



## Coromandel – Transition to Ind AS

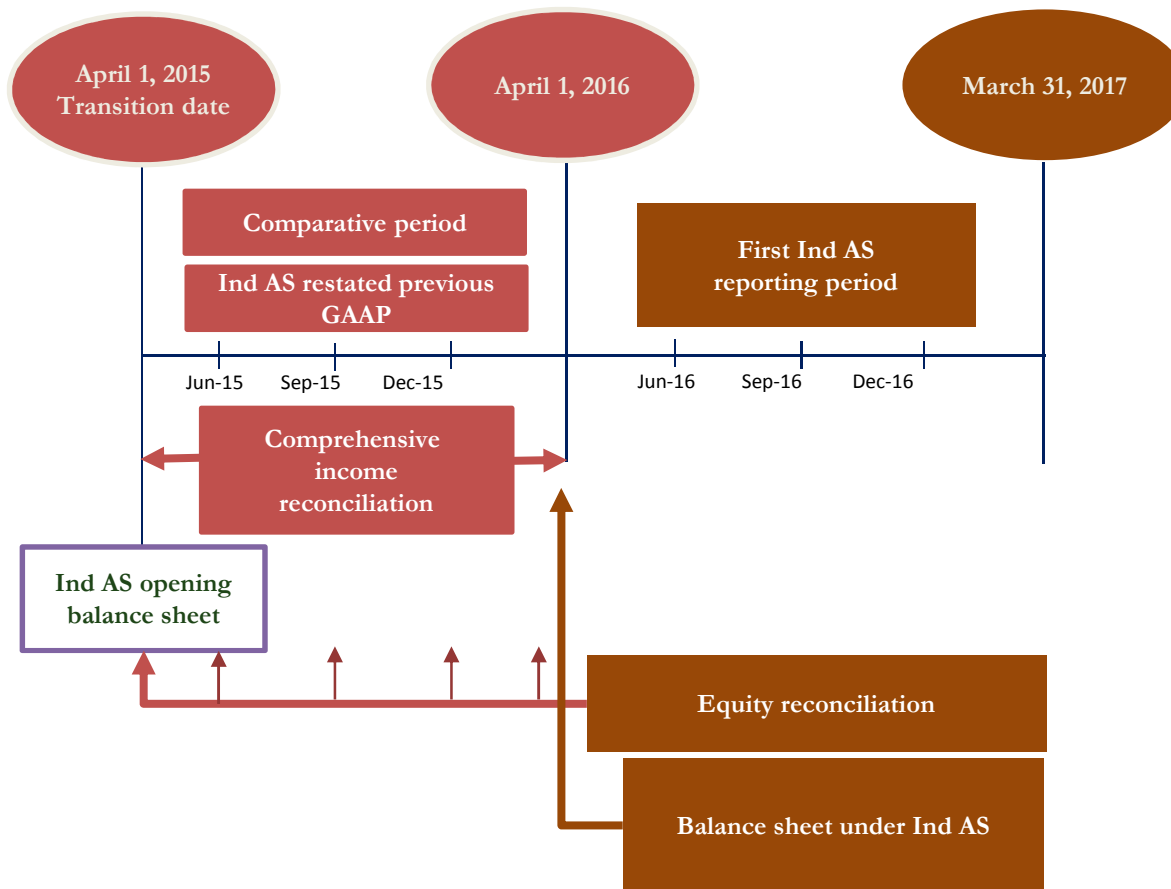
27 July 2016

COROMANDEL INTERNATIONAL LIMITED

## Applicability of Ind AS

- The Institute of Chartered Accountants of India (ICAI) has issued 39 Indian Accounting Standards (Ind AS) which have been notified under the Companies (Indian Accounting Standards) Rule, 2015 (“Ind AS Rules”) of the Companies Act 2013.
- Ind AS has replaced the current Indian GAAP (IGAAP)
- Ind AS is applicable for Coromandel from 1 April 2016 with transition date of 1 April 2015
- Based on SEBI Circular dated July 5, 2016 presentation of Results under **IndAS is mandatory for current quarter (30 June 2016) and corresponding quarter (30 June 2015) and optional for preceding quarter and year end (31 March 2016)**

# Ind AS applicability



Apply accounting policy based on Ind AS effective as of March 31, 2017

## March 31, 2017

Ind AS financial statements for 2016-17 comprising of the following with comparatives:

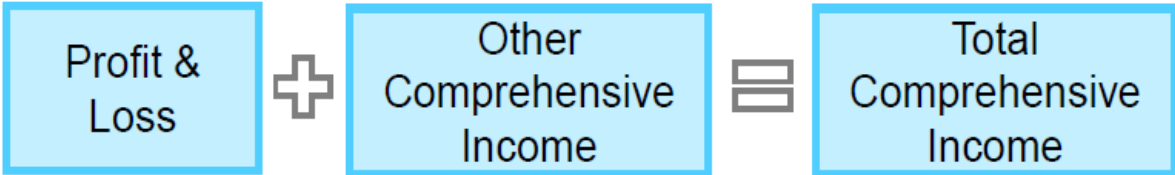
1. Balance sheet as at and statement of changes in equity for the year ending March 31, 2017
2. Statement of profit and loss for the year ending March 31, 2017
3. Statement of cash flows for the year ending March 31, 2017
4. Related notes to accounts for the year ending March 31, 2017
5. Opening balance sheet as of April 1, 2015
6. Disclosures

## Submission of results for quarter ended 30 June 2016:

	3 months ended 30 June 2016	Preceding 3 months ended 31 March 2016	Corresponding 3 months ended in the previous year (30 June 2015)	Previous year ended 31 March 2016
Financial Results - reporting framework	Ind AS	Option to publish Ind AS (else submission not mandatory – the column can be deleted from the format)	Ind AS	Option to publish Ind AS (else submission not mandatory – the column can be deleted from the format)
Limited review or Audit	Mandatory	Optional	Optional	Optional
Reconciliation of net profit or loss from previous GAAP to Ind AS	Not applicable	Optional	Mandatory	Optional

**Coromandel has opted to present all quarters under Ind AS with statutory auditors carrying out limited review of all the periods presented**

# Change in presentation of P&L

I-GAAP	Ind AS
<ul style="list-style-type: none"> <li>▪ Only Profit &amp; Loss</li> </ul>	<ul style="list-style-type: none"> <li>▪ Statement consists of:</li> </ul> <div style="text-align: center; margin: 10px 0;">  <p>The diagram consists of three light blue rectangular boxes. The first box on the left contains the text 'Profit &amp; Loss'. To its right is a plus sign '+'. The second box in the middle contains the text 'Other Comprehensive Income'. To its right is an equals sign '='. The third box on the right contains the text 'Total Comprehensive Income'.</p> </div> <p>Other Comprehensive Income (OCI) consists of:</p> <ol style="list-style-type: none"> <li>a) Items that will remain in OCI &amp; related Income Tax</li> <li>b) Items to be reclassified to P&amp;L &amp; related Income Tax</li> </ol>
<ul style="list-style-type: none"> <li>▪ Earnings per equity share               <ol style="list-style-type: none"> <li>a) Before extraordinary items</li> <li>b) After extraordinary items</li> </ol> </li> </ul>	<ul style="list-style-type: none"> <li>▪ Earnings per equity share will be excluding other comprehensive income under Ind AS</li> </ul>

	Items that will remain in OCI
1	Equity instruments (strategic in nature) fair valued through OCI
2	Actuarial gain/loss on defined benefit plans such as Gratuity
3	Share of Other comprehensive income as reported by Joint ventures, to the extent not to be classified into profit or loss

	Items that will be reclassified to P&L	When transferred to P&L
1	Exchange differences in translating the financial statement of a foreign operation	On disposal of foreign Operation

## Transitional choice made under Ind AS 101 – First time Adoption

- **Fixed assets at previous GAAP carrying amount** as allowed under Ind AS 101
- Option to apply Ind AS 103 for business combinations only on a prospective basis from the date of transition has been chosen. **No change in respect of business combinations of the past periods - Sabero and Liberty**
- **Investments in subsidiaries and joint ventures carried as per previous GAAP**
- Option under Ind AS 101 has been availed **to fair value only the unvested options at the transition date**

- Sales shown gross of excise duty and excise duty presented under expenses
- Cash discounts reduced from sales .
- Actuarial gains and losses on defined benefit plans (Employee benefits - Gratuity) will get accounted in Other comprehensive income
- Derivatives such as foreign currency forwards, options and currency swaps are required to be marked to market.
- Discounting of interest free rental deposit on lease of land.
- Coromandel has identified Strategic investments ( like TIFERT/Foskor) to be measured at fair value through other comprehensive income.



## Significant changes on account of Ind AS

- Joint ventures – SQM, Yanmar, Getax – moved from line by line consolidation to equity method
- Rebates and discounts reduced from receivables
- Leasehold land treated as pre-paid and not included as part of fixed assets
- Change in deferred tax on account of Ind AS adjustments made
- Dividend declared at Board meeting not considered as provision unless approved by the shareholders
- Segment reporting

## Reconciliation for Standalone Profit and Loss

### Recast for FY 16 (Unaudited)

	(Rs. in crores)								
	Quarter ended 30 June 2015			Quarter ended 31 March 2016			Year ended 31 March 2016		
	IGAAP	Ind AS Adj	Ind AS	IGAAP	Ind AS Adj	Ind AS	IGAAP	Ind AS Adj	Ind AS
<b>Income from operations</b>	<b>2,172.67</b>	<b>26.90</b>	<b>2,199.57</b>	<b>3,019.21</b>	<b>26.77</b>	<b>3,045.98</b>	<b>11,500.17</b>	<b>124.81</b>	<b>11,624.98</b>
Total expenses (excluding depreciation and finance costs)	2,081.40	26.68	2,108.08	2,819.00	27.38	2,846.38	10,728.75	130.99	10,859.74
<b>EBITDA</b>	<b>91.27</b>	<b>0.22</b>	<b>91.49</b>	<b>200.21</b>	<b>(0.61)</b>	<b>199.60</b>	<b>771.42</b>	<b>(6.18)</b>	<b>765.24</b>
Depreciation and amortisation expense	25.91	-	25.91	27.23	-	27.23	105.55	-	105.55
<b>EBIT</b>	<b>65.36</b>	<b>0.22</b>	<b>65.58</b>	<b>172.98</b>	<b>(0.61)</b>	<b>172.37</b>	<b>665.87</b>	<b>(6.18)</b>	<b>659.69</b>
Finance cost	59.46	0.22	59.68	57.62	0.21	57.83	219.94	0.97	220.91
Other income	14.84	0.31	15.15	11.95	0.26	12.21	64.20	1.18	65.38
Exceptional item		-	-		-	-	25.00	-	25.00
<b>Profit before tax</b>	<b>20.74</b>	<b>0.31</b>	<b>21.05</b>	<b>127.31</b>	<b>(0.56)</b>	<b>126.75</b>	<b>535.13</b>	<b>(5.97)</b>	<b>529.16</b>
Tax expense	7.11	0.02	7.13	34.93	(0.28)	34.65	173.74	(2.44)	171.30
<b>Profit after tax</b>	<b>13.63</b>	<b>0.29</b>	<b>13.92</b>	<b>92.38</b>	<b>(0.28)</b>	<b>92.10</b>	<b>361.39</b>	<b>(3.53)</b>	<b>357.86</b>

## Impact on Standalone Profit and Loss

- Consequent to transition to Ind-AS, the reconciliation of net profit and other comprehensive income is provided as under, in accordance with the requirements of paragraph 32 of Ind AS 101 - First time Adoption of Ind AS.

Rs. crore

Particulars	Stand-alone results		
	Unaudited		
	Quarter ended		Year ended
	31 March 2016	30 June 2015	31 March 2016
<b>Net Profit under Previous IGAAP</b>	<b>92.38</b>	<b>3.63</b>	<b>361.39</b>
Effect of measuring derivatives at fair value through profit and loss	(1.75)	0.78	(3.99)
Effect of measuring investments at fair value through profit and loss	(0.02)	0.05	0.09
Effect of measuring guarantees issued at fair value	0.28	0.26	1.09
Effect of discounting of long term liabilities	0.09	0.18	(2.51)
Actuarial (gain)/ loss on defined benefit obligation recognised in Other comprehensive income	1.34	-	1.83
Others	(0.49)	(0.96)	(2.47)
Deferred tax adjustments	0.27	(0.02)	2.43
<b>Total for Ind AS adjustments</b>	<b>(0.28)</b>	<b>0.29</b>	<b>(3.53)</b>
<b>Net Profit under Ind AS</b>	<b>92.10</b>	<b>13.92</b>	<b>357.86</b>
Other comprehensive income (net of tax)	(0.88)	-	(51.89)
<b>Total comprehensive income as per Ind AS</b>	<b>91.22</b>	<b>13.92</b>	<b>305.97</b>

## Reconciliation for Consolidated Profit and Loss

### Recast for FY 16 (Unaudited)

	(Rs. in crores)								
	Quarter ended 30 June 2015			Quarter ended 31 March 2016			Year ended 31 March 2016		
	IGAAP	Ind AS Adj	Ind AS	IGAAP	Ind AS Adj	Ind AS	IGAAP	Ind AS Adj	Ind AS
<b>Total income from operations</b>	<b>2,181.18</b>	<b>22.93</b>	<b>2,204.11</b>	<b>3,020.87</b>	<b>25.95</b>	<b>3,046.82</b>	<b>11,521.92</b>	<b>111.90</b>	<b>11,633.82</b>
Total expenses (excluding depreciation and finance costs)	2,088.82	22.39	2,111.21	2,820.47	26.40	2,846.87	10,750.22	116.79	10,867.01
<b>EBITDA</b>	<b>92.36</b>	<b>0.54</b>	<b>92.90</b>	<b>200.40</b>	<b>(0.45)</b>	<b>199.95</b>	<b>771.70</b>	<b>(4.89)</b>	<b>766.81</b>
Depreciation and amortisation expense	26.16	(0.09)	26.07	27.47	(0.11)	27.36	106.50	(0.38)	106.12
<b>EBIT</b>	<b>66.20</b>	<b>0.63</b>	<b>66.83</b>	<b>172.93</b>	<b>(0.34)</b>	<b>172.59</b>	<b>665.20</b>	<b>(4.51)</b>	<b>660.69</b>
Finance cost	59.82	0.10	59.92	56.74	0.06	56.80	220.36	0.58	220.94
Other income	15.35	0.25	15.60	11.58	0.21	11.79	65.57	0.92	66.49
Exceptional item	-	-	-	-	-	-	25.00	-	25.00
<b>Profit before tax</b>	<b>21.73</b>	<b>0.78</b>	<b>22.51</b>	<b>127.77</b>	<b>(0.19)</b>	<b>127.58</b>	<b>535.41</b>	<b>(4.17)</b>	<b>531.24</b>
Tax expense	7.26	(0.05)	7.21	35.09	(0.35)	34.74	174.43	(2.81)	171.62
<b>Profit after tax</b>	<b>14.47</b>	<b>0.83</b>	<b>15.30</b>	<b>92.68</b>	<b>0.16</b>	<b>92.84</b>	<b>360.98</b>	<b>(1.36)</b>	<b>359.62</b>
Share of profit/(loss) in joint ventures		(0.56)	(0.56)		(0.44)	(0.44)		(2.18)	(2.18)
Minority interest		-			-			-	
<b>Profit after minority interest</b>	<b>14.47</b>	<b>0.27</b>	<b>14.74</b>	<b>92.68</b>	<b>(0.28)</b>	<b>92.40</b>	<b>360.98</b>	<b>(3.54)</b>	<b>357.44</b>

## Impact on Consolidated Profit and Loss

- Consequent to transition to Ind-AS, the reconciliation of net profit and other comprehensive income is provided as under, in accordance with the requirements of paragraph 32 of Ind AS 101 - First time Adoption of Ind AS.

Rs. crore

Particulars	Consolidated results		
	Unaudited		
	Quarter ended		Year ended
	31 March 2016	30 June 2015	31 March 2016
<b>Net Profit under Previous IGAAP</b>	<b>92.68</b>	<b>14.47</b>	<b>360.98</b>
Effect of measuring derivatives at fair value through profit and loss	(1.75)	0.78	(3.99)
Effect of measuring investments at fair value through profit and loss	(0.02)	0.05	0.09
Effect of measuring guarantees issued at fair value	0.28	0.26	1.09
Effect of discounting of long term liabilities	0.09	0.18	(2.51)
Actuarial (gain)/ loss on defined benefit obligation recognised in Other comprehensive income	1.34	-	1.83
Others	(0.49)	(0.96)	(2.47)
Deferred tax adjustments	0.27	(0.04)	2.42
<b>Total for Ind AS adjustments</b>	<b>(0.28)</b>	<b>0.27</b>	<b>(3.54)</b>
<b>Net Profit under Ind AS</b>	<b>92.40</b>	<b>14.74</b>	<b>357.44</b>
Other comprehensive income (net of tax)	(2.95)	7.03	24.75
<b>Total comprehensive income as per Ind AS</b>	<b>89.45</b>	<b>21.77</b>	<b>382.19</b>

## Details of adjustments

Ind AS #	Name of standard	Category	Impact
Ind AS 109	Financial instruments	<ul style="list-style-type: none"> <li>Foreign exchange forward and option contracts</li> <li>Currency swap</li> </ul>	<ul style="list-style-type: none"> <li>Financial</li> <li>Financial</li> </ul>

Particulars	Accounting method adopted in IGAAP	Accounting method adopted in Ind AS
<b>Forward covers</b> and options	Forward covers are reinstated as per AS 11 ( <b>Premium Amortisation Method</b> ).	All FX forward contracts to be reinstated on <b>MTM basis</b> .
<b>Currency and interest swap</b> of long-term loans	The long-term loan and the currency swap to hedge the loan are <b>taken together</b> . Both the derivative and the underlying loan are considered as a <b>single package</b> .	Synthetic accounting not permitted  Currency swaps to be <b>valued on MTM basis</b> .

Rs crores

Particulars	Stand-alone			Consolidated		
	Quarter ended 31 March 2016	Quarter ended 30 June 2015	Year ended 31 March 2016	Quarter ended 31 March 2016	Quarter ended 30 June 2015	Year ended 31 March 2016
Effect of measuring derivatives at fair value through profit and loss	(1.75)	0.78	(3.99)	(1.75)	0.78	(3.99)

## Investments at fair value through P&L

Ind AS #	Name of standard	Category	Impact
Ind AS 109	Financial instruments	<ul style="list-style-type: none"> <li>Investment in Subsidiaries &amp; JV</li> <li>Traded &amp; Current Investment</li> <li>Strategic Investments</li> </ul>	<ul style="list-style-type: none"> <li>No impact</li> <li>Fair value thru P&amp;L</li> <li>Fair value thru OCI</li> </ul>

Particulars	Accounting method adopted in IGAAP	Accounting method adopted in Ind AS
Valuation of current investments	Investments valued at <b>lower of cost and fair value</b>	<ul style="list-style-type: none"> <li>It is required to <b>fair value the investments</b>.</li> <li>Coromandel has chosen to measure the changes in the <b>fair value of non-strategic investments through P&amp;L</b>.</li> </ul>

Rs crores

Particulars	Stand-alone			Consolidated		
	Quarter ended 31 March 2016	Quarter ended 30 June 2015	Year ended 31 March 2016	Quarter ended 31 March 2016	Quarter ended 30 June 2015	Year ended 31 March 2016
Effect of measuring investments at fair value through profit and loss	(0.02)	0.05	0.09	(0.02)	0.05	0.09



Ind AS #	Name of standard	Category	Impact
Ind AS 109	Financial instruments	<ul style="list-style-type: none"> <li>Guarantee issued to TIFERT</li> </ul>	<ul style="list-style-type: none"> <li>Financial</li> </ul>

Particulars	Accounting method adopted in IGAAP	Accounting method adopted in Ind AS
Accounting	Guarantee amount is <b>disclosed as contingent liability</b>	Guarantee is <b>fair valued and recognised as income</b> over the tenure

Rs crores

Particulars	Stand-alone			Consolidated		
	Quarter ended 31 March 2016	Quarter ended 30 June 2015	Year ended 31 March 2016	Quarter ended 31 March 2016	Quarter ended 30 June 2015	Year ended 31 March 2016
Effect of measuring guarantees issued at fair value	0.28	0.26	1.09	0.28	0.26	1.09

## Long-term liabilities – rent deposit for land

Ind AS #	Name of standard	Category	Impact
Ind AS 109	Financial instruments	<ul style="list-style-type: none"> <li>Interest free rental deposit</li> </ul>	<ul style="list-style-type: none"> <li>Financial</li> </ul>

Particulars	Accounting method adopted in IGAAP	Accounting method adopted in Ind AS
Accounting	Interest is not accounted for rental deposits.	<ul style="list-style-type: none"> <li>Entity is required to <b>fair value the rental deposits</b>.</li> <li>In such case the <b>excess of deposit over its fair value</b> will be considered as <b>prepaid rent</b> and will be amortized over the period of deposit on straight line basis.</li> <li>On a related note, <b>interest will be accreted on the fair value</b> recognized on inception to bring the fair value to the deposit amount that will be repaid.</li> </ul>

Rs crores

Particulars	Stand-alone			Consolidated		
	Quarter ended 31 March 2016	Quarter ended 30 June 2015	Year ended 31 March 2016	Quarter ended 31 March 2016	Quarter ended 30 June 2015	Year ended 31 March 2016
Effect of discounting of long term liabilities	0.09	0.18	(2.51)	0.09	0.18	(2.51)

Ind AS #	Name of standard	Category	Impact
Ind AS 19	Employee benefits	<ul style="list-style-type: none"> <li>Actuarial gains or losses on defined benefit obligation</li> </ul>	<ul style="list-style-type: none"> <li>Financial</li> </ul>
		<ul style="list-style-type: none"> <li>Accounting for ESOP</li> </ul>	<ul style="list-style-type: none"> <li>Financial – Not significant</li> </ul>

Particulars	Accounting method adopted in IGAAP	Accounting method adopted in Ind AS
Accounting	<b>Actuarial gains or losses</b> on defined benefit obligation such as Gratuity is recognised in <b>P&amp;L</b>	<b>Actuarial gains or losses</b> on defined benefit obligation such as Gratuity is recognised in <b>'other comprehensive income'</b>
Accounting	<b>ESOP</b> were accounted using <b>intrinsic value method. Disclosure provided based on fair value</b>	<b>ESOP</b> are accounted using <b>fair value method</b>

Rs crores

Particulars	Stand-alone			Consolidated		
	Quarter ended 31 March 2016	Quarter ended 30 June 2015	Year ended 31 March 2016	Quarter ended 31 March 2016	Quarter ended 30 June 2015	Year ended 31 March 2016
Actuarial (gain)/ loss on defined benefit obligation recognised in OCI	1.34	-	1.83	1.34	-	1.83

# Accounting for JV

	Standard reference	Requirement
Investments/ consolidation	IndAS 28.16	<p>Currently, joint ventures are consolidated using <b>proportionate consolidation method</b> by adding <b>line by line balances proportionately</b>.</p> <p>Under IndAS, Coromandel's JVs would be accounted under the <b>equity method</b> which is a <b>single line method of consolidation</b>.</p>

Name of the entity	% of voting	Current method	Proposed method
Coromandel Getax Phosphates Pte Ltd.	50	Proportionate consolidation	Equity method
Coromandel SQM (India) Pvt Limited	50	Proportionate consolidation	Equity method
Yanmar Coromandel Agrisolutions Private Limited	40	Proportionate consolidation	Equity method

## Other comprehensive income

Rs. crore

Particulars	Stand-alone results			Consolidated results		
	Quarter ended 31 March 2016	Quarter ended 30 June 2015	Year ended 31 March 2016	Quarter ended 31 March 2016	Quarter ended 30 June 2015	Year ended 31 March 2016
<b>Other comprehensive income:</b>						
Effect of measuring investments at fair value	-		(64.34)	(3.50)	8.75	13.24
Deferred tax adjustment	0.46		14.28	1.17	(1.78)	5.80
Employee benefits – actuarial gains and losses	(1.34)		(1.83)	(1.34)	-	(1.83)
Exchange differences on translation of foreign operations	-	-	-	0.72	0.06	7.54
<b>Total Other comprehensive income (net of tax)</b>	<b>(0.88)</b>		<b>(51.89)</b>	<b>(2.95)</b>	<b>7.03</b>	<b>24.75</b>

## Investments at fair value through OCI

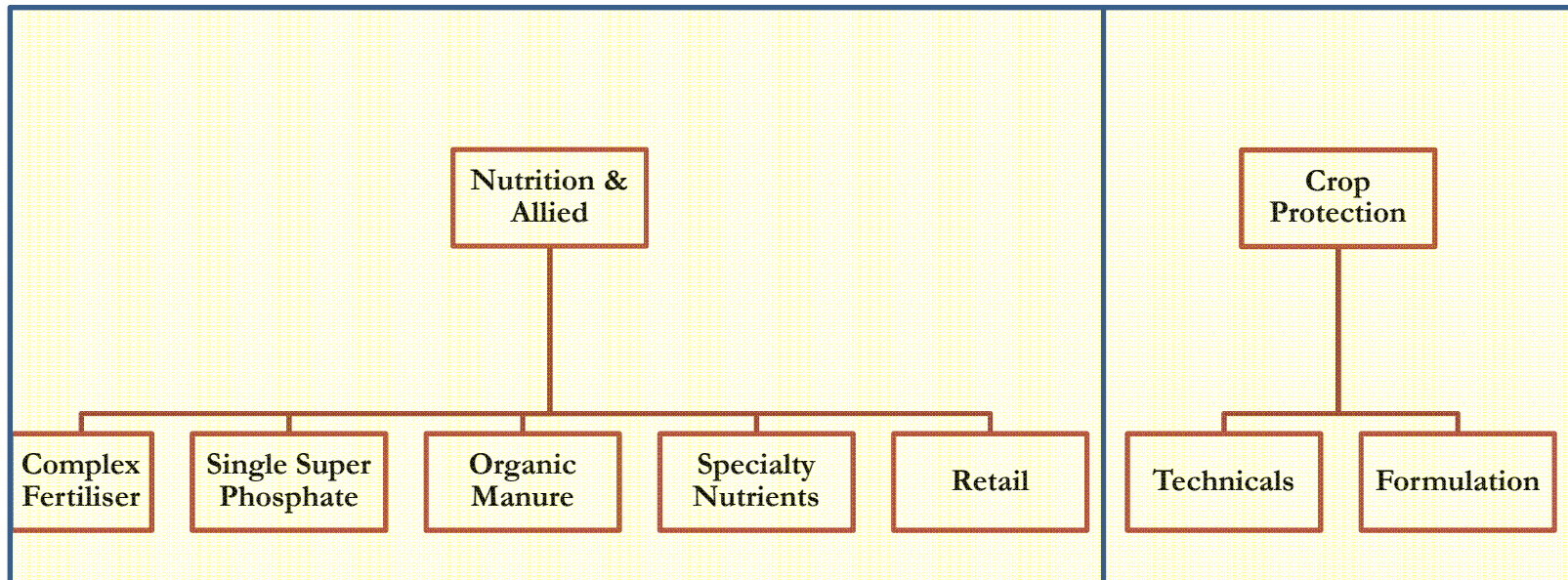
Ind AS #	Name of standard	Category	Impact
Ind AS 109	Financial instruments	<ul style="list-style-type: none"> <li>Investment in Subsidiaries &amp; JV</li> <li>Strategic Investments</li> <li>Traded &amp; Current Investment</li> </ul>	<ul style="list-style-type: none"> <li>No impact</li> <li>Fair value thru OCI</li> <li>Fair value thru P&amp;L</li> </ul>

Particulars	Accounting method adopted in IGAAP	Accounting method adopted in Ind AS
Valuation of long-term investments	Long-term investments valued at <b>cost less permanent diminution</b> in value	<ul style="list-style-type: none"> <li>It is required to <b>fair value the investments</b>.</li> <li>Coromandel has <b>chosen to measure the changes</b> in the fair value of strategic investments through 'other comprehensive income'.</li> </ul>

Rs crores

Particulars	Stand-alone			Consolidated		
	Quarter ended 31 March 2016	Quarter ended 30 June 2015	Year ended 31 March 2016	Quarter ended 31 March 2016	Quarter ended 30 June 2015	Year ended 31 March 2016
Effect of measuring investments at fair value	-	-	(64.34)	(3.50)	8.75	13.24

# Segmentation



## Disclaimer

Some of the statements in this communication may be forward looking statements within the meaning of applicable laws and regulations. Actual results might differ substantially from those expressed or implied.

The objective of this communication is to provide broad information on the impact of transition to Ind AS on the Company's financials. The information presented in this communication includes un-audited draft of Ind AS restated financial statements based on our current best estimates or interpretation and may be affected by business or other changes or by changes to Ind AS or the interpretation thereof published/notified hereafter.

Important developments that could affect the Company's operations include changes in the industry structure, significant changes in political and economic environment in India and overseas, tax laws, regulations, import duties, litigation and labour relations.



**Thank You**