the farmers. We have also made several investments to help our farmers improve their crop quality and realize higher output from their farmland. Through our “Bon Sucro” initiative, we educate farmers on several best practices in farming. We also undertake several socio-economic initiatives to enhance their living standards and for their overall well-being such as free medical camps, installation of water tanks and other initiatives to promote education.

We maintain the highest quality standards in production of sugar. Our sugar mills are periodically audited by our institutional customers during the year. Also our HR policies are developed in a manner so as to ensure high levels of employee satisfaction and engagement within the organization.

We follow transparent and high-standards of practice in all our transactions. Hence, while building our resilience, we have also been socially responsible, and have focused towards being **Care plus**.

Through our
“**Bon Sucro**” initiative,
we educate farmers on
several best practices
in farming.



Financial Highlights - Ten Years At A Glance

Standalone

₹ in Lakh except ratios

Particular	2004-05	2005-06	2006-07	2007-08
Profitability Items				
Gross Income	81913	103044	73869	72932
Gross Profit (PBDIT)	15893	17766	20109	1898
Depreciation & Amortisation	2817	2915	3287	4403
Profit/(Loss) before Interest & Tax	13076	14851	16822	(2505)
Finance costs	350	739	(211)	1345
Profit/(Loss) Before Tax	12726	14112	17033	(3850)
Tax	2300	2528	4291	(2192)
Profit/(Loss) after Tax	10426	11584	12742	(1658)
Balance Sheet Items				
Net Fixed Assets	31460	33322	48256	61999
Investments	10126	11167	11736	18344
Net Current Assets	22680	33131	35616	33537
Total Capital Employed	64266	77620	95608	113880
Shareholders Funds	40850	47939	53005	50607
Borrowings	18340	24880	35236	58161
Deferred Tax Liability	5076	4801	7367	5112
Total	64266	77620	95608	113880
Ratios				
Book Value per share (₹)	234	54	60	57
EPS (₹)	58.41	12.98	14.28	(1.86)
Dividend on Equity (%)	125	225	295	25

Includes long term loans and advances and Other non-current assets and excludes current investments and short term borrowings.

Notes : -

1. The equity shares of ₹10 each were subdivided into shares of ₹2 each with effect from June 3, 2005
2. The Parryware Division was transferred on March 1, 2006 to Parryware Glamourooms Private Ltd, a wholly owned subsidiary.
3. Parry Nutraceutical Ltd was merged effective September 1, 2006.

₹ in Lakh except ratios

2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
170599	133526	147386	175364	241448	199912
96539	35536	18927	27447	60562	26237
5017	6933	7370	7397	10787	9731
91522	28603	11557	20050	49775	16506
2,682	3857	4817	6443	13668	19616
88840	24746	6740	13607	36107	(3110)
19644	4218	(1186)	(125)	2936	(5763)
69196	20528	7926	13732	33171	2653
85942	84650	80986	80876	128652	152515
48561	68282	43414	68278	87110	54478
26584	27561	61572	63604	104089#	106088#
161087	180493	185972	212758	319851	313081
96346	109066	114474	121223	134162	127432
53853	57552	58809	78971	172309	178633
10888	13875	12689	12564	13380	7016
161087	180493	185972	212758	319851	313081
113	127	66	70	77	73
77.80	23.81	4.58	7.92	19.08	1.51
1000	500	200	400	600	-

4. The equity shares of ₹2 each were subdivided into shares of ₹1 each with effect from December 24, 2010.

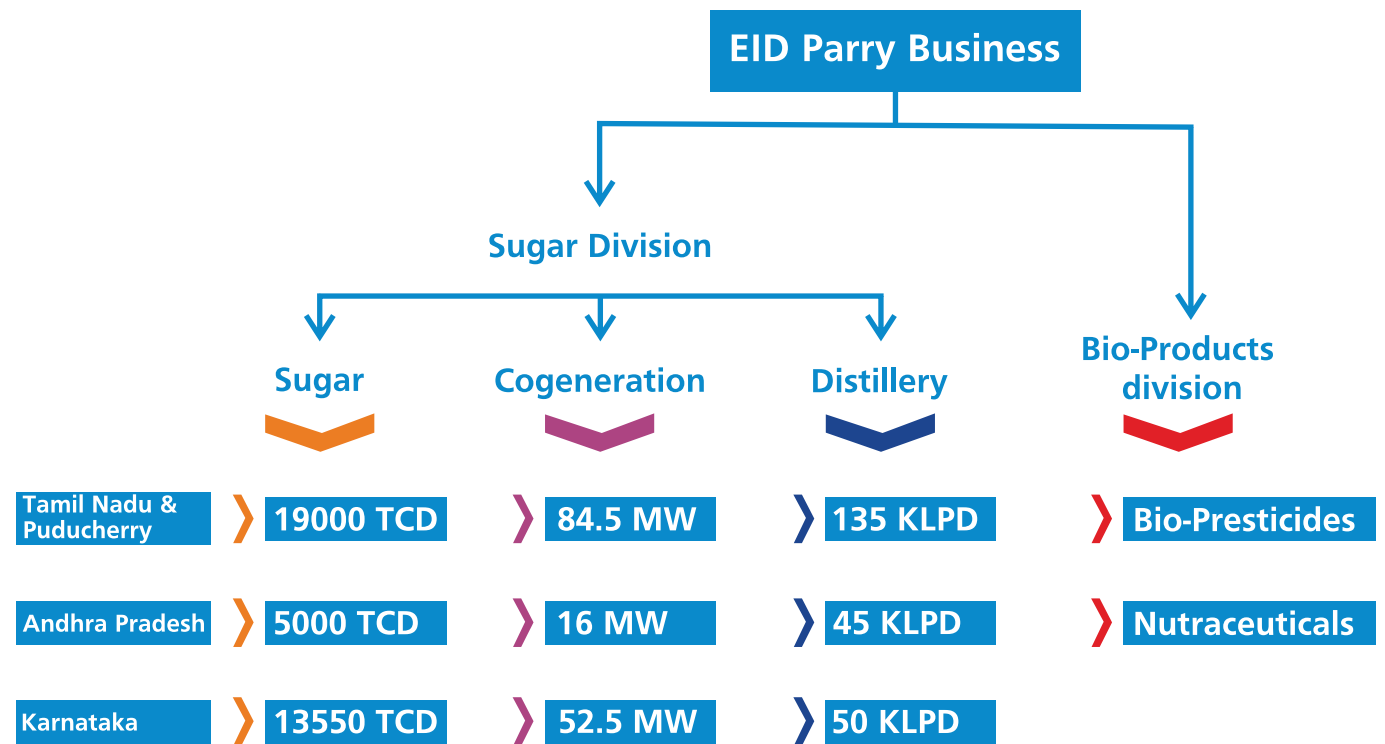
5. Haliyal and Sankili units of Parrys Sugar Industries Limited were merged with effect from April 1, 2012.

6. Sadashiva Sugars Limited was merged effective April 1, 2013.

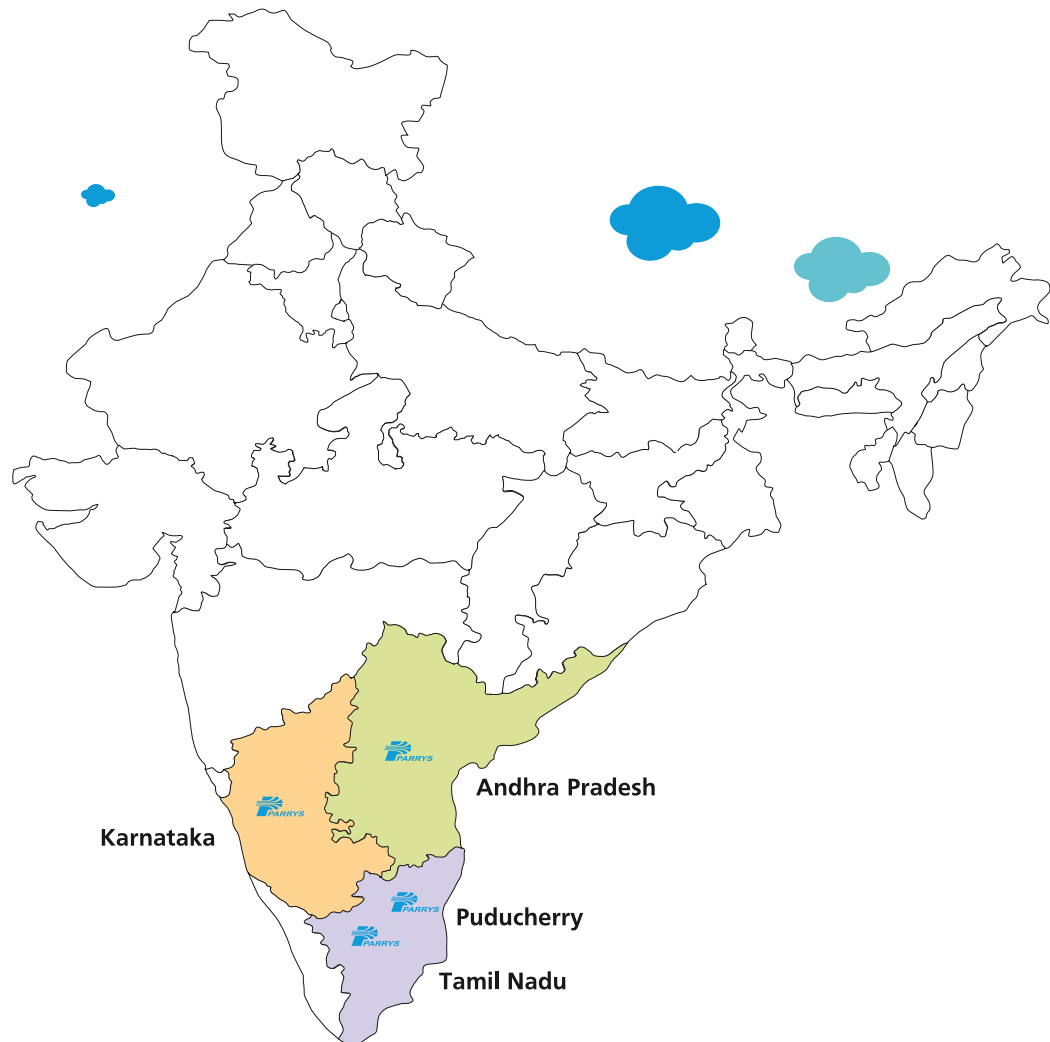


Company Overview

EID Parry is a 226 year old company headquartered in Chennai and is one of the flagship companies of the diversified ₹243 billion Murugappa group. EID Parry has its key presence in Sugar and its brand Parry is the only sugar brand that has Consumer Superbrand status in the sugar industry.



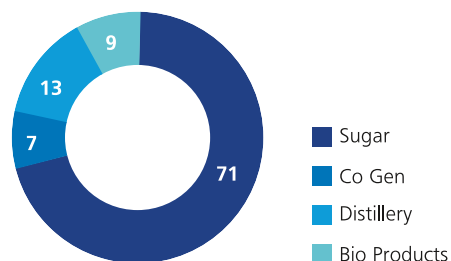
EID Parry's plant locations



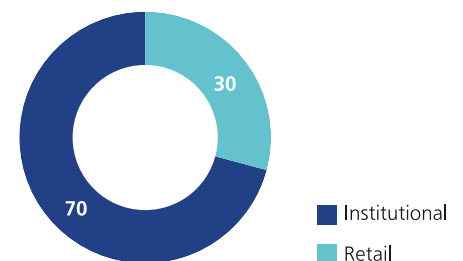
Sugar brands

- Parry's pure refined sugar
- Parry's white label sugar
- Parry's cubes sugar
- Parry's flavoured sugar
 - Elaichi
 - Ginger

Standalone sales mix (%)



Sugar sales (%)



Operational Highlights

Crushed **48 lakh MT** of sugarcane in FY 14
over **65 lakh MT** crushed last year

The total sugar production stood at **4.67 lakh MT**
over **6.01 lakh MT** in previous year

Improved recovery to **9.84%** as against
9.23% in previous year

Enhanced operating efficiency by improving **steam
and power efficiency**, reduction of process losses

Our various sugar mills were audited by
prominent institutional customers during
the year and cleared for supplies

Acquired **Chilean nutraceuticals firm,
Alimtec SA, from Bayer**



CORPORATE INFORMATION

BOARD OF DIRECTORS

A. Vellayan, Chairman
 V. Ravichandran, Vice Chairman
 V. Ramesh, Managing Director
 Anand Narain Bhatia
 V.Manickam
 M.B.N. Rao
 Shyamala Gopinath

COMPANY SECRETARY

G. Jalaja

CORPORATE MANAGEMENT TEAM

V. Ramesh, Managing Director
 S. Srikanthan, Vice President & Head – Nutraceuticals
 L. K. Baburaj, General Manager & Head – BIO
 V. Suri, Chief Financial Officer
 S.K.Sathyavrdhan, Vice President (HR)

REGISTERED OFFICE

'Dare House', Parrys Corner,
 Chennai – 600 001

AUDITORS

Deloitte Haskins & Sells,
 Chartered Accountants
 Chennai

BANKERS

State Bank of India

INVESTOR CONTACTS

REGISTRAR AND TRANSFER AGENTS

Karvy Computershare Private Limited
 Unit: E.I.D.-Parry (India) Limited,
 Plot No.17 to 24, Vittal Rao Nagar,
 Madhapur, Hyderabad – 500 081
 Tel. : +91-040 - 23420818
 Fax : +91-040 - 23420814
 E-mail : einward.ris@karvy.com

COMPANY

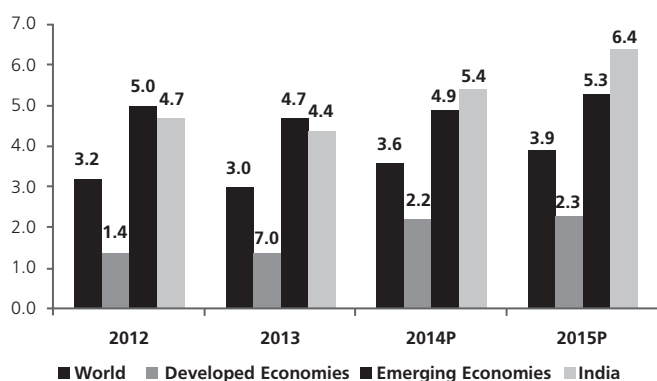
G. Jalaja
 Vice President– Management Audit & Company Secretary
 Tel. :+91-044-25306789
 Fax.:+91-044-25341609
 E-mail: investorservices@parry.murugappa.com

MANAGEMENT DISCUSSION AND ANALYSIS

Economic Overview

The global economy looks to be exiting the slowdown of the past three years and entering a new phase of slow recovery and growth with the end of calendar year 2013. Growth momentum stabilized in major advanced economies such as US, Germany and UK whereas major developing economies such as China and India recorded moderation in their growth momentum. While the overall growth remained marginally lower in 2013, there was a notable strengthening in global activities in the second half of the year, which is likely to continue through much of 2014. Sustaining this growth momentum, the world output is estimated to grow by 3.6% in 2014.

Exhibit 1: Annual GDP Growth, %



Source: IMF's World Economic Outlook, April 2014

The challenges facing the Indian Economy in the last fiscal (FY 2012-13) – high inflation, higher cost of borrowing, tightened liquidity, dampened investor sentiments, waning demand, rising input cost etc. – continued unabated through much of FY 2013-14. The challenge of balancing growth and inflation coincided with currency (INR) depreciation. Having reduced the repo rate by 25 bps at the start of the year, RBI followed it up with three consecutive 25 bps hikes. As a result, the cost of borrowing remained high, further aggravating the difficult business environment. Index of Industrial Production (IIP), the measure of industrial output, remained almost flat with Y-o-Y change of negative 0.1% for the period April 2013 to February 2014.

In the second half of the year Central Government swung into moderate action, pushing ahead few measures on policy reforms and fast-tracking clearances of industrial and infrastructural projects. The Indian Economy, as per advance estimates of Central Statistical Office (CSO), is expected to grow at 4.9% for FY2013-14 making it the second consecutive year of sub 5% growth. Going forward, the country expects to see a stable and growth-oriented government that succeeds in fast-tracking next generation reforms. Gradual stabilization of growth in advanced economies augurs well for country's exports sector and also Foreign Exchange Reserves. This is a trend that gets reflected in IMF's India growth projection of 5.4% and 6.4% respectively for calendar years 2014 and 2015.

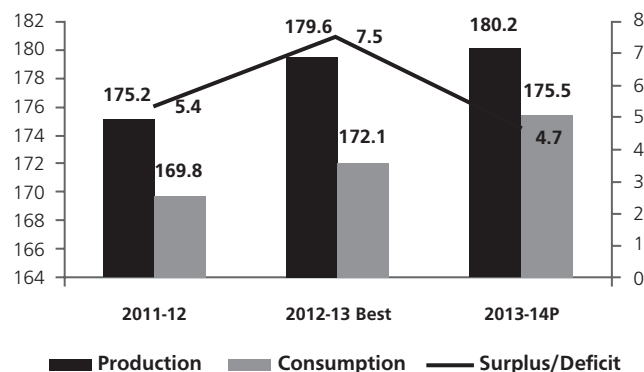
Global Sugar Industry

'Food Outlook' of United Nation's Food and Agriculture Organization (FAO) estimates the global sugar production to be at 179.6 million tonnes for the sugar season 2012-13, recording a 2.5% increase over the previous season. The growth is deduced to be on account of increased acreage for sugarcane, encouraged by the healthy sugarcane returns that farmers realized over the past three seasons.

For the ensuing season 2013-14, FAO has projected total production of 180.2 million tonnes. This near flat growth projection is on account of adverse climatic conditions in major sugarcane growing nations.

In 2013-14, the world sugar balance (Exhibit 2) would be a surplus of 4.7 million tonnes, representing a 37% drop over previous season's surplus of 7.5 million tonnes. Despite this comparative drop, the current surplus is assessed to be sufficient to keep global sugar prices stable at current levels.

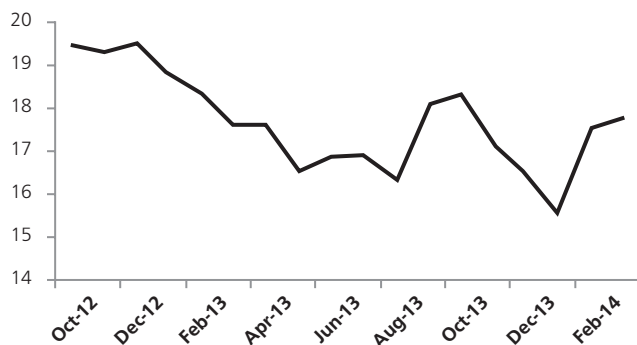
Exhibit 2: World Production, Consumption and surplus/deficit (million tonnes)



Source: FAO

The total consumption during 2012-13 is estimated at 172.1 million tonnes, which would grow to 175.4 million tonnes in 2013-14. This growth of approximately 2% is in-line with 10 years' average trend. The per capita consumption, globally, is moving up. From 24.2 kg per year registered in 2011-12, it moved to 24.35 kg per year in 2012-13. It is projected to move higher to 24.55 kg per year in 2013-14.

In the given surplus scenario, the global sugar prices have been under significant pressure (Exhibit 3) over the last two years. The average sugar prices which hovered around 26 US cents/lb in 2011 came down to 21.5 US cents/lb in 2012. It further drifted down to 17.6 US cents/lb in 2013. Sugar prices, after hitting a low of 14.71 US cents/lb in January 2014, have improved by around 20% by end of March 2014 influenced by adverse climatic conditions in Brazil. With Brazil heading for lower production in the ensuing season, the surplus scenario is expected to correct in the 2014-15 season. This may lead to an increase in global sugar prices.

Exhibit 3: Sugar prices (US Sugar No11 Futures), Cents/lb

Source: investing.com

Indian Sugar Industry

As per Indian Sugar Mills Association (ISMA), the total sugar production in India in sugar season 2012-13 recorded a drop of 4.5% to come down to 25.14 million tonnes as against 26.34 million tonnes in the previous season. The main reason for the drop was a deficit rainfall in key sugar producing states namely Maharashtra, Karnataka and Tamilnadu. This has led to the fall in crushing as well as recovery. Total sugarcane crushed in 2012-13 season was 250.7 million tonnes, 2.5% lower than the previous season. The deficit in rainfall has also lowered the sugar recovery to 10.03% for the current season from 10.25% recorded in the previous season.

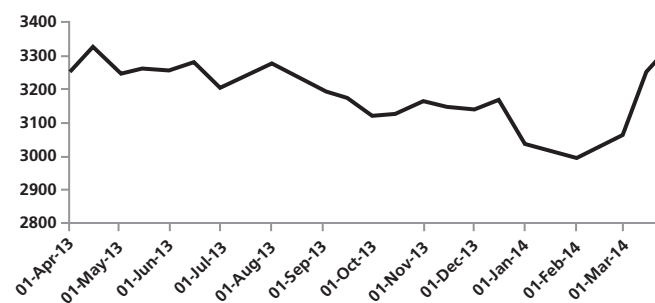
For sugar season 2013-14, ISMA projected the total sugar production figure of 25 million tonnes in September 2013. In the light of subsequent delay in commencement of crushing in Uttar Pradesh, only 23.75 million tonnes was crushed till April 2014. The total domestic sugar supply is expected to outpace demand in the sugar seasons 2013-14 as well as 2014-15. This would lead to higher closing inventory levels for both the sugar seasons. The total demand for sugar in India is estimated at 23 million tonnes for 2013-14. With estimated domestic production of 24.2 million tonnes and opening stock level of approximately 8 million tonnes, supply would outpace the demand and country is expected to close the year 2013-14 with 7.2 million tonnes of inventory. This is after factoring in 2 million tonnes of exports.

The production in the sugar season 2014-15 is expected to increase in Maharashtra and Karnataka regions. This is mainly on account of good rainfall and boosted water levels in the reservoirs which are expected to have a positive impact on yield of sugarcane and hence boost in production. However a decline is expected in the Tamilnadu region on account of poor rainfall.

Tamilnadu, which experienced two successive poor northeast monsoons, has been facing a severe water scarcity. The groundwater, which accounts for one-third of the quantity supplied through government-run agencies, is declining in all districts. The groundwater table in 22 districts has fallen by more than two meters. In Salem, Coimbatore and Dindigul, it has declined by six-seven meters. It is against this backdrop that the southwest monsoon (June-September) this year becomes crucial for the State as it determines the availability of water for the Cauvery delta and several western districts.

Overall, in light of the above, FY 2013-14 has been a challenging year for the sugar industry. Due to higher stock levels, the sugar prices have witnessed a downward trend through most of the year (Exhibit 4). In light of falling global prices, exports too have not been a viable option. Higher cost of production and falling sugar prices have adversely impacted the overall profitability of sugar manufacturers.

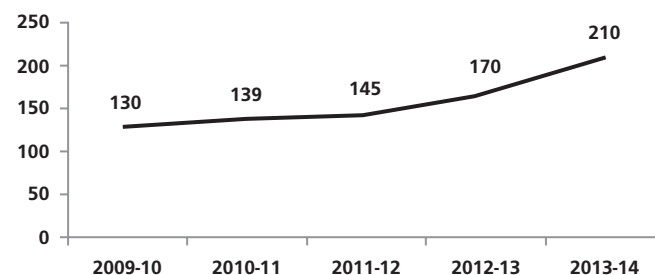
As a token measure of relief to the sugar manufacturers, government announced an export subsidy of ₹ 3,300 per ton on raw sugar exports in February 2014. This measure is hoped to trigger some revival in domestic sugar prices by lowering stock levels in the country.

Exhibit 4: Sugar prices ₹ /quintal

Source: NCDEX

Sugarcane Procurement Cost Review

Central Government has been increasing the Fair & Remunerative Price (FRP) over the years (Exhibit 5). For the sugar season 2013-14, the FRP was increased by 23.5% to ₹ 210 per quintal. UP government kept the State Advised Price (SAP) unchanged at ₹ 280 per quintal for sugar season 2013-14. But it remains the highest price as compared to other states. The SAP in Tamilnadu was fixed at ₹ 265 per quintal, including transport charges of ₹ 10 per quintal for 2013-14 sugar season. In Karnataka, the sugarcane prices were fixed at ₹ 250 per quintal (ex-gate in South Karnataka and ex-field in North Karnataka), up from ₹ 220-240 per quintal in the last year. The Commission for Agriculture Costs and Prices (CACAP) has recommended a support price of ₹ 220 per quintal for the sugar season 2014-15. Hence the cost of procurement has been significantly high and rising which is a key cause of concern for the sugar manufacturers.

Exhibit 5: Fair and Remuneration Price (FRP), ₹ per Quintal

Source: ISMA

Key government initiatives for the sector

1. Fiscal year 2013-14 has been the first year of operation for the sugar industry since the government announced partial decontrol of the sector. The Cabinet Committee of Economic Affairs cleared the proposal in April 2013. The steps taken were largely in-line with the suggestions of the C. Rangarajan committee, which is working towards the decontrol of sugar sector. The key steps taken were:

- Removal of the sale release mechanism under which sugar quantity for open market sale was fixed by the government
- Mills are freed from mandatory supply of 10% of their production to the government at a lower rate to meet Public Distribution System (PDS) demand. The sugar to be supplied through PDS will be purchased by the State Governments at market rate and the Centre will bear the entire subsidy cost.
- The other decontrol aspects such as pricing, sugarcane reservation area and minimum distance between two mills etc. have been left to the State Governments.

Benefits from these measures were very restricted for the sugar industry, particularly in FY 2013-14. The main reasons were the prevailing oversupply scenario in India, aided by increased supply from small sugar mills. Small sugar mills, facing usual cash constraints to clear farmer payments, tend to release their inventory in bulk in the open market as soon as possible. However, in the long term, impact of above mentioned steps will be positive for the industry.

2. In December 2013, the Cabinet Committee on Economic Affairs has cleared the norms for ₹ 6,600 Crore of interest-subvention loans to the sugar industry. This would enable the sugar manufacturers to pay off sugarcane arrears to farmers. Under this scheme, interest subvention up to 12% or at actual rate charged, whichever is lesser shall be provided to sugar mills for five years. This has been a great relief, as mills were able to clear the farmers' arrears and also have some respite on interest burden which reduced profits.
3. However the biggest reform of linking sugarcane prices to realization of sugar as proposed by the C. Rangarajan committee is still awaited.

Indian Ethanol Outlook

The Indian sugar industry has the capacity to produce 2.5 billion liters of ethanol annually. The major buyers belong to the chemical industry with demand of 0.6 billion liters, potable alcohol industry which sources 1.1 billion liters and Oil Marketing Companies (OMCs) with a need for 1.0 billion liters annually. Under the ethanol-blending program, the government has mandated 5% blending from June 2013. This has been a major demand driver. However, the procurement of ethanol by OMCs has fallen short of its procurement target in the year 2013-14. As against the demand of 1 billion liters for mandatory 5% blending of ethanol with petrol, the OMCs were able to contract just 0.6 billion liters. The main reason has been non-agreement on pricing. However, this has been the first year of mandatory sourcing and as systems evolve there would be better coordination between the suppliers and buyers. This would lead to better prospects for the sugar industry in the coming seasons.

Sugar Division

The company along with its subsidiaries has 9 sugar mills across Tamilnadu, Puducherry, Andhra Pradesh and Karnataka along with a standalone distillery in Sivaganga, Tamilnadu, including the merged unit of Sadashiva Sugars Limited (SSL) in Bagalkot (Karnataka). All figures in this report pertaining to EID's sugar business include Bagalkot unit results as well.

2013-14 has been a challenging year for the sugar business mainly on account of continuing poor weather conditions in Tamilnadu which has hit cane availability. This has impacted overall crushing figures for the company from the region. Karnataka region saw a growth in crushing figures. However, depressed sugar prices have adversely impacted realizations from the business and consequently the quantities sold overall.

The sugar division achieved a crushing of 48 lakh MT of sugarcane in FY 2013-14 as against 65 lakh MT crushed last year. The sugar mills at Tamilnadu and Puducherry crushed 31 lakh MT of cane; a decline over last year's 53 lakh MT. Karnataka and Andhra Pradesh plants together crushed 17 lakh MT of cane over last year's 18 lakh MT. Overall recovery for the Company was 9.84%.

The sugar division achieved a turnover of ₹ 1,657 crore in 2013-14 with an operating profit of ₹ 83 crore. Revenues from distillery segment improved significantly. However sugar and cogeneration segments took a hit on account of lower crushing.

Operational Performance:

Particulars	TN, PDY, Haliyal & Sankili units		Bagalkot (SSL)	Total	
	2013-14	2012-13*	2013-14	2013-14	2012-13*
Cane Crushed (Lakh MT)	41.46	65.18	6.06	47.52	65.18
Recovery (%)	9.57%	9.23%	11.72%	9.84%	9.23%
Sugar Produced (MT)	3,96,585	6,01,381	70,999	4,67,584	6,01,381
Power Generated (Lakh Units)	3,655	6,534	604	4,259	6,534
Alcohol Produced (Lakh Litres)	593	654	-	593	654

* 2012-13 figures do not include Bagalkot unit (Sadashiva Sugars Limited)

Financial Performance:

₹ Lakh

Particulars	Sugar		Cogen		Distillery		Total	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13*
Revenue	1,31,444	1,53,701	10,507	14,409	23,738	20,186	1,65,689	1,88,296
EBITDA**	(3,949)	6,423	3,582	10,550	8,690	8,649	8,323	25,622

* 2012-13 figures do not include Bagalkot (Sadashiva Sugars Limited)

** Earnings before interest, tax, depreciation and amortization

Cane Related Activities**Tamilnadu and Puducherry**

Overall the cane crushed has dropped from 53 lakh MT last year to 31 lakh MT in 2013-14. This was mainly on account of poor weather conditions in Tamilnadu. Recovery remained almost on par with last year at the 9% levels.

- The five factories in Tamilnadu and Puducherry can broadly be classified into two zones:
 - Coastal Zone** i.e. Nellikuppam & Puducherry: This region has been relatively less affected by the drought and hence cane crushed & planted are less adversely affected
 - Interior Tamilnadu** i.e. Pugalur, Pettavaithalai and Pudukkottai: This region has been very badly hit by the drought which has severely affected both cane crushing for FY 2013-14 and cane planting for the next year. These areas are dependent on adequate rainfall as well as sufficient release of water in the Cauvery by Karnataka, both of which were deficient during the last year

Rainfall (in mm)	FY 2011-12	FY 2012-13	FY 2013-14
Pugalur	493	221	238
Pettavaithalai	546	360	229
Pudukkottai	860	746	664

- To counter this, the Company has been focusing on the following activities in the areas of standing sugarcane:
 - Improving yield of low-yield plots through ratoon gap filling, trash shredding, green manuring, micro-nutrient spray activities etc. aimed towards yield improvement
 - Reducing the quantum of water required for cultivating cane through drip irrigation across 3000 acres of sugarcane cultivation. The thrust here has been to increase the awareness of the farmers on the use and maintenance of drip irrigation systems and promoting fertigation to improve yield
- The company also initiated projects to encourage farmers to plant cane by targeting wetland areas where water availability is comparatively better
- Helped farmers install solar powered pumps to encourage them to plant cane given lack of power availability
- To reduce cost of cultivation and to deal with labour shortages, the company focused on mechanization of all agricultural activities. About 8% cane procured has been harvested using mechanical harvesters.

Karnataka & Andhra Pradesh

Factories in this region crushed 17 lakh MT in 2013-14 at an average recovery of 11.38% as against 18 lakh MT at 10.35% last year.

- New areas nearer to the units brought under cane cultivation by developing irrigation facilities such as Bore well, drip system and lift irrigation Scheme from perennial rivers. This has benefitted around 5500 acres of land near the units.
- To increase the sugarcane yield and conserve the water, the company is implementing the sub-surface drip irrigation system which has benefitted about 3000 acres of cultivation in the region
- To increase the sugarcane productivity and to ensure the timely application of inputs, the company is supplying inputs like seed, fertilizers and water soluble fertilizers through 'Namma Gromor' centers.
- To improve the organic matter content of soil and improve the Ratoon cane yield, trash mulching by trash shredding is being implemented. This has been done across 6500 acres of cultivation.
- Wider row cane cultivation method introduced across 6000 acres for improving the cane yield and mechanical operations.
- Mechanization:
 - 2 mechanical cane harvesters introduced to overcome the cane harvesting labour problem.
 - Cost effective farm implements like Power weeder, Pocket manuring devices and Mini-tractors introduced
- Around 25 training programs and field demos to farmers were conducted to impart knowledge on modern methods of sugarcane cultivation to cane growers
- Cane yard management :-
 - Introduced system generated Cane load trip sheet system with priority harvesting
 - Quality control system introduced to reduce the Non-cane %
 - Smartcard weigh-ment system introduced in all Karnataka units to minimize the cane yard problem
- 3-tier Cane nursery system introduced from this year

In Acres by Unit	Primary	Secondary	Total
Haliyal	150	750	900
Bagalkot	150	1,000	1,150
Sankili	100	750	850

Manufacturing

1. Operational Improvement

The company has undertaken various operational improvement projects during the year. Focus has been mainly on improving steam and power efficiency, reduction of process losses in the plant as well as improvement of the environmental performance.

- Steam conservation projects developed in house have been implemented at Pudukkottai, Pugalur and Pettavaithalai units to reduce the steam % cane by an average of 3% on cane.
- Cogeneration boiler thermal efficiency improvement projects have been taken up at Nellikuppam, Pugalur, Pudukkottai, Puducherry and Bagalkot units. The steam to fuel ratio has been improved by doing the following:
 - o Reducing the moisture % in bagasse
 - o Refurbishing of Air Pre-heaters
 - o Revamping of boiler internals
- Recovery improvement activities were taken up at Nellikuppam, Pudukkottai, Bagalkot, Puducherry and Pugalur plants.
 - o A new innovative concept of 'Parry Roller' design was incorporated in the mills that helped in reduction of POL% bagasse from an average level of 1.9% to 1.72% leading to an improvement in recovery.

2. Quality

Various quality initiatives have been taken up to improve the penetration into Institutional segment relating to Pharmaceutical and Specialty sugar applications.

- Nellikuppam was the 1st unit in South India to get certified for FSSC-22000 food safety system certification.
- Haliyal, Sankili and Pugalur plants have been audited by prominent institutional customers and cleared for supplies.

3. Environment & Safety

'Safety audit' by external consultants for 24 man-days have been conducted in all Tamilnadu and Puducherry plants to identify the gap and the related corrective actions have been initiated. The following activities have been completed to improve the environmental performance of the factories:

- Electrostatic precipitator (ESP) has been installed for the boilers at Puducherry unit to curtail the chimney emissions.
- ESP's of both boilers at Sankili unit has been refurbished for performance enhancements.
- Zero liquid discharge system for distillery effluent has been commissioned at Nellikuppam distillery.

Marketing

Overall, EID sold over 4 lakh tons of sugar during the year across Tamilnadu, Puducherry, Karnataka and Andhra Pradesh regions.

• Institutional Segment:

- o Certifications under-taken ISO 22000:2013 for food safety for S-30 sugar production at Nellikuppam mill; Social accountability audits by various MNC's at Nellikuppam, Haliyal, Pudukkottai

and Puducherry units certified for ISO 9001

- o Graded sugar production at Nellikuppam refinery stabilized and production getting ramped up yielding significant returns for the company.
- o Many new pharmaceutical clients acquired both within India and neighboring markets.
- o Sankili unit approved for supply to soft drink majors and supplies commenced to various bottling units.
- o Introduced 1 MT jumbo bags for large customers which was well accepted by the market.

• Trade/Export:

- o Small quantities of export during the year due to higher cost of production compared to world market.
- o Government provided export subsidy of approximately ₹ 3300/ton for shipments during Feb/March 2014. However domestic prices increased during the period making it unattractive to export. The benefits of the subsidy will be felt only in FY14-15.
- o With production of M-30 increasing in Karnataka units, sale to Eastern parts of India mainly West Bengal increased during the year 2013-14.
- o New markets of Gujarat, Rajasthan has also been targeted from EID's Karnataka units.

R&D

- EID is one of the few companies in India developing proprietary varieties of sugarcane through systematic breeding (Facilities at Bangalore) and selection. These varieties have been tested in AICRP (All India Coordinated Research Project) trials and have shown superior performance both in terms of yield and recovery.
- Expansion of proprietary varieties in Nellikuppam areas has resulted in both increased productivity for the farmers and higher recovery for the mills
- EID introduced an innovative approach - farmer acceptance selection to launch proprietary varieties in the pipeline. Here the new proprietary varieties along with the Government varieties would be laid out in the form of demonstration and the farmer's feedback would be captured and used for scaling up and incorporating the feedback into EID's ongoing breeding program.

Bio pesticides

Industry Overview

Chemical pesticides have played a pivotal role in crop protection. However the overuse of chemical pesticides raises the concerns of residue. The best alternative for chemical pesticides is use of bio pesticides. Due to the rising environmental concerns as well as strict regulation from various developed and developing countries, there is an increasing demand for non-toxic environmentally safe bio pesticides.

As per the report, Global Bio pesticides Market Trend and Forecast, by research house 'Markets and Markets', the global bio pesticides market is estimated at USD 1.55 billion as of

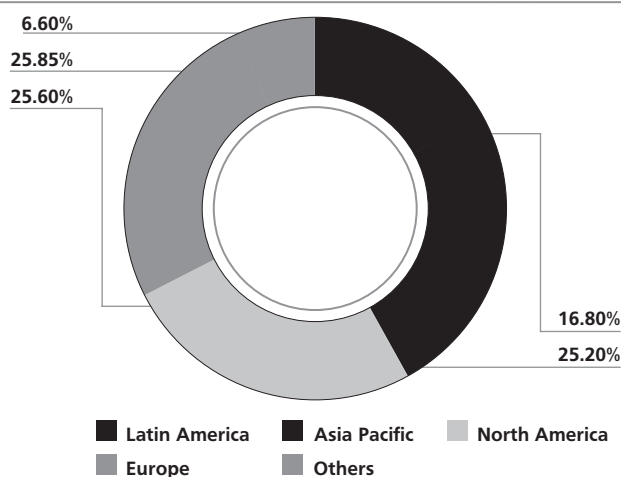
2012. Of the total market North America and Europe are two major markets for bio pesticides and together account for 66% of the global consumption. The report has also projected that with rising awareness, there are strong growth prospects for the global bio pesticides market. The market is further expected to grow at a CAGR of 15.8% over 2012-17 and would grow to USD 3.22 billion at the end of 2017. The relatively low cost for registration as well as less lead time for development of new active ingredients are some of the major growth drivers for the bio pesticides market globally.

Exhibit 7:

Bio pesticides market revenue, by geography (USD million)

Region	2012	2017	CAGR % (2012-17)
North America	621	1,291	15.8
Europe	403	859	16.4
Asia-Pacific	310	647	15.9
Latin America	155	317	15.4
ROW	61	108	12.2
Total	1,549	3,222	15.8

Exhibit 8: Global bio pesticides market share, by geography, 2010



Source: Markets and Markets

Market for Bio pesticides and Integrated Pest management (IPM) segments is gaining momentum due to demand from producers & marketers of clean vegetables and fruits. This has not only lead to higher entry of multi-national pesticides companies but also many stores have started allocating space for Green Products – safe to eat, organic with low/ no residues. The demand growth is more impressive in microbials with many companies focusing to launch patented microbial products.

Central American Markets are being seen as a hub for exporting agricultural produce to US market with growers starting to implement safe agricultural practices that would make their produce export worthy. Brazil is growing as a major organic producer, exporter and consumer due to the country's good

economic growth. European Markets too provide healthy growth prospects for Bio Pesticides in spite of the tougher regulations for registering bio pesticides with the advent of zonal registration concept.

India rank 2nd in the world in terms of arable land and agriculture is one of the key industries in India. Off late there is an increased opportunity for bio pesticides in India with farmers consciously moving away chemical pesticides. This has been due to constant education by the government machinery to disassociate toxicity level of the product with the efficiency and sustainability of pest management. Initiatives taken by various State Governments in promoting the use of bio pesticides indicates encouraging signs. Within Asia Pacific, India is the second largest bio pesticides market after China and holds around 25% market share in the total Asia Pacific's bio pesticides market. As per a report on bio pesticides by *MarketsandMarkets*, in the year 2012 India bio pesticides market stood at USD 77.4 million and is projected to grow at CAGR of 16.3% over 2012 to 2017 to reach USD 164.8 million by 2017.

Bio pesticides Division

• Operational review

The division registered revenue of ₹ 9,716 lakh in 2013-14 accounting for 5% of the company's revenue.

The sale of Neemazal registered a growth of 43 % over 2012-13. Export sale of Neemazal technical registered a growth of 22% over 2012-13 with US accounting for 64% of the sale followed by Europe at 34% and Asian markets at 2%. Parry's Azadirachtin, with the highest purity and best stability, continued to command premium and maintain its leadership position both in the agriculture and Indoor garden segments. In the domestic market Neemazal T/s and Neemazal F formulations recorded an impressive combined growth of 400% over 2012-13.

Domestic sale of Neemazal and Abda range of products along with micronutrients and adjuvants registered a growth of 44% over 2012-13. The growth was primarily achieved in West Bengal, Andhra Pradesh and North Eastern markets where sales increased significantly over last year while Maharashtra and Karnataka registered a marginal growth over 2012-13 due to intensive field promotion activity and expansion of trade network. Tamilnadu and Kerala registered negative growth due to failure of North East monsoon and drop in the produce price respectively. A new Abda variant, Abda Drip was launched to address the growing demand from crops under drip irrigation.

• Operating Results

Volumes In Kgs

Sales	2011-12	2012-13	2013-14
(Technical – 100% basis)			
Domestic	2,490	776	1957
Exports	5,240	6,076	6161
Total	7,730	6,852	8118

Financial review

Revenue for the year was ₹ 9,716 lakh as compared to ₹ 7,321 lakh of previous year. PBIT for the year was ₹ 2,276 lakh against ₹ 1,557 lakh in 2012-13.

Standalone Financial performance:

In ₹ lakh

Details	2011-12	2012-13	2013-14
Revenue	7,628	7,321	9,716
EBITDA*	1,488	1,678	2,383

*Earnings before interest, tax, depreciation and amortization

Outlook

The regulators in developed countries are enforcing strict residue policy for the agricultural produce paving way for use of safe chemicals in agriculture. Recently France had indicated that they shall introduce zero residues in Fruits and Veggies by 2020.

In most of the countries, the regulators are developing new guidelines for registering natural / organic pesticides which will hasten the registration process when compared to chemical pesticides. This shall enable companies to compress the lead time for launching new bio pesticides in the market place, which shall further fuel the growth of this segment.

The consumers are becoming increasingly conscious of effects of chemical pesticides on their health and a section of the consumers are willing to pay a premium for purchase of residue free products from the market place. This awareness will spur the usage of Bio products in the days to come.

Farmers acceptance of slow acting new chemistry synthetics coupled with agriculture department's recommendation to alternate / tank mix new chemistry molecules with bio pesticides for achieving effective pest control besides ensuring low resistance development, extended spray intervals etc., eventually resulting in reduction of crop protection cost provide a wider platform for Bio pesticide business in India.

Parrys Bio's mission is to emerge as a leading eco-friendly agri input company providing safe and sustainable crop protection and crop production solutions with global presence by maintaining leadership on Aza based products through market expansion, product deliveries and IPR moving up the value chain through improved direct market access, expanding to new markets, new crops, new products & applications and launching new products with defined timelines.

Nutraceuticals

Industry overview

The global Nutraceuticals market at the end of 2011 stood at USD 142.1 billion where North America is the largest market for Nutraceuticals with an estimated market size of USD 56.4 billion. As per a report from Transparency Market Research the global Nutraceuticals market is expected to grow at a CAGR of 6.3% over 2011 to 2017 and would be of the size USD 204.8

billion by 2017. Also, as per "World Nutraceuticals Ingredients to 2015," a report from The Freedonia Group, Cleveland OH, the global demand for Nutraceuticals ingredients is expected to increase by 7.2% annually and would be USD 23.7 billion in 2015. The growth in the segment is driven by products with clinically confirmed health benefits and applications in foods, beverages, dietary supplements and adult and pediatric nutritional preparations.

As per Netscribes, the Nutraceuticals market in India is valued around ₹ 15,528 Crore in the year FY 2012-13, which is mere 2% of the global Nutraceuticals market. However it is expected to grow at a CAGR of 19.6%, much higher than the global market growth and would be a ₹38,016 Crore market at the end of FY 2017-18. The growing emphasis on health and lifestyle among Indian consumers are some of the main demand drivers.

Nutraceuticals Division

Operational review

The Nutraceuticals Division's turnover was ₹ 6,930 lakh for the year ended 31st March, 2014 representing 4% of the company's revenue. About 80% of this represents exports. Overall sales have registered a growth of 21% over 2012-13. Premium organic spirulina continues to outperform competition in its segment with an impressive growth of 32% over previous year.

The Company produces organic Spirulina complying with leading organic standards - USDA NOP, Naturland - Germany, ECOCERT France and IMO certifications. The Company holds major quality certifications (ISO 9001, ISO 14001, ISO 22000 - Food Safety, Kosher and Halal) for its facility, and also US Pharmacopeia certification, in addition to being certified under USFDA ingredient verification program. Organic Spirulina has received GRAS (Generally Recognized As Safe) status in the US market opening up its increased use in functional foods and beverages. With the stabilized Astaxanthin production process, the sale of Astaxanthin has grown by 159% over 2012-13.

The Company has exited from OTC / OTX product range during the year to focus on its core ingredients business.

Financial review

Revenue for the year was ₹ 6930 lakh as compared to ₹ 5,731 lakh of previous year. PBIT for the year was ₹ 345 lakh against ₹ (143) lakh in 2012-13.

Standalone Financial performance:

In ₹ lakh

Details	2011-12	2012-13	2013-14
Revenue	4,359	5,731	6,930
EBITDA*	130	113	645

*Earnings before interest, tax, depreciation and amortization

Outlook

Global trends in Nutraceuticals ingredients market growth include developing regions achieving much faster growth in both consumption and production than developed regions. However, in the developed markets (North America and Europe), the demand

for high quality organic Spirulina is growing exponentially as compared to the low priced mass market. EID is moving towards consolidating its leadership position in premium organic Spirulina and increasing its focus on the value added opportunities for Ingredients and moving up the value chain.

Standalone financials review

I) Results of Operations

Turnover:

	(₹ Lakh)	
Business Segments	2013-14	2012-13
Sugar	1,31,444	1,53,701
Cogen	10,507	14,409
Distillery	23,738	20,186
Sugar Total	1,65,689	1,88,296
Bio-Pesticides	9,716	7,321
Nutraceuticals	6,930	5,731
Total	1,82,335	2,01,348

The total turnover of the Company fell by 9% from ₹ 2,01,348 Lakh in the year FY 2012-13 to ₹ 1,82,335 Lakh in FY 2013-14. The decline was a result of the following:

- Decline in Sugar division's sales from ₹ 1,88,296 Lakh to ₹ 1,65,689 Lakh in FY 2013-14 mainly driven by reduced crushing in Tamil Nadu region
- This was despite a growth in Bio-Products division's sales from ₹ 13,052 Lakh to ₹ 16,646 Lakh in FY 2013-14

Other Income

Other income for the year was ₹ 16,118 Lakh as against ₹ 37,302 Lakh in the year FY 2012-13 which includes dividend income of ₹ 7,992 Lakh against ₹ 32,182 Lakh in FY 2012-13. Interest income earned during the year was ₹ 4,317 Lakh as against ₹ 3,347 Lakh in FY 2012-13. Additionally, sale of fixed assets during the year FY 2013-14 amounted to ₹ 2,371 Lakh.

EBIDTA

The Earnings before Interest, Depreciation, Tax and Amortization for the year was ₹ 26,237 Lakh representing 14% of total revenues and showed a decline of 57% over previous year's ₹ 60,562 Lakh (Includes an income of ₹ 26,573 Lakh from bonus debentures).

EBIT

EBIT for the year was ₹ 16,506 Lakh as against ₹ 49,775 Lakh of FY 2012-13.

Finance Charges

The Company incurred finance charges of ₹ 19,616 Lakh for the year FY 2013-14 as compared to ₹ 13,668 Lakh for the year FY 2012-13. Term loan interest was ₹ 6,486 Lakh as against ₹ 7,403 Lakh in FY 2012-13. This reduction was on account of refinancing of high cost term loans with lower cost debentures.

Depreciation

Depreciation was ₹ 9,731 Lakh for the year FY 2013-14, as compared to ₹ 10,787 Lakh for the year FY 2012-13.

PBT

Loss before tax for the year stood at ₹ 3,110 Lakh as against Profit of ₹ 36,107 Lakh of previous year.

PAT

Profit after tax for the year stood at ₹ 2,653 Lakh as against ₹ 33,171 Lakh of previous year. This represents 1% and 17% of operational revenue for the years ended March 31, 2014 and 2013 respectively.

II) Financial Overview

Network

The Network as on 31st March 2014 was ₹ 1,27,432 Lakh (net of fixed assets revaluation reserve of ₹ 510 Lakh) as against ₹ 1,34,162 Lakh (net of fixed assets revaluation reserve of ₹ 526 Lakh) in 2012-13 contributed by profit made during the year and premium received on issue of shares under ESOP net of accounting adjustment arising from amalgamation of Sadashiva Sugars Limited.

During the year 19,132 Equity shares were issued to the employees on exercise of Employee Stock options at an aggregated premium of ₹ 17 Lakh. Hence, the total number of outstanding shares as on 31st March, 2014 was 17,57,85,996.

Capital Redemption reserve remained unchanged during the year while Debenture Redemption Reserve increased vide transfer from Profit and Loss Account for ₹ 2,563 Lakh.

Borrowing

The total loan funds of the company increased by 8% from ₹ 1,83,358 Lakh in 2012-13 to ₹ 1,97,745 Lakh in 2013-14.

The Long Term Debt is 0.78 times of equity against 0.60 times of equity in 2012-13.

During the year, the company issued 2000 - 8.97% and 1000 - 10.25% Secured Redeemable Non-convertible Debentures of ₹ 10,00,000 each aggregating to ₹ 30,000 Lakh

Working capital borrowing utilized was ₹ 85,787 Lakh on 31st March 2014 as against ₹ 96,393 Lakh in previous year end.

Fixed Assets

The company incurred ₹ 17,606 Lakh (₹ 13,020 Lakh during the year 2012-13) of Capital expenditure during the year.

Investments

The total investment of the company as at 31st March, 2014 was ₹ 54,476 Lakh against ₹ 87,110 Lakh in 2012-13. During the year the company has made the following investments:

- Equity shares of Parry Phytoremedies Pvt. Ltd. for ₹1,700 Lakh (Includes conversion of loan into equity for ₹ 394 Lakh)
- Redeemable Preference shares of Parrys Sugar Industries Limited for ₹ 3,000 Lakh (Includes conversion of loans amounting to ₹ 2,500 Lakh)
- Redeemable Preference shares of Silkroad Sugar Private Limited, of ₹ 1,100 Lakh

During the previous year Coromandel International Ltd, a

subsidiary company, has issued debentures amounting to ₹ 26,574 Lakh to the Company. These debentures have been fully redeemed this year.

Rating

During the year, rating agency CRISIL has assigned Long term debt rating of CRISIL 'AA-' (Stable) and reaffirmed CRISIL A1+ rating for its short term borrowings.

Book Value and Earnings per Share

Book Value of the Company decreased from ₹ 77 per share to ₹ 73 per share. Earnings per share decreased by 92% to ₹ 1.51 per share for the year ended 31st March, 2014.

Ratios

Particulars	2013-14	2012-13
Key Profitability Ratios		
EBIDTA(excl Profit on Sale of investments)/Sales %	14.72%	30.40%
PAT(excl Profit on Sale of investments)/Sales %	1.49%	16.65%
PAT/ Net worth % (ROE)	2.07%	24.63%
Key Capital structure Ratios		
Debt/Equity ratio	1.55	1.36
Long Term Debt/Equity ratio	0.88	0.65
Outside liabilities / Net worth	1.95	1.61
Net Fixed Assets/Net worth	1.20	0.96
Debt Service coverage Ratio(Excl profit on sale of invt)	4.03	2.68
Liquidity Ratios		
Current Ratio	1.29	1.15
Inventory Turnover (days)	179	89
Receivables (day gross sales)	47	40
Earnings and Dividend Ratios		
Dividend %	-	600%
Dividend Payout %	-	31%
Earnings Per share	1.51	19.08
Book Value Per share	73	77
P/E Multiple (Excl profit on sale of Invnt)	88.82	7.81

Risk Management

Sugar being a common commodity, the risk in sugar manufacturing is both local as well as global. It needs a dynamic approach to run the business. To reduce the impact of cyclicity in business, the Company has taken a conscious decision to venture into some of the fast growing and better margin businesses such as Bio pesticides and Nutraceuticals. Being export-driven, both these businesses may be impacted by global changes. The Company has proactively assessed the key risks that may have an adverse impact on the business.

• Economic risk

Risk: Due to global slowdown and other macro factors such as inflation and interest rate, there could be an adverse impact on business and profitability.

Mitigation: With experience in the financial market, the company is able to source funds at competitive rates in adverse market conditions.

• Raw material availability

Risk: Due to the adverse weather conditions, availability of

crucial inputs such as sugarcane, neem seeds, water etc. may be impacted thereby affecting the business.

Mitigation: The Company continuously works towards educating farmers to use better techniques for growing sugarcane besides encouraging them to use better varieties of sugarcane seeds/saplings. The Company holds good brand value and trust amongst the farmer community and is the preferred partner for sugarcane supply.

• Raw Material pricing risk

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 Sugar division.

Mitigation: This is a major external risk and many a times had a negative impact. However, the government has partially decontrolled the industry and going forward if the government accepts C. Rangarajan committee's proposed linking of sugarcane prices to sugar sales this risk would be significantly abated.

• Credit risk

Risk: Due to fixed sugarcane pricing but floating sugar realization, the Company may face shortfall in availability of cash to pay to farmers.

Mitigation: 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 manage the short term credit mismatch which is the nature of the business.

• Currency risk

Risk: The Company exports sugar, bio pesticides and Nutraceuticals. Hence it has huge and growing exposure to currency fluctuation risk

Mitigation: The Company follows a comprehensive forex policy to hedge foreign currency fluctuation by taking cover through forward contract.

Human Resources

EID Parry is a value based organization with a culture that promotes empowerment and freedom. In a challenging and competitive environment, the organization believes that people are the key to success. The Human Resources function proactively develops innovative and business focused methods to attract, develop, motivate and retain talent. Human Resources strategy is closely aligned to its key businesses and stems from the organization purpose which is to "Enrich Life by Creating Value from Agriculture".

The Human Resources 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 five key imperatives: Capability Development, Talent Management, Employee Engagement, Productivity & Cost and HR Excellence.

Awards & Recognition

- During the Energy Summit conducted by CII in August 2013, Nellikuppam unit received the "Best Energy Efficient" unit award and also received "Most Useful Presentation" Award
- During the Strategic Supplier Summit conducted by Coke, EID Parry, Nellikuppam unit was recognized for compliance to 'Supplier Guiding Principles'

- Two Sankili unit Quality Circle teams received awards under the Gold medal category for their case study presentation on Carryover of lime along with Grit and Instillation of HT Capacitor respectively.
- Sankili unit received 3rd Prize for Best Performance in Cogeneration & Cane Development from SISSTA.
- Pugalur unit received the Certificate of Merit in the National Energy Conservation Award – 2013, in the Sugar Sector issued by Ministry of Power, Govt. of India
- Pudukkottai unit has won Tamilnadu State Safety Awards for the years 2010, 2011 & 2012.
- Pettavaithalai unit bagged SISSTA awards for Best Technical Efficiency – 2nd Prize and also won the 2nd prize in Best sugarcane development award category.

CSR Initiatives

EID Parry believes in enriching lives and in line with this the CSR initiatives primarily focuses on encouraging sustainable socio economic growth for the communities to improve their quality of life in and around the areas where EID operates.

Following are the CSR initiatives that were undertaken by the company over the last financial year across divisions:

• Healthcare:

- At Haliyal, a unique 'hospital on wheels', a well equipped mobile unit with modern amenities provides diagnostic and medical intervention to people living in remote areas. This is done in collaboration with AMM foundation and Wockhardt Hospitals, covering 12 villages (2 villages per day) in and around Haliyal. From the date of launch around 8000 people have benefited from this facility.
- Similarly, a Mobile Medical Unit is being run in collaboration with Help Age India at Sankili covering around 50 sugarcane growing villages in and around Sankili (Totally 50 Villages covered in Regidi, Amadalavalasa, Palakonda and Veeraghattam Mandals).
- Organized Free Medical health camps at Pettavaithalai, Pugalur and Pudukkottai units
- Conducted 2 Eye screening camps for general public at Pettavaithalai, Kottaipaluvanchi, & Kovilpatti division in association with Aravind Eye Hospital, Madurai. In all 370 general public have participated and 71 participants got Eye surgeries on free of cost.
- Support to Cane Grower / Harvesting & Transport Labourer's children through free Medical camps, Pulse Polio Vaccination, Medicines & Health check-ups etc. at all locations.
- At Nellikuppam, eye camp & general Health camps were organised for local community around 560 people got benefited.

• Education:

- Personality Development Classes were imparted to Higher Secondary School children at Puducherry (Classes VI and above) covering 650 students. Also personal Hygiene classes were imparted to children from II, III, IV standards respectively covering 250 students.

- Construction of library at Govt. girls higher secondary school, Pugalur. This library will be helpful for around 1000 girls of the local school.

- UPS donated to blind / Orphan school near Sivaganga

• Infrastructure:

- Installed Water tank for Local Public: Donated 2000 Liters water tank for drinking water distribution for local public at Sempadapalayam village adjacent to Pugalur factory.
- Infrastructure materials were provided to Udayakulam school – 189 children benefited
- Constructed a class room for Esha Vidyalaya School Thyagavalli unit at Cuddalore.
- Supported the Nellikuppam Municipality for laying concrete roads.
- Constructed 2 Modern Bus shelters at Nellikuppam Municipality.
- Constructed administration building for Tamilnadu Police at Nellikuppam.

Information Technology

Various projects have been implemented to create business value and cost reduction.

- Upgraded company's business solution (SAP) to the latest version to leverage enhanced business processes
- Enhanced the functionality of web-based cane management system to address cane recovery
- Designed and implemented a pilot 'iCane', a mobile cane management system at Pudukkottai plant. Visible benefits have been reaped during the pilot stage itself. Plans to roll out across all units

Disaster recovery planning

The company emphasizes on protection of information assets and in ensuring that the business operations are not affected. During the year, Mock Drill was done in 2012 which reinforced the fact that disaster recovery mechanism is in use.

Internal controls

Systems audit were conducted in all modules of SAP and the Cane management system. Based on the recommendations, internal controls and process improvements have been implemented in finance, materials, sales and cane management system.

Cautionary statement

Statements in this Management Discussion & Analysis describing the Company's objectives, projections, estimates and expectations may constitute "forward looking statement" within the meaning of applicable laws & regulations. Actual results, performances or achievements could differ materially from those expressed or implied in such forward-looking statements.

On behalf of the Board

Chennai
May 15, 2014

A. Vellayan
Chairman

DIRECTORS' REPORT

Your Directors have pleasure in presenting their report together with the audited accounts for the financial year ended 31st March, 2014.

The performance highlights of the company for the year are summarised below:

FINANCIAL RESULTS

	₹ in lakh	
Particulars	2013-14	2012-13
Total Income	1,94,319	2,09,978
Profit Before Interest, Depreciation and Tax	26,237	60,562
Less : Interest	19,616	13,668
Depreciation	9,731	10,787
Profit Before Tax	(3,110)	36,107
Less: Provision for Tax :		
- Current	-	839
- MAT Credit entitlement	-	(839)
- Deferred	(5,763)	2,936
Profit After Tax	2,653	33,171
Add : Surplus brought forward	24,456	37,966
Amount available for Appropriation	27,019	71,137
APPROPRIATIONS		
Transfer to General Reserve	-	35,000
Transfer to Debenture Redemption Reserve	2,653	1,250
Dividend on Equity Capital :		
Interim dividend paid	-	10,431
Dividend Distribution Tax (Net)	-	-
Surplus carried to Balance Sheet	24,456	24,456

PERFORMANCE

During the year, the Company recorded a revenue of ₹ 1,94,319 lakh as compared to ₹ 2,09,978 Lakh in the previous year 2012-13. The Earnings before Interest, Depreciation, Tax and Amortization for the year was ₹ 26,237 Lakh representing 14% of total sales as against previous year's ₹ 60,562 Lakh. Performance of sugar by-product division namely distillery and power have contributed towards EBIDTA during the year.

During the year, the performance of the Company was adversely affected primarily due to the prevailing low market price of sugar and the higher cane price that the Company had to pay for procuring cane from the farmers. Further, the units in Tamil Nadu was impacted by a third consecutive year of drought severely affecting the cane availability. In Karnataka there was a delay in commencement of the normal crushing operations due to the impasse caused by the hike in cane prices announced by the Karnataka Government and the millers' dissent on this issue. All this had a combined effect resulting in reduction of the total cane crushing for the year as compared to that of the previous year.

Over the last three seasons from 2010-11 to 2012-13, the average sugarcane prices paid by mills has increased at around 14% CAGR

whereas the increase in sugar prices has been a mere 2.6%. The increase in sugar prices has not kept pace with the increase in cane prices over the last few years. The steep rise in sugar cane procurement costs which accounts for about 70% of total operation costs is expected to significantly impact the profitability of sugar mills. For the SS 2013-14, the Central Government has announced a 23.5% hike in the minimum price payable for sugarcane through the Fair and Remunerative Price (F&RP) mechanism. However the increase in market prices of sugar has been minimal. Although the decontrol of sugar distribution and the impetus given to blending ethanol with petrol have given some relief to the sugar mills, the issue of sugarcane pricing still remains largely unresolved. Linking sugar cane prices to the prices of end-products is critical for safe guarding long-term financial health and sustenance of the industry. This will also help to reduce the extent of volatility in sugar production.

The major areas of focus for the Company are consolidation of operations, reducing costs and conserving cash. Due to high stress on profitability, several cost reduction measures have been put in place by the Company to improve the bottom line. The other measures are to work towards improving the yield, increasing the cane cultivation in the command area and further improving the operating efficiency. The Company proposes to take a slew of measures in this direction, so as to face the challenge of low sugar price and threat of continuous increase in cane price.

BUSINESS SEGMENTS

SUGAR

During the year, the Company crushed 47.52 Lakh MT of sugar cane as against 65.18 Lakh MT crushed in the previous year. The units in Tamilnadu & Puducherry have crushed a total quantity of 30.72 Lakh MT vs. 53.24 Lakh MT in the previous year. This drop was mainly on account of poor weather conditions in our key crushing areas. The recovery of sugar from sugar cane was at 9.84% as against 9.23% in the previous year.

The company sold 4,16,947 MT of Sugar as against 4,95,218 MT during the previous year.

POWER

The power generation during the year was lower primarily due to lower cane availability. While most of the power generated was continued to be used captively to run the plants, the surplus power was sold to Tamilnadu Electricity Board and other merchant power purchasers.

Power generation was at 4,259 Lakh Units as compared to 6,534 Lakh Units in the previous year. The company exported 2,497 Lakh Units of power during the year as against 4,100 Lakh Units in the previous year.

DISTILLERY

During the year, Industrial Alcohol/ENA production was lower at 593 Lakh Litres as compared to 654 Lakh Litres during the previous year. The Industrial Alcohol/ENA sales was at 598 Lakh Litres as compared to 642 Lakh Litres during the previous year.

BIO PRODUCTS

Bio Pesticides

The Bio-Pesticides Division registered revenue of ₹ 9,716 lakh in 2013-14 as compared to ₹ 7,321 lakh of previous year and accounting for 5% of the Company's Revenue. The sale of Neemazal registered a growth of 43% over 2012-13. Export sale of Neemazal technical registered a growth of 22% over 2012-13 with US accounting for 64% of the sale followed by Europe at 34% and Asian markets at 2%. Domestic sale of Neemazal and Abda range of products along with micronutrients and adjuvants registered a growth of 44% over 2012-13. PBIT for the year was higher at ₹ 2,276 lakh against ₹ 1,557 lakh in 2012-13. Production of Technical Aza was 15,221 Kgs, the highest ever in a year.

Nutraceuticals

The Nutraceuticals Division's turnover was ₹ 6,930 lakh for the year ended 31st March, 2014 representing 4% of the Company's Revenue. About 80% of this represents exports.

Premium Organic Spirulina continues to outperform competition in its segment and sales during the year had grown at 32% over the previous year. With the stabilized Astaxanthin production process, the sales of Astaxanthin in the form of Oleoresin grew by 159% over 2012-13. The Company has exited from OTC / OTX product range during the year to focus on its core ingredients business.

Detailed analysis of the business segments is provided in the Management and Discussion analysis.

ACQUISITION OF ALIMTEC S.A

In April 2014, the Company has acquired 100% stake in Alimtec S.A., Chile, part of the Bayer Group. The acquisition is by way of purchase of the stake from Bayer Finance and Portfolio Management S.A., and Nunhems Chile S.A., subsidiaries of Bayer AG. With this acquisition, the Company would ensure reliable sourcing of Astaxanthin for its subsidiary, US Nutraceuticals LLC (Valensa). With Valensa's strength in developing Astaxanthin based formulations, this acquisition will culminate in Value Creation for the Nutraceuticals business. The entire production of Alimtec will be used by Valensa for its Astaxanthin products catering to USA & Europe Markets.

DIVIDEND

Due to adverse performance of the Company, the Board has not recommended any dividend for the year ended March 31, 2014.

SCHEME OF ARRANGEMENT - MERGER OF SADASHIVA SUGARS LIMITED WITH E.I.D.-PARRY (INDIA) LIMITED

Pursuant to the order of the High Court of Karnataka, the merger of Sadashiva Sugars Limited, a wholly owned subsidiary, with E.I.D.-Parry (India) Ltd. with appointed date of 1st April, 2013 has been completed on 8th May, 2014. Sadashiva Sugars Limited is having a Sugar Plant along with cogeneration in the Bagalkot District of Karnataka

EMPLOYEE STOCK OPTION SCHEME

Under the 'Employee Stock Option Scheme' ('the Scheme') of the Company and based on the approval of the shareholders at the Annual General Meeting held on 26th July, 2007 and subsequent

amendments thereof, no options were granted during the year ended 31st March, 2014. The details of the Options granted up to 31st March, 2014 and other disclosures as required under Clause 12 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are set out in the Annexure to this Report.

The Company's Statutory Auditors, M/s.Deloitte Haskins & Sells, have certified that the Scheme had been implemented in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the resolutions passed by the Members in this regard.

CREDIT RATING

During the year, rating agency CRISIL has assigned Long term Debt rating of "CRISIL AA-" (Stable) and reaffirmed "CRISIL A1+" rating for its short term borrowing.

SOCIAL RESPONSIBILITY

The Company undertook a wide range of initiatives for the livelihood enhancement and for health and hygiene awareness in the rural community in which it operates. The Company also worked towards the preservation of environment through various water and social conservation programs.

Towards utilising the scarce water resource, the Company promoted micro irrigation systems like Drip, Sprinklers and Group Lift Irrigation programs.

SUBSIDIARY COMPANIES

Coromandel International Limited

The Company achieved a revenue of ₹ 10,11,397 Lakh for the year ended 31st March, 2014 and the profit after tax was ₹ 36,494 Lakh. The Company's Board had recommended a dividend of ₹ 4.5/- per share (450%) for the year ended 31st March, 2014.

Parrys Sugar Industries Limited

The Company recorded revenues of ₹ 17,253 Lakh for the 12 months period ended 31st March, 2014. After providing for Depreciation, Interest and Tax, the loss after tax was ₹ 3,604 Lakh.

Silkroad Sugar Private Limited

The revenue for the year was ₹ 1,715 Lakh. During the year ended 31st March, 2014 the company made a loss before tax of ₹ 6,011 Lakh.

Parry Infrastructure Company Private Limited

During the year under review, the company earned an income of ₹ 2,209 Lakh with Profit before Tax of ₹ 320 Lakh. After providing for tax provision, the Profit after Tax was ₹ 217 Lakh.

Parry America Inc.

Parry America Inc, a 100% subsidiary based in US, reported an income of US\$ 7,671 thousand for the year ended 31st March, 2014. The Profit after Tax was US\$ 342 thousand.

Parry Phytoremedies Private Limited

The revenue for the year was ₹ 1,272 Lakh. During the year ended 31st March, 2014 the company made a loss before tax of ₹ 574 Lakh.

Parrys Sugar Limited

During the year ended 31st March 2014, the Company earned an income of ₹ 14 lakh with profit after tax of ₹ 14 lakh.

Parrys Investments Limited

During the year ended 31st March, 2014, the Company earned an income of ₹ 5 Lakh and the Profit after Tax was ₹ 4 Lakh.

US Nutraceuticals LLC

This overseas Subsidiary, during the year ended 31st March, 2014 earned an income of US\$ 20,770 thousand and the Profit after Tax was ₹ 820 thousand.

SUBSIDIARY ACCOUNTS

In terms of the direction under Section 212(8) of the Companies Act, 1956 vide General Circular No.2/2011, bearing No.51/12/2007-CL-III dated 8-2-2011 issued by Government of India, Ministry of Corporate Affairs, the Board of Directors have passed a Resolution according consent to the Company for not attaching the financial statements in respect of all the Subsidiary Companies for the year ended 31st March, 2014.

The annual accounts of the subsidiary companies and the related detailed information will be made available to shareholders seeking such information at any point of time. The annual accounts of the subsidiary companies will also be available for inspection by any shareholder in the Head Office of the Holding company and of the subsidiary companies concerned during working hours upto the date of the Annual General Meeting. A hard copy of details of accounts of subsidiaries will be furnished to any shareholder on demand.

CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements have been prepared by the Company in accordance with the applicable Accounting Standards (AS-21 and AS- 27) issued by the Institute of Chartered Accountants of India and the same together with Auditors' Report thereon form part of the Annual Report.

DIRECTORS

Mr.Anand Narain Bhatia Mr.M.B.N. Rao, Directors are liable to retire by rotation and the ensuing Annual General Meeting. The Board of Directors at their meeting held on 30th January, 2014 had appointed Mrs.Shyamala Gopinath as an Additional Director of the Company. She will hold office up to the ensuing Annual General Meeting, pursuant to Section 161 of the Companies Act, 2013

During the year, the Board of Directors at their meeting held on 30th January, 2014 have appointed Mr.V.Ramesh as an additional Director and also the Managing Director of the Company for a period of 3 Years w.e.f 30th January, 2014. The Shareholders vide their resolution dated 24th March 2014 passed through postal ballot have approved the appointment of Mr.V.Ramesh as the Managing Director of the Company.

In accordance with the provisions of Section 149 of the Companies Act, 2013, the Company proposes to appoint Mr.Anand Narain Bhatia, Mr.M.B.N.Rao, Mrs.Shyamala Gopinath and Mr.V.Manickam as Independent Directors at the ensuing

Annual General Meeting. As required under clause 49 of the Listing Agreement a brief resume, expertise and details of other directorships of Mr.Anand Narain Bhatia, Mr.V.Manickam, Mr.M.B.N.Rao and Mrs.Shyamala Gopinath are provided in the Corporate Governance Report.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreements with the Stock Exchanges, a Management Discussion and Analysis Report, Corporate Governance Report and Auditors' Certificate regarding compliance of conditions of Corporate Governance are made a part of the Annual Report.

CEO/CFO CERTIFICATION

The Managing Director and the Chief Financial Officer have given a certificate to the Board as required under Clause 49 of the Listing Agreement.

TRANSFER TO THE INVESTOR EDUCATION AND PROTECTION FUND

In terms of Section 205C of the Companies Act, 1956 an amount of ₹ 48.94 lakh being unclaimed dividend of 2005-06 and ₹ 27.00 Lakh being unclaimed dividend of 2006-07 (Interim) were transferred during the year to the Investor Education and Protection Fund established by the Central Government.

DEPOSITS

Other than the deposits that were transferred to the Investor Education and Protection Fund, there were no other deposits due for repayment on 31st March, 2014. The Company had discontinued acceptance of deposits since July 2003.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956 the Directors confirm that, to the best of their knowledge and belief :

In the preparation of the Profit & Loss Account for the financial year ended 31st March, 2014 and the Balance Sheet as at that date ("financial statements"), applicable Accounting Standards have been followed;

Appropriate accounting policies have been selected and applied consistently and such judgements and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit of the Company for that period;

Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities. To ensure this, the Company has established internal control systems, consistent with its size and nature of operations. In weighing the assurance provided by any such system of internal controls its inherent limitations should be recognised. These systems are reviewed and updated on an ongoing basis. Periodic internal audits are conducted to provide reasonable assurance of compliance with these systems. The Audit Committee meets at regular intervals to review the internal audit function;

Proper systems are in place to ensure compliance of all laws applicable to the Company;

The financial statements have been prepared on a going concern basis.

AUDITORS

M/s. Deloitte Haskins & Sells, Chartered Accountants, Chennai, the Company's Auditors, retire at the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment.

The Board, on the recommendation of the Audit Committee, has proposed that M/s. Deloitte Haskins & Sells, Chartered Accountants, Chennai be appointed as the Statutory Auditors of the Company for a period of three years at the Annual General Meeting of the Company. The Auditors have confirmed their willingness for reappointment as Auditors of the Company and has provided the necessary certificates in compliance of Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014.

COST AUDITOR

M/s Geeyes & Co, Cost Accountants, who were appointed as Cost Auditors for the year ended 31st March, 2013 have filed the cost audit reports pertaining to Sugar, Co-generation, Industrial

Alcohol and neem based pesticide with the Central Government. The Company has also filed the necessary Compliance Report with Ministry of Corporate Affairs in Form A as per The Companies (Cost Accounting Records Rules), 2011. The Company received the approval of the Central Government for the appointment of M/s. Geeyes & Co., Cost Accountants as Cost Auditors for the Financial Year 2013-14.

PARTICULARS OF EMPLOYEES

As required under the provisions of Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of employees are set out in the Annexure to the Directors' Report.

ACKNOWLEDGEMENT

The Directors thank the customers, suppliers, farmers, financial institutions, banks and shareholders for their continued support and also recognize the contribution made by the employees to the Company's progress during the year under review.

Chennai
May 15, 2014

On behalf of the Board
A. VELLAYAN
Chairman

ANNEXURE TO THE DIRECTORS' REPORT

Statement as at 31st March, 2014 pursuant to Clause 12 (Disclosure in the Directors' Report) of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

	Date of Grant	No. of Options granted
(a) Total Number of Options granted:	31.08.2007	18,58,200
	29.10.2007	2,32,400
	24.01.2008	4,60,600
	24.04.2008	1,52,200
	28.07.2008	1,30,000
	24.09.2008	3,87,000
	29.10.2008	1,13,600
	20.03.2009	47,800
	28.01.2011	3,66,300
	29.04.2011	75,900
	27.07.2011	1,15,000
	24.10.2011	95,000
		40,34,000
(b) (i) <i>Pricing Formula:</i>	The pricing formula, as approved by the shareholders of the Company, is the latest available closing price of the equity shares on the stock exchange where there is highest trading volume as on the date prior to the date of the Compensation & Nomination Committee resolution approving the grant.	
(ii) <i>Exercise Price per option</i> For the Options granted from 31.08.2007 to 20.03.2009, each Option represents 1 Equity Share of ₹ 2 each. For the Options granted from 28.01.2011 to 24.10.2011, each Option represents 1 Equity Share of ₹ 1 each.	31.08.2007 ₹ 64.80	29.10.2007 ₹ 75.70
	24.04.2008 ₹ 103.60	28.07.2008 ₹ 92.98
	29.10.2008 ₹ 74.95	20.03.2009 ₹ 69.13
	29.04.2011 ₹ 240.90	27.07.2011 ₹ 269.10
		24.01.2008 ₹ 94.15
		24.09.2008 ₹ 106.30
		28.01.2011 ₹ 225.15
		24.10.2011 ₹ 220.90
(c) <i>Total number of Options vested</i>	19,64,446	
(d) <i>Total number of Options exercised</i>	17,19,790	
(e) <i>Total number of Shares arising as a result of exercise of Options</i>	17,19,790	
(f) <i>Total number of Options lapsed / cancelled</i>	19,66,114	
(g) <i>Variation of terms of Options</i>	The exercise period of the options vesting in the Second, Third and Fourth Vesting as per the vesting schedule under the ESOP Scheme-2007 has been increased from three years to six years from the date of Second, Third and Fourth Vesting, respectively.	
(h) <i>Money realized by exercise of options (during the year 2013-14)</i>	₹ 16,94,679 Lakh	
(i) <i>Total number of Options in force</i>	3,48,096	
(j) <i>Details of Options granted to</i>		
i) <i>Senior Managerial Personnel</i>	As provided below -	
<i>Name & Designation</i>	<i>No. of options granted</i>	
1. Ms. G. Jalaja (Vice President – Management Audit & Company Secretary)	68,200	
2. Mr.S.K.Sathyavardhan (Vice President - HR)	95,200	

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)

ii) Any other employee who received a grant in any one year of Options amounting to 5% or more of the Options granted during that year	1.	Mr.D.Kumaraswamy	1,83,200
	2.	Mr.T.Kannan	19,600
	3.	Mr.G.Madhavan	65,000
	4.	Mr.Manoj Kumar Jaiswal	1,13,600
	5.	Mr.P.Nagarajan	65,000
	6.	Mr.K.E.Ranganathan	3,87,000
	7.	Mr.K.Raghunandan	2,58,200
	8.	Mr.Ravindra Raju D.S.	53,100
	9.	Mr.R.Raghuram	19,600
	10.	Mr.A.Sridhar	29,400
	11.	Mr.N.Senthilkumar	20,700
	12.	Mr.V.Ramasubramanian	20,700
	13.	Mr.N.Ramakrishnan	20,700
	14.	Ms.Swati Thomas	13,800
	15.	Dr.S.Balaji	23,000
	16.	Mr.Rajiv Yagnik	23,000
	17.	Mr.S.Radhakrishnan	23,000
	18.	Mr.Tyron Doll	23,000
	19.	Mr.S.Karunakar	23,000
	20.	Mr.M.Ramamoorthy	19,300
	21.	Mr.M.Balaji	24,200
	22.	Mr.A.V.Ramaraju	19,300
	23.	Mr.S.Rangaprasad	19,300
	24.	Mr.P.Gopalakrishnan	85,200
	25.	Mr.Suresh Krishnan	18,800
iii) Identified employees who were granted Options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	None		
(k) Diluted Earnings Per Share (EPS) pursuant to issue of Shares on exercise of Options calculated in accordance with Accounting Standard (AS) 20 'Earnings Per Share'	₹ 1.51		
(l) (i) Method of calculation of employee compensation cost	The employee compensation cost has been calculated using the intrinsic value method of accounting to account for Options issued under ESOP 2007. The stock-based compensation cost as per the intrinsic value method for the financial year 2013-14 is Nil.		
(ii) Difference between the employee compensation cost so computed at (i) above and the employee compensation cost that shall have been recognized if it had used the fair value of the Options	₹ 103 Lakh		
(iii) The impact of this difference on profits and on EPS of the Company	The effect on the net income and earnings per share, had the fair value method been adopted is presented below:		
	Particulars	₹ in lakh	
	Net Income As reported	2,653	
	Add: Intrinsic Value Compensation Cost	Nil	
	Less: Fair Value Compensation Cost (Black Scholes model)	103	
	Adjusted Net Income	2,550	
	Earnings per Share	Basic (₹)	Diluted (₹)
	As reported	1.51	1.51
	As adjusted	1.45	1.45

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)

(m) Weighted average exercise prices and weighted average fair values of Options granted for Options whose exercise price either equals or exceeds or is less than the market price of the stock (Exercise Price - EP) (Market Price - MP)	Particulars	Weighted average exercise price per option (₹)	Weighted average fair value per option (₹)
	EP > MP	-	-
	EP = MP	102.84	37.22
	EP < MP	-	-
(n) A description of the method and significant assumptions used during the year to estimate the fair values of Options	The fair value of each Option is estimated using the Black Scholes Option Pricing model after applying the following key assumptions on a weighted average basis: (i) Risk-free interest rate : 8% (ii) Expected life : tranches I to III : 3 years tranches IV to VIII : 4 years tranche IX : 4 years tranche X : 4 years, 2 years tranche XI : 4 years tranche XII : 4 years, 1 year (iii) Expected volatility : tranches I to III : 0.5264 tranches IV to VIII : 0.5055 tranche IX : 0.5088 tranche X : 0.4852 & 0.3919 tranche XI : 0.4856 tranche XII : 0.4672 & 0.3046 (iv) Expected dividends : 400 % (v) The price of the underlying Share in market at the time of Option grant		
	No. of Tranche	Date of grant	Market price (₹)
	Each option represents 1 equity share of ₹ 1/- each		
	I	31-08-2007	64.80
	II	29-10-2007	75.70
	III	24-01-2008	94.15
	IV	24-04-2008	103.60
	V	28-07-2008	92.98
	VI	24-09-2008	106.30
	VII	29-10-2008	74.95
	VIII	20-03-2009	69.13
	IX	28-01-2011	225.15
	X	29-04-2011	240.90
	XI	27-07-2011	269.10
	XII	24.10.2011	220.90

Information under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors), Rules, 1988 and forming part of the Directors' Report

I. CONSERVATION OF ENERGY

Nellikuppam Plant:

- Boilers thermal efficiency has been improved by 3% to 4% through reduction in bagasse moisture from 50% to 48.5% and improvement in heat recovery systems.
- Environment performance improvement: One more electrostatic precipitator (ESP) has been commissioned in

series with the existing one to further improve the emission level beyond the pollution control board norms.

Puducherry Plant:

- Boilers were refurbished to improve the thermal efficiency by 7%
- Environment performance improvement: Boilers were fitted with electrostatic precipitator (ESP) to reduce the emission levels

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)

Pudukottai Plant:

1. Steam saving measures developed in-house have been implemented to reduce the steam consumption from 39.5% to 37% on cane.
2. Boiler thermal efficiency has been improved by 3% through reduction in bagasse moisture from 50% to 48.5% and heat recovery system.

Pugalur Plant:

1. Steam saving measures developed in-house have been implemented to reduce the steam consumption from 42% to 39% on cane
2. VFDs have been provided for cooling tower hot water pumps and injection water pumps for conserving electrical energy.

Pettavaithalai Plant:

1. Steam saving measures developed in-house has been implemented to reduce the steam consumption from 40% to 38% on cane

Sankili Plant

1. Converted A Pan from Brix Control to conductivity control and there by achieved capacity utilization and consistent crush rate of 4300 TCD during peak recovery months (January, February & March 2014).
2. Modified syrup clarifier to the latest technology available and achieved consistent quality of sugar less than 125 lu by method 9.
3. Innovative process changes carried out to increase the M-30 production from 34% to 52%.
4. Combustion control logics established in boiler DCS operation and there by consistent generation of steam of 78 TPH and also the steam to fuel ratio increased from 2.00 to 2.15.

Sivaganga Plant:

1. By suitable modification of the boiler, the overall coal consumption has been reduced by 8% by switching over to a combination of Imported and Indian Coal.
2. Standby evaporator has been commissioned to improve brix leading to reduction in coal consumption by 3%.
3. VFD drives-23 nos were installed to improve the efficiency and resulted in cost saving

Bagalkot Plant

1. Steam consumption reduced from 37.42% to 34.60% by adopting the following steam saving measures in process house.
 - II body vapour to all pans
 - Condensate Flash Recovery system
 - Pan washing by I vapor
2. Boiler Thermal efficiency has been improved by 3% to 4% by reducing the moisture bagasse from 50% to 48.5%

Bio Products - Thyagavalli Plant

1. Reduction of power cost per unit by ₹ 1.01 from ₹ 10.97 to ₹ 9.96 by planning the operation in such a way that utilizing more power in night hours to avail subsidy during TNEB supply.
2. By installing Discharge screw conveyor to reduce the wet kernel discharge time from 5 hours to 2 hours thereby saving power of 20 units / day.
3. Increasing Captive power production by 0.09 Units / litre of diesel from 3.11 to 3.20 (operating the DG at 80% to 85% load). Thereby saving fuel of 16.87 Litres / day.
4. Reduction of ethyl acetate consumption from 72.5 Kgs to 65 Kgs / Kg of Aza production by increasing the productivity thereby saving 375 Kgs per day approximately.
5. Reduction of Hexane consumption from 10 Kgs to 8 Kgs for 1 Kg of Aza production by increasing the productivity thereby saving 100 Kgs per day approximately.
6. Reduction of Furnace Oil consumption from 74 Kgs to 68 Kgs for 1 kg of Aza production by increasing the productivity thereby saving 300 Kgs per day approximately.
7. Reduction of Power consumption from 154 to 145 Units for 1 Kg of Aza production by increasing the productivity thereby saving 430 Units per day approximately.

Nutraceuticals - Oonaiyur Plant

1. VFD provided for Agitator motor
2. Installed APFC with Harmonic Reactor to save 20 KVA Demand and minimize watt loss
3. Thermography study conducted and high friction area identified and corrected
4. Motors were provided with VFD which resulted in substantial unit savings.

II. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

Nellikuppam

1. A new cost effective polymer 'alyzene' has been put in to use to almost eliminate the phosphoric acid use in the process
2. Zero liquid discharge system comprising of RO plant and evaporation system commissioned to manage the distillery effluent
3. Newly designed mill automation system commissioned.

Puducherry Plant

1. Pol loss in Bagasse reduced by installing specially designed 'Parry roller' in the milling tandem.
2. Electrostatic precipitator installed for reduction of particulate matter in boiler chimney.

Pudukottai Plant

1. Pol loss in Bagasse reduced by installing specially designed 'Parry roller' in the milling tandem.
2. A mobile phone based 'I-Cane' system has been implemented to track and improve the efficiency of the 'Cane Field Staff'.

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)

Pugalur Plant

1. Pol loss in Bagasse reduced by installing specially designed 'Parry roller' in the milling tandem.
2. E-Boiler commissioned to eliminate 9 ata steam consumption in the sulphur burner
3. Induced draft cooling tower system commissioned in place of 'spray pond'.

Sankili Plant

1. Improved performance of FFE by correcting the tubes, juice distribution system and vapour separation system resulting steam saving from 37% on cane to 36% on cane.
2. Commissioned the HT capacitors for two numbers of 900KW, 11KV, 740 rpm HT motor for Fibrizer application. Due to this the power factor is increased from 0.75 lag to 0.95 lag and capacity utilization also increased.

Sivaganga Plant

1. Developed and patented 'K-asn' granulation production system a waste to wealth initiative.

III. FOREIGN EXCHANGE EARNINGS AND OUTGO

₹ in lakh

Particulars	2013-14	2012-13
(a) Earnings	12,267	53,359
(b) Outgo		
— towards Expenditure	1829	808
— towards Dividend	-	82

IV. ENERGY CONSUMPTION

₹ in lakh

Particulars	2013-14	2012-13
A Power & fuel consumption		
1 Electricity:		
(a) Purchased		
Units (KWH)	1,70,60,646	99,79,323
Total amount (₹ in lakh)	1,640	977
Rate per unit (₹)	10	10
(b) Own generation		
(i) Through Emergency Diesel Generator		
Units (KWH)	21,85,754	24,70,493
Units per litre of Diesel oil	6	3
Cost per unit (₹)	16	18
(ii) Generated through Steam turbine		
Out of Own bagasse (KWH)	29,38,68,100	65,84,62,012
Out of outside fuel (KWH)	16,134	2,24,93,796
2. Furnace oil		
Quantity (K.Litres)	1,065	752
Value (₹ in lakh)	460	300
Average rate / K.Ltr. (₹)	43,192	39,902

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)

₹ in lakh

Particulars	2013-14	2012-13
3. Others / Internal Generation		
HSD:		
Quantity (KL)	17290	653
Total amount (₹ in lakh)	364	318
Rate per KL (₹)	2031	48,760
B. Consumption per unit of production (KWH) – Electricity		
Consumption per unit of production (sugar)	300	301

On behalf of the Board

Chennai
May 15, 2014

A.VELLAYAN
Chairman

Information as per Section 217 (2A) read with the Companies (Particulars of Employees) Amendment Rules, 2011 and forming part of the Directors' Report - Details of Remuneration paid for the year ended 31st March, 2014

(A) EMPLOYED THROUGHOUT THE YEAR ENDED 31ST MARCH, 2014 AND WERE IN RECEIPT OF REMUNERATION AGGREGATING NOT LESS THAN ₹ 60,00,000/-

Name/(Age)	Designation of the Employee/Duties	Remune-ration (₹)	Qualification/ Experience (Years)	Date of Commencement of Employment	Previous Employment
Manoj Kumar Jaiswal (50)	Senior Vice President & Head – Management Development Centre	70,97,681	M.Sc., MBA (24)	19.08.2008	Infosys Technologies Limited

(B) EMPLOYED FOR PART OF THE YEAR ENDED 31ST MARCH, 2014 AND WAS IN RECEIPT OF REMUNERATION AGGREGATING NOT LESS THAN ₹ 5,00,000/- PER MONTH

Name/(Age)	Designation of the Employee/Duties	Remune-ration (₹)	Qualification/ Experience (Years)	Date of Commencement of Employment	Previous Employment
Joined during the year					
V.Ramesh (56)	Managing Director	15,26,042	B.Com., Grad CWA, PGDM (IIM) (34)	31.01.2014	Carborundum Universal Limited
Separated during the year					
Sajiv K Menon (54)	Business Head – Bio & Nutraceuticals	91,12,265	B.Tech & PGDM (32)	01.04.2012	Tube Investments of India Limited
Joseph Nathan (58)	Vice President- Taxation and Management Audit	52,94,062	B.A, B.L, M.B.A (34)	07.08.1985	Uttam Reddy & Co, Advocates
P.Gopalakrishnan (51)	Vice President(Finance)	39,09,716	B COM, AICWA, ACA (29)	05.11.2007	Aircel Limited
Ravindra S Singhvi (56)	Managing Director	24,31,832	B.Com, FCA, FCS, LLB (33)	03.12.2010	Indo Rama Synthetics (India) Limited

- The nature of employment of all employees above is contractual.
- 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.
- Remuneration as shown above does not include amount attributable to compensated absences as actuarial valuation is done for the Company as a whole only.
- None of the employees is related to any Director of the Company.

On behalf of the Board

Chennai
May 15, 2014

A.VELLAYAN
Chairman

REPORT ON CORPORATE GOVERNANCE

I. 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. E.I.D.-Parry 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.

II. Board of Directors

Composition

The Company has an appropriate mix of Executive, non-executive and independent directors with expertise in the fields of business strategy, finance, marketing and business management. The Company's board has seven Directors with a Non – Executive Chairman, part of the Promoter Group. There are four Independent Directors, a Non Executive non independent Vice chairman and a Managing Director. The Composition of the Board is in conformity with Clause 49 of the Listing Agreement.

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.

The independent directors have confirmed that they satisfy the 'criteria of independence' as stipulated in Clause 49 of the Listing Agreement.

Appointment of Independent Directors

- ❖ Mr.Anand Narain Bhatia and Mr.M.B.N. Rao, Directors retire by rotation at the ensuing Annual General Meeting.

- ❖ Mrs.Shyamala Gopinath was appointed as an Additional Director on 30.01.2014 and will hold office till the ensuing Annual General Meeting. Relevant details relating to Mrs.Shyamala Gopinath is furnished in the Notice convening the Annual General Meeting to be held on 30th July, 2014 sent along with the Annual Report.

- ❖ Mr.V. Manickam, joined the Board during November 2008 representing Life Insurance Corporation of India till October, 2012. He was inducted as Independent Director in the Board with effect from 30.01.2013.

Pursuant to Sec 149 (10) of Companies Act, 2013, it is proposed to appoint Mr.Anand Narain Bhatia, Mr.M.B.N.Rao, Mrs.Shyamala Gopinath and Mr.V. Manickam as Independent Directors for a fixed term and they shall not be liable to retire by rotation.

Board Meetings

- ❖ The Board of Directors met 6 times during the financial year 2013–14. i.e. 30.04.2013, 10.06.2013, 30.07.2013, 28.10.2013, 30.01.2014 and 24.03.2014. The maximum gap between any two meetings was less than 120 days as stipulated under Clause 49 of the Listing Agreement.

Board Meetings / AGM – Attendance & Directorships / Committee Memberships

- ❖ Information on the Directors of the Company, their attendance at Board Meetings & Annual General Meeting of the Company held during the year and the number of Directorships and Committee Chairmanships / Memberships held by them in other Public Limited Companies is given below:

Sl no.	Name of the Director	Category	No. of Board Meetings attended during the year 2013-14	Whether attended last AGM held on July 31, 2013	No. of Directorships in other public companies*		No. of committee positions in other public companies*	
					Chairman	Director	Chairman	Member
1	Mr.A. Vellayan Chairman	Promoter, Non-Independent, Non- Executive	6	Yes	2	2	-	1
2	Mr.V. Ravichandran Vice Chairman	Non- Independent, Non-Executive	6	Yes	-	6	1	2
3	Mr.V. Ramesh ^ Managing Director	Non- Independent, Executive	2	NA	-	1	-	-
4	Mr.Anand Narain Bhatia	Independent, Non-Executive	6	Yes	-	2	1	1
5	Mr.V. Manickam	Independent, Non-Executive	6	Yes	-	1	-	-
6	Mr.M.B.N.Rao	Independent, Non-Executive	4	Yes	2	12	4	5
7	Mrs.Shyamala Gopinath#	Independent, Non-Executive	1	NA	2	3	5	2
8	Mr.R.A. Savoor®	Independent, Non-Executive	3	Yes	N.A.	N.A.	N.A.	N.A.

^ Appointed as an Additional Director / Managing Director w.e.f. 30.01.2014. # Appointed as an Additional Director w.e.f. 30.01.2014

® Retired at the Annual General Meeting held on 30.07.2013

* Represents directorships / memberships of Audit and Shareholders Grievance Committees in Public Limited Companies governed by the Companies Act, 1956.

COMMITTEES OF THE BOARD

The Board has constituted various committees to support the board in discharging its responsibilities.

There are six committees constituted by the board – Audit Committee, Shares & Shareholders / Investors Grievance Committee, Compensation & Nomination Committee, Loans & Investments Committee, Risk Management Committee and Corporate Social Responsibility Committee.

Audit Committee – (1987)

Terms of reference

The role of the audit committee includes holding periodic discussions with the Statutory Auditors and Internal Auditors of the Company concerning the financial reports of the Company, internal control systems, scope of audit and observations of the Auditors / Internal Auditors; Discussion with internal auditors on significant audit findings and follow up thereon; reviewing compliance with internal control systems; reviewing the quarterly and annual financial results of the Company before submission to the Board; making recommendations to the Board on any matter relating to the financial management of the Company, including the Audit Report; Reviewing the functioning of the Whistle Blower mechanism; Recommending the appointment/reappointment of statutory auditors and their remuneration.

The scope of the Audit Committee includes matters which are set out in Clause 49 of the Listing Agreement with the Stock Exchanges as amended from time to time read with Section 292A of the Companies Act, 1956.

Composition & Meetings

The Committee comprised of Mr.M.B.N. Rao as Chairman, Mr.Anand Narain Bhatia, Mr.V.Manickam and Mrs.Shyamala Gopinath, Independent Directors as its members and Mr.V. Ramesh, Managing Director as an Invitee. Company Secretary acts as the Secretary to the Committee. All members of audit committee have knowledge of financial management, audit and accounts. The statutory auditors, Head of Internal Audit, CFO and Senior Management are invited to attend all the meetings of the committee.

Further as a good corporate governance practice, the company has in place a system for exclusive discussion of the committee with the statutory and internal auditors without the presence of the management team. The committee had five scheduled meetings during the year ended 31 March, 2014, for reviewing the financial statements and considering internal and statutory audit observations and plans.

Compensation & Nomination Committee – (2001)

Terms of Reference

The broad terms of reference of the Committee are to recommend to the Board salary, perquisites and incentive payable to the Company's Managing Director, to finalise the annual increments payable within the overall ceiling fixed by the Board. The Committee also recommends to the Board on any new appointments including re-appointments and the tenure of office, whether of executive or of non-executive Directors. The Committee is also empowered to implement, administer and oversee the Employees Stock Option Plan/Scheme(s) of the Company and to frame suitable policies

and systems to ensure that there is no violation of Securities and Exchange Board of India (Insider Trading) Regulations, 1992; and Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 1995, by any employee.

Composition & Meetings

As at 31st March, 2014, the Committee comprised of Mr.Anand Narain Bhatia as Chairman, Mr.V. Ravichandran, Mr.M.B.N. Rao and Mrs.Shyamala Gopinath as Members. Out of four members, three are Independent Directors. Three committee meetings were held during the financial year 2013 – 14.

REMUNERATION OF DIRECTORS

Remuneration Policy

The success of the organisation in achieving good performance and governance depends on its ability to attract quality individuals as executive and independent directors.

The compensation to the managing director comprises a fixed component and a performance incentive. The compensation is determined based on the level of responsibility and scales prevailing in the industry. The managing director is not paid sitting fees for any board / committee meetings attended by him.

The Non-Executive Directors (NEDs) are paid remuneration by way of commission on profits besides sitting fees. In terms of the shareholders approval and the Central Government approval obtained from time to time, the commission is paid at a rate not exceeding 1% per annum out of the profits of the Company (computed in accordance with Section 349 of the Companies Act, 1956).

The distribution of commission amongst the Non-Executive Directors is placed before the Board for its decision.

The actual commission paid to the Directors is restricted to a fixed sum. This sum is reviewed periodically taking into consideration various factors such as performance of the Company, time spent by the Directors and efforts for attending to the affairs and business of the Company and extent of responsibilities cast on Directors under general law and other relevant factors. Depending on the time and efforts put in by the directors towards the affairs of the Company, the directors are also paid a differential remuneration. The aggregate commission payable to all Non-Executive Directors is restricted to 1% of the net profits as approved by the shareholders. The Non-Executive Directors are paid sitting fees for every Board / Committee meeting attended by them.

During the financial year ended March 31, 2014 the Company has not granted Employee Stock Options.

Remuneration for the year

- ❖ During the financial year 2013-14, the Company paid sitting fee of ₹ 15,000 per Board Meeting and Audit Committee Meeting and ₹ 10,000 per meeting of other committees of the Board to the Non-Executive Directors.
- ❖ Consequent to inadequacy of profits for the year ended 31st March, 2014 no commission is payable to Non- Executive Directors.

- ❖ All fees/compensation paid to the Non-Executive Directors and Independent Directors are approved by the Board of Directors and have shareholders' approval.
- ❖ Details of the remuneration of Non-Executive Directors and Executive Directors for the year ended 31st March, 2014 are as follows:

Non Executive Directors

₹ in lakh

Name	Sitting Fees paid for Board and Committee Meetings
Mr.A.Vellayan	0.90
Mr.V.Ravichandran	2.45
Mr.Anand Narain Bhatia	2.35
Mr.V.Manickam	1.20
Mr.M.B.N.Rao	1.25
Mrs.Shyamala Gopinath	0.15
Mr.R.A.Savoor	1.10
	9.40

Non Executive Directors Shareholding as on 31.03.2014

1. Mr.A. Vellayan, Chairman - 3,44,540 equity shares of ₹ 1/- each.
 2. Mr.V. Ravichandran, Vice Chairman – Nil
 3. Mr.Anand Narain Bhatia, Director – Nil
 4. Mr.V. Manickam, Director – Nil
 5. Mr.M. B. N. Rao, Director – Nil
 6. Mrs.Shyamala Gopinath, Director - Nil
- Non Executive Directors are not entitled for grant of stock options under ESOP Scheme.

Executive Director

(₹ in lakh)

Name of the Managing Director	Salary / Allowances	Contribution to funds*	Value of Perquisites (a)	Incentive Payable (b)
Mr.V. Ramesh	12.12	2.02	1.12	5

(a) Remuneration excludes provisions for gratuity since the amount cannot be ascertained individually

(b) Provisional and subject to determination by the Compensation and Nomination Committee

Shares & Shareholders / Investors Grievance Committee (2001)**Terms of reference**

The role of the committee includes formulation of shareholders servicing plans and policies, consideration of valid share transfer requests with folios beyond 5000 shares, share transmissions, issue of duplicate share certificates, issue of share certificates for split, rematerialisation, consolidation of shares etc. The committee also monitors and reviews the mechanism of share transfers, dematerialisation of shares and payment of dividends. It further looks into the redressing of shareholders grievances and determining, monitoring and reviewing the standards for resolution of shareholders' grievances.

The Committee oversees the redressal of complaints of investors such as transfer or credit of shares to demat accounts, non-receipt

of dividend/annual reports, etc. It also approves allotment of shares and matters incidental thereto including listing thereof.

Composition & Meetings

As at 31st March, 2014 the Committee comprised of Mr.Anand Narain Bhatia as Chairman, Mr.V. Ravichandran, and Mr.V Ramesh as members. Ms. G.Jalaja, Company Secretary is the compliance officer. Four Committee meetings were held during the financial year 2013-14.

Details of number of complaints received and redressed during the year are given below:

Opening Balance	Received during the financial year 2013-14	Resolved during the financial year 2013-14	Closing Balance
2	3	5	NIL

Loans & Investments Committee (2009)**Terms of reference**

The "Loans & Investments Committee" exercises the borrowing powers of the Board delegated pursuant to Section 292(1)(c) of the Companies Act, 1956 for an amount not exceeding ₹ 300 crore (excluding working capital facilities) that may be sanctioned from time to time by Banks / Financial Institutions and for creation of security.

Composition & Meetings

As at 31st March, 2014 the Committee comprised of Mr.A. Vellayan, Mr.Anand Narain Bhatia, Mr.V. Ravichandran and Mr.V. Ramesh. The Committee elects a Chairman for each meeting. No Meetings of the committee were held during the financial year 2013-14.

Risk Management Committee (2011)**Terms of reference**

The Company has laid down procedures to inform Board members about the risk assessment and minimisation procedures. The Board periodically discusses the significant business risks identified by the management and the mitigation measures to address such risks. The role of the Committee includes review the Risk Management strategy developed by the Management for approval by the Board, advises the Board on the prioritisation of Risk Management issues, reports on the effectiveness of the Company's Risk Management Systems and carries 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.

Composition & Meetings

As at 31st March, 2014 the Committee comprised of Mr.M.B.N.Rao as Chairman and Mr.V. Ramesh as a member. The Committee met once during the year in October, 2013. Members of the senior management team attend the meetings of the Committee as permanent invitees.

Corporate Social Responsibility Committee (2014)

In line with Companies Act, 2013, the company constituted a Corporate Social Responsibility Committee (CSR Committee) of the Board consisting of three directors on 24th March 2014.

The role of CSR Committee is 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 and shall also recommend the amount of expenditure to be incurred on the CSR activities, to monitor the CSR Policy of the Company from time to time and prepare 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.

Composition & Meetings

As at 31st March, 2014, the committee comprised of Mr.V.Manickam, Mr.V. Ravichandran and Mr.V. Ramesh as members. No Meeting was held during the financial year 2013 - 14.

ATTENDANCE AT COMMITTEE MEETINGS

Sr. No.	Names	Audit Committee (AC)	Shares & Shareholders / Investors Grievance Committee (SSHIGC)	Compensation & Nomination Committee (C & N)	Risk Management Committee (RMC)
1	Mr.V. Ravichandran (a)	5	4	3	1
2	Mr.V. Ramesh (b)	NA	NIL	NA	NIL
3	Mr.Anand Narain Bhatia (c)	5	4	3	NA
4	Mr.V. Manickam (e)	2	N.A	NA	NA
5	Mr.M.B.N.Rao (d)	3	N.A	1	1
6	Mrs.Shyamala Gopinath (f)	NIL	N.A	NIL	NA
7	Mr.R.A. Savoor (g)	3	N.A	2	NA

- (a) Ceased to be a member of AC and RMC w.e.f 24.03.2014
- (b) Appointed as a member of the SSHIGC and RMC with effect from 24.03.2014
- (c) Appointed as Chairman of the C&N w.e.f. 30.01.2014
- (d) Appointed as Chairman of the AC w.e.f 28.10.2013 and as a member of the C & N w.e.f. 31.07.2013
- (e) Appointed as member of the AC w.e.f 31.07.2013
- (f) Appointed as member of the AC & C & N w.e.f 24.03.2014
- (g) Retired at the Annual General Meeting held on 30.07.2013

General Body Meetings

The location and time where the last three Annual General Meetings were held are given below:

Year ended 31st March	Day and date	Time	Venue
2011	Wednesday 27.07.2011	4.00 p.m.	Tamil Isai Sangam, Rajah Annamalai Mandram, 5, Esplanade Road, Chennai- 600 108
2012	Tuesday 31.07.2012	4.00 p.m.	Tamil Isai Sangam, Rajah Annamalai Mandram, 5, Esplanade Road, Chennai- 600 108
2013	Tuesday 30.07.2013	4.00 p.m.	Tamil Isai Sangam, Rajah Annamalai Mandram, 5, Esplanade Road, Chennai- 600 108

Details of Special Resolutions passed during the last 3 Annual General Meetings

Date of AGM	Whether any Special Resolution was passed	Particulars
27.07.2011	No	Not Applicable
31.07.2012	Yes	Extension of Exercise Period of ESOPs granted under ESOP Scheme 2007 and Issuance of ESOP under ESOP Scheme – 2012
30.07.2013	Yes	Payment of remuneration by way of commission to Non-whole time Directors for a period of 5 years w.e.f. 01.04.2013

During the financial year 2013-14, the following Special Resolutions were passed through Postal Ballot.

Sl. No.	Subject Matter of the Resolution	Date of the notice	Date of Shareholder approval
1.	Appointment of Mr.V.Ramesh as the Managing Director of the company	30.01.2014	24.03.2014
2.	Appointment and payment of remuneration to Mr.V.Suri as the Manager of the company	30.01.2014	24.03.2014
3.	Remuneration to Mr.Ravindra S Singhvi, the Managing Director of the company	30.01.2014	24.03.2014
4.	Remuneration to Mr.P. Gopalakrishnan, Manager of the Company	30.01.2014	24.03.2014

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, and the Code is posted on the website of the Company www.eidparry.com. 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.

Prevention of Insider Trading

The Company has framed a Code of Conduct for Prevention of Insider Trading based on SEBI (Prohibition of Insider Trading) Regulations, 1992. This code is applicable to all Directors/officers (including Statutory Auditors) /designated employees. The code ensures the prevention of dealing in Company's shares by persons having access to unpublished price sensitive information.

Disclosures

There were no materially significant related party transactions with Directors/promoters/management which had potential conflict with the interests of the Company at large.

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.

Transactions with the Related Parties are disclosed in Note No. 46 of Notes Forming Part of Financial Statements in the Annual Report.

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.

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

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.

The Company has a Whistle Blower policy and affirms that no personnel has been denied access to the Audit Committee.

Compliance

The Board reviews periodically compliance reports of all laws applicable to the Company, prepared by the Company as well as steps taken by the Company to rectify instances of non compliances, if any.

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 Directors of the Company for their review.

Compliance with Corporate Governance Norms

The Company has complied with the mandatory requirements of the Code of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges. The Company has submitted the compliance report in the prescribed format to the stock exchanges for the quarters ended June 30, 2013, September 30, 2013, December 31, 2013 and March 31, 2014.

The Statutory Auditors have certified that the Company has complied with the conditions of corporate governance as stipulated in Clause 49 of the listing agreements with the stock exchanges. 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.

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

1. As detailed in the earlier paragraphs, the Company has constituted a Compensation & Nomination Committee.
2. *Audit Qualification*
The Company's financial statements are un-qualified.
3. *Whistle Blower Policy*
The Company has adopted a Whistle Blower Policy with the objective to provide employees, customers and vendors an avenue to raise concerns, in line with E.I.D.-Parry (India) Limited's commitment to the highest possible standards of ethical, moral and legal business conduct and its commitment to open communication and to provide necessary safeguards for protection of employees from reprisals or victimisation, for whistle blowing in good faith. The Audit Committee reviews periodically the functioning of the Whistle Blower mechanism.

The Whistle Blower Policy has also been posted in the Company's website - www.eidparry.com
4. *Shareholder Rights*
The quarterly financial results are published in leading financial 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.
5. Other non mandatory requirements have not been adopted by the Company.

Means of Communication

The quarterly unaudited financial results and the annual audited financial results are normally published in a leading business daily, Business Standard (English) and in Dinamani (Tamil). Intimation of Board Meeting Date, Record Date, Book Closure and dividend declaration notices are normally published in Business Line (English), and Makkal Kural (Tamil). The financial results and press releases are placed on Company's website www.eidparry.com.

Details of Investor/Analysts/Brokers meetings whenever held are also posted on the Company's website.

Besides the above, the Company also submits, inter-alia, to the Stock Exchanges, the full version of the Annual Report; quarterly report on corporate governance; quarterly/yearly financial results; quarterly shareholding pattern; quarterly secretarial audit report; details of appointment/resignation of Directors and Company Secretary and such other reports as may be specified. In terms of clause 52 of the Listing Agreement with the Stock Exchanges, the Company also submits the statements, information and reports at <http://www.connect2nse.com/LISTING/> and <http://listing.bseindia.com> specified by NSE and BSE, respectively. Under the SEBI Complaints Redress System (SCORES), the investor complaints are processed in a centralised web based complaints redressal system wherein the concerned companies can upload action taken reports (ATRs) for the complaints uploaded therein and the investors can view the action taken on their complaints and its current status online.

The Company has also designated the e-mail ID : investorservices@parry.murugappa.com exclusively for investor servicing.

Green initiative in corporate governance

The Companies Act, 2013 and the underlying Rules permits companies to send various documents including the financial statements through electronic mode to the shareholders. To support the green initiative and to receive all documents, notices, including annual reports and other communications of the company, investors are requested to give a positive consent in writing to RTA for receiving by electronic mode, if shares are held in physical mode or register the e-mail ID with the Depository Participant, if the holding is in electronic mode.

Management Discussion and Analysis Report

The Management Discussion and Analysis Report forms part of the Annual Report.

General Shareholder Information

A separate section has been included in the Annual Report furnishing various details viz. AGM Date, time and venue, share price movement, distribution of shareholding etc.

On behalf of the Board

Chennai
May 15, 2014

A.VELLAYAN
Chairman

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

TO THE MEMBERS OF E.I.D.-PARRY (INDIA) LIMITED

We have examined the compliance of conditions of corporate governance by E.I.D.-Parry (India) Limited ("the Company"), for the year ended 31st March 2014, as stipulated in Clause 49 of the Listing Agreement of the said company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said clause. 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 by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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

For DELOITTE HASKINS & SELLS

Chartered Accountants
(Firm Registration No. 0080725)

M.K.Ananthanarayanan

Partner
Membership No. 19521

CHENNAI,
May 15, 2014

DECLARATION ON CODE OF CONDUCT

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

Dear Sirs,

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 31st March 2014, as envisaged in clause 49 of the Listing Agreement with stock exchanges.

Chennai
May 14, 2014

V.Ramesh
Managing Director

General Shareholder Information

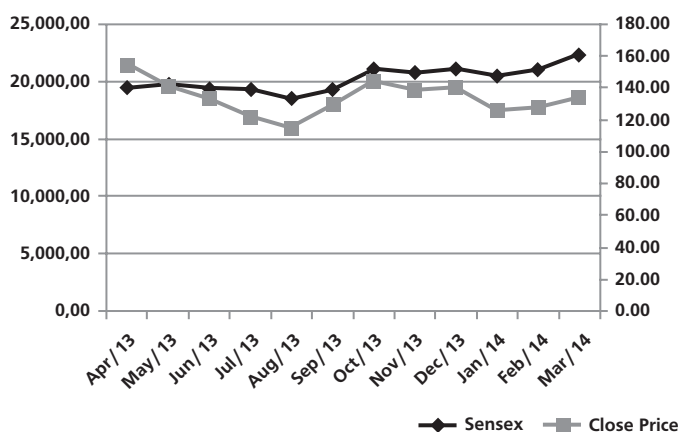
i. Annual General Meeting Day, Date and Time Venue	Wednesday, 30 th July 2014 at 4.00 p.m. Tamil Isai Sangam, Rajah Annamalai Mandram, 5, Esplanade Road, Chennai – 600 108.
ii. Financial Year	1st April 2013 to 31st March 2014
iii. Date of Book closure	16th July, 2014 to 30th July, 2014 (Both days inclusive)
iv. Dividend Payment Date	Not Applicable
v. Listing on stock exchanges	<p>Equity shares: National Stock Exchange of India Ltd., Exchange Plaza, Plot No.C/1, G. Block, Bandra Kurla Complex, Bandra (E), Mumbai –400 051.</p> <p>Bombay Stock Exchange Ltd., Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001. (The Listing fees for the financial year 2013-14 were paid to all the above Stock Exchanges.)</p> <p>Debt Securities: Bombay Stock Exchange Ltd. Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001. (Wholesale Debt Market (WDM) Segment of BSE)</p>
vi. Stock Code	
Name of the Stock Exchange/Depository	Code/ISIN
National Stock Exchange of India Ltd. (NSE)	EID PARRY EQ
Bombay Stock Exchange Ltd. (BSE)	500125
NSDL & CDSL	INE126A01031

vii. 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-2013	167.85	147.15	8,50,016	167.70	147.25	13,85,204	22,35,220
May-2013	160.50	135.00	12,22,799	160.40	135.00	32,24,555	44,47,354
Jun-2013	145.70	127.50	11,43,905	145.85	127.00	18,93,891	30,37,796
Jul-2013	149.45	119.00	1,39,195	149.95	113.95	10,47,808	11,87,003
Aug-2013	128.00	103.00	2,01,422	127.80	103.00	6,28,228	8,29,650
Sep-2013	138.55	110.10	2,35,451	138.60	112.15	8,30,396	10,65,847
Oct-2013	155.80	126.50	5,19,776	155.50	126.70	14,45,093	19,64,869
Nov-2013	154.65	133.00	3,48,718	155.00	132.60	18,75,148	22,23,866
Dec-2013	147.40	134.00	2,67,518	146.80	134.40	11,03,365	13,70,883
Jan-2014	144.00	121.20	5,48,376	143.95	113.85	16,35,781	21,84,157
Feb-2014	134.50	118.00	2,68,220	134.50	117.55	7,73,872	10,42,092
Mar-2014	145.05	125.10	23,41,262	145.00	125.05	27,07,023	50,48,285

viii. **Performance in comparison to broad based indices such as BSE Sensex, CRISIL Index, etc...**

Share Price performance in comparison with BSE SENSEX



ix. **Investor Contacts**

(a) **Registrar and Transfer Agents**

Karvy Computershare Private Limited,
Unit: E.I.D.- Parry (India) Ltd.,
Plot No : 17 to 24, Vittal Rao Nagar, Madhapur,
Hyderabad – 500 081.
Tel : +91 040 23420818
Fax : +91 040 23420814
E-Mail : einward.ris@karvy.com;
vkjayaraman@karvy.com;
Contact Person: Mr.V. K. Jayaraman, 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 : Ms. G. Jalaja, Vice President –
Person Management Audit & Company Secretary

x. **Share Transfer System**

Share Transfers in Physical Form

Share transfers are approved by Shares & Shareholders / Investors Grievance Committee.

Managing Director / Vice 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 jointly 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 share certificate and non receipt of dividend	3	5 [#]

Two complaints remaining pending at the beginning of the Financial year 2013 - 14 were resolved during the year. There were no complaints remaining pending at end of the financial year 2013 – 14.

xi. **Distribution of shareholding as on March 31, 2014**

No. of equity shares held	No. of share holders	%	No. of shares	%
1- 5000	41491	97.51	11934855	6.79
5001-10000	490	1.15	3609243	2.05
10001-20000	244	0.57	3454908	1.97
20001-30000	92	0.22	2238024	1.27
30001-40000	41	0.10	1430697	0.81
40001-50000	23	0.05	1054256	0.60
50001-100000	55	0.13	3996678	2.27
100001&Above	116	0.27	148067335	84.23
Total	42552	100.00	175785996	100.00

Shareholding Mode	No. of share holders	%	No. of shares	%
Physical	10,377	24.39	4295515	2.44
Demat/Electronic	32,175	75.61	17,14,90,481	97.56
Total	42,552	100.00	17,57,85,996	100.00

Shareholding Pattern as on March 31, 2014

Category	No. of share holders	No. of shares	% to paid-up Capital
Promoters	53	7,94,85,810	45.22
Indian Public/HUF/Clearing Members	41,153	3,76,81,748	21.44
Mutual Funds	14	87,72,953	4.99
Banks/Financial Institutions/Insurance Co's	27	1,49,46,724	8.50
Foreign Institutional Investors/GDR's	64	2,61,20,837	14.86
Private Corporate Bodies	681	73,06,368	4.16
NRI/OCB/Foreign Nationals	552	14,10,356	0.80
Trusts	8	61,200	0.03
Total	42,552	17,57,85,996	100.00

xii. **Dematerialisation 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 97.56% of the Company's share capital are dematerialized as on March 31, 2014. The Company's shares are regularly traded on National Stock Exchange of India Limited and the Bombay Stock Exchange Limited, in electronic form.

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

As on March 31, 2014, 71,930 (0.04%) GDR are outstanding. Each GDR represents one underlying equity share.

xiv. **Plant Locations**

Sugar

- 1 *Sugar Factory & Distillery*
Nellikuppam - 607 105
Cuddalore District
Tamilnadu
- 2 *Sugar Factory*
Pugalur - 639 113
Karur District
Tamilnadu
- 3 *Sugar Factory*
Ariyur, Kandamangalam Post
Puducherry - 605 001
- 4 *Sugar Factory*
Pettavaithalai - 639 112
Tiruchirapalli District
Tamilnadu
- 5 *Sugar Factory*
Kurumbur - 614 622
Aranthangi Taluk, Pudukottai District
Tamilnadu
- 6 *Distillery Factory*
Udaikulam Village, Koothandan Post
Sivagangai Taluk, Sivagangai District - 630 561
Tamilnadu

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

Bio Products

- 9 *Bio-Pesticides Factory*
Thyagavalli Village, Via Alapakkam Rly. Station
Cuddalore Taluk - 608 803
Cuddalore District
Tamilnadu
- 10 *Nutraceuticals Factory*
Kadiapatti, Nemathanpatti Road
Panangudi Post - 622 505
Oonaiyur Village, Pudukottai District
Tamilnadu

R & D Facility

- 11 145, Budikere Road
off. Old Madras Road
Bengaluru - 560 049
Karnataka
- xv. *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

DIVIDENDS

Shareholders who have not encashed their dividend warrants (for earlier periods) may approach our Registrar and Transfer Agent M/s. Karvy Computershare Private Ltd., Hyderabad for issue of cheques / demand drafts in lieu of dividend warrants quoting the Folio Number/ Client ID. As per Section 205A of the Companies Act 1956, dividend which remains unpaid/ unclaimed over a period of 7 years has to be transferred by the Company to the Investor Education & Protection Fund (IEPF) and no claim shall lie for such unclaimed dividends from IEPF by the members. Year wise details of the dividend paid out are given below:

Year	Dividend Type	Amount of Dividend Per share (₹)	Due for transfer to the Investor Education and Protection Fund
2006-07	Final	1.40	01.09.2014
2007-08	Final	0.50	03.09.2015
2008-09	Special	4.00	31.10.2015
2008-09	Interim	10.00	22.10.2016
2008-09	Final	6.00	04.09.2016
2009-10	Interim	6.00	07.03.2017
2009-10	Final	4.00	03.09.2017
2010-11	Interim	2.00	25.04.2018
2011-12	Interim	4.00	25.04.2019
2012-13	Interim	6.00	08.03.2020

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.

The following disclosures are made in pursuance of Clause 5A of the Listing Agreement with the Stock Exchanges.

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	2,556	14,46,080
(ii)	Number of shareholders who approached the issuer for transfer of shares from the unclaimed suspense account during the year	19	46,010
(iii)	Number of shareholders to whom shares were transferred from the unclaimed suspense account during the year	19	46,010
(iv)	Aggregate number of shareholders and the outstanding shares lying in the unclaimed suspense account at the end of the year	2537	14,00,070

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.

Investors especially those holding securities in single name are advised to avail of this facility to avoid the process of transmission by law.

BENEFITS OF DEMATERIALISATION

2.44% of the shares are still in physical form. Those shareholders who are holding shares in physical form 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 servicing by the Company/Registrar and Transfer Agent. Members holding shares in electronic form are requested to update with their depository participant their present address, e-mail ids and bank particulars (9 digit MICR code).

UNCLAIMED SUSPENSE ACCOUNT

In accordance with Clause 5A of the amended Equity Listing Agreement with the Stock Exchanges the Company after sending three reminders to the shareholders to claim their respective shares, has dematted all physical shares which remained unclaimed by shareholders to an "Unclaimed Suspense Account" which was 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.

FINANCIAL STATEMENTS OF E.I.D.-PARRY (INDIA) LIMITED





INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF E.I.D. – PARRY (INDIA) LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of E.I.D.-PARRY (INDIA) LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

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

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

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs).
 - (e) On the basis of the written representations received from the directors as on 31st March, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014 from being appointed as a director in terms of Section 274(1) (g) of the Act.

For DELOITTE HASKINS & SELLS

Chartered Accountants
(Firm Registration No. 008072S)

M.K.Ananthanarayanan

Partner

Membership No. 19521

CHENNAI,

May 15, 2014

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

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

- (i) Having regard to the nature of the Company's business/ activities/results during the year, clauses 4(vi), 4(xii), 4(xiii), 4(xiv), 4(xviii) and 4(xx) of paragraph 4 of the order are not applicable to the Company.
- (ii) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) Some of the fixed assets were physically verified during the year by the Management in accordance with a programme of verification, which in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us no material discrepancies were noticed on such verification.
 - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (iii) In respect of its inventories:
 - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iv) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (v) In our opinion and according to the information and explanations given to us, there is an adequate internal control

system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit we have not observed any major weaknesses in such internal control system.

- (vi) To the best of our knowledge and belief and according to the information and explanations given to us, there are no contracts or arrangements that need to be entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956.
- (vii) In our opinion, the Company has an adequate internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 and The Cost Accounting Records (Sugar Industry) Rules, 2011, prescribed by the Central Government under Section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determining whether they are accurate or complete.
- (ix) According to the information and explanations given to us in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2014 for a period of more than six months from the date they became payable.
 - (c) Details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess which have not been deposited as on 31st March, 2014 on account of disputes are given below:

Name of the Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (₹ in Lakh)
Central Excise Act, 1944	Excise Duty	Commissioner/ Commissioner-Appeals, CESTAT, High court	Assessment Year 2002-03 to 2012-13	1,416
Finance Act, 1994 (Services Tax)	Service Tax dues	CESTAT /Commissioner (Appeals)	Assessment Year 2002-03 to 2011-12	145
Various States Sales Tax Acts	Sales Tax- Local	Assistant Commissioner/Deputy Commissioner/Tribunal/ Supreme court	Assessment year 1981-82 and 1999-00 to 2005-06	140
Central Sales Tax Act, 1956	Sales Tax-CST	Assistant Commissioner/Deputy Commissioner, Tribunal, High Court	Assessment Year 1999-00 to 2005-06	70
Tamil Nadu General Sales Tax Act, 1959	TNGST Act	Assistant Commissioner/Deputy Commissioner, Tribunal, High Court	Assessment Year 2001-02	12
Customs Act, 1962	Customs Duty	CESTAT	Assessment Year 2006-07	4,302
Income Tax Act, 1961	Income Tax dues	Income Tax Appellate Tribunal/ High Court/ CIT Appeals	Assessment Year 2003-04 to 2010-11	478

(x) The Company does not have accumulated losses at the end of the financial year and the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.

(xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institutions, banks and debenture holders.

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

(xiii) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were obtained.

(xiv) In our opinion and according to the information and explanations given to us, and on an overall examination of the

Balance Sheet of the Company, we report that funds raised on short-term basis have, prima facie, not been used during the year for long-term investment.

(xv) According to the information and explanations given to us, during the period covered by our audit report, the Company has issued 3,000 debentures of ₹ 10,00,000/- each and the Company has created security in respect of the debentures issued.

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

For DELOITTE HASKINS & SELLS

Chartered Accountants
(Firm Registration No. 008072S)

M.K. Ananthanarayanan

Partner
Membership No. 19521

CHENNAI,
May 15, 2014

BALANCE SHEET As at March 31, 2014

₹ in Lakh

Particulars	Note No.	As at March 31, 2014	As at March 31, 2013
A. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share Capital	2	1,758	1,758
(b) Reserves and Surplus	3	1,26,184	1,32,930
		1,27,942	1,34,688
2 Non-Current Liabilities			
(a) Long Term Borrowings	4	92,846	75,916
(b) Deferred Tax Liabilities (Net)	5	7,016	13,380
		99,862	89,296
3 Current Liabilities			
(a) Short Term Borrowings	6	85,787	96,393
(b) Trade Payables	7	36,368	24,377
(c) Other Current Liabilities	8	31,847	17,667
(d) Short Term Provisions	9	1,115	1,031
		1,55,117	1,39,468
TOTAL		3,82,921	3,63,452
B. ASSETS			
1 Non-Current Assets			
(a) Fixed Assets	10		
(i) Tangible Assets		1,47,914	1,22,870
(ii) Intangible Assets		222	107
(iii) Capital Work in Progress		4,889	6,201
(b) Non Current Investments	11	54,476	87,110
(c) Long Term Loans & Advances	12	23,880	15,798
(d) Other Non Current Assets	13	3,632	871
		2,35,013	2,32,957
2 Current Assets			
(a) Current Investments	14	2	-
(b) Inventories	15	1,04,966	78,253
(c) Trade Receivables	16	24,739	21,544
(d) Cash and Cash Equivalents	17	6,322	1,692
(e) Short Term Loans & Advances	12	11,299	25,711
(f) Other current assets	18	580	3,295
		1,47,908	1,30,495
TOTAL		3,82,921	3,63,452
See accompanying notes forming part of the financial statements	1-48		-

In terms of our report attached

For and on behalf of the Board of Directors

For **Deloitte Haskins & Sells**
Chartered Accountants

V. Ramesh
Managing Director

A. Vellayan
Chairman

M.K. Ananthanarayanan
Partner

G. Jalaja
Company Secretary

V. Suri
Chief Financial Officer

Chennai
May 15, 2014

Chennai
May 15, 2014

STATEMENT OF PROFIT AND LOSS For the year ended March 31, 2014

₹ in Lakh

Particulars	Note No.	For the Year Ended March 31, 2014	For the Year Ended March 31, 2013
1. Income			
Revenues from Operations (Gross)		1,83,794	2,04,146
Less : Excise duty		5,593	4,897
Revenues from Operations (Net)	19	1,78,201	1,99,249
Other Income	20	16,118	10,729
Total Revenue		1,94,319	2,09,978
2. Expenses			
Cost of materials consumed	21	1,21,881	1,63,728
Purchases of Stock-in-Trade	22	3,035	1,572
Changes in Inventories of finished goods, work-in-progress and stock in trade	23	(7,336)	(40,160)
Employee benefits expense	24	12,264	11,804
Finance costs	25	19,616	13,668
Depreciation and amortisation expense net of transfer from fixed assets revaluation reserve for ₹16 Lakh (2013 : ₹14 Lakh)	10	9,731	10,787
Other expenses	26	38,238	39,045
Total Expenses		1,97,429	2,00,444
3. (Loss)/Profit before exceptional items and tax (1-2)		(3,110)	9,534
4. Exceptional items (Refer note 11.1)		-	26,573
5. (Loss)/Profit before tax (3+4)		(3,110)	36,107
6. Tax Expense/(Benefit):			
(a) Current Tax expense		-	839
(b) Less: MAT Credit entitlement		-	(839)
(c) Deferred Tax	5	(5,763)	2,936
Net tax (benefit)/ expense		(5,763)	2,936
7. Profit for the year (5-6)		2,653	33,171
8. Earnings Per Share (of Re. 1/- each)	45		
(a) Basic		1.51	19.08
(b) Diluted		1.51	19.08
See accompanying notes forming part of the financial statements	1-48		

In terms of our report attached

For and on behalf of the Board of Directors

For **Deloitte Haskins & Sells**
Chartered Accountants

V. Ramesh
Managing Director

A. Vellayan
Chairman

M.K. Ananthanarayanan
Partner

G. Jalaja
Company Secretary

V. Suri
Chief Financial Officer

Chennai
May 15, 2014

Chennai
May 15, 2014

CASH FLOW STATEMENT For the year ended March 31, 2014

₹ in Lakh

Particulars	For the Year ended March 31, 2014		For the Year ended March 31, 2013	
A. Cash flow from operating activities				
(Loss)/ Profit before tax		(3,110)		36,107
Adjustments for :				
Depreciation and Amortisation expenses		9,731		10,787
Finance costs		19,616		13,668
Dividend Income		(7,992)		(32,182)
Profit on sale of fixed assets (net)		(2,371)		(180)
Interest Income		(4,317)		(3,347)
Liabilities/ Provisions no longer required written back		(567)		(574)
Bad debts written off and provision for doubtful debts		1,408		942
Provision for Compensated Absences		68		164
Provision for diminution in value of investment		-		900
Fixed Assets scrapped		63	15,639	33
				(9,789)
Operating profit before working capital changes		12,529		26,318
Changes in working capital				
Adjustments for(increase)/decrease in operating assets				
Trade receivables		(4,700)		(450)
Long Term Loans and Advances		(2,132)		3,445
Short Term Loans and Advances		10,250		(5,322)
Inventories		(7,784)		(40,464)
Other Non current assets		(1,694)		-
Other Current Assets		125		263
Adjustments for increase/(decrease) in operating liabilities				
Trade Payables		6,442		9,034
Other Current liabilities		1,854	2,361	(1,926)
				(35,420)
Cash generated from/(used in) operations		14,890		(9,102)
Direct taxes paid net of refund		(317)		(178)
Net cash flow from /(used in) operating activities		14,573		(9,280)
B. Cash flow from investing activities				
Capital expenditure on fixed assets including capital advances		(15,548)		(13,209)
Proceeds from sale of fixed assets		2,510		360
Purchase of long term investments - subsidiaries (Refer note below)		(2,906)		(30,130)
Bank balances not considered as Cash and Cash equivalents		(1,855)		99
Loans and Advances given to subsidiary companies (Refer note below)		(7,894)		(6,375)
Proceeds from redemption of debentures/ sale of investments		26,638		-
Interest received		5,091		(2,025)
Proceeds from Fixed Deposit		-		40
Dividend income received				
- From Subsidiaries		7,972		31,888
- From Others		20		294
Net cash flow from / (used in) investing activities		14,028		(19,058)
C. Cash flow from financing activities				
Proceeds from issue of equity shares		17		190
Proceeds from long term borrowings		34,221		27,592
Repayment of long term borrowings		(20,899)		(13,802)
Proceeds from other term borrowings (net)		4,000		31,500
Net (Decrease) / Increase in working capital borrowing		(26,370)		4,987
Finance costs		(17,126)		(13,987)
Dividends paid including Dividend Tax		-		(10,372)
Net cash flow (used in) /from financing activities		(26,157)		26,108
Net increase /(decrease) in cash and cash equivalents (A+B+C)		2,444		(2,230)

CASH FLOW STATEMENT (Contd.)

₹ in Lakh

Particulars	For the Year ended March 31, 2014	For the Year ended March 31, 2013
Reconciliation of Cash and Cash equivalents with the Balance Sheet		
Cash and cash equivalents as at beginning of the year	1,144	3,110
Add: Cash & Cash Equivalents acquired pursuant to a scheme of amalgamation - Refer Note 31 (P.Y- scheme of arrangement- Demerger)	331	264
Cash and cash equivalents as at the end of the year	3,919	1,144
Net increase/(decrease) in cash and cash equivalents	2,444	(2,230)
Cash and Cash equivalents as per Balance Sheet (Note 17)	6,322	1,692
Add: Current Investments considered as Cash and Cash Equivalents	2	-
Less: Deposits not considered as Cash and Cash equivalents as defined in AS 3 Cash Flow Statements	112	67
Less: Balance In Unpaid Dividend account	310	454
Less: Balance In Margin Money account	483	27
Less: Balance In Debenture Redemption account	1,500	-
Cash and Cash equivalents as per AS 3	3,919	1,144

Note:**Disclosure of non cash transactions**

₹ in Lakh

Particulars	2013-14	2012-13
Relating to Amalgamation of Sadashiva Sugars Limited (Refer note 31) / Scheme of Arrangement with Parrys Sugar Industries Limited		
- Cancellation of Company's investment in Parrys Sugar Industries Limited	-	17,962
- Cancellation of Company's investment in Sadashiva Sugars Limited	11,796	-
- Allotment of equity shares to minority shareholders	-	18
- Fixed assets (Net)	17,656	45,522
- Investments	1	1,363
- Other assets	22,711	24,238
- Loan funds	(29,433)	(51,136)
- Other liabilities	(9,271)	(14,549)
Others		
Conversion of loans given to subsidiaries to equity shares	394	5,000
Conversion of loans given to subsidiaries to Preference shares	2,500	1,500

In terms of our report attached

For and on behalf of the Board of Directors

For **Deloitte Haskins & Sells**
Chartered Accountants

V. Ramesh
Managing Director

A. Vellayan
Chairman

M.K. Ananthanarayanan
Partner

G. Jalaja
Company Secretary

V. Suri
Chief Financial Officer

Chennai
May 15, 2014

Chennai
May 15, 2014

NOTES FORMING PART OF THE 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.

EID Parry together with its subsidiaries has nine sugar factories having a capacity to crush 37,550 Tonnes of Cane per day, generate 153 MW of power and four distilleries having a capacity of 230 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 Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act/ 2013 Act, as applicable. The financial statements have been prepared on accrual basis under the historical cost convention except for categories of fixed assets acquired before 30 June, 1987, that are carried at revalued amounts. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

1.2 Use of Estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

1.3 Inventories

- (i) Inventories other than by products are valued at the lower of cost determined on weighted average basis and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty.

- (ii) Inventories of by-products are valued at estimated net realisable value.

1.4 Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

1.5 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.

1.6 Depreciation and amortisation

- (i) Depreciation on fixed assets (other than revalued land and buildings and leased assets) is calculated on Straight line method on following basis:

Assets acquired upto June 30, 1987 are depreciated on the basis of specified period under section 205(2) (b) of the Companies Act, 1956.

In respect of assets acquired after June 30, 1987, depreciation is charged based on estimated useful life of the assets at rates which are equal to or higher than the rates specified in Schedule XIV of the Companies Act, 1956. The depreciation rates followed are specified below :

Buildings	1.67% to 3.65%
Plant and Machinery	5.28%
Vehicles	23.75%
Computers	31.67%
Furniture	6.67 % to 33.33 %
Office Equipments	4.75 % to 23.75 %

- (ii) In respect of additions and deletions during the year, depreciation charge is provided on pro-rata basis.
- (iii) Leased assets are fully depreciated over the primary lease period.
- (iv) Assets costing individually ₹ 5,000 or less are fully depreciated in the year of addition.
- (v) The difference between the depreciation for the year on revalued buildings and depreciation calculated on the original cost is recouped from the fixed assets revaluation reserve
- (vi) Cost of patent is amortised over a period of 3 years.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

1.7 Revenue Recognition

- (i) Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. Sales include excise duty but exclude sales tax and value added tax.
- ii) Income from services rendered is recognised as and when services are rendered based on agreements/arrangements with the concerned parties.
- iii) Export Incentive under Duty Entitlement Pass Book Scheme are treated as income in the year of export at the estimated realisable value.
- iv) Interest income is accounted on accrual basis.
- v) Dividend income is accounted when the right to receive the dividend is established.

1.8 Fixed Assets

Tangible Fixed Assets (other than those which have been revalued) are carried at cost less accumulated depreciation / amortisation and impairment losses, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use. Machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets. Subsequent expenditure on fixed assets after its purchase / completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance. The revalued fixed assets are restated at their estimated current replacement values as on 30th June 1987 as determined by the valuers.

Intangible Assets are stated at cost of acquisition less accumulated amortisation.

Leasehold land and leasehold improvements are amortised over the primary period of lease.

Capital Work in Progress: Projects under which tangible fixed assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

1.9 Foreign Currency Transactions

Initial Recognition: Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Measurement on Balance Sheet date: Foreign currency monetary items of the Company, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items of the Company are carried at historical cost.

Settlement: Exchange differences arising on settlement / restatement of foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss.

Forward Contracts: Premium / discount on forward exchange contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts if such contracts relate to monetary items as at the balance sheet date. Any profit or loss arising on cancellation of a forward exchange contract is recognized as income or expense for the year. Refer Notes 1.21 and 1.22 for accounting for forward exchange contracts relating to firm commitments and highly probable forecast transactions.

1.10 Investments

Long-term investments are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

1.11 Employee Benefits

Employee benefits include provident fund, superannuation fund, employee state insurance scheme, gratuity fund, compensated absences, long service awards and post-employment medical benefits.

(a) Defined contribution plans

The Company's contribution to provident fund, superannuation fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

(b) Defined benefit plans

For defined benefit plans in the form of gratuity fund and post-employment medical benefits, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

(c) Short Term Employee Benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under :

- (i) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (ii) in case of non-accumulating compensated absences, when the absences occur.

(d) Long Term Employee Benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date less the fair value of the plan assets out of which the obligations are expected to be settled. Long Service Awards are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

With respect to the Provident Fund Trust administered by the Company, the Company shall make good the deficiency, if any, in the interest rate declared by Trust over statutory limit. Having regard to the assets of the Fund and the return on the investments, the Company does not expect any deficiency in the foreseeable future.

(e) Employee share based payments

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

1.12 Borrowing costs

Borrowing costs include interest, amortisation of ancillary

costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset is added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

1.13 Segment reporting

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the Executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors. Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".

1.14 Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognised as an expense in the revenue account as per the lease terms.

1.15 Earnings per Share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

1.16 Taxes on Income

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

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

1.17 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.

1.18 Research and development expenses

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless

a product's technological feasibility has been established, in which case such expenditure is capitalised. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for Fixed Assets.

1.19 Impairment of Assets

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

1.20 Provisions and Contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

1.21 Hedge Accounting

The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to highly probable forecast transactions. The Company designates such forward contracts in a cash flow hedging relationship by applying the hedge accounting principles set out in "Accounting Standard 30 Financial Instruments: Recognition and Measurement". These forward contracts are stated at fair value at each reporting date. Changes in the fair value of these forward contracts that are designated and effective as hedges of future cash flows are recognised directly in "Hedging reserve account" under Reserves and surplus, net of applicable deferred income taxes and the ineffective portion is recognised immediately in the Statement of Profit and Loss. Amounts accumulated in the "Hedging reserve account" are reclassified to the Statement of Profit and Loss in the same periods during which the forecasted transaction affects profit and loss.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. For forecasted transactions, any cumulative gain or loss on the hedging instrument recognised in "Hedging reserve account" is retained until the forecasted transaction occurs. If the forecasted transaction is no longer expected to occur, the net cumulative gain or loss recognised in "Hedging reserve account" is immediately transferred to the Statement of Profit and Loss.

1.22 Derivative contracts

The Company enters into derivative contracts in the nature of foreign currency swaps, forward contracts with an intention to hedge its existing assets and liabilities, firm commitments and highly probable transactions. Derivative contracts which are closely linked to the existing assets and liabilities are accounted as per the policy stated for Foreign Currency Transactions and Translations.

Derivative contracts designated as a hedging instrument for highly probable forecast transactions are accounted as per the policy stated for Hedge Accounting.

All other derivative contracts are marked-to-market and losses are recognised in the Statement of Profit and Loss. Gains arising on the same are not recognised, until realised, on grounds of prudence.

1.23 Service tax input credit

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is reasonable certainty in availing / utilising the credits.

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.

2. SHARE CAPITAL

Particulars	₹ in Lakh	
	As at March 31, 2014	As at March 31, 2013
AUTHORISED :		
Equity Shares:		
1,62,50,00,000 Equity Shares of ₹ 1 each (Refer note 31)	16,250	5,150
(2013 - 51,50,00,000 Equity Shares of ₹ 1 each).		
Preference Shares:		
50,00,000 Redeemable Preference Shares of ₹100 each	5,000	5,000
(50,00,000 Redeemable Preference Shares of ₹100 each)		
ISSUED, SUBSCRIBED AND FULLY PAID UP		
17,57,85,996 Equity Shares of ₹ 1 each	1,758	1,758
(2013 - 17,57,66,864 Equity Shares of ₹ 1 each)	1,758	1,758

2.1 The above equity share capital is net off 62,69,402 Equity Shares of ₹ 1 each, bought back by the company during the year 2008-09.

2.2 Under the Employee Stock Option Plan – ESOP 2007, options not exceeding 89,24,850 have been reserved to be issued to the eligible employees, with each option conferring a right upon the employee to apply for one equity share. The options granted under the Scheme would vest not less than one year and not more than five years from the date of grant of the options. The options granted to the employees would be capable of being exercised within a period of three years from the date of vesting.

Total options outstanding as at March 31, 2014 - 3,48,096 (March 2013- 6,40,342) equity shares of ₹ 1 each. Refer Note No. 43 for other details about the scheme.

2.3 Details of shares held by each shareholder holding more than 5% of equity shares in the company:

Name of the Share holder	No of shares held as at			
	March 31, 2014		March 31, 2013	
	Nos.	%	Nos.	%
Murugappa Holdings Limited (Investing Party)	5,87,35,204	33.42	5,87,35,204	33.42
Ambadi Investment Private Limited	93,23,240	5.30	93,23,240	5.30
National Westminster Bank PLC as Depository of First State Asia Pacific Fund a Sub fund of First State Investments ICVC	91,06,484	5.18	91,06,484	5.18

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

2.4 Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period

Reconciliation	2013-14		2012-13	
	No of Shares	₹ in Lakh	No of Shares	₹ in Lakh
Equity Shares of ₹ 1 each fully paid up				
At the beginning of the year	17,57,66,864	1,758	17,36,62,476	1,737
Allotment of shares on exercise of Employee Stock Option (Refer note 43)	19,132	*	2,65,810	3
Allotment of shares pursuant to Scheme of Arrangement (Demerger)	-	-	18,38,578	18
At the end of the year	17,57,85,996	1,758	17,57,66,864	1,758

* less than a lakh.

2.5 Terms attached to Equity shares

The Company has only 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.

3. RESERVES AND SURPLUS

Particulars	₹ in Lakh	
	As at March 31, 2014	As at March 31, 2013
(a) Capital Reserve		
Opening balance	-	1,348
Less : Utilised during the year	-	1,348
Closing balance	-	-
(b) Capital Redemption Reserve	3,113	3,113
(c) Securities Premium Account (Refer note 3.1)		
Opening balance	5,017	4,829
Add: Premium on Shares allotted under ESOP	17	188
Closing balance	5,034	5,017
(d) Debenture Redemption Reserve		
Opening balance	4,000	2,750
Add : Transfer from surplus in Statement of Profit and Loss	3,653	2,500
Less : Transfer to surplus in Statement of Profit and loss	(1,000)	(1,250)
Closing balance	6,653	4,000
(e) Fixed Asset Revaluation Reserve (Refer note 3.2)		
Opening balance	526	540
Less : Utilised during the year	16	14
Closing balance	510	526
(f) General Reserve		
Opening balance	95,803	69,877
Add :Addition during the year	-	2,120
Add :Transfer from Statement of Profit and Loss	-	35,000
Less : Adjustments arising on amalgamation (Refer note 31(v))	9,531	11,194
Closing balance	86,272	95,803
(g) Hedging Reserve		
Opening balance	15	(397)
Add :Addition during the year	146	15
Less : Utilised /reversed during the year	15	(397)
Closing balance	146	15

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

₹ in Lakh

Particulars	As at March 31, 2014	As at March 31, 2013
(h) Surplus in Statement of Profit and Loss		
Opening Balance	24,456	37,966
Profit for the year	2,653	33,171
	27,109	71,137
Less : Appropriations		
Interim Dividend on Equity Shares -Nil(2013 : ₹ 6 per share)	-	10,431
Dividend Distribution Tax	-	-
Transfer to Debenture Redemption Reserve (Net)	2,653	1,250
Transfer to General Reserve	-	35,000
Closing Balance	24,456	24,456
TOTAL RESERVES AND SURPLUS	126,184	132,930

3.1 During the year, 19,132 equity shares (2013: 2,65,810 equity shares) of ₹ 1/- each were issued to the employees as exercise of employees stock option for an aggregate premium of ₹ 17 lakh (2013: ₹ 188 lakh)

3.2 Deduction during the year represents ₹ 16 Lakh (2013 - ₹ 14 Lakh) transferred to Statement of Profit and Loss.

4. LONG TERM BORROWINGS

₹ in Lakh

Particulars	Non-Current		Current	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
(a) Privately placed Secured, Redeemable Non-convertible debentures				
10.25% Secured Redeemable Non-convertible debentures 2013-14 series (Refer note 4.1)	10,000	-	-	-
8.97% Secured Redeemable Non-convertible debentures 2013-14 series (Refer note 4.2)	20,000	-	-	-
9.25% Secured Redeemable Non-convertible debentures 2012-13 series (Refer note 4.3)	10,000	10,000	-	-
9.15% Secured Redeemable Non-convertible debentures 2012-13 series (Refer note 4.4)	6,000	6,000	-	-
10.40% Secured Redeemable Non-convertible debentures 2011-12 series (Refer note 4.5)	-	6,000	6,000	-
10.25% Secured Redeemable Non-convertible debentures 2011-12 series (Refer note 4.6)	-	4,000	4,000	-
9.40% Secured Redeemable Non-convertible debentures 2010-11 series (Refer note 4.7)	-	-	-	4,000
Sub Total	46,000	26,000	10,000	4,000
(b) Secured Term Loans from:				
Banks (Refer note 4.8 to 4.8.4)	37,063	39,565	7,046	4,902
Government of India - Sugar Development Fund (Refer note 4.9)	6,626	7,851	1,996	2,147
Sub Total	43,689	47,416	9,042	7,049
(c) Other loans and advances				
Unsecured loan from Bank (Refer note 4.8)	657	-	70	-
Unsecured loan from others (Refer note 4.10)	2,500	2,500	-	-
Sub Total	3,157	2,500	70	-
Total	92,846	75,916	19,112	11,049
The above amount includes				
Secured Borrowings	89,689	73,416	19,042	11,049
Unsecured Borrowings	3,157	2,500	70	-
Amount disclosed under the head "other current liabilities" (Note 8)	-	-	19,112	11,049
Net amount	92,846	75,916	-	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

- 4.1 1000 - 10.25% Secured Redeemable Non-convertible Debentures of ₹10 Lakh each aggregating to ₹10,000 Lakh are secured by a *pari passu* first charge by way of a registered mortgage deed on the Company's immovable properties/fixed assets both present and future situated at Pugalur and Nellikuppam. Debentures are redeemable in full at par on 6th January 2017.
- 4.2 2000 - 8.97% Secured Redeemable Non-convertible Debentures of ₹10 Lakh each aggregating to ₹20,000 Lakh are secured by a *pari passu* first charge by way of a registered mortgage deed on the Company's immovable properties/fixed assets both present and future situated at Pugalur. Debentures are redeemable in full at par on 3rd May 2016.
- 4.3 1,000 - 9.25% Secured Redeemable Non-convertible Debentures of ₹10 Lakh each aggregating to ₹10,000 Lakh to be secured by a *pari passu* first charge by way of a registered mortgage deed on the Company's specific immovable properties. Debentures are redeemable in full at par on 18th March 2016.
- 4.4 600 - 9.15% Secured Redeemable Non-convertible Debentures of ₹10 Lakh each aggregating to ₹6,000 Lakh are secured by a *pari passu* first charge by way of a registered mortgage deed on the Company's immovable properties situated at Pugalur. Debentures are redeemable in full at par on 23rd October 2015.
- 4.5 600 - 10.40% Secured Redeemable Non-convertible Debentures of ₹10 Lakh each aggregating to ₹6,000 Lakh are secured by a *pari passu* first charge by way of a registered mortgage deed on the Company's immovable properties/fixed assets both present and future situated at Pettavaithalai and Pugalur and further secured by a *pari passu* first charge on the immovable properties situated at Nellikuppam, Pugalur, Pudukottai and Thyagavalli. Debentures are redeemable in full at par on 4th January 2015.
- 4.6 400 - 10.25% Secured Redeemable Non-convertible Debentures of ₹10 Lakh each aggregating to ₹4,000 Lakh are secured by a *pari passu* first charge by way of a registered mortgage deed on the Company's immovable properties/fixed assets both present and future situated at Pettavaithalai and further secured by a *pari passu* first charge on the immovable properties situated at Nellikuppam, Pugalur, Pudukottai and Thyagavalli. Debentures are redeemable in full at par on 12th July 2014.
- 4.7 400 - 9.40% Secured Redeemable Non-convertible Debentures of ₹10 Lakh each aggregating to ₹4,000 Lakh are secured by a *pari passu* first charge by way of a registered mortgage deed on the Company's immovable properties/fixed assets both present and future situated at Pettavaithalai and further secured by a *pari passu* first charge on the immovable properties situated at Nellikuppam, Pugalur, Pudukottai and Thyagavalli. The Debentures have been redeemed at full on the due date i.e 25th January, 2014.
- 4.8. The summary of Bank loans are as follows;

₹ in Lakh			
Particulars	March 31, 2014	March 31, 2013	Terms of repayment
State Bank of India (Refer note 4.8.1)	10	20	Repayable in two equal annual instalments.
State Bank of India (Refer note 4.8.2)	1,195	2,173	Out of ₹ 1,195 lakh amount of ₹ 364 lakh is repayable over next 3 years in equal annual instalments. Balance amount of ₹ 831 lakh in 5 equal quarterly instalments.
ECB - HSBC Bank (Mauritius) Ltd (Refer note 4.8.3)	2,197	2,741	Balance repayable in Eight instalments
Axis Bank Limited (Refer note 4.8.4.1)	19,300	20,500	Repayable over next 20 Quarterly Instalments.
ICICI Bank Limited (Refer note 4.8.4.2)	-	14,737	Repaid in 2013-14
State Bank of India (Refer note 4.8.4.3)	3,835	4,296	Repayable in 20 quarterly instalments
HDFC - Unsecured	627	-	Repayable in 5 years; 6 months moratorium and 54 equal monthly instalments.
State Bank of India - Financial Assistance Loan (Refer note 4.8.4.4)	10,000	-	Repayable in 5 years; 2 years moratorium and 36 equal monthly instalments.
State Bank of India (Refer note 4.8.4.5)	5,576	-	Repayable in 5 years.
State Bank of India (Refer note 4.8.4.5)	949	-	Repayable in 3 years.
State Bank of Mysore (Refer note 4.8.4.5)	1,047	-	Repayable in 3 years.
Yes Bank - Unsecured	100	-	Repayable in 5 years with one year moratorium.
	44,836	44,467	

The above loans carries interest rates ranging from 7.8% - 11.5% per annum.

- 4.8.1 The Rupee term loans from State Bank of India amounting to ₹ 10 Lakh are secured by a *pari passu* first charge by way of hypothecation of all the movable plant and machinery and other movable assets both present and future situated at Nellikuppam, Pugalur, Pettavaithalai, Pudukottai, Thyagavalli and Ariyur and further secured by a *pari passu* first charge on the immovable properties situated at these places except Ariyur and a second charge on current assets.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

- 4.8.2 The Rupee term loans from State Bank of India amounting to ₹ 1,195 Lakh are secured by a *pari passu* first charge by way of hypothecation of all the movable plant and machinery and other movable assets both present and future situated at Nellikuppam, Pugalur, Pettavaithalai, Pudukottai, Thyagavalli and Ariyur and further secured by a *pari passu* first charge on the immovable properties situated at these places except Ariyur and a second charge on current assets.
- 4.8.3 The External Commercial Borrowings (ECB) Loan from HSBC Bank (Mauritius) Ltd., Mauritius amounting to ₹ 2,197 Lakh (Current outstanding) secured by a *pari passu* first charge on the immovable properties situated at Nellikuppam, Pugalur, Pudukottai, and Thyagavalli and to be further secured by a *pari passu* first charge by way of hypothecation of all the movable plant and machinery and other movable assets both present and future situated at Nellikuppam, Pugalur, Pettavaithalai, Pudukottai, Thyagavalli and Ariyur.
- 4.8.4.1 Rupee term loans from Axis Bank Limited are secured by *pari passu* first charge on fixed assets of Sankili and Haliyal plants.
- 4.8.4.2 Rupee term loans from ICICI Bank Limited were secured by *pari passu* first charge on fixed assets of Sankili and Haliyal Plants.
- 4.8.4.3 Rupee term loans from State Bank of India are secured by *pari passu* first charge on fixed assets of Sankili and Haliyal plants.
- 4.8.4.4 The Financial Assistance loan from State Bank of India amounting to ₹ 10,000 Lakh is secured by a *pari passu* first charge on fixed assets (both present and future) of the Company and second charge on the Company's current assets. As per terms of this loan, interest @12% per annum will be directly paid by the Government to the Bank.
- 4.8.4.5 Term Loans extended by State Bank of India & State Bank of Mysore are primarily secured by *pari passu* first charge on the Plant & Machinery of the company and *pari passu* first charge by way of equitable mortgage of Land and Factory buildings of the Bagalkot Plant and collaterally secured by *pari passu* charge on the fixed assets of the Bagalkot Plant.

4.9. The summary of Sugar Development Fund loans are as follows :

₹ in Lakh		
Particulars	March 31, 2014	March 31, 2013
Pudukottai - Modernisation and Expansion of Cogeneration unit and Modernisation of sugar unit (Ref note 4.9.1)	655	1,069
Pugalur - Modernisation and Expansion of Sugar Unit (Refer note 4.9.1)	751	1,301
Pettavaithalai - Modernisation and Expansion of Sugar and Cogeneration units (Refer note 4.9.1)	3,612	4,194
Nellikuppam - Expansion of Sugar and Cogeneration units (Refer note 4.9.1)	1,080	1,080
Haliyal - Raw Sugar Processing, Cane Development Loan and Loan for Cogeneration Unit (Refer note 4.9.2)	1,181	1,584
Sankili - Modernisation and Expansion of sugar Unit and Cane Development Loan (Refer note 4.9.2)	501	770
Bagalkot - Cane Development Loan and Loan for Cogeneration Unit (Refer note 4.9.3)	842	-
Total	8,622	9,998

- 4.9.1 The loans are secured by way of a Bank Guarantee from State Bank of India. It carries interest rate of 4% and repayable over 7 to 10 years.
- 4.9.2 The loans are secured by way of *pari passu* first charge on fixed assets of Haliyal and Sankili respectively. It carries interest rate of 4% and repayable over 7 to 14 years.
- 4.9.3 The loans are secured by way of Bank Guarantee. It carries interest rate of 6.75% and repayable over 6 to 7 years.
- 4.10 The Interest free loan is repayable after 11 years.
- 4.11 There is no default in repayment of the loans and interest thereon.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

5. DEFERRED TAX (ASSET) / LIABILITY

				₹ in Lakh
Particulars	As at March 31, 2013	Additions pursuant to Scheme of Amalgamation (Refer note 31)	Movement during the year (Refer note 5.1)	As at March 31. 2014
Tax effect of items constituting deferred tax liability				
On difference between book balance and tax balance of fixed assets	18,719	3,517	1,443	23,679
Tax effect of items constituting deferred tax assets				
Unabsorbed Depreciation and Business Loss	(4,581)	(4,118)	(6,573)	(15,272)
Provision for Doubtful Debts, Provision for compensated absences and others	(758)	-	(633)	(1,391)
Net Deferred Tax (Asset) / Liability	13,380	(601)	(5,763)	7,016

5.1 Includes ₹ 2,244 Lakh relating to unabsorbed business loss and depreciation of the merged entity Sadashiva Sugars Limited for the period upto March 31, 2013 (Refer note 31)

6. SHORT TERM BORROWINGS

			₹ in Lakh
Particulars	As at March 31, 2014	As at March 31, 2013	
(a) Loans repayable on demand From Banks			
(i) Secured (Refer note 6.1 & 6.2)	38,891	39,262	
(ii) Unsecured (Refer note 6.3)	4,322	18,589	
From Other parties - Unsecured	-	3,000	
(b) Commercial Papers - Unsecured (Refer note 6.4)	42,500	35,500	
(c) Security Deposits - Unsecured	74	42	
	85,787	96,393	

6.1 Working Capital facilities from State Bank of India of ₹ 38,887 lakh 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 (other than Pugalur unit) and a third charge on the movable and immovable properties of the Pugalur sugar unit.

6.2 Working Capital facility from State Bank of Mysore of ₹ 4 lakh is secured by way of first charge on current assets of the company and collaterally secured by *pari passu* charge on the fixed assets of the Bagalkot sugar unit.

6.3. Packing credit facility is covered by letter of credit or confirmed and irrevocable order for the export of goods / services.

6.4. Maximum amount outstanding at any time during the year was ₹70,000 lakh (2013: ₹50,000 lakh)

7. TRADE PAYABLES

			₹ in Lakh
Particulars	As at March 31, 2014	As at March 31, 2013	
Trade payables (Refer note 7.1 below):			
- Sundry Creditors	35,249	23,652	
- Employee related payables	1,119	725	
	36,368	24,377	

7.1 There are no dues to enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006, as at March 31, 2014 which is on the basis of such parties having been identified by the management and relied upon by the auditors.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)**8. OTHER CURRENT LIABILITIES**

₹ in Lakh

Particulars	As at March 31, 2014	As at March 31, 2013
(a) Current maturities of long-term debt	19,112	11,049
(b) Interest accrued but not due on borrowings	3,712	1,196
(c) Interest accrued and due on borrowings	-	24
(d) Unclaimed dividends (Refer note 8.1 & 8.2)	310	454
(e) Other Liabilities		
- Excise Duty on undespached stock	3,620	2,598
- Due to Directors	5	166
- Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	1,440	570
- Advances and Deposits from Customers/Others	689	602
- Other Miscellaneous liabilities (Refer note 8.3)	2,959	1,008
	31,847	17,667

8.1 These amounts represent warrants issued to the Shareholders which remained unrepresented as on March 31, 2014.

8.2 There are no amounts due to be credited to Investor Education and Protection Fund as on March 31, 2014.

8.3 Other Miscellaneous Liabilities includes liability towards Capital goods, Collections payable to bank etc.,

9. SHORT-TERM PROVISIONS

₹ in Lakh

Particulars	As at March 31, 2014	As at March 31, 2013
Provision for compensated absences	1,115	1,031
	1,115	1,031

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

10. FIXED ASSETS:

Particulars	GROSS BLOCK					ACCUMULATED DEPRECIATION AND AMORTISATION					NET BLOCK	
	Cost/Value As at April 1, 2013	Additions pursuant to the scheme of Amalgamation (Refer note 31)	Other Additions	Deletions	Cost/Value As at March 31, 2014	As at April 1, 2013	Additions pursuant to the scheme of Amalgamation (Refer note 31)	For the year (Refer note 10A)	Deletions	As at March 31, 2014	As at March 31, 2014	As at March 31, 2013
Tangible assets (A)												
Freehold Land	6,460	467	4	-	6,931	-	-	-	-	6,931	-	6,460
Leasehold Land (Note 10.1)	4	-	161	-	165	2	-	-	-	163	2	2
Buildings												
a) R&D (Note 10.4)	187	-	-	-	187	85	-	5	-	90	97	102
b) Others (Notes 10.2 and 10.3)	24,699	2,387	2,872	3	29,955	6,027	254	938	2	7,217	22,738	18,672
Plant and Machinery												
a) R&D (Note 10.4)	630	-	7	-	637	557	-	17	-	574	63	73
b) Others	1,61,933	18,520	13,819	1,021	1,93,251	66,448	3,731	8,150	898	77,431	1,15,820	95,485
Furniture & Fixtures												
a) R&D (Note 10.4)	63	-	-	-	63	53	-	1	-	54	9	10
b) Others	1,711	31	16	-	1,758	1,147	11	117	-	1,275	483	564
Office Equipments												
a) R&D (Note 10.4)	82	-	1	-	83	60	-	4	-	64	19	22
b) Others	2,707	69	462	33	3,205	2,112	46	217	28	2,347	858	595
Vehicles												
a) R&D (Note 10.4)	-	-	9	-	9	-	-	-	-	-	9	-
b) Others	1,760	114	101	183	1,792	875	61	243	111	1,068	724	885
Total (A)	2,00,236	21,588	17,452	1,240	2,38,036	77,366	4,103	9,692	1,039	90,122	1,47,914	1,22,870
Intangible Assets (B)												
Patent / Software	781	22	154	-	957	674	6	55	-	735	222	107
Total (A) + (B)	2,01,017	21,610	17,606	1,240	2,38,993	78,040	4,109	9,747	1,039	90,857	1,48,136	1,22,977
Capital Work - in Progress		155									4,889	6,201
		21,765									1,53,025	1,29,178

Notes:

- 10.1. Amortisation of Leasehold land for the year is ₹0.08 Lakh (2013 - 0.08 Lakh).
- 10.2. Includes cost of ₹31 Lakh (2013 - ₹31 Lakh) for which title deeds are yet to be received from the Registrar.
- 10.3. Includes Building on Leasehold land : Cost : ₹ 884.41 Lakh (2013 - ₹ 884.41 Lakh) and Accumulated Depreciation : ₹258.73 Lakh (2013 - ₹ 244.00 Lakh).
- 10.4. Additions for the year 2013-2014 includes ₹17 Lakh (2013 - ₹ 10 Lakh) of Fixed Assets additions made in the Approved In-house R & D Centres.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)**PREVIOUS YEAR 2012-13 :**

Particulars	GROSS BLOCK					ACCUMULATED DEPRECIATION AND AMORTISATION				NET BLOCK	
	Cost/Value As at April 1, 2012	Additions pursuant to the scheme of arrangement (Demerger)	Deletions	Cost/Value As at March 31, 2013	As at April 1, 2012	Additions pursuant to the scheme of arrangement (Demerger)	Deletions	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
Tangible assets (A)											
Freehold Land	3,849	2,430	181	6,460	-	-	-	-	-	6,460	3,849
Leasehold Land	4	-	-	4	1	-	-	2	2	2	3
Buildings											
a) R&D	180	-	7	187	81	-	4	85	102	102	99
b) Others	13,690	9,685	1,376	24,699	3,927	1,383	767	6,027	18,672	18,672	9,763
Plant and Machinery											
a) R&D	634	-	-	630	548	-	13	557	73	73	86
b) Others	1,07,239	45,536	10,880	1,61,933	46,139	12,491	9,440	66,448	95,485	95,485	61,100
Furniture & Fixtures											
a) R&D	62	-	1	63	52	-	1	53	10	10	10
b) Others	1,418	198	98	1,711	957	80	115	1,147	564	564	461
Office Equipments											
a) R&D	81	-	2	82	57	-	4	60	22	22	24
b) Others	2,255	312	179	2,707	1,776	211	161	2,112	595	595	479
Vehicles	1,266	459	296	1,760	646	202	212	875	885	885	620
Total (A)	1,30,678	58,620	13,020	2,00,236	54,184	14,367	10,718	77,366	1,22,870	1,22,870	76,494
Intangible Assets (B)											
Patent	271	510	-	781	266	325	83	674	107	107	5
Total (A) + (B)	1,30,949	59,130	13,020	2,01,017	54,450	14,692	10,801	78,040	1,22,977	1,22,977	76,499
Capital Work - in Progress		1,084							6,201	6,201	4,917
		60,214							1,29,178	1,29,178	81,416

₹ in Lakh

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

10.A Till last year the company has been charging depreciation on certain plant and machineries at rates higher than those specified in Schedule XIV of the Companies Act, 1956. During the year the Company carried out technical assessment of the useful lives of these assets and based on such assessment, the depreciation rates have been brought down to those as specified in Schedule XIV of the Companies Act, 1956. Consequent to the said revision in depreciation rate, the depreciation charge for the year is lower by ₹ 2,917 lakh.

11. NON-CURRENT INVESTMENTS (At Cost)

₹ in Lakh

Particulars	As at March 31, 2014	As at March 31, 2013
I. Quoted Investments		
(A) Trade Investments		
(a) <i>Investments in Equity Instruments</i>		
(i) <i>Subsidiary Companies</i>		
17,71,55,580 (2013 - 17,71,55,580) shares of ₹ 1 each fully paid up in Coromandel International Limited	11,989	11,989
1,29,75,110 (2013 - 1,29,75,110) shares of ₹ 10 each fully paid up in Parrys Sugar Industries Limited	1,669	1,669
(B) Other Investments		
(a) <i>Investments in Equity Instruments</i>		
(i) <i>Other companies</i>		
23,600 (2013 - 23,600) shares of ₹ 10 each fully paid up in Kartik Investments Trust Limited	4	4
100 (2013 - 100) shares of ₹ 10 each fully paid up in Travancore Sugars and Chemicals Limited	*	*
8,244 (2013 - 8,244) shares of ₹ 10 each fully paid up in State Bank of India	25	25
393 (2013 - 393) shares of ₹ 10 each fully paid up in Cholamandalam Investment and Finance Company Limited	*	*
42,938 (2013 - 42,938) shares of ₹ 10 each fully paid up in Coromandel Engineering Company Limited	4	4
2,000 (2013 - 2,000) shares of ₹ 1 each fully paid up in Carborundum Universal Limited	*	*
(b) <i>Investments in Debt Instruments</i>		
(i) <i>Subsidiary Companies</i>		
Nil (2013 - 17,71,55,580) 9% Redeemable Non convertible Debentures of ₹ 15 each in Coromandel International Ltd (Refer note : 11.1)	-	26,574
Total Quoted Investments	13,691	40,265
Market Value of Quoted Investments	3,99,580	3,59,348
II. Unquoted Investments		
(A) Trade Investments		
(a) <i>Investments in Equity Instruments</i>		
(i) <i>Subsidiary Companies</i>		
776 (2013 - 776) shares of USD 100 each fully paid up in Parry America Inc	24	24
15,00,000 (2013 - 15,00,000) shares of ₹10 each fully paid up in Parrys Sugar Limited	150	150
50,00,000 (2013 - 50,00,000) shares of ₹10 each fully paid up in Parry Infrastructure Company Private Limited	500	500
18,06,600 (2013 - 1,06,600) shares of ₹100 each fully paid up in Parry Phytoremedies Private Limited (Refer note 11.4)	1,913	213
Nil (2013 - 11,02,70,018) shares of ₹10 each fully paid up in Sadashiva Sugars Ltd (Refer note 31)	-	11,796
US Nutraceuticals LLC	7,040	7,040
11,51,18,416 (2013 - 11,51,18,416) shares of ₹ 10 each fully paid up in Silkroad Sugar Private Limited	24,741	24,741
1,02,222 (2013 - 1,02,222) equity shares of ₹ 100 each fully paid up in Alagawadi Bireshwar Sugars Private Limited	1,363	1,363

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

₹ in Lakh

Particulars	As at March 31, 2014	As at March 31, 2013
(ii) <i>Other companies</i>		
18,270 (2013 - 18,270) shares of ₹ 100 each fully paid up Murugappa Management Services Limited	18	18
(b) <i>Investments in Preference shares</i>		
(i) <i>Subsidiary Companies</i>		
23,26,420 (2013 - 23,26,420) 8% Redeemable Non Cumulative shares of ₹ 11 each fully paid up Parrys Sugar Industries Limited	256	256
45,00,000 (2013 - 15,00,000) 8% Redeemable Cumulative shares of ₹ 100 each fully paid up Parrys Sugar Industries Limited	4,500	1,500
11,00,000 (2013 - Nil) 10% Redeemable Cumulative shares of ₹ 100 each fully paid up Silkroad Sugar Private Limited (Refer note 11.2)	1,100	-
(B) Other Investments		
(a) <i>Investments in Equity Instruments</i>		
(i) <i>Subsidiary Companies</i>		
9,500 (2013 - 9500) shares of ₹ 10 each fully paid up in Parry Agrochem Exports Limited	*	*
2,50,150 (2013 - 2,50,150) shares of ₹ 10 each fully paid up in Parrys Investments Limited	37	37
(ii) <i>Other companies</i>		
125 (2013 - 125) shares of 25 pence each fully paid up in Hawker Siddley Group Limited (Refer note 11.5)	*	*
10,000 (2013 - 10,000) shares of ₹ 1 each fully paid up in Indian Dairy Entrepreneur and Agricultural Co Limited (At cost less amount written off ₹ 0.90 Lakh)	*	*
266 (2013 - 266) shares of ₹ 10 each fully paid up in Chennai Wellington Corporate Foundation	*	*
6,37,200 (2013 - 6,37,200) shares of ₹ 10 each fully paid up in Indian Potash Limited	32	32
1,00,000 (2013 - 1,00,000) shares of ₹ 10 each fully paid up in Bio Tech Consortium (India) Limited	10	10
2 (2013 - 2) shares of ₹ 10 each fully paid up in Murugappa Morgan Thermal Ceramics Limited	*	*
20 (2013 - 20) shares of ₹ 100 each fully paid up in Kullittalai Cane Farms Private Limited (Refer note 11.5)	*	*
(b) <i>Investments in Government or trust securities</i>		
Government Securities (Lodged as Security deposit)	1	1
(c) <i>Investments in debentures or bonds</i>		
Rural Electrical Corporation 5 Year 5.5% Redeemable Bonds	-	64
Total Unquoted Investments	41,685	47,745
Less : Provision for diminution in value of investments	(900)	(900)
Total Non-Current Investments	54,476	87,110

* less than a lakh.

Notes:

- 11.1. During the previous year Coromandel International Ltd, a subsidiary company, has issued 17,71,55,580 Numbers of 9% Redeemable Bonus Debentures of ₹ 15 each aggregating to ₹ 26,574 Lakh to the company. This has been recognised as dividend income and disclosed as an exceptional item in the previous year. These Debentures have been fully redeemed during the year.
- 11.2. During the year, Company has invested in 11,00,000 fully paid Redeemable Cumulative Preference shares of ₹ 100/- each of Silkroad Sugar Private Limited, aggregating to ₹ 1,100 Lakh.
- 11.3. During the year, Company has converted loans to Parrys Sugar Industries Limited amounting to ₹ 2,500 lakh into 25,00,000 fully paid Redeemable Cumulative Preference shares of ₹ 100 each and further invested in 5,00,000 fully paid Redeemable Cumulative Preference shares of ₹ 100 each of Parrys Sugar Industries Limited aggregating to ₹ 500 Lakh.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

11.4. During the year, Company has converted loans to Parry Phytoremedies Private Limited amounting to ₹ 394 lakh into 3,94,000 fully paid Equity shares of ₹ 100 each and further invested in 13,06,000 fully paid Equity shares of ₹ 100/- each of Parry Phytoremedies Private Limited aggregating to ₹ 1,306 Lakh.

11.5 Fifteen Shares in Kulittalai Cane Farms Private Limited and One hundred and twenty five shares in Hawker Siddley Group Limited are in the process of being transferred in the name of the Company.

12. LOANS AND ADVANCES

₹ in Lakh

Particulars	Long-Term		Short-Term	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
Unsecured and considered good unless otherwise stated :				
(a) Capital Advances	879	1,473	-	-
(b) Security Deposits	147	173	3	6
(c) Loans and advances to related parties	11,614*	5,489	-	7,125
(d) Advance Income Tax				
Net of Provision for Tax (₹ 31,644 Lakh (2013 - ₹ 31,988 Lakh))	3,944	2,996	-	-
(e) Balance with Customs and Central Excise Authorities	-	-	1,469	2,928
(f) MAT Credit Entitlement	2,676	3,019	-	-
(g) Advance recoverable in cash or in kind or for value to be received				
(i) Unsecured and Considered Good	4,620	2,648	9,827	15,652
(ii) Considered Doubtful	-	-	2,031	602
Less: Provision for Doubtful Advances	-	-	(2,031)	(602)
	23,880	15,798	11,299	25,711

* Includes an amount of ₹ 200 Lakh paid as share application money to Silkroad Sugar Private Limited for subscribing to Preference Shares. Against this share application money, the company has been allotted 2,00,000- 9% redeemable cumulative preference shares of ₹ 100/- each, in the month of April 2014.

13. OTHER NON CURRENT ASSETS

₹ in Lakh

Particulars	As at March 31, 2014	As at March 31, 2013
- Income Accrued on Loans & Advances to subsidiaries	1,765	871
- Long Term Trade Receivables	1,867	-
	3,632	871

14. CURRENT INVESTMENTS (At lower of cost and fair value, unless otherwise stated)

₹ in Lakh

Particulars	As at March 31, 2014	As at March 31, 2013
I. Quoted Investments		
(A) Other Investments		
(a) Investments in Mutual funds		
20,000 units of SBI - Infra - I - Dividend	2	-
	2	-
Market Value of Quoted Investments	2	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)**15. INVENTORIES (At lower of cost and net realisable value)**

₹ in Lakh

Particulars	As at March 31, 2014	As at March 31, 2013
(a) Raw materials	2,229	1,103
(b) Work-in-progress	7,452	2,349
(c) Finished goods	91,157	70,783
(d) Stock-in-trade (goods acquired for trading)	712	481
(e) Stores and spares	3,416	3,537
	1,04,966	78,253

15.1 - Refer note 37 for details of work-in-progress, finished goods and stock-in-trade.

16. TRADE RECEIVABLES (UNSECURED)

₹ in Lakh

Particulars	As at March 31, 2014	As at March 31, 2013
(a) Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
(i) Considered good	918	7014
(ii) Considered doubtful	947	775
Less: Provision for doubtful Trade receivables	(947)	(775)
	918	7,014
(b) Other Trade Receivables - Considered good	23,821	14,530
	24,739	21,544

17. CASH AND CASH EQUIVALENTS

₹ in Lakh

Particulars	As at March 31, 2014	As at March 31, 2013
(a) Cash on hand	15	17
(b) Cheques, drafts on hand	9	815
(c) Balances with banks		
(i) In Current account	3,861	312
(ii) In Deposit account (Refer note 17.2 below)	144	67
(iii) In earmarked accounts		
- In Unpaid dividend account	310	454
- In Debenture redemption account	1,500	-
- In Margin Money accounts towards Bank Guarantee	483	27
	6,322	1,692

17.1 Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements is ₹ 3,919 Lakh (2013 - ₹ 1,144 Lakh)

17.2 Balances with banks include deposits amounting to ₹ 108 Lakh (2013 - ₹ 67 Lakh) which have an original maturity of more than 12 months.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)**18. OTHER CURRENT ASSETS**

₹ in Lakh

Particulars	As at March 31, 2014	As at March 31, 2013
- Income Accrued on Deposits, Loans & Advances etc.(Refer note 18.1 below)	5	2,595
- Unbilled revenue	121	157
- Insurance claims	20	303
- Mark to Market Provision	434	240
	580	3,295

18.1 Includes Interest receivable : ₹ Nil (2013 - ₹ 2,587 Lakh) from Subsidiaries.

19. REVENUE FROM OPERATIONS

₹ in Lakh

Particulars	For the Year Ended March 31, 2014	For the Year Ended March 31, 2013
(a) Sales of Products (Refer note 19.1)		
- Manufactured goods	1,79,133	1,99,721
- Traded goods	3,202	1,627
	1,82,335	2,01,348
(b) Other operating revenues		
- Sundry Income	406	447
- Duty Drawback	20	927
- Scrap sales	466	850
- Liabilities/ Provisions no longer required written back	567	574
Revenue from operations (Gross)	1,83,794	2,04,146
Less : Excise Duty	5,593	4,897
	1,78,201	1,99,249

19.1 Details of Products Sold

₹ in Lakh

Classes of goods	For the Year Ended March 31, 2014	For the Year Ended March 31, 2013
Sugar	1,17,662	1,15,721
Raw sugar	13,415	37,572
Bio and Nutra products	16,646	13,052
Power	10,507	14,409
Distillery	23,738	20,186
Organic Manure	367	408
	1,82,335	2,01,348

20. OTHER INCOME

₹ in Lakh

Particulars	For the Year Ended March 31, 2014	For the year Ended March 31, 2013
(a) Interest Income		
On bank deposits	48	24
On Debenture - Subsidiary (Refer note 46)	2,313	1,651
On loans and advances to subsidiaries (Refer note 46)	1,179	1,351
On others	777	321
	4,317	3,347

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

₹ in Lakh

Particulars	For the Year Ended March 31, 2014	For the year Ended March 31, 2013
(b) Dividend Income (excluding exceptional income for previous year)		
(i) Current investments	-	275
(ii) Long term investments		
Subsidiaries (Refer note 46)	7,972	5,315
Others	20	19
	7,992	5,609
(c) Profit on sale of fixed assets (Net)	2,371	180
(d) Other non-operating income (Refer note 20.1)	1,438	1,593
	16,118	10,729

20.1 Other non-operating income comprises of:

₹ in Lakh

Particulars	For the Year Ended March 31, 2014	For the year Ended March 31, 2013
- Rental income	1,115	981
- Services	172	300
- Insurance claim received	3	113
- Others	148	199
	1,438	1,593

21. COST OF MATERIALS CONSUMED

₹ in Lakh

Description	For the Year Ended March 31, 2014	For the Year Ended March 31, 2013
(a) Sugarcane (Refer note 21.1)	99,576	1,45,745
(b) Others	22,305	17,983
Total	1,21,881	1,63,728

21.1 The above raw material consumption includes Rates and Taxes of ₹ 2,058 Lakh (2013 - ₹ 2,945 Lakh).

22. PURCHASES OF STOCK-IN-TRADE

₹ in Lakh

Classes of goods	Purchases	
	For the Year Ended March 31, 2014	For the Year Ended March 31, 2013
(a) Sugar	1,285	4
(b) Bio Products	140	6
(c) Nutra Products	1,610	1,562
Total	3,035	1,572

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)**23. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK IN TRADE**

₹ in Lakh

Particulars	For the Year Ended March 31, 2014	For the year Ended March 31, 2013
Opening Stock:		
Work-in-progress	2,349	1,089
Finished goods	70,783	21,033
Stock-in-trade	481	195
	73,613	22,317
<i>Inventory acquired pursuant to Scheme of Amalgamation - Refer note 31</i>		
Work-in-progress	72	-
Finished goods	18,300	-
	18,372	-
<i>Inventory acquired pursuant to Scheme of Arrangement -Demerger of Haliyal and Sankili units of Parrys Sugar Industries Limited</i>		
Work-in-progress	-	513
Finished goods	-	10,623
	-	11,136
Closing Stock:		
Work-in-progress	7,452	2,349
Finished goods	91,157	70,783
Stock-in-trade	712	481
	99,321	73,613
	(7,336)	(40,160)
Increase in Stocks	(7,336)	(40,160)

24. EMPLOYEE BENEFIT EXPENSE

₹ in Lakh

Particulars	For the Year Ended March 31, 2014	For the Year Ended March 31, 2013
(a) Salaries, Wages and Bonus	9,740	9,559
(b) Contribution to Provident and Other Funds	964	841
(c) Workmen and Staff Welfare Expenses	1,560	1,404
	12,264	11,804

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)**25. FINANCE COST**

₹ in Lakh

Particulars	For the Year Ended March 31, 2014	For the Year Ended March 31, 2013
i) Interest expense		
(a) Debentures	4,734	1,885
(b) Term loans	6,486	7,403
(c) Others	7,685	2,492
ii) Other borrowing costs (Refer note 25.1)	528	635
iii) Exchange difference to the extent considered as an adjustment to borrowing costs	183	1,253
	19,616	13,668

25.1 Other borrowing costs include commitment charges, loan processing charges, loan facilitation charges, discounts /premiums on borrowings and other ancillary costs.

26. OTHER EXPENSES

₹ in Lakh

Particulars	For the Year Ended March 31, 2014	For the year Ended March 31, 2013
(a) Consumption of Stores, Spares and Consumables	3,993	4,541
(b) Power and Fuel	5,045	3,889
(c) Rent	335	323
(d) Repairs and Maintenance (Refer note 34)		
- Buildings	209	244
- Plant and Machinery	4,438	4,357
- Others	2,119	6,798
(e) Insurance	617	502
(f) Rates and Taxes (Refer note 26.1)	3,169	2,782
(g) Packing, Despatching and Freight	5,259	8,129
(h) Commission to Selling Agents	204	195
(i) Rebates and Discounts	25	19
(j) Auditors' Remuneration (Refer note 35)	51	37
(k) Directors' Fees and Commission (Refer note 36)	10	173
(l) Sales Promotion and Publicity	1,946	1,666
(m) Fixed Assets scrapped	63	33
(n) Professional Charges	2,686	1,913
(o) Provision for Doubtful Debts and Advances	1,010	327
(p) Bad Debts/Advances written off	398	1,428
Less: Transfer from provision	-	(813)
(q) Provision for Diminution of Investments	-	900
(r) Cane Development Expenditure	3,139	1,190
(s) General Manufacturing, Selling and Administration Expenses	3,191	3,748
(t) Net gain or loss on foreign currency transaction and translation (other than considered in finance cost)	331	1,265
	38,238	39,045

26.1 Total Excise Duty on Sales for the year has been disclosed as reduction from the turnover. Excise duty related to the difference between the closing stock and opening stock amounting to credit of ₹1,022 Lakh (2013: debit of ₹ 1,688 Lakh) has been included in Rates and Taxes.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

₹ in Lakh

Particulars	2013-14	2012-13
27 Estimated amount of contracts remaining to be executed on capital account and not provided for net of advances	2,456	1,824

28. Other monies for which the Company is contingently liable

₹ in Lakh

	2013-14	2012-13
(a) Letters of Credit and Bank Guarantees established for Purchases of Raw Materials, Spares and Capital Goods	15,128	9,638
(b) Letter of comfort given to ICICI Bank in connection with the rupee term loan granted by them to Parrys Sugar Industries Limited, a subsidiary company.	-	3,263
(c) Disputed Income Tax demands which are under various stages of appeal (out of which ₹1,578 lakh (2013 - ₹1,578 lakh) have been paid under protest).	2,056	2,232
(d) Disputed Sales Tax , Excise Duty , Service Tax and Customs Duty demands (out of which ₹ 253 lakh (2013 - ₹ 157 lakh) have been deposited under protest).	6,338	5,978
(e) Other claims against the Company not acknowledged as debts	-	173
(f) Cane price (Refer note 28.1)	5,948	-
(g) 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.		

28.1 The Sugar Cane Control Board formed by the Government of Karnataka under the Karnataka Sugar Cane (Regulation of Purchase and Supply) Act , 2013, had declared a cane procurement price of ₹2500/MT for the sugar season 13-14. This has been challenged by South India Sugar Mills Association - Karnataka (SISMA-K) before the Hon'ble High Court of Karnataka and the matter is subjudice.

29. (a)

₹ in Lakh

Particulars	2013-14	2012-13
(i) Net exchange difference dealt with in the Statement of Profit or Loss on foreign currency monetary items	(331)	(1,265)

29. (b) As on March 31, 2014, the Company has foreign currency borrowings of USD 3.67 million (PY USD 5 Million). The Company has marked to market the foreign currency borrowings and the exchange difference arising thereon have been recognised in the Statement of Profit and Loss.

30. DERIVATIVE TRANSACTIONS

The Company uses forward exchange contracts, interest rate swap, currency swap and currency options to hedge its exposure in foreign currency. The information on derivative instruments is as follows:

(a) Derivative Instruments outstanding as at March 31, 2014

Particulars	Currency	Amount (Foreign Currency Lakh)		Buy/Sell
		2013-14	2012-13	
(i) Forward exchange contracts (net)	USD/INR	127.65	142.01	Sell
	EURO/INR	23.59	29.78	Sell
(ii) ECB (Swaps)	USD/INR	36.67	50.00	Buy

(b) All the foreign exchange forward contracts are designated as cash flow hedges

(c) Foreign exchange currency exposures not covered by derivative instruments as at March 31, 2014 - Nil (March 2013 - Nil)

31. Amalgamation of Sadashiva Sugars Limited with the Company.

i. Pursuant to the scheme of amalgamation of Sadashiva Sugars Limited- a wholly owned subsidiary ("Transferor Company") with the Company, as sanctioned by the Honourable High Court of Karnataka vide their order dated April 4, 2014, the assets and liabilities of the Transferor Company were transferred to and vested with the Company with effect from the appointed date, April 1, 2013. The effective date of amalgamation is May 8, 2014, on which date all the relevant requirements under the Companies Act., 1956 have been complied with.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

- ii. The Transferor Company is engaged in the business of manufacture and sale of Sugar and generation and sale of electricity.
- iii. The amalgamation has been accounted for under the 'Pooling of interest' method as prescribed by Accounting Standard 14 "Accounting for Amalgamations" notified under the Companies (Accounting Standards) Rules, 2006 (as amended). Accordingly the assets and liabilities of the transferor company as at April 1, 2013, have been taken over at their book values.
- iv. Consequent to the scheme of amalgamation, the authorized equity share capital of the Company stands increased from 51,50,00,000 equity shares of ₹1/- each, aggregating to ₹ 5,150 Lakh to 1,62,50,00,000 equity shares of ₹ 1/- each aggregating to ₹ 16,250 Lakh.
- v. As per the scheme of amalgamation, the following amounts have been adjusted against the general reserve:

Particulars	₹ in Lakh
a. Debit balance in Statement of Profit and Loss of the transferor company as on March 31, 2013	8,762
b. Difference between the amount recorded as investments in the books of the Company and the amount of share capital of the transferor company	769
Total	9,531

- (vi) Details of assets and liabilities taken over on Amalgamation:

Particulars	₹ In Lakh Balance as at April 1, 2013
Assets	
Fixed Assets (Net)	17,656
Deferred Tax Asset	601
Other Non- Current Assets	275
Current Assets	
Current Investments	1
Inventories	18,929
Trade Receivables	213
Cash and Cash Equivalents	331
Short Term Loans and Advances	2,963
Total Assets	40,969
Liabilities	
Non- Current Liabilities	
Long Term Borrowings	13,281
Long Term Provisions	2
Current Liabilities	
Short Term Borrowings	13,046
Trade Payables	5,861
Other Current Liabilities	6,498
Short Term Provisions	16
Total Liabilities	38,704

32. 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 ₹ 375 Lakh (Year ended March 31, 2013 - ₹ 321 Lakh) for Provident Fund contributions, ₹ 339 Lakh (Year ended March 31, 2013 - ₹ 308 Lakh) for Superannuation Fund contributions and ₹ 2 Lakh (Year ended March 31, 2013 - ₹ 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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)**B. Defined benefit plans :****Gratuity**

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).

₹ in Lakh

Particulars	Gratuity (Funded)	
	2013-14	2012-13
Present Value of obligations at the beginning of the year *	1,307	1,240
Current service cost	175	128
Interest Cost	108	88
Actuarial loss	57	109
Benefits paid	(183)	(278)
Present Value of obligations at the end of the year	1,464	1,287
Changes in the fair value of planned assets		
Fair value of plan assets at beginning of year *	1,400	1,349
Expected return on plan assets	109	122
Contributions	-	195
Benefits Paid	(183)	(278)
Actuarial gain/(Loss) on plan assets	8	(6)
Fair Value of plan assets at the end of the year	1,334	1,382
Amounts recognized in the Balance Sheet		
Projected benefit obligation at the end of the year	1,464	1,287
Fair value of plan assets at end of the year	1,334	1,382
Funded status of the plans – Liability /(asset) recognised in the balance sheet	130	(95)
Cost for the period		
Current service cost	175	128
Interest Cost	108	88
Expected return on plan assets	(109)	(122)
Net actuarial loss recognised in the period	49	115
Net Cost (included as part of Contribution to Provident and Other Funds in Note No 24- Employee Benefits Expense)	223	209
Assumptions		
Discount rate	8.85%	8%
Expected rate on planned assets	8%	8%
Expected rate of salary increases	5% - 6%	5%
Expected rate of attrition	3% - 5%	3%
Experience Adjustment on obligation (₹ in lakh)	150	109
Experience Adjustment on assets (₹ in lakh)	9	(6)
Mortality	IALM (2006-2008) Ultimate	IALM (2006-2008) Ultimate

* Includes balances relating to Sadashiva Sugars Limited taken over pursuant to Scheme of Amalgamation

- Refer note 31.

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. Expected contribution to the fund during the year ending March 31, 2015 is ₹50 lakh (2013: Nil).

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)**C. Note on Provident Fund:**

With respect to the 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 regard to the assets of the Fund and the return on the investments, the Company does not expect any deficiency in the foreseeable future.

D. Long Term Compensated Absence

The assumption used for computing the long term accumulated compensated absences on actuarial basis are as follows

Assumptions	2013-14	2012-13
Discount rate	8.85%	8%
Attrition Rate	3% - 5%	3%
Expected rate of salary increases	5% - 6%	5%

33. RESEARCH AND DEVELOPMENT EXPENDITURE INCURRED BY THE APPROVED INHOUSE R & D CENTRES

₹ in Lakh		
Particulars	2013-14	2012-13
(i) Revenue Expenses :		
a) Revenue expenses on Research and Development included under various heads of accounts(excluding depreciation and fixed assets scrapped)	376	425
b) Other Income relating to Research and Development	(41)	(65)
Net Revenue expenses on Research and Development	335	360
(ii) Fixed Assets additions in R & D Centre made during the year (Refer note 10)	17	10

₹ in Lakh		
Particulars	2013-14	2012-13
34. REPAIRS AND MAINTENANCE INCLUDES STORES AND SPARE PARTS CONSUMED	3,020	2,170

35. AUDITORS' REMUNERATION AND EXPENSES

₹ in Lakh		
Particulars	2013-14	2012-13
(i) Audit Fees	22	17
(ii) Tax Audit	3	3
(iii) Fees for other services	23	15
(vi) Reimbursement of out of pocket expenses	3	2
	51	37

36. DIRECTOR'S REMUNERATION

₹ in Lakh		
Particulars	2013-14	2012-13
36.1 Whole time Directors remuneration:		
Salaries and Allowances	27	103
Contribution to Provident and Other Funds	2	12
Other Benefits	6	48
	35	163

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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

₹ in Lakh

Particulars	2013-14	2012-13
36.2 Non Whole time Directors remuneration :		
Commission to Non Whole Time Directors	-	125
Directors' sitting Fees	10	8
	10	133

37. PARTICULARS IN RESPECT OF STOCK

₹ in Lakh

Classes of goods	2013-14	2012-13
Finished Stock		
Sugar	87,306	64,686
Others	3,851	6,097
	91,157	70,783
Trading Stock		
Sugar	7	-
Bio	48	24
Nutra	657	457
	712	481
Work-in-Progress		
Sugar	3,384	2,289
Others	4,068	60
	7,452	2,349

38. Value of imported Raw materials and stores and spare parts consumed and the value of all indigenous raw materials and stores and spare parts similarly consumed and percentage of each to total consumption

Description	2013-14		2012-13	
	₹ in Lakh	%	₹ in Lakh	%
Imported	377	0.30	296	0.17
Indigenous	1,28,517	99.70	1,69,998	99.83
	1,28,894	100.00	1,70,294	100.00
Raw Materials	1,21,881		1,63,728	
Stores and Spare parts	7,013		6,566	
	1,28,894		1,70,294	

39. VALUE OF IMPORTS ON C.I.F BASIS

₹ in Lakh

Particulars	2013-14	2012-13
Components, Stores and Spare parts	106	23
Traded Goods	998	250
Capital Goods	281	148
	1,385	421

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)**40. EXPENDITURE IN FOREIGN CURRENCY**

₹ in Lakh		
Particulars	2013-14	2012-13
Travel	2	3
Professional Fee	29	69
Others	413	315
	444	387

41. EARNINGS IN FOREIGN EXCHANGE

₹ in Lakh		
Particulars	2013-14	2012-13
FOB Value of exports	12,256	53,102
Interest income	11	17
Other Income- Despatch Money	-	47
Sale of Certified Emission Reduction	-	187
Others	-	6
	12,267	53,359

42. REMITTANCES IN FOREIGN CURRENCIES OF DIVIDENDS TO NON RESIDENT SHAREHOLDERS OF THE COMPANY

Particulars	2013-14	2012-13
Equity Shares		
No. of shareholders	-	24
No. of shares held	-	13,62,620
Net amount remitted (₹ in lakh)	-	82
Year to which Dividend relates to	Nil	2012-13 Interim

43. EMPLOYEE STOCK OPTION PLAN – ESOP 2007

- a) Pursuant to the decision of the shareholders, at their meeting held on July 26, 2007, the Company has established an 'Employee Stock Option Scheme 2007' ('ESOP 2007' or 'the Scheme') to be administered by the Compensation and Nomination Committee of the Board of Directors.
- b) Under the Scheme, options not exceeding 89,24,850 have been reserved to be issued to the eligible employees, with each option conferring a right upon the employee to apply for one equity share. The options granted under the Scheme would vest not less than one year and not more than five years from the date of grant of the options. The options granted to the employees would be capable of being exercised within a period of three years from the date of vesting.
- c) The exercise price of the option is equal to the latest available closing market price of the shares on the stock exchange where there is highest trading volume as on the date prior to the date of the Compensation and Nomination Committee resolution approving the grant.
- d) Pursuant to the above mentioned scheme, on the recommendation of the Compensation and Nomination Committee the Company has, upto March 31, 2014, granted 40,34,000 options vesting over a period of four years commencing from the respective dates of grant. The exercise price being equal to the closing market price prevailing on the date prior to the date of grant, there is no deferred compensation cost to be amortised in this regard. The company has not granted any stock options during the year 2013-14.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

e) The details of the grants under the aforesaid schemes are summarized below :

S. No	Description	Date of grant	Number of Options granted	Date of vesting
1.	Details of options granted	31.08.2007	18,58,200	31.08.2008
		29.10.2007	2,32,400	29.10.2008
		24.01.2008	4,60,600	24.01.2009
		24.04.2008	1,52,200	24.04.2009
		28.07.2008	1,30,000	28.07.2009
		24.09.2008	3,87,000	24.09.2009
		29.10.2008	1,13,600	29.10.2009
		20.03.2009	47,800	20.03.2010
		28.01.2011	3,66,300	28.01.2012
		29.04.2011	75,900	29.04.2012
		27.07.2011	1,15,000	27.07.2012
		24.10.2011	95,000	24.10.2012
	Total		40,34,000	
				Weighted average exercise price per option (₹)
2.	Options granted and outstanding at the beginning of the year	Options vested and exercisable	3,01,802	164.71
		Options unvested	3,38,540	238.39
		Total	6,40,342	203.66
3.	Options granted during the year		-	-
4.	Options vested during the year		2,35,100	238.00
5.	Options exercised during the year		19,132	88.57
6.	Options lapsed/cancelled during the year		2,73,114	236.25
7.	Options outstanding at the end of the year	Options vested and exercisable	2,44,656	161.23
		Options unvested	1,03,440	239.27
		Total (2-5-6)	3,48,096	184.42

The fair value of options based on the valuation of the independent valuer as of the respective dates of grant are given below

Date of grant	Number of Options granted	Fair value as per Black Scholes Options pricing model
31.08.2007	18,58,200	29.46
29.10.2007	2,32,400	26.32
24.01.2008	4,60,600	21.98
24.04.2008	1,52,200	24.59
28.07.2008	1,30,000	26.63
24.09.2008	3,87,000	24.11
29.10.2008	1,13,600	30.73
20.03.2009	47,800	32.26
28.01.2011	3,29,600	90.05
28.01.2011	36,700	87.86
29.04.2011	41,400	92.46
29.04.2011	34,500	58.18
27.07.2011	1,15,000	105.80
24.10.2011	75,700	80.86
24.10.2011	19,300	30.21
Total	40,34,000	

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Had the company adopted the fair value method in respect of options granted, the total amount that would have been amortised over the vesting period is ₹ 1,448 Lakh (2013 - ₹ 1,345 Lakh) and the impact on the financial statements would be

Increase in employee compensation cost : ₹	103	Lakh
Decrease in Profit After Tax: ₹	103	Lakh
Decrease in Earning per share : (Basic): ₹	0.06	
Decrease in Earning per share : (Diluted): ₹	0.06	

The fair value has been calculated using the Black Scholes Options Model and the significant assumptions made in this regard are as follows:

Risk Free Interest Rate:	8%
Expected average Life of the option:	4 years
Expected Volatility:	0.456
Expected Dividend Yield:	400%

44. SEGMENT REPORTING

Composition of Business Segments:

Primary Segment :

Sugar	Cogeneration	Distillery	Bio Products	Others
Sugar	Power	Spirits	Neem & Nutraceuticals	Corporate & Others

Secondary Segments**Geographical Segment:**

North America	Europe	Rest of the world	India
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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 (Contd.)

44 SEGMENT REPORTING

Composition of Business Segments :

Particulars	PRIMARY SEGMENTS													₹ in Lakh	
	Sugar		Cogeneration		Distillery		Bio Products		Others		Elimination		Overall		
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014		2013
Revenue (Sales/Income):															
(Gross of Excise Duty)															
External Customers	1,31,444	1,53,701	10,507	14,409	23,738	20,186	16,646	13,052	-	-	-	(2,328)	(8,395)	-	
Inter-segmental Sales			2,328	8,395								(2,328)	(8,395)	-	
Total	1,31,444	1,53,701	12,835	22,804	23,738	20,186	16,646	13,052	-	-	-	(2,328)	(8,395)	2,01,348	
Results:															
Operating Profit/(Loss)	(8,815)	898	748	7,578	7,416	7,083	2,621	1,415	2,227	(1,828)	-	-	-	15,146	
Provision for Diminution in value of Investments														(900)	
Interest income															
Dividend Income														4,317	
Interest Expenses														7,992	
(Loss)/ Profit before Tax														(19,616)	
Income Tax														(13,668)	
- Current														(3,110)	
- MAT Credit Entitlement															
- Deferred														-	
Net Profit After Tax														839	
Other Information:															
Segment Assets	1,97,188	1,53,902	45,915	45,976	28,459	24,789	19,731	16,761	369	572				2,91,662	
Unallocated Corporate Assets														2,42,000	
Total Assets														91,259	
Segment Liabilities	73,994	26,798	3,149	2,857	2,077	2,051	3,255	2,875	26	37				1,21,452	
Unallocated Corporate Liabilities														3,82,921	
Total Liabilities														3,63,452	
Capital Expenditure	7,877	11,819	2,812	950	3,951	1,322	896	1,303	603	177				82,501	
Depreciation	4,866	5,525	2,834	2,972	1,276	1,566	407	376	348	348				1,72,478	
Non-cash expenditure (excluding Depreciation)	431	332	372	629	131	-	146	59	89	2,130				1,94,146	
														2,54,979	
														2,28,764	
														16,139	
														15,571	
														9,731	
														10,787	
														1,169	
														3,150	
SECONDARY SEGMENTS															
Particulars	North America		Europe		Rest of the World		India		Total						
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	
Segment Revenue	6,406	7,527	3,539	37,769	2,287	7,805	1,70,123	1,48,247	1,82,355	201,348					
Carrying Amounts of :															
Segment Assets	2,166	1,842	1,495	879	295	739	3,78,965	3,59,992	3,82,921	3,63,452					
Segment Liabilities	-	36	120	-	2,425	2,742	2,52,434	2,25,986	2,54,979	2,28,764					
Capital Expenditure							16,139	15,571	16,139	15,571					

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)**45. EARNINGS PER SHARE:**

₹ in Lakh

Particulars	For the Year ended March 31, 2014	For the Year ended March 31, 2013
(A) Profit after Taxation (₹ in Lakh)	2,653	33,171
Number of equity shares of ₹ 1 each outstanding at the beginning of the year	17,57,66,864	17,36,62,476
Add : Number of shares issued pursuant exercise of Employees Stock option	19,132	2,65,810
Add : Number of shares issued to PSIL Shareholders pursuant to scheme of arrangement - Demerger	-	18,38,578
(a) Number of equity Shares of ₹ 1 each outstanding at the end of the year	17,57,85,996	17,57,66,864
(b) Weighted Average number of Equity Shares	17,57,80,145	17,38,06,933
(c) Diluted shares on account of issue of ESOP granted	-	-
(d) Number of potential equity shares of ₹ 1 each outstanding at the end of the year	17,57,80,145	17,38,06,933
Earnings per Share		
– Basic (₹) (A)/(b)	1.51	19.08
– Diluted (₹) (A)/(d)	1.51	19.08

46. RELATED PARTY DISCLOSURE FOR THE YEAR ENDED MARCH 31, 2014**A Subsidiary Companies/ Entities**

1. Coromandel International Limited
2. Parry Chemicals Limited
3. CFL Mauritius Limited
4. Coromandel Brasil Limitada – Partnership.
5. Liberty Phosphate Limited (Upto March 31, 2013)
6. Liberty Urvarak Limited ((Upto March 31, 2013)
7. Liberty Pesticides and Fertilisers Limited
8. Dare Investments Limited
9. Sabero Organics Gujarat Limited
10. Sabero Europe BV
11. Sabero Australia Pty. Limited
12. Sabero Organics America Ltda
13. Sabero Argentina SA
14. Sabero Organics Mexico S.A De C.V.
15. Parrys Sugar Industries Limited
16. Alagawadi Bireshwar Sugars Private Limited
17. Sadashiva Sugars Limited (Upto March 31, 2013)
18. Parry America Inc.,
19. Parrys Investments Limited
20. Parrys Sugar Limited
21. Parry Infrastructure Company Private Limited
22. Parry Phytoremedies Private Limited
23. US Nutraceuticals LLC
24. Parry Agrochem Exports Limited
25. Valensa Europe AG (Upto May 31, 2013)
26. La Belle Botanics LLC
27. Silkroad Sugar Private Limited (From December 12, 2012)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Joint Venture Company

1. Silkroad Sugar Private Limited (Upto December 11, 2012)

Investing Party

1. Murugappa Holdings Limited

B. Key Management Personnel (KMP)

Mr.Ravindra S Singhvi, Managing Director (upto April 10, 2013)

Mr.V Ramesh, Managing Director, (from January 30, 2014)

Note : Related Party Relationships are as identified by the management and relied upon by the auditors.

C. Transactions with related parties

₹ in Lakh

Particulars	2013-14			2012-13		
	Subsidiary Companies	Joint venture	KMP	Subsidiary Companies	Joint venture	KMP
Sale of Goods						
a. Parry America Inc.	3,578	-	-	2,855	-	-
b. Parry Phytoremedies Private Limited	818	-	-	520	-	-
c. U.S. Nutraceuticals L.L.C	603	-	-	361	-	-
d. Coromandel International Limited	252	-	-	418	-	-
e. Silkroad Sugar Private Limited	144	-	-	-	-	-
Rendering of services						
a. Coromandel International Limited	87	-	-	69	-	-
b. Silkroad Sugar Private Limited	11	-	-	1	-	-
c. Parry Infrastructure Company Private Limited	114	-	-	301	-	-
d. Parrys Sugar Industries Limited	-	-	-	21	-	-
Dividend Income						
Coromandel International Limited	7,972	-	-	31,888	-	-
Deputation Charges Received						
a. Coromandel International Limited	-	-	-	17	-	-
b. Silkroad Sugar Private Limited	-	-	-	22	-	-
c. Parrys Sugar Industries Limited	164	-	-	194	-	-
Purchase/Receipt of Goods						
a. Coromandel International Limited	104	-	-	28	-	-
b. Parry Phytoremedies Private Limited	-	-	-	143	-	-
c. U.S. Nutraceuticals L.L.C	1	-	-	1	-	-
d. Labelle Botanics LLC	158	-	-	-	-	-
e. Parrys Sugar Industries Limited	2,959	-	-	528	-	-
f. Sadashiva Sugars Limited	-	-	-	277	-	-
Receipt of services						
a. U.S. Nutraceuticals L.L.C	153	-	-	126	-	-
b. Coromandel International Limited	31	-	-	18	-	-
Interest Income on ICD Loans						
a. Sadashiva Sugars Limited	-	-	-	865	-	-
b. Parry Infrastructure Company Private Limited	-	-	-	27	-	-
c. Parrys Sugar Industries Limited	352	-	-	398	-	-
d. U.S. Nutraceuticals L.L.C	11	-	-	18	-	-
e. Parry Phytoremedies Private Limited	35	-	-	35	-	-
f. Silkroad Sugars Private Limited	781	-	-	8	-	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

₹ in Lakh

Particulars	2013-14			2012-13		
	Subsidiary Companies	Joint venture	KMP	Subsidiary Companies	Joint venture	KMP
Interest Income on Bonus Debentures						
a. Coromandel International Limited	2,313	-	-	1,651	-	-
Subscription to Equity Shares						
a. Silkroad Sugar Private Limited	-	-	-	3,557	-	-
b. Parry Phytotherapies Private Limited (Refer Note 11.4)	1,700	-	-	-	-	-
c. Sadashiva Sugars Limited	-	-	-	5,000	-	-
Subscription to Preference Shares						
a. Parrys Sugar Industries Limited (Refer Note 11.3)	3,000	-	-	1,500	-	-
b. Silkroad Sugar Private Limited (Refer Note 11.2)	1,100	-	-	-	-	-
Debentures allotment / (Redemption)						
a. Coromandel International Limited	(26,573)	-	-	26,573	-	-
Loans and Advances to Subsidiaries Given / (Repaid)						
a. Parrys Sugar Industries Limited	-	-	-	1,500	-	-
b. Parry Infrastructure Company Private Limited	150	-	-	(2,450)	-	-
c. Sadashiva Sugars Limited	-	-	-	1,522	-	-
d. U.S. Nutraceuticals L.L.C	(186)	-	-	(116)	-	-
e. Silkroad Sugar Private Limited	8,045	-	-	902	-	-
f. Alagawadi Bireshwar Sugars Private Limited	11	-	-	-	-	-
Closing Balance - Debit / (Credit)						
a. Coromandel International Limited	67	-	-	1,917	-	-
b. Parry America Inc.	1,801	-	-	1,261	-	-
c. Parry Phytotherapies Private Limited	726	-	-	1,715	-	-
d. U.S. Nutraceuticals LLC	111	-	-	133	-	-
e. Silkroad Sugar Private Limited	10,050	-	-	278	-	-
f. Sadashiva Sugars Limited	-	-	-	7,081	-	-
g. Parry Infrastructure Company Private Limited	202	-	-	357	-	-
h. Parry Agrochem Exports Limited	-	-	-	2	-	-
i. Parrys Sugar Industries Limited	6,417	-	-	4,598	-	-
j. Alagawadi Bireshwar Sugar Pvt Limited	1,361	-	-	1,350	-	-
Guarantees given						
Parry America Inc.,	1,008	-	-	514	-	-
For remuneration to KMP refer Note 36.1 above						

47. As part of the growth strategy for the Nutraceuticals Business, E.I.D.-Parry (India) Limited., has acquired 100% stake in Alimtec S.A., Chile, part of the Bayer Group. The acquisition is by way of purchase of the stake from Bayer Finance and Portfolio Management S.A., and Nunhems Chile S.A., subsidiaries of Bayer AG. on 25th April 2014.
48. Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification / disclosure. The financial statements for the current year include the figures relating to Sadashiva Sugars Limited whose assets and liabilities have been transferred to and vested with the Company with effect from April 1, 2013 pursuant to the Scheme of Amalgamation (Refer Note 31). Hence the current year figures are not comparable with that of the previous year.

On behalf of the Board

V. Ramesh
Managing Director

A. Vellayan
Chairman

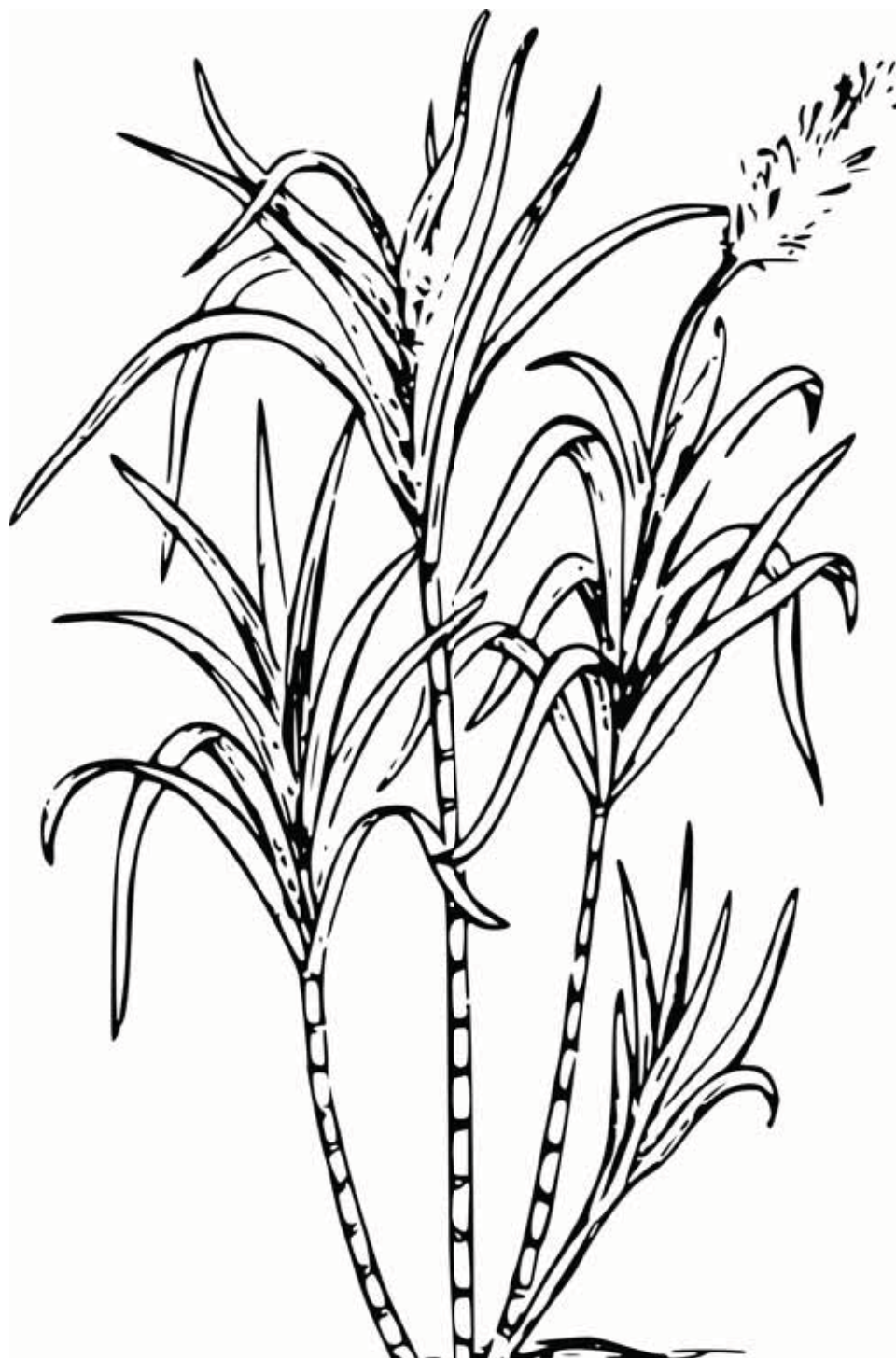
G. Jalaja
Company Secretary

V. Suri
Chief Financial Officer

Chennai
May 15, 2014

CONSOLIDATED FINANCIAL STATEMENTS





INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF E.I.D. – PARRY (INDIA) LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of E.I.D. – PARRY (INDIA) LIMITED (the "Company"), its subsidiaries and jointly controlled entities (the Company, its subsidiaries and jointly controlled entities constitute "the Group"), which comprise the Consolidated Balance Sheet as at 31st March, 2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration

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

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2014;
- (b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Other Matter

We did not audit the financial statements / financial information of nineteen subsidiaries, two jointly controlled entities and of erstwhile Liberty Phosphate Limited and erstwhile Liberty Urvarak Limited (Refer note 26 to the consolidated financial statements which describes the amalgamation of Liberty Phosphate Limited and Liberty Urvarak Limited with the subsidiary Coromandel International Limited with effect from 1st April, 2013), whose financial statements / financial information reflect total assets (net) of ₹ 1,13,371 lakh as at 31st March, 2014, total revenues of ₹ 68,761 lakh and net cash out-flows amounting to ₹ 8,901 lakh for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss of ₹ 1 lakh for the year ended 31st March, 2014, as considered in the consolidated financial statements, in respect of one associate of subsidiary Coromandel International Limited, whose financial statements / financial information have not been audited by us.

The consolidated financial statements also include the Group's share of revenue of ₹ 2 Lakh and net loss of ₹ 621 Lakh representing adjustment for difference between Management accounts and audited accounts for the year ended 31st December, 2012 of a jointly controlled entity of subsidiary Coromandel International Limited audited by another auditor.

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

Our opinion is not qualified in respect of this matter.

For DELOITTE HASKINS & SELLS

Chartered Accountants
(Firm Registration No. 008072S)

M.K.Ananthanarayanan

Partner
(Membership No. 19521)

CHENNAI,
May 15, 2014

CONSOLIDATED BALANCE SHEET As at March 31, 2014

₹ in Lakh

Particulars	Note No.	As at March 31, 2014	As at March 31, 2013
A. EQUITY AND LIABILITIES			
1. Shareholders' funds			
(a) Share Capital	2	1,758	1,758
(b) Reserves and Surplus	3	2,39,927	2,41,524
		2,41,685	2,43,282
2. Minority Interest		93,142	93,327
3. Non-Current Liabilities			
(a) Long Term Borrowings	4	1,56,411	2,01,755
(b) Deferred Tax Liabilities (net)	45.1	25,912	32,148
(c) Other Long Term Liabilities	5.1	98	27
(d) Long Term Provisions	5.2	1,738	1,851
		1,84,159	2,35,781
4. Current Liabilities			
(a) Short Term Borrowings	6	2,34,814	2,95,498
(b) Trade Payables	7	3,17,206	2,75,907
(c) Other Current Liabilities	8	88,935	88,853
(d) Short Term Provisions	9	5,913	11,272
		6,46,868	6,71,530
TOTAL		11,65,854	12,43,920
B. ASSETS			
1. Non-Current Assets			
(a) Fixed Assets	10		
(i) Tangible Assets		3,36,702	3,29,981
(ii) Intangible Assets		3,295	2,883
(iii) Capital Work in Progress		16,303	48,897
(b) Goodwill on Consolidation	46.1	38,783	52,195
(c) Non Current Investments	11	34,760	16,136
(d) Deferred tax assets (net)	45.2	-	601
(e) Long Term Loans and Advances	12	22,434	22,192
(f) Other Non-Current Assets	17	1,906	229
		4,54,183	4,73,114
2. Current Assets			
(a) Current Investments	13	1,019	1,820
(b) Inventories	14	3,00,110	2,67,073
(c) Trade Receivables	15	1,73,095	2,03,367
(d) Cash and Cash Equivalents	16	55,164	56,635
(e) Short Term Loans and Advances	12	1,80,184	2,24,340
(f) Other current assets	17	2,099	17,571
		7,11,671	7,70,806
TOTAL		11,65,854	12,43,920
See accompanying notes forming part of the Consolidated financial statements	1-48		

In terms of our report attached

For and on behalf of the Board of Directors

For **Deloitte Haskins & Sells**
Chartered Accountants

V. Ramesh
Managing Director

A. Vellayan
Chairman

M.K. Ananthanarayanan
Partner

G. Jalaja
Company Secretary

V. Suri
Chief Financial Officer

Chennai
May 15, 2014

Chennai
May 15, 2014

CONSOLIDATED STATEMENT OF PROFIT AND LOSS For the year ended March 31, 2014

₹ in Lakh

Particulars	Note No.	Year ended March 31, 2014	Year ended March 31, 2013
1. Income			
Revenue from Operations (Gross)	18	12,33,531	11,57,530
Less: Excise Duty		(22,117)	(19,240)
Revenue from Operations (Net)		12,11,414	11,38,290
Other Income	19	10,664	9,715
Total Revenue		12,22,078	11,48,005
2. Expenses			
Cost of materials consumed	20	7,74,517	7,28,152
Purchases of Stock-in-Trade	21	1,25,695	1,53,643
Changes in Inventories of finished goods, work-in-process and stock in trade	22	(15,042)	(53,524)
Employee benefits expense	23	41,827	37,987
Finance costs	24	46,534	38,778
Depreciation and amortisation expense net of transfer from fixed assets revaluation reserve for ₹ 16 Lakh (2013 : ₹ 14 Lakh)	10	22,614	21,515
Other expenses	25	1,94,248	1,69,598
Total Expenses		11,90,393	10,96,149
3. Profit before exceptional items and tax (1-2)		31,685	51,856
4. Exceptional items	33	138	-
5. Profit before tax (3-4)		31,547	51,856
6. Tax Expense:			
(a) Current Tax		16,428	12,601
(b) MAT Credit entitlement		(740)	(11,259)
(c) Deferred Tax		(6,002)	14,187
Total		9,686	15,529
7. Profit after tax before minority interest (5-6)		21,861	36,327
8. Minority Interest		(14,064)	(15,633)
9. Profit for the year (7-8)		7,797	20,694
10. Earnings Per Equity Share (Nominal value per share ₹ 1)	43		
(a) Basic		4.44	11.91
(b) Diluted		4.44	11.91
See accompanying notes forming part of the Consolidated financial statements	1-48		

In terms of our report attached

For and on behalf of the Board of Directors

For **Deloitte Haskins & Sells**
Chartered Accountants

V. Ramesh
Managing Director

A. Vellayan
Chairman

M.K. Ananthanarayanan
Partner

G. Jalaja
Company Secretary

V. Suri
Chief Financial Officer

Chennai
May 15, 2014

Chennai
May 15, 2014

CONSOLIDATED CASH FLOW STATEMENT For the year ended March 31, 2014

₹ in Lakh

Particulars	For the Year ended March 31, 2014	For the Year ended March 31, 2013
A. Cash flow from operating activities		
Profit before tax and minority interest	31,547	51,856
Adjustments for :		
Depreciation and Amortisation	22,614	21,515
Finance cost	46,534	38,778
Interest Income	(6,353)	(6,262)
Dividend income	(513)	(1,563)
Net Loss /(Profit) on sale / write off of fixed assets	(2,065)	79
Net loss on sale of investments	(52)	-
Provision for diminution in the value of investments	6	47
Exchange differences (net)	9,176	6,586
Liabilities / provisions no longer required written back	(2,175)	(921)
Provision for doubtful trade and other receivables, loans and advances	1758	3,084
Provision for employee benefits	18	168
Provision for impairment of investment in subsidiary	-	68,948
Operating profit before working capital changes	1,00,495	1,14,267
Adjustments for : increase / decrease in Operating assets and liabilities		
Trade and other receivables	73,020	(48,449)
Inventories	(32,556)	(8,650)
Current liabilities	29,901	39,051
Cash generated from operations	1,70,860	96,219
Direct taxes net of refund	(11,680)	(12,400)
Net cash flow from operating activities (A)	1,59,180	83,819
B. Cash flow from investing activities		
Purchase of fixed assets including capital advances	(33,332)	(45,758)
Proceeds on sale of fixed assets	2,726	783
Purchase of investments	(2,69,330)	(6,51,980)
Amounts paid for acquiring investments in subsidiary companies	(9,624)	(26,075)
Sale of investments	2,69,749	6,32,329
Interest received	6,443	4,248
Amount transferred to Escrow account	10,000	(11,301)
Investment income (including fixed deposits)	513	1,563
Net cash (used)/from in investing activities (B)	(22,855)	(96,191)
C. Cash flow from financing activities		
Proceeds from issue of Equity shares on exercise of ESOP	74	190
Redemption of preference shares	(500)	-
Proceeds from long term borrowings	42,237	59,065
Repayment from long term borrowings	(49,175)	(24,820)
Proceeds from other term borrowings (net)	1,770	32,820
Change in working capital finance	(71,236)	(54,881)
Interest paid	(42,211)	(40,828)
Dividends paid including tax thereon	(7,301)	(21,868)
Net cash flow (used)/from financing activities (C)	(1,26,342)	(50,322)
Net (decrease)/increase in cash and cash equivalents (A+B+C)	9,983	(62,694)

CONSOLIDATED CASH FLOW STATEMENT For the year ended March 31, 2014 (Contd.)

₹ in Lakh

Particulars	For the Year ended March 31, 2014	For the Year ended March 31, 2013
Cash and cash equivalents as at beginning of the year	39,556	1,01,639
Exchange gain/ (loss) on cash and cash equivalents	25	-
Add: Cash and Cash equivalents on acquisition of subsidiary	-	284
Add: Cash and Cash equivalents on conversion of Joint Venture into subsidiary	-	327
Less: Cash & Cash Equivalent de-recognised on discontinuation of proportionate consolidation of TIFERT	(3,128)	-
Cash and cash equivalents as at end of the year	46,436	39,556

₹ in Lakh

Reconciliation of Cash and Cash equivalents with the Consolidated Balance Sheet	Year ended March 31, 2014	Year ended March 31, 2013
Cash & cash equivalents as per Consolidated Balance sheet (Refer note 16)	55,164	56,635
Less: Bank balances not considered as Cash and Cash equivalents as defined under AS 3 Cash Flow Statement		
(i) In other deposit accounts - original maturity more than 3 months	127	463
(ii) Balance in earmarked accounts		
- Unclaimed Dividend accounts	1,716	1,714
- Balances held as Margin money	2,266	3,601
- Escrow account	2,225	11,301
- Debenture Redemption account	2,396	-
Add: Current investments considered as part of Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) (Refer Note 13.1 Current investments)	2	-
Cash & cash equivalents as per AS 3	46,436	39,556

In terms of our report attached

For and on behalf of the Board of Directors

For **Deloitte Haskins & Sells**
Chartered Accountants

V. Ramesh
Managing Director

A. Vellayan
Chairman

M.K. Ananthanarayanan
Partner

G. Jalaja
Company Secretary

V. Suri
Chief Financial Officer

Chennai
May 15, 2014

Chennai
May 15, 2014

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

1.1 Corporate information

E.I.D. Parry is a significant player in Sugar with interests in promising areas of Bio Pesticides and Nutraceuticals. E.I.D Parry was incorporated in 1975 and having registered office at Chennai. The company also has a significant presence in Farm Inputs business through its subsidiary, Coromandel International Limited. EID Parry has a 99% stake in Silkroad Sugar Private Limited, 93.52% stake in US Nutraceuticals LLC, USA with 100% voting rights and a 65% stake in Parrys Sugar Industries Limited.

EID Parry together with its subsidiaries has nine sugar factories having a capacity to crush 37,550 Tonnes of Cane per day, generate 153 MW of power and four distilleries having a capacity of 230 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.

1.2 Basis of accounting and preparation of consolidated financial statements

The consolidated financial statements of the Company and its subsidiaries and jointly controlled entities (together, "the Group") have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act/ 2013 Act, as applicable. The consolidated financial statements have been prepared on accrual basis under the historical cost convention except for categories of fixed assets acquired before 30 June, 1987, that are carried at revalued amounts. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

1.3 Principles of consolidation

The consolidated financial statements relate to E.I.D. - Parry (India) Limited ('the Company') and its Subsidiary Companies and Jointly controlled entities. The consolidated financial statements have been prepared on the following basis.

- The financial statements of the subsidiary companies and jointly controlled entities used in the consolidation are drawn upto the same reporting date as that of the Company i.e., March 31, 2014, except for certain subsidiary companies/ jointly controlled entities as mentioned in Note 1.4.3 below for which financial statements as on reporting date are not available. These have been consolidated based on latest available financial statements.
- The consolidated financial statements of the Company and its Subsidiaries have been prepared based on a line-by-line consolidation by adding together the book values of like items of assets, liabilities, income and expenses as per the

respective financial statements duly certified by the auditors of the respective companies.

- Intra group balances and intra group transactions and the unrealised profits on stocks arising out of intra-group transactions have been eliminated.
- All Inter company transactions, balances and unrealized surplus and deficits on transactions between Group companies are eliminated. Consistency in adoption of accounting policies among all group companies is ensured to the extent practicable except in certain cases where the impact is not quantifiable.
- The operations of the company's foreign subsidiary - Parry America Inc is considered as integral operations and US Nutraceuticals LLC as non-integral operations for the purpose of consolidation.
- Share of profit / loss, assets and liabilities in the jointly controlled entities, which are not subsidiaries, have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, incomes and expenses on a proportionate basis to the extent of the Group's equity interest in such entity as per AS 27 Financial Reporting of Interests in Joint Ventures. The intra-group balances, intra-group transactions and unrealised profits or losses have been eliminated to the extent of the Group's share in the entity. Jointly controlled entities that are considered subsidiaries under AS 21 Consolidated Financial Statements are consolidated similar to the manner of consolidating subsidiaries (Refer (ii) above) and the share of interest of the other venturers in such entities is included as part of minority interest.
- The excess of cost to the Group of its investments in the subsidiary companies / jointly controlled entities over its share of equity of the subsidiary companies / jointly controlled entities, at the dates on which the investments in the subsidiary companies / jointly controlled entities were made, is recognised as 'Goodwill' in the consolidated financial statements. Goodwill arising on consolidation is not amortised but tested for impairment on annual basis. Alternatively, where the share of equity in the subsidiary companies / jointly controlled entities as on the date of investment is in excess of cost of investments of the Group, it is recognised as 'Capital Reserve' and shown under the head 'Reserves & Surplus', in the consolidated financial statements.
- Minority Interest in the net assets of the consolidated subsidiaries consist of the amount of equity attributable to the minority shareholders at the date on which investments in the subsidiary companies were made and further movements in their share in the equity, subsequent to the dates of investments. Net profit / loss for the year of the subsidiaries attributable to minority interest is identified and adjusted against the profit after tax of the Group in order to arrive at the income attributable to shareholders of the Company.

1.4 The Subsidiary Companies considered in the consolidated financial statements are:

Name of the company	Country of incorporation	% of voting power held on March 31, 2014		% of voting power held on March 31, 2013	
		Direct	Indirect	Direct	Indirect
Parry Chemicals Limited (PCHL)	India		62.56		62.59
Parry America Inc. (PAI)	USA	100.00		100.00	
Coromandel International Limited (CIL)	India	62.56		62.59	
Sabero Organics Gujarat Limited (SOGL)	India		46.86		46.86
Sabero Europe BV (Sabero Europe)	Netherlands		62.56		62.59
Sabero Australia Pty. Limited (Sabero Australia)	Australia		62.56		62.59

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Name of the company	Country of incorporation	% of voting power held on March 31, 2014		% of voting power held on March 31, 2013	
		Direct	Indirect	Direct	Indirect
Sabero Organics America Ltda (SOAL)	Brazil		62.52		62.55
Sabero Argentina SA (Sabero Argentina)	Argentina		59.43		59.46
Sabero Organics Mexico S.A De C.V. (Sabero Mexico)	Mexico		62.56		
Parry Infrastructure Company Pvt Limited (PICPL)	India	100.00		100.00	
Parrys Investments Limited (PIL)	India	100.00		100.00	
Parrys Sugar Limited (PSL)	India	100.00		100.00	
Parry Phytoremedies Private Limited (PPPL)	India	96.60		62.78	
CFL Mauritius Limited (CML)	Mauritius		62.56		62.59
Coromandel Brasil Limitada (CBL)	Brazil		62.56		62.59
Sadashiva Sugars Limited (SSL)	India			100.00	
US Nutraceuticals LLC (USN)	USA	100.00		100.00	
Parrys Sugar Industries Limited (PSIL)	India	65.00		65.00	
Silkroad Sugar Private Limited (SSPL)	India	99.00		99.00	
Alagawadi Bireswar Sugars Private Limited (ABSPL)	India	100.00		100.00	
Parry Agrochem Exports Limited (PAEL)	India	19.00	81.00	19.00	81.00
Valensa Europe AG (VEAG)	Switzerland				100.00
La Belle Botanics LLC (LBBL)	USA		100.00		100.00
Liberty Phosphate Limited (LPL) (Refer note 26)	India				33.56
Liberty Urvarak Limited (LUL) (Refer note 26)	India				62.59
Liberty Pesticides and Fertilisers Limited (LPFL)	India		62.56		62.59
Dare Investments Limited (DIL)	India		62.56		62.59

Refer note 41 for Information on Joint Ventures

1.4.1 The above excludes Sabero Organics Philippines Asia Inc., an Associate of Sabero for which no operations have commenced and hence not been considered for consolidation.

1.4.2 In respect of USN, PAI, SOAL, Sabero Mexico and Sabero Argentina, the financial year is from January 1, 2013 to December 31, 2013 however audited financial statements for period April 1, 2013 to March 31, 2014 has been considered for the purpose of preparation of consolidated financial statements.

1.4.3 In respect of CBL, CML and CGPL (Coromandel Getax Phosphates Pte Ltd.), the financial year is from January 1, 2013 to December 31, 2013 and accordingly audited financial statement are available upto December 31, 2013. These consolidated financials have been adjusted by the Management for significant transactions between January 1, 2014 and March 31, 2014 to align for consolidation purposes.

1.4.4 In respect of Sabero Europe the financial year is from June 1, 2013 to May 31, 2014 however audited financial statements for the period April 1, 2013 to March 31, 2014 has been considered for the purpose of preparation of consolidated financial statements.

1.4.5 During the previous year, the Company has increased its stake in Silkroad Sugar Private limited, from 50% to 99% by buying out the entire stake of its foreign Joint Venture partner-Cargill Asia Pacific Holdings Pte Limited for a consideration of ₹ 3,557 Lakh. Consequent to this acquisition, Silkroad Sugar Private Limited has become a subsidiary of the Company, with effect from December 12, 2012. Accordingly, the share of income / expenses have been consolidated line-by-line on a proportionate basis till the date of becoming subsidiary to the extent of the Company's equity interest.

1.5 Other Significant Accounting Policies

These are set out in the notes to accounts under Significant Accounting Policies' of the financial statements of the Company and its subsidiaries and Jointly controlled entities.

SIGNIFICANT ACCOUNTING POLICIES

1.6 Use of Estimates

The preparation of the consolidated financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the consolidated financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

1.7 Inventories

- Inventories other than by-products are valued at lower of cost and net realisable value.
- In respect of work-in-process and finished goods, cost includes all applicable production overheads incurred in bringing such inventories to their present location and condition. Cost also includes all taxes and duties, but excludes duties and taxes that are subsequently recoverable from taxing authorities.
- In respect of Raw materials, boughtout items, consumables and stores and spares, cost is determined based on weighted average cost basis.
- Inventories of by-products are valued at estimated net realisable value.

In respect of E.I.D. - Parry (India) Limited, holding company, the cost (Net of Cenvat Credits where applicable) in case of Raw materials is determined on a moving weighted average basis, whereas in case of subsidiary companies Coromandel International Limited and Parry Phytoremedies Private Ltd, the cost is determined on the basis of "first-in first-out" basis.

Since it is not practically possible to use uniform accounting policy, the valuation of the inventory of such subsidiaries have been considered for the purpose of consolidation. The raw material inventory held by these subsidiary companies as on March 31, 2014 aggregates to ₹ 79,282 Lakh. (2013 – ₹ 61,026 Lakh).

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

1.8 Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

1.9 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.

1.10 Revenue Recognition

- (i) Revenue from sale is recognized when risks and rewards of ownership are transferred to the buyer under the terms of the contract.
- (ii) Sales include Excise duty recovered and are stated net of trade discounts and sales returns.
- (iii) Export Incentive under Duty Entitlement Pass Book Scheme are treated as income in the year of export at the estimated realisable value.
- (iv) Dividend income is accounted for in year in which the right to receive payment is established.
- (v) 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.
- (vi) Interest on investments is booked on a time proportion basis taking into account the amounts invested and the rate of interest.
- (vii) Income from services rendered is booked based on agreements/arrangements with the concerned parties.
- (viii) Revenue recognition for property development is recognised when the Group enters into an agreement for sale with the buyer and all significant risks and rewards have been transferred to the buyer. Revenue from real estate projects is recognized on the "Percentage of Completion Method" of accounting.

1.11 Fixed Assets:

Tangible Fixed Assets (other than those which have been revalued) are carried at cost less accumulated depreciation / amortisation and impairment losses, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use. Machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets. Subsequent expenditure on fixed assets after its purchase / completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance. In respect of E.I.D.- Parry (India) Ltd, the revalued fixed assets are restated at their estimated replacement values as on 30th June 1987 as determined by the valuers.

Capital Work in Progress: Projects under which tangible fixed assets are not ready for their intended use and other capital work-

in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

Intangible Assets are stated at cost of acquisition less accumulated amortisation.

Leasehold land and leasehold improvements are amortised over the primary period of lease.

1.12 Expenditure during construction period/Pre-operative Expenses

Expenditure directly relating to construction activity is capitalized. Indirect expenditure incurred during construction period is capitalized as part of the indirect construction cost to the extent to which the expenditure is indirectly related to construction or is incidental thereto. Other indirect expenditure incurred during the construction period which is not related to the construction activity nor is incidental thereto is charged to the Statement of Profit and Loss. Income attributable to the project is deducted from the total of the expenditure.

1.13 Depreciation and Amortisation

Depreciation on fixed assets (other than revalued land and buildings and leased assets) is calculated on Straight line method.

Depreciation on Buildings, Plant & Machinery, Vehicles, Computers and Furniture and Office Equipments are based on estimated useful life of the assets or at rates specified in Schedule XIV of the Companies Act, 1956.

Leased assets are fully depreciated over the primary lease period. In respect of additions and deletions during the year, depreciation charge is provided on pro-rata basis. Assets costing individually ₹ 5000 or less are fully depreciated in the year of addition.

The difference between the depreciation for the year on revalued buildings and depreciation calculated on the original cost is recouped from the fixed assets revaluation reserve.

Cost of patent is amortised over a period of 3 years. In the case of US Nutraceuticals LLC, cost of patents are amortised over their estimated useful lives, ranging from 10 to 20 years.

1.14 Foreign Currency Transactions and Translations

(a) Initial recognition:

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Integral foreign operations: Transactions in foreign currencies entered into by the Company's integral foreign operations are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Net investment in non-integral foreign operations: Net investment in non-integral foreign operations is accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Non-integral foreign operations: Transactions of non-integral foreign operations are translated at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

(b) Measurement at the Balance Sheet date

Foreign currency monetary items (other than derivative contracts) of the Company, outstanding at the Balance Sheet date are restated at the year-end rates. Non-monetary items of the Company are carried at historical cost.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Integral foreign operations: Foreign currency monetary items (other than derivative contracts) of the Company's integral foreign operations outstanding at the Balance Sheet date are restated at the year-end rates. Non-monetary items of the Company's integral foreign operations are carried at historical cost.

Net investment in non-integral foreign operations: Foreign currency monetary items (other than derivative contracts) of the Company's net investment in non-integral foreign operations outstanding at the Balance Sheet date are restated at the year-end rates.

Non-integral foreign operations: All assets and liabilities of non-integral foreign operations are translated at the year-end rates.

(c) Settlement

Exchange differences arising on actual payment / realisation and year end reinstatement referred to above are recognised in the Consolidated Statement of Profit and Loss.

(d) Accounting for forward contracts

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

The premium or discount arising at the inception of the foreign exchange contract or similar instrument is amortised as expense or income over the life of the contract. Exchange difference on such contracts is recognised in the Statement of Profit & Loss in the year in which the exchange rates change.

1.15 Investments

Long-term investments are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

1.16 Employee Benefits

Employee benefits include provident fund, superannuation fund, employee state insurance scheme, gratuity fund, compensated absences, long service awards and post-employment medical benefits.

(a) Short Term Employee Benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under :

- (i) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (ii) in case of non-accumulating compensated absences, when the absences occur.

(b) Long Term Employee Benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date less the fair value of the plan assets out of which the obligations are expected to be settled. Long Service Awards are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

(i) Defined Contribution Plans

Contribution to provident fund, superannuation fund and employee state insurance scheme by the entities in the Group are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

(ii) Defined Benefit Plans

For defined benefit plans in the form of gratuity fund and post-employment medical benefits, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in the Consolidated Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Consolidated Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

(iii) Employee share based payments

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

1.17 Borrowing costs

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset are added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

1.18 Segment reporting:

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Group. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors. Revenue, expenses, assets and liabilities which relate to the Group as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".

1.19 Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognised as an expense in the revenue account as per the lease terms.

1.20 Earnings per Share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

1.21 Taxes on Income

Current tax is determined on the basis of taxable income and tax credits computed for each of the entities in the Group in accordance with the provisions of applicable tax laws of the respective jurisdictions where the entities are located.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised

only if there is virtual certainty that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the entity has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

1.22 Research and development expenses

Revenue expenditure pertaining to research is charged to the Consolidated Statement of Profit and Loss. Development costs of products are also charged to the Consolidated Statement of Profit and Loss unless a product's technical feasibility has been established, in which case such expenditure is capitalised. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for Fixed Assets.

1.23 Impairment of Assets

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

1.24 Provisions and Contingencies

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

1.25 Trade Receivables and Loans & Advances

Specific debts and advances identified as irrecoverable or doubtful are written off or provided for respectively. Subsidy receivable is disclosed under "Short Term Loans and Advances".

1.26 Derivative Instruments and Hedge Accounting

The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to highly probable forecast transactions. The Company designates such forward contracts in a cash flow hedging relationship by applying the hedge accounting principles set out in "Accounting Standard 30 Financial Instruments: Recognition and Measurement". These forward contracts are stated at fair value at each reporting date. Changes in the fair value of these forward contracts that are designated and effective as hedges of future cash flows are

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

recognised directly in "Hedging reserve account" under Reserves and surplus, net of applicable deferred income taxes and the ineffective portion is recognised immediately in the Statement of Profit and Loss. Amounts accumulated in the "Hedging reserve account" are reclassified to the Statement of Profit and Loss in the same periods during which the forecasted transaction affects profit and loss. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. For forecasted transactions, any cumulative gain or loss on the hedging instrument recognised in "Hedging reserve account" is retained until the forecasted transaction occurs. If the forecasted transaction is no longer expected to occur, the net cumulative gain or loss recognised in "Hedging reserve account" is immediately transferred to the Statement of Profit and Loss.

The Company enters into derivative contracts in the nature of foreign currency swaps, currency options, forward contracts with an intention to hedge its existing assets and liabilities, firm commitments and highly probable transactions. Derivative contracts which are closely linked to the existing assets and liabilities are accounted as per the policy stated for Foreign Currency Transactions and Translations.

Derivative contracts designated as a hedging instrument for highly probable forecast transactions are accounted as per the policy stated for Hedge Accounting.

All other derivative contracts are marked-to-market and losses are recognised in the Statement of Profit and Loss. Gains arising on the same are not recognised, until realised, on grounds of prudence.

1.27 Insurance claims

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that there is no uncertainty in receiving the claims.

1.28 Service tax input credit

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing / utilising the credits.

1.30 Operating Cycle

Based on the nature of products / activities of the Group and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

2. SHARE CAPITAL

₹ in Lakh

Particulars	As at March 31, 2014	As at March 31, 2013
AUTHORISED:		
Equity Shares:		
162,50,00,000 Equity Shares of ₹ 1 each	16,250	5,150
(2013 - 5,150,00,000 Equity Shares of ₹ 1 each).		
Preference Shares:		
50,00,00,000 Redeemable Preference Shares of ₹ 100 each	5,000	5,000
(2013 - 50,00,00,000 Redeemable Preference Shares of ₹ 100 each)		
	21,250	10,150
ISSUED, SUBSCRIBED AND FULLY PAID UP		
17,57,85,996 Equity Shares of ₹ 1 each	1,758	1,758
(2013 - 17,57,66,874 Equity Shares of ₹ 1 each)	1,758	1,758

2.1 The above equity share capital is net of 62,69,402 Equity Shares of ₹ 1 each, bought back by the company during the year 2008-09.

2.2 Under the Employee Stock Option Plan – ESOP 2007, options not exceeding 89,24,850 have been reserved to be issued to the eligible employees, with each option conferring a right upon the employee to apply for one equity share. The options granted under the Scheme would vest not less than one year and not more than five years from the date of grant of the options. The options granted to the employees would be capable of being exercised within a period of three years from the date of vesting

Total options outstanding in respect of the Company as at March 31, 2014 - 3,48,096 (March 31, 2013- 6,40,342) equity shares of ₹ 1 each. Refer note 42 for other details about the scheme.

2.3 Details of shares held by each shareholder holding more than 5% of equity shares in the company:

Name of the Share holder	No of shares held as at			
	March 31, 2014		March 31, 2013	
	Nos.	%	Nos.	%
Murugappa Holdings Limited (Associate - Investing Party)	5,87,35,204	33.42	5,87,35,204	33.42
Ambadi Investment Private Ltd	93,23,240	5.30	93,23,240	5.30
National Westminster Bank PLC as Depositary of First State Asia Pacific Fund a Sub fund of First State Investments ICVC	91,06,484	5.18	91,06,484	5.18

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)**2.4 Reconciliation of equity shares outstanding at the beginning and at the end of the reporting period**

Reconciliation	2013-14		2012-13	
	No. of Shares	₹ in Lakh	No. of Shares	₹ in Lakh
Equity Shares of ₹ 1 each fully paid up				
At the beginning of the period	17,57,66,864	1,758	17,36,62,476	1,737
Allotment of shares on exercise of Employee Stock Option (Refer note 42)	19,132	*	2,65,810	3
Allotment of shares pursuant to merger of Haliyal and Sankili units with the Company	-	-	18,38,578	18
At the end of the period	17,57,85,996	1,758	17,57,66,864	1,758

* less than a lakh

2.5 Terms attached to Equity shares

The Company has only 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 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.

3. RESERVES AND SURPLUS:

Particulars	₹ in Lakh	
	As at March 31, 2014	As at March 31, 2013
(i) Capital Subsidy (as per last balance sheet)	7	7
(ii) Capital Reserve		
Opening balance	12,242	9,887
Add : Additions during the year	67	12,230
Less : Utilised during the year	8,490	9,875
Closing balance	3,819	12,242
(iii) Capital reserve on consolidation		
As per last Balance Sheet	6,003	3,488
Add: Additions on consolidation	16	2,515
	6,019	6,003
(iv) Capital Redemption Reserve		
As per last Balance Sheet	4,181	4,182
Add: Transfer from General Reserve	313	
Less: Utilised during the year		1
	4,494	4,181
(v) Securities Premium Account		
Opening balance	40,861	25,458
Add :Premium on shares issued during the year	857	15,403
Less : Utilised during the year		
Closing balance	41,718	40,861
(vi) Debenture Redemption Reserve		
Opening balance	5,598	2,750
Add :Transferred from Surplus in Consolidated Statement of Profit and Loss	3,653	4,098
Less : Utilised during the year	2,598	1,250
Closing balance	6,653	5,598
(vii) Fixed Asset Revaluation Reserve		
Opening balance	526	540
Add :Additions during the year on revaluations		
Less : Utilised during the year for setoff against depreciation (Refer note 3.1)	16	14
Closing balance	510	526

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

₹ in Lakh

Particulars	As at March 31, 2014	As at March 31, 2013
(viii) Statutory Reserve		
As per last Balance Sheet	22	21
Add : Additions during the year	1	1
Closing balance	23	22
(ix) General Reserve		
Opening balance	1,84,776	1,74,228
Add :Transferred from Surplus in Consolidated Statement of Profit and Loss	15,640	50,648
Add :Addition during the year	-	2,120
Less : Utilised during the year	21,425	42,220
Closing balance	1,78,991	1,84,776
(x) Hedging Reserve		
Opening balance	15	(397)
Add : Effect of foreign exchange rate variations on hedging instruments outstanding at the end of the year	146	15
Less : Reversed on settlement of hedge contracts	15	(397)
Closing balance	146	15
(xi) Foreign Currency Translation Reserve		
Opening balance	2,072	1,451
Add :Effect of foreign exchange rate changes	1,271	621
Closing balance	3,343	2,072
(xii) Surplus in the Statement of Profit and Loss		
Opening Balance	(14,779)	19,033
Profit for the year	7,797	20,694
Add/(Less): Transfer on amalgamation and consolidation	24,040	15,639
Less : Appropriations		
Interim Dividend on Equity Shares -Nil (2013 : ₹ 6 per share)	-	10,438
Proposed dividend of Subsidiary	4,838	4,805
Dividend Distribution Tax	1,321	1,406
Transfer to Debenture Redemption Reserve (Net)	1,055	2,848
Transfer to General Reserve	15,640	50,648
Closing Balance	(5,796)	(14,779)
TOTAL RESERVES AND SURPLUS	2,39,927	2,41,524

3.1 Deduction during the year represents ₹ 16 Lakh (2013 - ₹ 14 Lakh) transferred to Statement of Profit and Loss.

4. **LONG TERM BORROWING**

₹ in Lakh

Particulars	Non-Current Portion		Current Maturities	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
(a) Privately placed Secured, Redeemable Non-convertible debenture				
10.25% Secured Redeemable Non-convertible debentures 2013-14 series (Refer note 4.1)	10,000	-	-	-
8.97% Secured Redeemable Non-convertible debentures 2013-14 series (Refer note 4.2)	20,000	-	-	-
9.25% Secured Redeemable Non-convertible debentures 2012-13 series (Refer note 4.3)	10,000	10,000	-	-
9.15% Secured Redeemable Non-convertible debentures 2012-13 series (Refer note 4.4)	6,000	6,000	-	-

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

₹ in Lakh

Particulars	Non-Current Portion		Current Maturities	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
10.40% Secured Redeemable Non-convertible debentures 2011-12 series (Refer note 4.5)	-	6,000	6,000	-
10.25% Secured Redeemable Non-convertible debentures 2011-12 series (Refer note 4.6)	-	4,000	4,000	-
9.40% Secured Redeemable Non-convertible debentures 2010-11 series (Refer note 4.7)	-	-	-	4,000
(b) Unsecured, Redeemable Non-convertible debenture				
9% Unsecured Redeemable Non Convertible Fully paid Bonus debentures of ₹ 15/- each (Refer note 4.8)	-	15,850	-	-
(c) Secured Term Loans from: (Refer note 4.9)				
Banks	98,578	1,49,194	25,563	16,421
Government of India - Sugar Development Fund	8,576	8,115	2,021	2,172
(d) Other loans and advances				
Unsecured loan from bank	757	-	70	-
Unsecured loan from others (Refer note 4.10)	2,500	2,596	10	8
	1,56,411	2,01,755	37,664	22,601
The above amount includes				
Secured Borrowings	1,53,154	1,99,159	37,584	22,593
Unsecured Borrowings	3,257	2,596	80	8
Amount disclosed under the head "other current liabilities" (Note 8)	-	-	(37,664)	(22,601)
Net amount	1,56,411	2,01,755	-	-

- 4.1 1000 - 10.25% Secured Redeemable Non-convertible Debentures of ₹ 10 Lakh each aggregating to ₹ 10,000 Lakh are secured by a pari passu first charge by way of a registered mortgage deed on the Company's immovable properties/fixed assets both present and future situated at Pugalur and Nellikuppam. Debentures are redeemable in full at par on 6th January 2017.
- 4.2 2000 - 8.97% Secured Redeemable Non-convertible Debentures of ₹ 10 Lakh each aggregating to ₹ 20,000 Lakh are secured by a pari passu first charge by way of a registered mortgage deed on the Company's immovable properties/fixed assets both present and future situated at Pugalur. Debentures are redeemable in full at par on 3rd May 2016.
- 4.3 1,000 - 9.25% Secured Redeemable Non-convertible Debentures of ₹ 10 Lakh each aggregating to ₹ 10,000 Lakh to be secured by a pari passu first charge by way of a registered mortgage deed on the Company's specific immovable properties. Debentures are redeemable in full at par on 18th March 2016.
- 4.4 600 - 9.15% Secured Redeemable Non-convertible Debentures of ₹ 10 Lakh each aggregating to ₹ 6,000 Lakh are secured by a pari passu first charge by way of a registered mortgage deed on the Company's immovable properties situated at Pugalur. Debentures are redeemable in full at par on 23rd October 2015.
- 4.5 600 - 10.40% Secured Redeemable Non-convertible Debentures of ₹ 10 Lakh each aggregating to ₹ 6,000 Lakh are secured by a pari passu first charge by way of a registered mortgage deed on the Company's immovable properties/fixed assets both present and future situated at Pettavaithalai and Pugalur and further secured by a pari passu first charge on the immovable properties situated at Nellikuppam, Pugalur, Pudukottai and Thyagavalli. Debentures are redeemable in full at par on 4th January 2015.
- 4.6 400 - 10.25% Secured Redeemable Non-convertible Debentures of ₹ 10 Lakh each aggregating to ₹ 4,000 Lakh are secured by a pari passu first charge by way of a registered mortgage deed on the Company's immovable properties/fixed assets both present and future situated at Pettavaithalai and further secured by a pari passu first charge on the immovable properties situated at Nellikuppam, Pugalur, Pudukottai and Thyagavalli. Debentures are redeemable in full at par on 12th July 2014.
- 4.7 400 - 9.40% Secured Redeemable Non-convertible Debentures of ₹ 10 Lakh each aggregating to ₹ 4,000 Lakh are secured by a pari passu first charge by way of a registered mortgage deed on the Company's immovable properties/fixed assets both present and future situated at Pettavaithalai and further secured by a pari passu first charge on the immovable properties situated at Nellikuppam, Pugalur, Pudukottai and Thyagavalli. The Debentures have been redeemed at full on the due date i.e 25th January, 2014.
- 4.8 9% Unsecured redeemable non-convertible fully paid bonus debentures of ₹ 15 each, are redeemable at par over three years commencing from July 23, 2014 (₹ 5 per debenture each year) and interest is payable on an annual basis commencing from July 23, 2013 upto July 23, 2016. These have been redeemed in full during the year.
- 4.9 The above loans are secured by hypothecation of certain fixed assets and current assets both present and future and it carries interest rates ranging from 4% - 13% per annum.
- 4.10 The Interest free loan of ₹ 2,500 lakh is repayable after 12 years.
- 4.11 There is no default in repayment of the loans and interest thereon.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)**5. 5.1 OTHER LONG-TERM LIABILITIES**

₹ in Lakh		
Particulars	As at March 31, 2014	As at March 31, 2013
(a) Other payables	98	27
	98	27

5.1.1 There are no dues to enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006, as at March 31, 2014 (2013 - Nil) which is on the basis of such parties having been identified by the Management.

5.2 LONG-TERM PROVISIONS

₹ in Lakh		
Particulars	As at March 31, 2014	As at March 31, 2013
(a) For Gratuity	175	377
(b) For Compensated absences	1,096	1,003
(c) For other employee benefits	467	471
	1,738	1,851

6. SHORT TERM BORROWINGS

₹ in Lakh		
Particulars	As at March 31, 2014	As at March 31, 2013
(a) Loans repayable on demand		
From Banks		
(i) Secured (Refer note 6.1)	1,05,314	76,837
(ii) Unsecured (Refer note 6.2)	51,930	1,46,357
(b) Short term loans		
From Banks		
(i) Secured (Refer note 6.1)	2,224	9,664
(ii) Unsecured (Refer note 6.2)	5,322	24,589
(c) Commercial Papers - Unsecured	42,500	35,500
(d) Security Deposits - Unsecured	74	42
(e) Inter-corporate deposits	-	-
(f) Loans from others	27,450	2,509
	2,34,814	2,95,498

6.1 The above loans are secured by hypothecation of certain fixed assets and current assets both present and future.

6.2 Unsecured short-term borrowings comprises buyers credit denominated in foreign currency, packing credit facility on the basis of letter of credit or confirmed and irrevocable order for the export of goods / services and rupee loan from banks.

7. TRADE PAYABLES

₹ in Lakh		
Particulars	As at March 31, 2014	As at March 31, 2013
Trade payables (Refer note 7.1)		
(a) Acceptances	1,29,975	1,40,959
(b) Other than Acceptances	1,87,231	1,34,948
	3,17,206	2,75,907

7.1 There are no dues to enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006, as at March 31, 2014 (2013 - Nil) which is on the basis of such parties having been identified by the Management.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)**8. OTHER CURRENT LIABILITIES**

₹ in Lakh

Particulars	As at March 31, 2014	As at March 31, 2013
(a) Current maturities of long-term debt	37,664	22,601
(b) Interest accrued but not due on borrowings	6,564	4,644
(c) Interest accrued but not due on others	-	610
(d) Interest accrued and due on borrowings	-	24
(e) Unclaimed dividends (Refer note 8.1 and 8.2)	1,716	1,719
(f) Unpaid debenture and interest	852	-
(g) Other Liabilities		
(i) Vendor for purchase of capital goods	1,995	7,775
(ii) Other Miscellaneous Liabilities (Refer note 8.3)	28,153	28,226
(iii) Advances and Deposits from Customers/Others	11,991	23,254
	88,935	88,853

8.1 These amounts represent warrants issued to the Shareholders which remained unrepresented as at March 31, 2014.

8.2 There are no amounts due to be credited to Investor Education and Protection Fund as at March 31, 2014.

8.3 Other Miscellaneous Liabilities also include liability towards capital goods, payroll deductions and statutory dues such as Property Tax, Purchase Tax, Withholding Taxes, Service Tax, VAT, Excise Duty etc.,

9. SHORT-TERM PROVISIONS

₹ in Lakh

Particulars	As at March 31, 2014	As at March 31, 2013
(a) Provision for compensated absences	1,115	1,031
(b) Provision for other employee benefits	547	506
(c) Provision for Tax on dividend proposed by subsidiary	2,230	7,010
(d) Provision for tax net of advance tax	2,014	2,721
(e) Provision for others	7	4
	5,913	11,272

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

10. CONSOLIDATED FIXED ASSETS :

₹ in Lakh

Particulars	GROSS BLOCK				ACCUMULATED DEPRECIATION AND AMORTISATION							NET BLOCK	
	Cost/ Value As at April 1, 2013	Additions on Acquisitions	Deletions / Adjust-ments	Effect of Trans-lation	Cost / Value As at March 31, 2014	As at April 1, 2013	Additions on Acqui-sitions	For the year Refer note 10A	With- drawn / for the year adjust-ments	Effect of Trans-lation	As at March 31, 2014	As at March 31, 2014	As at March 31, 2013
Tangible assets (A)													
Freehold Land	34,516	-	324	18	1	34,823	-	-	-	-	-	34,823	34,516
Leasehold Land	4,711	-	681	119	10	5,283	451	-	92	4	1	540	4,260
Buildings (Note 10.1 & 10.2)	63,802	-	5,405	756	256	68,707	12,862	-	2,068	169	123	14,884	50,940
Railway Siding	2,540	-	93	7		2,626	391	-	114	6		499	2,149
Plant and Machinery	3,73,381	-	21,991	2,144	257	3,93,485	1,40,744	-	18,226	1,950	211	1,57,231	2,32,637
Furniture & Fixtures and Office Equipments	12,083	-	1,016	155	21	12,965	8,410	-	1,222	147	14	9,499	3,673
Vehicles	4,022	-	371	424	1	3,970	2,216	-	520	233	1	2,504	1,806
Add: Share in Joint venture (Refer note 1.4.5)	-	-	-	-	-	-	-	-	-	-	-	-	-
Total (A)	4,95,055	-	29,881	3,623	546	5,21,859	1,65,074	-	22,242	2,509	350	1,85,157	3,29,981
Intangible Assets (B)													
Patent	2,817	-	638	-	127	3,582	1,121	-	249	-	18	1,388	1,696
Product development	1,366	-	57	-		1,423	252	-	112	-		364	1,114
Softwares	148	-	2	6	-	144	83	-	24	-	-	107	65
Licence	13	-	-	-	-	13	5	-	3	-	-	8	8
Add: Share in Joint venture (Refer note 1.4.5)	-	-	-	-	-	-	-	-	-	-	-	-	-
Total (B)	4,344	-	697	6	127	5,162	1,461	-	388	-	18	1,867	2,883
Total (A) + (B)	4,99,399	-	30,578	3,629	673	5,27,021	1,66,535	-	22,630	2,509	368	1,87,024	3,32,864
Capital Work - in Progress												16,303	48,897
												3,56,300	3,81,761

Notes:

- 10.1 Includes cost of ₹ 31 Lakh (2013 - ₹ 31 Lakh) for which title deeds are yet to be received from the Registrar.
- 10.2 Includes Building on Leasehold land : Cost : ₹ 884.41 Lakh (2013 - ₹ 884.41 Lakh) and Accumulated Depreciation : ₹ 258.73 Lakh (2013 - ₹ 244.00 Lakh).
- 10.3 Represent Assets taken over during the current year on acquisition of Subsidiaries / conversion of Joint venture entity into subsidiary.
- 10.4 The above assets include certain assets used for Research and Development.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)**FIXED ASSETS (Continued)**

₹ in Lakh

Particulars	GROSS BLOCK				ACCUMULATED DEPRECIATION AND AMORTISATION					NET BLOCK	
	Cost / Value As at April 1, 2012	Additions on Acquisitions (Refer note 10.3)	Deletions/ Adjustments	Effect of Trans-lation	Cost / Value As at March 31, 2013	As at April 1, 2012	Additions on Acquisitions (Refer note 10.3)	For the year	With- drawn / for the year adjust-ments	As at March 31, 2013	As at March 31, 2012
Tangible assets (A)											
Freehold Land	33,950	528	204	160	(6)	34,516	-	-	-	34,516	33,950
Leasehold Land	2,139	2,572	4	(1)	(5)	4,711	288	109	60	451	1,851
Buildings (Note 10.1 & 10.2)	44,131	13,133	6,470	(227)	(159)	63,802	10,030	1,158	1,676	12,862	34,101
Railway Siding	724	-	1,821	5	-	2,540	360	-	36	391	364
Plant and Machinery	2,82,916	37,574	54,224	1,178	(155)	3,73,381	1,21,569	4,619	17,692	1,40,744	1,61,347
Furniture & Fixtures and Office Equipments	13,617	354	1,088	2,978	2	12,083	7,913	183	1,177	866	5,704
Vehicles	3,648	252	544	418	(4)	4,022	1,879	135	494	2,216	1,806
Add: Share in Joint venture (Refer note 14.5)	22,565	(22,565)	-	-	-	-	1,592	(1,592)	-	-	20,973
Total (A)	4,03,690	31,848	64,355	4,511	(327)	4,95,055	1,43,631	4,612	21,135	1,65,074	2,60,059
Intangible Assets (B)											
Patent	2,620	-	139	8	66	2,817	851	-	307	1,121	1,696
Product development	1,466	-	97	197	-	1,366	207	-	58	252	1,114
Softwares	128	-	21	-	(1)	148	56	-	27	83	65
Licence	-	13	-	-	-	13	-	3	2	5	8
Add: Share in Joint venture (Refer note 14.5)	7	(7)	-	-	-	-	1	(1)	-	-	6
Total (B)	4,221	6	257	205	65	4,344	1,115	2	394	1,461	2,883
Total (A) + (B)	4,07,911	31,854	64,612	4,716	(262)	4,99,399	1,44,746	4,614	21,529	1,66,535	2,63,165
Capital Work - in Progress										48,897	60,506
										3,81,761	3,23,671

10A Till last year the company has been charging depreciation on certain plant and machineries at rates higher than those specified in Schedule XIV of the Companies Act, 1956. During the year the Company carried out technical assessment of the useful lives of these assets and based on such assessment, the depreciation rates have been brought down to those as specified in Schedule XIV of the Companies Act, 1956. Consequent to the said revision in depreciation rate, the depreciation charge for the year is lower by ₹ 2,917 lakh.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

11. NON-CURRENT INVESTMENTS (At Cost)

₹ in Lakh		
Particulars	As at March 31, 2014	As at March 31, 2013
I. Quoted Investments		
(A) Trade Investments		
(a) Investments in Equity Instruments		
(i) Other Companies	1,043	44
Total Quoted Investments	1,043	44
Market Value of Quoted Investments	2,146	275
II. Unquoted Investments		
(A) Trade Investments		
(a) Investments in Equity Instruments		
(i) Other companies	33,531	15,934
(B) Other Investments		
(a) Investments in Equity Instruments		
(i) Other companies	326	234
(b) Investments in Government or trust securities	1	1
Government Securities (Lodged as Security deposit)		
(c) Investments in debentures or bonds	-	64
Rural Electrical Corporation 5 Year 5.5% Redeemable Bonds		
Total Unquoted Investments	33,858	16,233
Less : Provision for diminution in value of investments	(141)	(141)
Total Non-Current Investments	34,760	16,136

11.1 - Refer note 1.15 for valuation of investments.

12. LOANS AND ADVANCES

₹ in Lakh				
Particulars	Long-Term		Short-Term	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
Unsecured and considered good unless otherwise stated :				
(a) Capital Advances	2,933	3,740	-	-
(b) Security Deposits	3,761	6,656	3	101
(c) Advance Income Tax (net of provisions)	4,304	3,062	45	53
(d) Balance with Customs and Central Excise Authorities	329	97	1,970	3,798
(e) MAT Credit Entitlement	3,550	6,325	4,347	7,239
(f) Government Subsidies receivable	-	-	1,11,225	1,37,558
(g) Loans and Advances to related parties (Refer note 12.1)	-	2,168	519	-
(h) Intercompany Deposits	-	-	28,500	-
(i) Advance recoverable in cash or in kind or for value to be received				
(i) Unsecured and Considered Good	7,557	144	33,575	75,591
(ii) Considered Doubtful	451	1,125	2,954	1,131
Less: Provision for Doubtful Advances	(451)	(1,125)	(2,954)	(1,131)
	22,434	22,192	1,80,184	2,24,340

12.1 Represents loan given by Coromandel International Limited, a subsidiary of the Company, to TIFERT which is compulsorily convertible to equity shares at the end of three years from November 2012 (Refer note 44 (d)).

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)**13. CURRENT INVESTMENTS**

₹ in Lakh

Particulars	As at March 31, 2014	As at March 31, 2013
I. Quoted Investments		
(A) Trade Investments		
(a) Investments in Equity Instruments		
(i) Other companies	4	4
(B) Other Investments		
(a) Investments in Equity Instruments		
(i) Other companies	5	5
(C) Investments in Mutual Funds	995	-
	1,004	9
II. Un Quoted Investments		
(A) Other Investments		
(a) Investments in Government or trust securities	1	1
(B) Investments in Mutual Funds	14	1,810
	15	1,811
Total	1,019	1,820

13.1 Out of the above, Current investments considered as Cash and Cash Equivalent amounts to ₹ 2 lakh (2013- Nil)

14. INVENTORIES

(At lower of cost and net realisable value)

₹ in Lakh

Particulars	As at March 31, 2014	As at March 31, 2013
(a) Raw materials	83,040	62,600
(b) Work-in-process (Refer note 14.2)	10,329	5,822
(c) Finished goods	1,69,269	1,59,776
(d) Stock-in-trade (goods acquired for trading)	26,590	26,580
(e) Stores and spares	10,882	12,295
	3,00,110	2,67,073

14.1 Mode of valuation of Inventories - Refer note 1.7

14.2 Includes ₹ Nil (2013 - ₹ 695 Lakh) of property development expenses held as Inventory by a subsidiary.

14.3 Finished goods as at 31st March 2014 is net of provision for obsolete inventory.

15. TRADE RECEIVABLES

₹ in Lakh

Particulars	Current	
	As at March 31, 2014	As at March 31, 2013
(a) Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
(i) Secured - Considered good	1,730	730
(ii) Unsecured - Considered good	26,175	12,356
(iii) Unsecured - Considered doubtful	4,635	3,593
Less: Provision for doubtful debts	(4,635)	(3,593)
	27,905	13,086
(b) Other Trade Receivables		
(i) Secured - Considered good	9,656	5,303
(ii) Unsecured - Considered good	1,35,534	1,84,978
	1,45,190	1,90,281
(c) Other receivables - Considered good	-	-
	1,73,095	2,03,367

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)**16. CASH AND CASH EQUIVALENTS**

₹ in Lakh

Particulars	As at March 31, 2014	As at March 31, 2013
1. (a) Cash on hand	192	253
(b) Cheques, drafts on hand	-	815
(c) Balances with banks		
(i) In Current account	26,633	21,910
(ii) In Deposit account	-	17,041
(iii) In earmarked accounts		
- In Dividend account	1,716	1,714
- Margin Money account	2,266	3,601
- Escrow account	2,225	11,301
On Debenture redemption account	2,396	-
On Deposit accounts with less than 3 month maturity	19,600	-
(d) Cheques, drafts on hand	9	-
2. Other balances		
On Deposit accounts with more than 3 month and less than 12 months maturity	9	-
On Deposit accounts with more than 12 months maturity	118	-
	55,164	56,635

16.1 Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements is ₹ 46,436 Lakh (2013: ₹ 39,556 Lakh)

17. OTHER ASSETS

₹ in Lakh

Particulars	Non Current		Current	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
(a) Income Accrued on Deposits etc.	-	-	1,427	5,020
(b) Unbilled revenue	-	-	121	11,943
(c) Mark to market provision	-	-	434	240
(d) Long term receivable	1,906	-	-	-
(e) Others	-	229	117	368
	1,906	229	2,099	17,571

18. REVENUE FROM OPERATIONS:

₹ in Lakh

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
(a) Sales of Products (Refer note 18.1 for details)	9,37,169	8,44,915
(b) Sales of services	2,137	6,406
(c) Government Subsidies	2,85,943	2,97,129
(d) Other operating revenues	8,282	8,996
(e) Add: Share in Joint Venture (Refer note 1.4.5)	-	84
	12,33,531	11,57,530

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)**18.1 Details of Products Sold**

₹ in Lakh

Classes of Goods	Year Ended March 31, 2014	Year Ended March 31, 2013
Farm inputs	7,28,342	6,13,169
Sugar	1,47,207	1,74,186
Others	61,620	57,560
	9,37,169	8,44,915

19. OTHER INCOME

₹ in Lakh

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
(a) Interest Income	6,351	6,262
(b) Dividend Income		
(i) Current investments	491	1,228
(ii) Long term investments	22	335
(c) Profit on sale of fixed assets (Net)	2,371	180
(d) Profit on sale of long term Investments	52	-
(e) Interest on Loans and Advances and others	2	-
(f) Other non-operating income	1,365	1,710
(g) Provision no longer required, write back	-	-
(h) Applicable net gain/loss on foreign currency transactions and translation	10	-
(i) Add: Share in Joint Venture (Refer note 1.4.5)	-	-
	10,664	9,715

20. COST OF MATERIALS CONSUMED

₹ in Lakh

DESCRIPTION	Year Ended March 31, 2014	Year Ended March 31, 2013
(a) Farm Inputs	6,35,205	5,17,289
(b) Raw Material for Sugar Business	1,11,981	1,83,168
(c) Others	27,331	27,695
	7,74,517	7,28,152

21. PURCHASES OF STOCK-IN-TRADE

₹ in Lakh

CLASSES OF GOODS	Year Ended March 31, 2014	Year Ended March 31, 2013
(a) Farm Inputs	1,22,660	1,52,071
(b) Sugar	1,285	4
(c) Others	1,750	1,568
	1,25,695	1,53,643

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)**22. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROCESS AND STOCK IN TRADE**

₹ in Lakh

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
(Increase)/Decrease in Stocks		
(a) Opening Stock:		
Work-in-process	5,127	4,994
Finished goods	1,59,283	92,310
Stock-in-trade	26,580	34,660
	1,90,990	1,31,964
Stock on date of acquisition of subsidiary:		
Work-in-process	-	43
Finished goods	163	5,458
	163	5,501
(b) Closing Stock:		
Work-in-process	(10,329)	5,127
Finished goods	(1,69,276)	1,59,283
Stock-in-trade	(26,590)	26,580
	(2,06,195)	1,90,990
(c) Add: Share in Joint Venture (Refer note 1.4.5)	-	1
	(15,042)	(53,524)

23. EMPLOYEE BENEFITS EXPENSE:

₹ in Lakh

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
(a) Salaries, Wages and Bonus	34,976	31,749
(b) Contribution to Provident and Other Funds	2,925	2,431
(c) Workmen and Staff Welfare Expenses	3,926	3,763
(d) Add: Share in Joint Venture (Refer note 1.4.5)	-	44
	41,827	37,987

24. FINANCE COSTS

₹ in Lakh

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
Interest expense		
(a) Debentures	2,421	2,870
(b) Other term loans	31,377	27,812
(c) Other borrowing costs (Refer note 24.1)	12,553	5,650
(d) Exchange difference to the extent considered as an adjustment to borrowing costs	183	1,255
(e) Add: Share in Joint Venture (Refer note 1.4.5)	-	1,191
	46,534	38,778

24.1 Other borrowing costs include include commitment charges, loan processing charges, loan facilitation charges, discounts /premiums on borrowings and other ancillary costs.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)**25. OTHER EXPENSES**

₹ in Lakh

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
(a) Consumption of Stores, Spares and Consumables	10,775	11,159
(b) Power and Fuel	26,062	21,678
(c) Rent	3,293	2,880
(d) Repairs and Maintenance		
- Building	438	714
- Plant and Machinery	7,719	7,378
- Others	3,351	3,847
(e) Insurance	1,565	1,370
(f) Rates and Taxes (Refer note 25.1)	5,433	4,723
(g) Packing, Despatching and Freight	66,994	58,056
(h) Commission to Selling Agents	348	281
(i) Rebates and Discounts	25	20
(j) Directors' Fees and Commission	25	194
(k) Sales Promotion and Publicity	1,943	1,738
(l) Fixed Assets scrapped	65	33
(m) Professional Charges	3,861	3,581
(n) Provision for Doubtful Debts and Advances	1,719	2,467
(o) Bad Debts/Advances written off	497	1,430
Less: Transfer from provision	-	(813)
(p) Impairment of investment in subsidiary	-	900
(q) Impairment of Other investments	6	47
(r) Loss on sale of investments	-	1
(s) Loss on sale of fixed assets	241	226
(t) General Manufacturing, Selling and Administration Expenses	33,469	25,517
(u) Net Loss on foreign currency transaction and translation (other than considered in finance cost)	26,419	21,919
(v) Add: Share in Joint Venture (Refer note 1.4.5)	-	252
	1,94,248	1,69,598

25.1 Total Excise Duty on Sales for the year has been disclosed as reduction from the turnover. Excise duty related to the difference between the closing stock and opening stock has been included in Rates & Taxes.

26 Acquisition and Amalgamation of Liberty Phosphate Limited and Liberty Urvarak Limited**(a) Acquisition:**

During the previous year, consequent to the share purchase agreement entered into by Coromandel International Limited (CIL), a subsidiary company, with the erstwhile promoters of Liberty Phosphate Limited (LPL), CIL on 7 March 2013 acquired 70,19,406 equity shares (representing 48.62%) from the erstwhile promoters of LPL at a price of ₹ 241/- per share. Effective 7 March 2013, the Board of Directors of LPL was reconstituted and LPL became a subsidiary of CIL. Further, in accordance with the share purchase agreement entered into during the previous year by CIL with the shareholders of Liberty Urvarak Limited (LUL), CIL acquired 29,97,552 (100%) equity shares of LUL for a consideration of ₹ 7, 800 lakh thereby making LUL a wholly owned subsidiary of CIL. LUL held 5% of the voting share capital of LPL.

On receipt of necessary approvals from SEBI and in accordance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, CIL has during the current year, acquired 37,53,933 equity shares (26% of the equity share capital) of LPL at a price of ₹ 241/- per share in the Open offer made to the public shareholders of LPL. With this acquisition, CIL held 1,14,96,267 equity shares representing 79.62% of the equity share capital of LPL, including 7,22,928 shares (5%) held by Liberty Urvarak Ltd., a wholly owned subsidiary of CIL.

(b) Amalgamation:**LPL and LUL are engaged in the business of manufacture and sale of fertilisers predominantly Single Super Phosphate (SSP).**

During the year, the Board of Directors of CIL, LPL and LUL in their respective meetings held on 28 September 2013 approved a Scheme of Amalgamation under Sections 391 and 394 of the Companies Act, 1956 ('the Scheme') for amalgamation of LPL and LUL with CIL. Pursuant to the Scheme, sanctioned by the Hon'ble High Court of Judicature at Andhra Pradesh ('AP') vide their Order dated 7 April 2014 and by the Hon'ble High Court of Judicature at Gujarat vide their order dated 24 April 2014, the entire business undertaking of LPL and LUL including

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

all assets and properties, debts, liabilities and duties and obligations have been transferred to and vested in CIL retrospectively with effect from 1 April 2013 (the Appointed Date as per the Scheme).

27 Acquisition of business undertaking of Tungabhadra Fertilizers and Chemicals Company Limited on slump sale basis

During the year, Coromandel International Limited (CIL), as subsidiary of the Company, has entered into a Business Transfer Agreement ('BTA') and acquired the Business undertaking of M/s. Tungabhadra Fertilizers and Chemicals Company Limited (TFCL), as a going concern on a slump sale basis for a consideration of ₹ 1,163 Lakh.

28 Additional Investments made during the year

During the year, Company has invested in 11,00,000 fully paid Redeemable Cumulative Preference shares of ₹ 100/- each of Silkroad Sugar Private Limited, aggregating to ₹ 1,100 Lakh.

The Company also converted loans to Parrys Sugar Industries Limited amounting to ₹ 2,500 lakh into 25,00,000 fully paid Redeemable Cumulative Preference shares of ₹ 100/- each and further invested in 5,00,000 fully paid Redeemable Cumulative Preference shares of ₹ 100/- each of Parrys Sugar Industries Limited aggregating to ₹ 500 Lakh.

The Company also converted loans to Parry Phytoremedies Private Limited amounting to ₹ 394 lakh into 3,94,000 fully paid Equity shares of ₹ 100/- each and further invested in 13,06,000 fully paid Equity shares of ₹ 100/- each of Parry Phytoremedies Private Limited aggregating to ₹ 1,306 Lakh.

29 Merger of Sadashiva Sugars Limited and Sabero Organics Gujarat Limited

a Sadashiva Sugars Limited:

Pursuant to the scheme of amalgamation of Sadashiva Sugars Limited- a wholly owned subsidiary ("transferor company") with the Company, as sanctioned by the Honourable High Court of Karnataka vide their order dated April 4, 2014, the assets and liabilities of the transferor company were transferred to and vested with the Company with effect from the appointed date, April 1, 2013. The effective date of amalgamation is May 8, 2014, on which date all the relevant requirements under the Companies Act., 1956 have been complied with. The assets and liabilities of the transferor company as at April 1, 2013, have been taken over at their book values. Consequent to the scheme of amalgamation, the authorized equity share capital of the Company stands increased from 51,50,00,000 equity shares of ₹ 1/- each, aggregating to ₹ 5,150 Lakh to 1,62,50,00,000 equity shares of ₹ 1/- each aggregating to ₹ 16,250 Lakh

b Sabero Organics Gujarat Limited:

The Board of Directors of the Coromandel International Limited (CIL) and its subsidiary, Sabero Organics Gujarat Limited ("Sabero"), in their meetings held on 24 January 2014 approved a Scheme of Amalgamation under Sections 391 and 394 of the Companies Act, 1956 ('the Scheme') for amalgamation of Sabero with CIL subject to the approvals of the stock exchanges, the respective shareholders and creditors, the concerned High Courts and other regulators. CIL has received their no-objection to the Scheme from the stock exchanges and has filed application before the concerned High courts for convening the shareholders and creditors meetings. As per the Scheme, the Appointed/ Transfer date for amalgamation is 1 April 2014 and on the Record Date to be fixed after receipt of all approvals, the public shareholders of Sabero shall be issued 5 equity shares of ₹1 each in CIL for every 8 equity shares of ₹ 10 each held in Sabero. The shares held by CIL in Sabero shall accordingly get extinguished.

30(A). Commitments

Particulars	₹ in Lakh	
	As at March 31, 2014	As at March 31, 2013
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for net of advances	6,174	9,403
(ii) Uncalled liability on shares and other investments partly paid	-	12,308
(iii) Other commitments - Purchase order given for items such as raw materials, services etc.,	216	248
(iv) During the previous and in the current year, the subsidiary company, Coromandel International Limited (Coromandel) issued comfort letters to certain banks who have lent to Sabero Organics Gujarat Limited (Sabero), its subsidiary, in terms of which Coromandel has undertaken that it shall not reduce its shareholding in the subsidiary below 51%. In connection with the credit rating for the Commercial Paper programme of Sabero, the Coromandel has issued a similar comfort letter (which also includes the assurance of making funds available, if required, to Sabero to enable it to meet its obligation under the aforesaid programme).		
(v) Maximum obligation of the subsidiary company, Coromandel, on long term lease of land - ₹ 167 lakh (2013: ₹ 174 lakh)		

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)**30(B). Other monies for which the Group is contingently liable**

₹ in Lakh

Particulars	As at March 31, 2014	As at March 31, 2013
(i) Letters of Credit and Bank Guarantees established for Purchases of Raw Materials, Spares and Capital Goods	15,128	10,424
(ii) Letter of comfort given to ICICI Bank in connection with the rupee term loan granted by them to Parrys Sugar Industries Limited, a subsidiary company	-	3,263
(iii) Guarantees to third parties by Coromandel International Limited, a subsidiary on behalf of its subsidiary CFL Mauritius Limited	-	1,098
(iv) Guarantees by Coromandel International Limited, a subsidiary towards borrowing of Tunisian Indian Fertilisers S.A., Tunisia (TIFERT), a venture of Coromandel International Limited.	31,009	25,191
(v) Corporate Guarantees given by the Company to banks in respect of crop loans to farmers and H&T loan etc.,	-	3,702
(vi) Income Tax demands contested for which no Provision has been made	3,147	2,857
(vii) Claims against the Group for Sales Tax, Excise Duty and others including Industrial Disputes not acknowledged as Debt and not provided for.	20,852	11,136
(viii) Other Contingent Liabilities:		
(a) In respect of assignment of receivables from fertiliser dealers and dealers financing by bank	5,547	7,958
(b) Cane price (Refer note 30B.1)		
(c) In respect of assignment/ sale of trade and subsidy receivables where option to buy-back rests with the subsidiary company, Coromandel International Limited	-	25,000

30(B). 1 The Sugar Cane Control Board formed by the Government of Karnataka under the Karnataka Sugar Cane (Regulation of Purchase and Supply) Act, 2013, had declared a cane procurement price of ₹ 2500/MT for the sugar season 13-14. This has been challenged by South India Sugar Mills Association - Karnataka (SISMA-K) before the Hon'ble High Court of Karnataka and the matter is subjudice.

31. Coromandel International Limited (CIL), a subsidiary of the company, has entered into certain operating lease agreements and an amount of ₹ 1,742 lakh (2013: ₹ 1,602 lakh) paid under such agreements has been charged to the Consolidated Statement of Profit and Loss. These leases are generally not non-cancellable and are renewable by mutual consent on mutually agreed terms. There are no restrictions imposed by such agreements.

Parrys Sugar Industries Limited (PSIL), a subsidiary of the Company has entered in to a non cancellable operating lease agreement with Shri DhanaLakshmi Sahakri Sakkari 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. Lease rentals of ₹ 793 Lakh (2013: ₹ 770 Lakh) in respect of the obligation under such lease agreement have been recognized in the Profit and Loss Account.

Future obligations of lease rentals applicable to the above lease agreement aggregate to ₹ 12,675 Lakh (2013: ₹ 13,469 Lakh) and are due:

₹ in Lakh

Particulars	March 31, 2014	March 31, 2013
Not later than one year	817	793
Later than one year and not later than five years	3,519	3,417
Later than five years	8,339	9,259
Total	12,675	13,469

32 In respect of subsidiary company, Coromandel International Limited, has recognised subsidy income as per the prevalent Nutrient Based Subsidy (NBS) Policy announced by Government of India. Such income is included in "Government Subsidies" in the Consolidated Statement of Profit and Loss. The subsidy income for the year includes ₹ 3,488 lakh (2013: ₹ 10,884 lakh) relating to earlier years comprising of freight subsidy income consequent to the final notification by the Government. In respect of previous year, the subsidy income relates to opening inventories as at 1 April 2011 based on the communication issued by the Department of Fertilisers vide letter dated 22 August 2012 with respect to the earlier Office Memorandum dated 11 July 2011.

33 The Exceptional Items of ₹ 138 lakh (net) represents interest demand in respect of disputed tax expense of Coromandel International relating to earlier years of ₹ 1,261 lakh and Legal expense incurred by Parry Phytoremedies Private Limited of ₹ 563 lakh for defending and reaching a settlement on a suit filed for infringement of patent net of write back of liability for cancellation charges incurred by Silkroad Sugar Private Limited in respect of purchase contract for sugar to the extent of ₹ 1,686 lakh based on settlement reached with supplier.

34 During the year ended March 31, 2012, the Members of the subsidiary company, Coromandel pursuant to the provisions of Section 293(1)(a)

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

of the Act approved the transfer/assigning of the lease rights on the land located at Navi Mumbai to prospective buyers. As at March 31, 2014, the Company is in the process of identifying potential buyers.

- 35 During the previous year, Coromandel International Limited (CIL), a subsidiary of the Company, has issued and allotted 28,28,17,658 9% Unsecured Redeemable Non-convertible Fully Paid Bonus Debentures of ₹ 15 each for every equity share, aggregating ₹ 42,423 lakh to the shareholders (out of this, debentures worth ₹ 26,573 lakh have been allotted to the Parent Company and has been eliminated in the Consolidated Financial Statements) by appropriating the General Reserve through a Scheme of Arrangement (Scheme) approved by Hon'ble High Court of Andhra Pradesh and other relevant authorities. These debentures have been redeemed in full during the year.
- 36 Exchange difference in respect of forward exchange contracts relating to Coromandel International Limited (CIL), a subsidiary of the Company, to be recognised in the Consolidated Statement of Profit and Loss in the subsequent accounting period is ₹ 2,744 lakh debit (2013: ₹ 4,686 lakh debit).
- 37 **Segment Reporting as at March 31, 2014**

Composition of Business Segments:

Primary Segment :

Farm Inputs	Sugar	Cogeneration	Distillery	Bio Products	Others
Fertilisers & Pesticides	Sugar	Power	Spirits	Neem & Nutraceuticals	Corporate Investments, Infrastructure Development & Others

Secondary Segments

Geographical Segment:

India	North America	Europe	Rest of the world
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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 CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

37. Segment Reporting as at March 31, 2013
Composition of Business Segments :

Particulars	PRIMARY SEGMENTS														₹ in Lakh		
	Farm Inputs		Sugar		Cogeneration		Distillery		Bio Products		Others		Elimination			Overall	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13		2013-14	2012-13
Revenue (Sales/Income) :																	
(Gross of Excise Duty)																	
External Customers	10,14,110	9,10,629	1,49,363	1,74,233	12,690	17,062	17,548	20,139	28,908	26,184	2,630	203	-	(4,772)	(11,927)	12,25,249	
Inter-segmental Sales			890	1,925	3,882	10,002										11,48,450	
Total	10,14,110	9,10,629	1,50,253	1,76,158	16,572	27,064	17,548	20,139	28,908	26,184	2,630	203		(4,772)	(11,927)	12,25,249	
Results :																	
Operating Profit/(Loss)	69,830	69,683	(4,277)	(468)	748	8,237	7,416	7,083	(4,926)	1,562	2,383	(2,097)	-	-	-	84,000	
Profit/(Loss) on Sale of Investment																	
Interest Income																	
Dividend Income																6,351	
Share in Joint Venture PBT																513	
Interest Expenses																1,563	
Profit before Tax and Exceptional items																(1,191)	
Exceptional items																(46,534)	
Profit before Tax																(38,778)	
Income Tax - Current																31,504	
- MAT Credit Entitlement																51,856	
- Deferred																-	
Net Profit After Tax																31,504	
Less: Share of Minority Interest																16,428	
Net Profit relating to the Group																(740)	
Other Information :																11,259	
Segment Assets	7,60,476	8,41,205	2,58,765	2,61,343	56,509	56,741	28,007	24,789	30,548	27,314	7,132	872	-	-	-	21,861	
Share in Joint Venture																(14,064)	
Unallocated Corporate Assets																7,797	
Total Assets																20,694	
Segment Liabilities	5,17,310	6,10,920	1,44,762	1,30,518	3,231	3,316	2,077	2,051	9,107	8,759	5,324	16,633	-	-	-	11,41,437	
Share in Joint Venture																12,12,264	
Unallocated Corporate Liabilities																-	
Minority Interest																24,417	
Total Liabilities																31,656	
Capital Expenditure	(24,216)	33,953	13,169	16,632	2,812	2,871	3,951	1,322	1,667	1,601	600	177	-	-	-	11,65,854	
Depreciation	9,608	7,111	7,418	8,032	3,064	3,642	1,276	1,566	874	816	374	348	-	-	-	12,43,920	
Non-cash expenditure (excluding Depreciation)																7,72,197	
																-	
																2,41,022	
																1,35,114	
																93,142	
																93,327	
																10,15,975	
																10,00,638	
																-	
																(2,017)	
																56,556	
																22,614	
																21,515	
																8,331	
																5,556	

Particulars	SECONDARY SEGMENTS								Total	
	India		North America		Europe		Rest of the World		Total	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Segment Revenue	11,96,291	10,82,768	23,132	20,109	3,539	37,769	2,287	7,804	12,25,249	11,48,450
Carrying Amounts of :										
Segment Assets	11,50,353	12,30,634	13,711	11,668	1,495	879	295	739	11,65,854	12,43,920
Segment Liabilities	10,08,518	9,93,726	4,912	4,170	120	-	2,425	2,742	10,15,975	10,00,638
Capital Expenditure	(2,017)	56,269	-	287	-	-	-	-	(2,017)	56,556

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

38. Employee Benefit Plans

(i) Defined Contribution Plans

In respect of the defined contribution plans of the Company, an amount of ₹1,998 lakh (2013: ₹1,534 lakh) has been recognised as an expense in the Consolidated Statement of Profit and Loss during the year.

(ii) Defined Benefit Plans

(a) The details of actuarial valuation in respect of Gratuity plan and the Superannuation and other Pension plans, in respect of parent company and domestic subsidiaries and the amounts recognised in the Consolidated Balance Sheet and Consolidated Statement of Profit and Loss, are given below:

Particulars	Gratuity (Funded)		Superannuation and other Pension Plans *	
	2013-14	2012-13	2013-14	2012-13
Present Value of obligations at the beginning of the year #	4,704	4,175	8	31
Current service cost	513	428	-	-
Interest Cost	368	309	1	1
Actuarial loss/(gain)	83	288	(3)	(24)
Benefits paid	(631)	(662)	-	-
Present Value of obligations at the end of the period	5,037	4,538	6	8
Amounts recognized in the Consolidated Balance Sheet				
Projected benefit obligation at the end of the period	5,037	4,538	6	8
Fair value of plan assets at end of the period	4,728	4,335	-	-
Funded status of the plans – (asset)/Liability recognised in the Consolidated Balance Sheet	309	203	6	8
Cost for the period				
Current service cost	513	428	-	-
Interest Cost	368	309	1	1
Expected return on plan assets	(364)	(346)	-	-
Net actuarial (gain)/loss recognised in the period	76	302	(3)	(24)
Past service cost	-	-	-	-
Net Cost recognised in the Statement of Profit and Loss	593	693	(2)	(23)
Assumptions				
Discount rate	8 / 8.25%	8 / 8.25%	8%	8%
Expected rate of planned assets	8%	8%		
Expected rate of salary increases	5 to 8%	5 to 8%		
Attrition rate	1 to 5%	5%	1%	1%

* Nature and extent of investment details of the plan assets and Actual return on plan assets 'includes details of trusts other than those covered under a Scheme of Life Insurance Corporation of India.

Includes balances taken over on Acquisition of Tungabhadra Fertilizers and Chemicals Company Limited and Amalgamation of Liberty Phosphate Limited and Liberty Urvarak Limited.

- (b) In the absence of detailed information regarding Plan assets which is funded with Life Insurance Corporation of India, the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets has not been disclosed. The details of experience adjustments arising on account of plan assets and liabilities as required by paragraph 120(n)(ii) of AS 15 (Revised) on "Employee Benefits" are not readily available in the valuation report and hence, are not furnished.
- (c) In respect of overseas subsidiary companies, Income and Expenses are translated at the average exchange rate for the year. Current assets and liabilities are translated at period end exchange rate. The fixed assets are translated at the rate that prevailed on the date of transactions. Net foreign exchange difference on translation is recognised in the Statement of Profit and Loss.
- (d) Employee benefits pertaining to overseas subsidiaries have been accrued based on their respective labour laws.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)**39. Details of Research and Development expenditure incurred by the Approved Inhouse R & D Centres during the year**

₹ in Lakh

Particulars	2013-14	2012-13
(i) Revenue Expenses:		
(a) Revenue expenses on Research and Development included under various heads of accounts(excluding depreciation and fixed assets scrapped)	795	827
(b) Other Income relating to Research and Development	(41)	(65)
Net Revenue expenses on Research and Development	754	762
(ii) Fixed Assets additions in R & D Centre made during the year	17	170

40. Derivative transactions

The Company uses forward exchange contracts, interest rate swap, currency swap and currency options to hedge its exposure in foreign currency. The information on derivative instruments are as follows:

(a) Outstanding Forward Exchange / Swap contracts entered into by the Group as at March 31, 2014 :

Particulars	Currency	Amount (Foreign Currency million)		Buy/Sell
		2013-14	2012-13	
(i) Forward exchange contracts (net)	USD/INR	19.36	18.86	Sell
	EURO/INR	2.36	2.98	Sell
	USD/INR	398.37	543.74	Buy
(ii) ECB (Swaps) - EID *	USD/INR	3.67	5.00	Buy
(iii) ECB (Swaps) - CIL *	USD/INR	73.33	80.00	Buy

* The swap contract has been entered into to hedge the currency and interest rate risks on the external commercial borrowings of the Company.

- (b) All the foreign exchange forward contracts are designated as cash flow hedges.
- (c) The forward contracts have been entered into to hedge the purchase of raw materials and stock-in-trade and the related buyer's credit and in certain cases the foreign currency trade receivables.
- (d) Details of foreign currency exposures as at the Balance Sheet date that have not been hedged by a derivative instrument or otherwise are given below:

Particulars	Currency	As at March 31, 2014		As at March 31, 2013	
		Foreign currency amount in million	Amount ₹ in lakh	Foreign currency amount in million	Amount ₹ in lakh
Trade payables	USD	23.38	14,013	10.13	5,503
	AED	-	-	33.98	5,022
	EUR	0.19	159	0.21	147
	GBP	-	-	0.01	11
	PHP	-	-	0.12	1
Trade receivables	USD	21.88	13,112	12.06	6,544
	EUR	0	2	0.09	61
Borrowings	USD	16.55	9,919	16.46	8,940
	EUR	0.38	314	1.11	770

* Unhedged exposure relates to Coromandel International Limited.

41. Disclosures in respect of Joint Ventures

Name of the company	Country of incorporation	% of voting power held on March 31, 2014		% of voting power held on March 31, 2013	
		Direct	Indirect	Direct	Indirect
Coromandel Getax Phosphates Pte Ltd., (CGPL)	Singapore		31.30		31.30
Coromandel SQM India Private Limited (CSQMPL)	India		31.30		31.30
Tunisian Indian Fertilisers SA. (TIFERT)	Tunisia		-		9.39

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

42. Employee Stock Option Plan (ESOP)

- (a) Pursuant to the decision of the shareholders of EID Parry (India) Limited, at their meeting held on July 26, 2007, the Company has established an 'Employee Stock Option Scheme 2007'.

Under the Scheme, options not exceeding 89,24,850 equity shares of ₹ 1 each have been reserved to be issued to the eligible employees. Each option comprises one underlying equity share.

As per the Scheme, the Compensation and nomination Committee grants the options to the employees deemed eligible. The exercise price of each option is equal to the latest available closing market price of the shares on the stock exchange where there is highest trading volume as on the date prior to the date of the Compensation and Nomination Committee resolution approving the grant. The options granted under the Scheme would vest not less than one year and not more than five years from the date of grant of the options. The options granted to the employees would be capable of being exercised within a period of three years from the date of vesting.

The difference between the fair price of the share underlying the options granted on the date of grant of option and the exercise price of the option (being the intrinsic value of the option) representing Stock compensation expense is expensed over the vesting period. Since exercise price being equal to the closing market price prevailing on the date prior to the date of grant, there is no deferred compensation cost to be amortised during the current year.

- (b) Employee stock options details as on the balance sheet date (March 31, 2014) are as follows:

Particulars	During the year ended March 31, 2014		During the year ended March 31, 2013	
	No. of Options	Weighted average exercise price per option (In ₹)	No. of Options	Weighted average exercise price per option (in ₹)
Option outstanding at the beginning of the year:	6,40,342	203.66	11,53,654	158.98
Granted during the year:	-	-	-	-
Vested during the year:	2,35,100	238.00	2,85,900	245.60
Exercised during the year:	19,132	88.57	2,65,810	71.59
Cancelled during the year:	2,73,114	236.25	2,47,502	150.99
Lapsed during the year:	-	-	-	-
Options outstanding at the end of the year:	3,48,096	203.66	6,40,342	203.66

- (c) The fair value of the options has been determined under the Black-Scholes model. The assumptions used in this model for calculating fair value are as below:

Assumptions	March 31, 2014	March 31, 2013
Risk Free Interest Rate	8%	8%
Expected Life	4	4
Expected Annual Volatility of Shares	0.46%	0.46%
Expected Dividend Yield	400%	400%

43. Earnings per Share

Particulars	For the Year ended March 31, 2014	For the Year ended March 31, 2013
(A) Profit after Taxation (₹ in Lakh)	7,797	20,694
Number of equity shares of ₹ 1 each outstanding at the beginning of the year	17,57,66,864	17,36,62,476
Add : Number of shares issued pursuant exercise of Employees Stock option	19,132	2,65,810
Add : Number of shares issued to PSIL Shareholders pursuant to merger	-	18,38,578
(a) Number of equity Shares of ₹ 1 each outstanding at the end of the year	17,57,85,996	17,57,66,864
(b) Weighted Average number of Equity Shares	17,57,80,145	17,38,06,933
(c) Diluted shares on account of issue of ESOP granted	-	-
(d) Number of potential equity shares of ₹ 1 each outstanding at the end of the year	17,57,80,145	17,38,06,933
Earnings per Share		
- Basic (₹) (A)/(b)	4.44	11.91
- Diluted (₹) (A)/(d)	4.44	11.91

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)**44. Related Party Disclosure for the year ended March 31, 2014****(a) Associate Company (Investing Company)**

Murugappa Holdings Limited

(b) Joint Venture Entities:

- i) Silkroad Sugar Private Limited (upto December 11, 2012)
- ii) Coromandel Getax Phosphates Pte Ltd. (CGPL)
- iii) Coromandel SQM India Pvt Limited (CSQM)
- iv) Tunisian Indian Fertilisers S.A (TIFERT)

(c) Key Management Personnel (KMP)

- 1. Mr.V Ramesh, Managing Director
- 2. Mr.Ravindra S Singhvi, Managing Director (upto April 10, 2013)
- 3. Mr.Kapil Mehan, Managing Director in Coromandel International Limited
- 4. Mr.D.Kumaraswamy, Managing Director in Parrys Sugar Industries Limited

Note : Related Party Relationships are as identified by the management and relied upon by the auditors.

(d) Transactions with related parties

₹ in Lakh		
Particulars	For the year ended March 31, 2014 Joint venture	For the year ended March 31, 2013 Joint venture
i) Sale of finished goods/raw materials/services		
Coromandel SQM India Pvt Limited (CSQM)	213	119
ii) Purchase of finished goods and services		
Coromandel SQM India Pvt Limited (CSQM)	1,312	1,543
iii) Inter-corporate deposit/ loans given		
Coromandel SQM India Pvt Limited (CSQM)	-	-
Tunisian Indian Fertilisers S.A (TIFERT)	-	2,168
iv) Interest received on Inter-corporate deposit/ loan		
Tunisian Indian Fertilisers S.A (TIFERT)	-	25
v) Subscription to Equity Shares		
Silkroad Sugar Private Limited	-	-
Coromandel SQM India Pvt Limited (CSQM)	-	-
vi) Closing Balance - Debit /(credit)		
Silkroad Sugar Private Limited (SRSPL)	-	-
Coromandel SQM India Pvt Limited (CSQM)	408	197
Tunisian Indian Fertilisers S.A (TIFERT)	-	2,195

44.1 Details of remuneration to Directors are disclosed in the respective financial statements of the company and its subsidiaries.

44.2 During the year, no dividend was paid to Murugappa Holdings Limited (Investing Party) (2013 - ₹ 3,524 Lakh).

44.3 CIL has extended guarantees on behalf of CFL Mauritius Limited and TIFERT. Refer Note 30 (B)(iii) & 30 (B)(iv).

45. Deferred Tax**45.1 Deferred tax liability (Net)**

₹ in Lakh		
Particulars	March 31, 2014	March 31, 2013
Tax effect of items constituting deferred tax liabilities		
On difference between book balance and tax balance of fixed assets	47,255	41,974
Tax effect of items constituting deferred tax assets		
Unabsorbed Depreciation and Business Loss	(17,071)	(5,961)
Provision for Doubtful Debts, Provision for compensated absences and others	(4,272)	(3,865)
Net Deferred Tax liabilities	25,912	32,148

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

45.2 Deferred tax asset (Net)

₹ in Lakh		
Particulars	March 31, 2014	March 31, 2013
Tax effect of items constituting deferred tax liabilities		
On difference between book balance and tax balance of fixed assets	-	(2,472)
Tax effect of items constituting deferred tax assets		
Unabsorbed Depreciation	-	3,073
Net Deferred Tax assets	-	601

46. Additional disclosures related to Consolidated Financial Statements

46.1 Goodwill on consolidation

₹ in Lakh		
Particulars	As at March 31, 2014	As at March 31, 2013
Opening Balance	52,195	47,605
Add: On acquisition of stake in subsidiaries during the year	599	-
Add/ less: Exchange difference during the year on translation of Goodwill of foreign subsidiaries	101	92
Add / Less : Change in goodwill in subsidiaries' books	(12,078)	12,205
Add / Less : Addition or Deletion due to Merger	(2,034)	(6,807)
Less: On disposal of subsidiaries during the year		
	38,783	53,095
Less: Impairment of Investment in subsidiary	-	900
Goodwill at the end of the year	38,783	52,195

46.2 The effect of acquisition of subsidiaries / conversion of Joint Ventures Entity into subsidiary

The effect of acquisition of subsidiaries / conversion of Joint Venture Entity into subsidiary, on the financial position and results as included in the Consolidated Financial Statements, is given below:

₹ in Lakh		
Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Liabilities as at date of acquisition:		
Non-current liabilities	-	15,844
Current liabilities	-	21,574
Assets as at date of acquisition:		
Non-current assets	-	31,475
Current assets	-	34,432
Revenue for the period ended	-	1,866
Expenses for the period ended	-	2,950
Profit/ (loss) before tax for the year ended March 31, 2013	-	(1,022)
Profit/ (loss) after tax for the period ended March 31, 2013	-	(1,051)

47. In respect of previous year ended March 31, 2013, the company had considered unaudited financial statements of TIFERT upto December 31, 2012. On receipt of audited financial statements in the current year, differences arising based on audited financials i.e., loss amounting to ₹ 992 lakh has been adjusted in the current year.

48 Previous year's figures

Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification / disclosure.

In terms of our report attached

For and on behalf of the Board of Directors

For **Deloitte Haskins & Sells**
Chartered Accountants

V. Ramesh
Managing Director

A. Vellayan
Chairman

M.K. Ananthanarayanan
Partner

G. Jalaja
Company Secretary

V. Suri
Chief Financial Officer

Chennai
May 15, 2014

Chennai
May 15, 2014

STATEMENT PURSUANT TO EXEMPTION UNDER SECTION 212(8) OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES FOR THE YEAR 2013-14

₹ in lakhs except Exchange Rate

S. No	Name of subsidiary company	Reporting Currency	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)
1	Coromandel International Limited	INR	-	2,858	220,474	482,901	706,233	944,189	49,438	14,953	34,485	15,089	74,401
2	Parry Chemicals Limited	INR	-	1,000	449	58	1,507	332	311	20	291	-	-
3	CFL Mauritius Ltd	USD	59.92	7,774	7,415	2,104	17,293	-	(110)	-	(110)	-	17,281
4	Coromandel Brasila Ltda	BRL	26.50	471	(520)	86	37	135	(69)	-	(69)	-	-
5	Sabero Organics Gujarat Limited	INR	-	3,385	7,152	47,809	58,346	72,143	3,506	192	3,314	-	852
6	Sabero Europe BV	EURO	73.34	19	(20)	2	1	-	-	-	-	-	-
7	Sabero Australia Pty Ltd	AUD	55.70	30	(44)	17	3	-	(20)	-	(20)	-	-
8	Sabero Organics America SA	BRL	26.50	888	(332)	165	721	24	(63)	-	(63)	-	-
9	Sabero Argentina SA	ARS	9.49	18	(16)	5	7	9	3	-	3	-	-
10	Parry Infrastructure Co. Pvt Ltd	INR	-	500	900	3,946	5,346	2,210	320	103	217	-	1,187
11	Parrys Investments Limited	INR	-	25	54	6	85	6	5	-	5	-	82
12	Parry America Inc	USD	59.92	47	882	2,251	3,180	4,608	339	134	205	-	-
13	Parrys Sugar Limited	INR	-	150	85	1	236	15	14	-	14	-	232
14	Parry Phytoremedies Pvt Ltd	INR	-	1,870	(1,769)	940	1,041	1,272	(575)	-	(575)	-	-
16	US Nutraceuticals LLC	USD	59.92	5,686	-	2,327	8,013	192	8	-	8	137	644
17	Parry Agrochem Exports Ltd	INR	-	5	20	-	25	1	1	-	1	-	24
18	Parrys Sugar Industries Ltd	INR	-	6,752	(5,817)	34,624	35,559	17,252	(3,605)	-	(3,605)	-	5
19	Alagawadi Bireshwar Sugars Pvt Ltd	INR	-	102	(8)	1,371	1,465	-	(1)	-	(1)	-	-
20	Silkroad Sugar Pvt Ltd	INR	-	12,928	(7,510)	41,733	47,151	29	(6,010)	-	(6,010)	-	-
21	La Belle Botanics LLC	USD	59.92	530	(80)	396	846	1,572	(156)	-	(156)	-	-
22	Sabero Organics Mexico S.A De C.V.@	MXN	4.72	2	22	127	151	190	21	-	21	-	-
23	Liberty Pesticides and Fertilisers Ltd	INR	-	75	144	2	221	-	-	-	-	-	-
24	Dare Investments Ltd	INR	-	500	(3)	6	503	-	(2)	-	(2)	-	500

@ Become Subsidiary during the year 2013-14

* (Non-current liabilities + Current liabilities)

(Non-current assets + Current assets)

The Spirit of the Murugappa Group

Integrity

We value professional and personal integrity above all else. We achieve our goals by being honest and straightforward with all our stakeholders. We earn trust with every action, every minute of every day.

Passion

We play to win. We have a healthy desire to stretch, to achieve personal goals and accelerate business growth. We strive constantly to improve and be energetic in everything that we do.

The Five Lights

The values, principles and beliefs that have always guided us and continue to show the way forward.

Responsibility

We are responsible corporate citizens. We believe we can help make a difference to our environment and change lives for the better. We will do this in a manner that befits our size and also reflects our humility.

Quality

We take ownership of our work. We unfailingly meet high standards of quality in both what we do and the way we do it. We take pride in excellence.

Respect

We respect the dignity of every individual. We are open and transparent with each other. We inspire and enable people to achieve high standards and challenging goals. We provide everyone equal opportunities to progress and grow.

Be the energy



murugappa



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

'DARE HOUSE' PARRYS CORNER, CHENNAI-600001
PHONE: +91 44 2530 6789 FAX: + 91 44 2534 0858
www.eidparry.com