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Zuari Agro Chemicals Limited

8th ANNUAL REPORT
2016 - 2017

DIRECTORS	:	Mr. Saroj Kumar Poddar, Chairman
		Mr. Kapil Mehan, Managing Director
		Mr. Akshay Poddar
		Mr. Gopal Krishna Pillai
		Mr. J. N. Godbole
		Ms. Kiran Dhingra
		Mr. Marco Wadia
		Mr. N. Suresh Krishnan
SENIOR MANAGEMENT	:	Mr. Naveen Kapoor, President Agri-Business
		Mr. V. K. Sinha, Joint President - Strategy, Excellence & Sustainability, Agri Business
		Mr. R. S. Chugh, Chief Manufacturing Officer
		Mr. V. Seshadri, Vice President - Strategic Finance
		Mr. R. Y. Patil, Vice President & Company Secretary
		Mr. Sandeep Agrawal, Chief Financial Officer
BANKERS	:	State Bank of India
		HDFC Bank Limited
		Corporation Bank
		Canara Bank
		Axis Bank
		IDBI Bank
LEGAL ADVISERS	:	Khaitan & Co., Kolkata
STATUTORY AUDITORS	:	S. R. Batliboi & Co. LLP, Chartered Accountants, New Delhi
REGISTERED OFFICE	:	Jai Kisaan Bhawan, Zuarinagar, Goa 403 726.
		Tel: (0832) 2592180/81 Fax: (0832) 2555279
		CIN - L65910GA2009PLC006177
		Website: www.zuari.in

Notice of the Annual General Meeting is being sent separately through permitted mode as required under the Companies Act, 2013 and Rules made thereunder.

DIRECTORS' REPORT

To the Members,

1. Your Directors place before you the Eighth Annual Report of the Company together with Statement of Accounts for the accounting year ended 31st March, 2017.

2. **Financial Highlights:**

₹ In Crores

Particulars	Standalone		Consolidated	
	Current Year 2016-17	Previous Year 2015-16	Current Year 2016-17	Previous Year 2015-16
Profit /(Loss) for the year before depreciation , exceptional item and taxation	129.34	21.44	87.64	(214.69)
Less : Depreciation for the year	34.61	32.02	77.61	65.51
Exceptional Expenses	64.33	26.09	64.33	26.09
Share of Profit / (Loss) of an associate and a joint venture			32.52	18.27
Profit/(loss) before tax	30.40	(36.67)	(21.80)	(157.00)
Less : Provision for taxation – Current Tax	6.30	-	(13.88)	-
Income Tax Credit of earlier years		-	-	0.05
MAT Credit	(6.30)	-	13.18	-
Deferred Tax Charges (Credit)	(10.81)	27.64	(21.35)	33.89
Profit/(loss) after tax	19.59	(9.03)	(43.85)	(123.06)
Other Comprehensive Income	13.88	1.46	12.19	(24.29)
Total Comprehensive Income /(Loss)	33.47	(7.57)	(31.66)	(147.34)
Proposed Dividend : ₹1 (PY Nil)	42.06	-	-	-
Tax on Proposed Dividend (including surcharges)	0.86	-	-	-
Earnings per equity shares (EPS)	₹ 4.66	₹ (2.15)	₹ (12.59)	₹ (27.40)

A. Review of Operations:

The revenue from operations (Standalone) for the year ended 31st March, 2017 was ₹3932.50 crore as compared to ₹ 5280.11 crore for the previous year ending 31st March, 2016.

The Profit before tax for the year ended 31st March, 2017 was ₹ 30.40 crores as compared to Loss of ₹ 36.67 crores for the year ending 31st March, 2016. The Profit after Tax stood at ₹ 19.59 Crores for the year ending 31st March, 2017 as compared to loss of ₹ 9.03 crores for the previous year.

The Gross revenue from operations (Consolidated) for the year ended 31st March, 2017 was ₹ 6415.43 crores as compared to ₹ 7640.63 crores for the previous year.

The Consolidated Loss before tax for the year ended 31st March, 2017 was ₹ 21.80 crores as compared to Loss of ₹ 157.00 crores for the year ending 31st March, 2016. The Loss after Tax stood at ₹ 43.85 crores for the year ending 31st March, 2017 as compared to a Loss of ₹ 123.06 crores for the previous year.

There were no material changes and commitments affecting the financial position of the Company between the end of the financial year to which the financial statements relates and the date of the approval of the Directors Report.

B. Reserves:

An amount of ₹ 52.25 crores is retained as Net Surplus in the statement of Profit and Loss for the year ended 31st March 2017, as against ₹ 31.70 crores which was retained as Net Surplus in the statement of Profit and Loss for the year ended 31st March 2016.

3. Dividend:

The Board of Directors recommended a dividend of ₹ 1/- per equity share of ₹ 10/- each.

4. Capital Projects:

The Company is embarking on an Integrated Revamp of the Ammonia–Urea–Steam & Power Generation facilities. During the financial year, M/s Casale, Switzerland the Process Licensor (for Ammonia & Urea processes) have completed the Basic Engineering Package Development (BEDP) and the final Package Documentation was received in July 2016. The major deliverables of the project are (a) Increase in Production Capacities, (b) Substantial Reduction in Specific Energy Consumption, (c) Pollution Abatement, Reduction in Carbon Footprint and Conservation of Natural Resources, (d) Improved Reliability & Efficiency of Plant's Equipments & Machinery.

The Production Capacity of the Urea Plant would increase to 1800 MTPD (1200 MTPD (Prills) + 600 MTPD (Granules). The guaranteed Annual Urea Specific Energy Consumption would be around 5.39 GCal/MT. The Company is currently working on the next phase of the Project viz. Financial Closure & Award of EPC Contract and preparation of invitation to bid documents by Project & Development India Limited (PDIL). The Estimated Overall Project Cost is ₹ 1300 Crores.

As a part of sustenance maintenance / improving reliability of the plant, the Convection Coils and the Transfer Line downstream of the Primary Reformer on the Flue gas side and the Process side respectively are being replaced. The Convection Coils and the Transfer Line are currently under fabrication by M/s Heurtey & M/s L&T respectively. They are expected to be installed at site in April, 2018. The cost of both these items is approximately ₹ 50 Crores.

Your Company is in the process of Retrofitting the NPK Plant 'B' with Dual Mole Scrubbing System with USA technology of M/s Jacobs. This would enable the Emissions from the Plant well below the CPCB/SPCB norms even at higher rate of production. The Detailed Engineering was carried out by M/s Jacobs, Mumbai. The Mechanical jobs is near to completion. The Commissioning is expected to be accomplished by the end of May, 2017.

The mechanized system for Muriate of Potash (MOP) handling within the plant premises is completed. The Silo and its related equipment and the related conveyor system to the individual plant is already in operation. This has improved the logistics as well as the consumption efficiency. There will be reduction in the downtime due to regular potash availability.

The project for replacement of the pressurized storage of Liquid Ammonia in Horton Spheres with the Atmospheric Ammonia Storage Tank (AAST) will be expedited now along with the ammonia plant revamp. Techno–commercial offers for EPC based execution are already evaluated. The various statutory clearances required are being obtained. It is expected that the Tank will be ready for commissioning along with the Revamped Ammonia plant commissioning.

5. Conservation of Energy/Technology Absorption/Foreign Exchange Earnings and Outgo:

A. Conservation of Energy:

The Company did not take any major initiatives for conservation of energy, during the financial year. However, the Company with steady plant operations produced additional Urea beyond Re-assessed capacity and also surplus technical ammonia which resulted in reduction in overall energy of urea and also savings of valuable foreign exchange.

B. Technology Absorption:

The Company did not absorb any new Technology hence no expenditure on Research and Development for Technology absorption was incurred during the financial year.

C. Foreign Exchange Earnings and Outgo:

The expenditure in foreign currency for the year ended 31st March, 2017 was ₹ 43.98 crores as compared to ₹ 13.55 crores during the previous year. The foreign exchange earnings for the year ended 31st March, 2017 was ₹ 0.41 crores as compared to ₹ 1.35 crores during the previous year.

6. Environment and Safety:

The Company continues its environment and safety initiatives and has successfully implemented internationally recognized Environment & Safety Standards and is an ISO 14001: 2004 and OHSAS 18001:2007 certified organization. The Certification process was carried out by TUV Nord. Surveillance audit of OHSAS:18001:2007 & ISO:14001:2004 was conducted & is in line with the certificate.

The Company's Fertilizer Plant continues to be a 'Zero Effluent Discharge Plant' since 1990 and the man-made green belt around the Complex continues to flourish and attract a variety of birds and animals.

As reported earlier, the Company's policy is to continuously improve the surrounding environment. It has installed and commissioned a continuous online Ambient Air Quality Monitoring Station and online continuous Stack Monitoring System for the Utilities Boiler Stack, Reformer stack of Ammonia plant, DG stack and the Fume stack of NPK-A Plant. It has also installed and commissioned a flow meter and camera for continuous online final effluent monitoring system.

The company received excellence certification for 'Protect & Sustain" stewardship from International Fertiliser Association in the month of December 2016.The certification process was carried out by M/s. SGS India Private Limited.

Your Company continues its community awareness programmes on the 'Do's and Don'ts in case of ammonia gas leakage' for the students/teachers of the neighbouring schools, employees and port users of Mormugao Port Trust and the general public. Community awareness programme on road safety was conducted for the school teachers at Zuarinagar as part of National Road Safety Week-2017. For employees and staff of Mormugao Port Trust, two training programs were conducted on the precautions to be taken against ammonia gas leakage.

The company conducts various promotional activities related to Safety, Health & Environment during National Safety Week, Road Safety Week & Fire Service Day. Quiz & Poster contest, live demonstration of fire fighting techniques, domestic & household safety for the students of neighbouring schools, employees' children and people residing in surrounding community are taken up during those days. The Company also conducts campaigns through FM Radio on 'Do's and Don'ts in case of ammonia gas leakage'.

The Green Triangle Society, Goa in association with the Inspectorate of Factories & Boilers have awarded "Gomant Uchcha Suraksha Puraskar" to the Company for the Outstanding Safety Performance in Occupational Safety, Health & Environment.

As part of the safety performance following parameters were considered:

- Health & Safety Management s ystems
- Workers participation in Health & Safety
- Health & Safety Training
- Work Permit, tag out & lock out systems
- Internal & External Safety auditing, review process
- Promotion of safety & health at work place
- Community awareness programs
- Safety of the contract workers
- On Site Emergency Plan, mock drills

7. Industrial Relations:

Cordial and conducive working conditions prevailed amongst the Company employees and the contract workmen. Contract Labour Union have signed the wage settlements with the contractor in Bagging, Maintenance and Production Sections. For Canteen Contract Labour, Wage Settlement/Voluntary Separation Scheme (VSS) discussions are in progress.

8. Extract of the Annual Return:

Pursuant to the provisions of Section 92 of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014, the extract of the Annual Return as on 31st March, 2017 is enclosed as **Annexure 'E'** to the Directors' Report.

9. Related Party Transactions:

All related party transactions that were entered into during the financial year, u/s 188 of the Companies Act, 2013 were on an arm's length basis. All related party transactions are approved by the Audit Committee and the Board of Directors. The details of material Related Party transactions in Form AOC-2 are enclosed as **Annexure G.** There were no materially significant related party transactions made by the Company with the Promoters, Directors, Key Managerial Personnel which may have a potential conflict with the interest of the Company at large.

10. Particulars of Loans, Guarantees or Investments:

The details of Loans, Corporate Guarantees and Investments made during the year under the provisions of Section 186 of the Companies Act, 2013 are given in Note No. 42 of the financial statements.

11. Nomination & Remuneration Policy and Disclosures on Remuneration:

The Board on the recommendation of the Nomination & Remuneration Committee has framed a policy for selection, appointment and remuneration of Directors, Key Managerial Personnel and employees in the Senior Management. More details of the same including the composition of the Committee are given in the Report on Corporate Governance enclosed as **Annexure - A** to this report.

The nomination and remuneration policy is displayed on the Company's website. The weblink for the same is : www.zuari.in/corporate-governance.

The disclosure related to the employees under Section 197 read with Rule 5 (1) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is attached as **Annexure 'I'** to this Report.

The information required pursuant to Section 197 (12) of the Companies Act, 2013 read with Rule 5(2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, will be provided upon request by the shareholders.

The Report and Accounts pursuant to Section 136 of the Companies Act, 2013 are being sent to the Members and others entitled thereto, excluding the information on employees' particulars which is available for inspection by the Members at the Registered Office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General Meeting. If any Member is interested in obtaining a copy thereof, such Member may write to the Company in this regard.

12. Risk Management :

The Company has constituted a Risk Management Committee with the objective to monitor and review the risk management plan for the Company including identification therein of elements of risks, if any, which may threaten the existence of the Company and such other functions.

The Risk Management Committee consists of the following members :

Mr. Kapil Mehan

Mr. N. Suresh Krishnan

Mr. J.N. Godbole

Mr. Marco Wadia

Mr. V. Seshadri

Mr. R.Y. Patil

13. Vigil Mechanism/Whistle Blower Policy:

The Company in accordance with the provisions of Section 177(9) of the Companies Act, 2013 and Regulation 22 of SEBI (LODR) Regulations, 2015 has established a vigil mechanism for directors and employees to report genuine concerns to the management viz. instances of unethical behavior, actual or suspected, fraud or violation of the Company's Code of Conduct or Ethics Policy. The Company has also formulated a Whistle Blower Policy (" Policy") which provides for adequate safeguard against victimization of persons and has a provision for direct access to the Chairperson of the Audit Committee. The Company has not denied any person from having access to the Chairman of the Audit Committee.

14. Corporate Social Responsibility('CSR'):

The Board of Directors has constituted a CSR Committee and also approved the CSR Policy. CSR Committee comprises of two Independent Directors, one Executive Director and one Non-Executive Director. The Board has designated Mr. R.Y.Patil, Vice President & Company Secretary as Secretary of the Committee. During the year under review, 3 meetings of the Committee were held on 13th May, 2016, 9th September, 2016 and 22nd March, 2017.

The Composition of Committee & their attendance at the meetings are as follows:

Names of the members	Status	Nature of Directorship	No. of meetings attended
Gopal Krishna Pillai	Chairman	Non Executive Independent Director	3
J N Godbole	Member	Non Executive Independent Director	3
Kapil Mehan	Member	Managing Director	3
Akshay Poddar	Member	Non Executive Director	1

The policy is displayed on the Company's website. The weblink for the same is : www.zuari.in/corporate-governance.

The CSR Committee formulates and recommends to the Board a CSR Policy which shall indicate the activities to be undertaken by the Company, as specified in Schedule VII of the Companies Act, 2013. The Committee also recommends the amount of expenditure to be incurred on the CSR activities and monitors the CSR Policy of the Company from time to time.

The detailed report on CSR activities as required under The Companies (Corporate Social Responsibility Policy) Rules, 2014 is attached as Annexure 'H' to this report.

15. Directors and Key Managerial Personnel:

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 25 of SEBI (LODR) Regulations, 2015.

In accordance with the provisions of Regulation 25(7) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the company organizes familiarization programme for Independent Directors as and when required.

Mr. Akshay Poddar retires by rotation at the forthcoming Annual General Meeting and is eligible for re-appointment. A brief profile and details of other directorships of Mr. Akshay Poddar are given in the Report on Corporate Governance attached as **Annexure 'A'** to this report.

Corporate Governance Report also contains other information on the Directors, Board and Committee Meetings.

Mr. V. Seshadri resigned as Chief Financial Officer and Key Managerial Personnel w.e.f 1st July,2016.

Mr. Kapil Mehan, Managing Director, Mr. Sandeep Agrawal- Chief Financial Officer (w.e.f 1st July 2016) and and Mr. R.Y. Patil, Vice President & Company Secretary have been designated as Key Managerial Personnel in accordance with provisions of Section 203 (1) of the Companies Act, 2013.

16. Performance Evaluation:

Pursuant to the provisions of the Sections 134, 178 and Sch. IV of the Companies Act, 2013 and Regulation 17 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the following performance evaluations were carried out;

a. Performance evaluation of the Board, Chairman and non-Independent Directors by the Independent Directors;
b. Performance evaluation of the Board, its committees and Independent Directors by the Board of Directors; and
c. Performance evaluation of every director by the Nomination and Remuneration Committee.

The details of Annual Performance evaluation carried out are given in the Corporate Governance Report attached as **Annexure 'A'** to this report.

17. a. Board Meetings:

During the year under review, five Board meetings were held on 13th May, 2016, 9th September, 2016, 21st October, 2016, 27th January, 2017 and 22nd March, 2017. The details of the composition of the Board and attendance of the Directors at the Board Meetings, are provided in the Corporate Governance Report.

b. Audit Committee:

During the year under review, seven Audit Committee Meetings were held and all the recommendations of the Audit Committee were accepted by the Board. The details of the composition of the Audit Committee and details of committee meetings are given in the Corporate Governance Report.

18. Fixed Deposits:

The Company has not accepted fixed deposits in the past or during the year.

19. Details of significant and material orders passed by the regulators or courts:

There are no significant material orders passed by the courts/regulators or tribunals impacting the going concern status and company's operations in future. The details pertaining to various demand notices from various statutory authorities are disclosed in Note No. 32 (b) of financial statements under the heading – Contingent Liabilities.

20. Adequacy of internal financial controls with reference to financial statements:

The company has adequate systems of internal control in place, which is commensurate with its size and the nature of its operations. The Company has designed and put in place adequate Standard Operating Procedures and Limits of Authority Manuals for conduct of its business, including adherence to Company's policies, safeguarding its assets, prevention and detection of fraud and errors, accuracy and completeness of accounting records and timely preparation of reliable financial information.

These documents are reviewed and updated on an ongoing basis to improve the internal control systems and operational efficiency. The Company uses a state-of-the-art ERP (SAP) system to record data for accounting and managing information with adequate security procedure and controls.

21. Disclosure Requirement:

Your Company has complied with all the mandatory SEBI Listing Regulations. The Report on Corporate Governance is enclosed as **Annexure 'A'** to this report. A Certificate on compliance of Corporate Governance by a Practicing Company Secretary is enclosed as **Annexure 'B'**. Declaration by the Managing Director is enclosed as **Annexure 'C'**, the Management Discussion and Analysis is enclosed as **Annexure 'D'** and Secretarial Audit Report is enclosed as **Annexure 'F'** to this report.

22. Statutory Auditors:

As per section 139 of the Companies Act, 2013 and Rules made thereunder, M/s. S.R. Batliboi & Co. LLP, Chartered Accountants, New Delhi, were appointed as Statutory Auditors from the conclusion of the Seventh Annual General Meeting till the conclusion of the Twelfth Annual General Meeting subject to ratification by the members at every Annual General Meeting. The Board, based on the recommendation of the Audit Committee recommends ratification of appointment of M/s. S.R. Batliboi & Co. LLP as Statutory Auditors of the Company and authorizes the Board to fix the remuneration for the year 2017-18. The Standalone Audit Report does not contain any qualification, reservation or adverse remark or disclaimer made by the Statutory Auditors.

The Auditors Report on Consolidated Financial Statement, contained qualified opinion summarized below;

Mangalore Chemicals & Fertilizers Limited (MCFL) subsidiary company had engaged an independent firm of accountants to carry out a forensic review into transactions in relation to investment in the preference shares of Bangalore Beverages Limited and advances made to United Beverages Holdings Limited (UBHL) and have indicated that these transactions may have involved irregularities. Based on their report, Zuari Fertilisers and Chemicals Limited, the holding company of MCFL has approached the National Company Law Tribunal in Bangalore to obtain accountability of the UBHL Group for the irregularities. The subsidiary had already provided an aggregate amount of Rs. 21,668 lacs against the above in their books. Pending outcome of the legal dispute on the above matters, auditor are unable to comment on including consequential effects.

Comment by the Board of Directors on the Audit Report

Zuari Fertilisers and Chemicals Limited (ZFCL), subsidiary of the company has approached the National Company Law Tribunal in Bangalore to obtain accountability of the UB Group for the irregularities. Since UBHL has been declared to be wound up by the High Court of Karnataka vide order dated 7th February 2017, the ZFCL made an application before the High Court of Karnataka to proceed against UBHL. The said application has been allowed.

During the year under review, there were no frauds reported by the auditors to the Audit Committee or the Board under section 143(12) of the Companies Act, 2013.

23. Cost Audit :

The Board has re-appointed Mr. Irudayam Savari Muthu, Cost Accountant, Membership No. 6716, as the Cost Auditor for the year 2017-18 and has recommended the remuneration payable to the Cost Auditor for ratification at the ensuing Annual General Meeting. The Cost Audit Report for the year ended 31st March, 2016 was filed by the Company with the Ministry of Corporate Affairs on 1st October, 2016.

24. Secretarial Audit :

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr. Shivaram Bhat, Practicing Company Secretary as Secretarial Auditor, to undertake the Secretarial Audit of the Company. The Secretarial Audit Report for the financial year 2016-17 is enclosed as **Annexure 'F'** to this Directors' Report. The Report does not contain any qualification.

25. Disclosure as per Section 22 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 :

As per provisions of Section 4 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, your Company has constituted an Internal Complaints Committee for redressal of complaints against sexual harassment. There were no complaints/cases filed/pending with the Company during the year.

26. Employees' Stock Option Scheme:

Though the Employees Stock Option Scheme (ESOPS) was approved by the shareholders in the Annual General Meeting held on 7th August, 2012, no ESOPS was issued pursuant to the same.

27. Rights Issue of shares:

Your Company passed a resolution on 29th February, 2016 to create, offer, issue and allot equity shares for cash for a sum not exceeding ₹200 crores on Rights basis. The Board at its meeting held on 9th September, 2016 deferred the Rights Issue till such time the Board deems fit.

28. Consolidated Financial Statements under section 129 of the Companies Act, 2013:

The consolidated financial statements of the Company has been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standard) (Amendment) Rules, 2016 which forms part of this Annual Report.

Upto the year ended 31st March, 2016, the Company prepared its Financial Statements in accordance with generally accepted accounting principles in India, including accounting standards read with Section 133 of the Act notified under the Companies (Accounting Standards) Rules, 2006 ('Previous GAAP').

These financial statements are the first financial statements of the Company under Ind AS.

The Company will make available the financial statements of subsidiaries, upon request by any member of the Company interested in receiving this information. The Annual Accounts of the Subsidiary Companies will also be kept for inspection by any shareholders at the Registered Office of the Company and its Subsidiaries.

29. Subsidiaries:

A brief review of the subsidiaries of the Company is given below:-

a. Zuari Fertilisers and Chemicals Limited:

Zuari Fertilisers and Chemicals Limited (ZFCL), a wholly owned subsidiary of your Company was incorporated for the manufacture of organic and inorganic fertilizers. ZFCL has set up a 600 MTPD unit at Mahad in Maharashtra for the manufacture of Powdered & Granulated Single Super Phosphate (GSSP).

The plant produced 56569 MT whereas the sales was 57607 MT during financial year 2016-17. Against budgeted capacity utilization ZFCL achieved 52.86 % of capacity. This was mainly due to lower market off-take. The sales and production both faced setbacks due to lower market demand and proliferation of similar products of low quality being sold by small time manufactures at very low prices in company's primary market. The Company is formulating a special brand promotion & marketing campaign for positioning "SUPER 16 "as a premium SSP brand in the market.

The income from operation (standalone) for the year ended 31st March, 2017 was ₹ 45.33 crores as compared to ₹ 44.99 crores in the previous year ended 31st March, 2016. The Loss Before Tax expenses & extraordinary item for the year ended 31st March, 2017 was ₹ 113.55 crores as compared to Loss of ₹ 99.09 crores for the year ending 31st March, 2016.

Mangalore Chemicals & Fertilizers Limited:

Mangalore Chemicals & Fertilizers Limited (MCFL) is a subsidiary of Zuari Fertilisers and Chemicals Limited (ZFCL). ZFCL holds 53.03% total voting rights in MCFL.

MCFL has only one major business segment, viz. Fertilizers. It manufactures both Nitrogenous and Phosphatic fertilizers and is the only manufacturer of fertilizers in the state of Karnataka. About 60% of the Company's products are sold in the state of Karnataka, which meets about 20% of the needs of the farmers in the State. MCFL maintains a good share of the market in Kerala and a modest share in the neighbouring states of Tamil Nadu, Andhra Pradesh and Maharashtra.

The total income from operations for the year was ₹2502.14 crores which was lower compared to ₹2982.07 crores in the previous year primarily due to lower commodity prices. The Profit Before Tax for the year before exceptional and extraordinary item was ₹30.12 crores as compared to loss of ₹31.40 crores in the previous year.

b. **Zuari Agri Sciences Limited:**

Zuari Agri Sciences Limited (ZASL), achieved a total income of ₹ 155.33 crores from operation for the year ended 31st March, 2017 as compared to ₹ 132.01 crores in the previous year ended 31st March, 2016.

ZASL achieved a turnover of ₹111.85 Crores from Crop care products as compared to ₹85.29 Crores in the previous year and consolidated its position in the market. ZASL has signed agreement with Agrinos for import of 2 new products Chemfree Vamax and Chemfree Roots, which would augment company's presence in bio-products market.

ZASL achieved a turnover of ₹42.44 Crores from seeds as compared to ₹45.66 Crores during the previous year. The Company has launched new brands of Wheat and Mustard to strengthen its product portfolio.

The Profit Before Tax expenses & extraordinary item for the year ended 31st March, 2017 was ₹ 1.55 Crores as compared to Loss of ₹1.68 crores in the previous year ended 31st March, 2016.

(c) **Zuari Speciality Fertilisers Limited :**

Zuari Speciality Fertilisers Limited (ZSFL), is engaged in manufacturing of Water Soluble Fertilisers (WSF's) with its manufacturing facility at Baramati, Maharashtra. ZSFL has a capacity of 24,000 Metric Tonnes per annum, on two shift basis for production of different NPK blends. The Plant is working on one shift basis and producing 30 Metric Tonnes per day on an average.

ZSFL's total income from operations for the year ended 31st March, 2017 was ₹ 33.86 crores as compared to ₹ 43.50 crores in the previous year. The Profit Before Tax expenses & extraordinary item for the year ended 31st March, 2017 was ₹ 0.72 Crores as compared to Loss of ₹1.85 crores in the previous year ended 31st March, 2016.

During the previous year, your Company initiated the process of amalgamation of Zuari Fertilisers and Chemicals Limited, Zuari Specialty Fertilisers Limited and Zuari Agri Sciences Limited, wholly owned subsidiaries with the Company. The objective was to eliminate the multiplicity of companies within the group which are engaged in similar/related businesses so as to avoid duplication of resources and efforts which are currently getting dissipated between the four companies i.e. the Company, Zuari Fertilizers and Chemicals Limited, Zuari Specialty Fertilisers Limited and Zuari Agri Sciences Limited. The appointed date for this purpose was 1st April, 2015.

A notification was issued by the Ministry of Corporate affairs (MCA) by which, all matters pertaining to Scheme of Arrangement have been transferred to National Company Law Tribunal (NCLT) Mumbai from the High Court of Bombay, at Goa. Therefore the Amalgamation matter of the Company shall be heard by the Mumbai bench of the NCLT.

30. **Joint Ventures:**

A brief review of the joint ventures of the Company are given here below :

(a) **Zuari Maroc Phosphates Private Limited:**

Zuari Maroc Phosphates Private Limited (ZMPPL), a 50:50 joint venture with Office Cherifien Des Phosphates (OCP) S.A., was established as a Special Purpose Vehicle (SPV) for acquisition of stake in Paradeep Phosphates Limited (PPL). At present, ZMPPL is holding 80.45% of the equity stake in PPL.

PPL manufactures and markets Complex/Phosphatic fertilisers and intermediary products such as Phosphoric Acid and Sulphuric Acid which are crucial in the manufacture of Phosphatic fertilisers. All the products are marketed under the popular 'Navratna' brand. PPL's portfolio caters to almost all agricultural applications. PPL's plant is located in the port town of Paradeep in Odisha, with an installed annual capacity of 7,20,000 Metric Tonnes of DAP and other Phosphatic fertilisers.

PPL's total revenue from operation for the year ended 31st March, 2017 was ₹ 3696.71 crores as against ₹4798.36 crores during the previous year.

The Profit Before Exceptional Item for the year ended 31st March, 2017 was ₹ 192.09 Crores as against ₹ 65.53 crores during the previous year. Profit After Tax for the year was ₹ 86.91 crores as compared to ₹65.09 crores in the previous year.

(b) MCA Phosphates Pte Limited:

MCA Phosphates Pte Limited (MCAP), is a joint venture company between your Company and Mitsubishi Corporation (Mitsubishi), Japan, established as special purpose vehicle for investment in Peruvian Rock Phosphate Mining Project.

The supply of rock phosphate from the asset will help your company to reduce its dependence on suppliers for critical raw material-rock phosphate and is a step forward in the backward integration of its downstream phosphate business and for expanding its downstream fertilizer plants.

The statement containing salient features of the financial statement of subsidiaries/associates/joint ventures is attached as **Annexure "J"** to this report.

31. Directors' Responsibility Statement :

To the best of our knowledge and belief and according to the information and explanation obtained by us, your Directors make the following statements in terms of provisions of Section 134 (5) of the Companies Act, 2013, and hereby confirm that:

(a) in the preparation of the annual accounts, the applicable Accounting Standards have been followed along with proper explanation material departures;

(b) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;

(c) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) the directors have prepared the annual accounts on a going concern basis;

(e) the directors, have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and

(f) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

32. Acknowledgements:

Your Directors wish to place on record their appreciation for the dedication, commitment and contribution of all stakeholders and employees of your Company.

For and on behalf of the Board

Place : Gurgaon
Date : 19th May, 2017

S.K. Poddar
Chairman

ANNEXURE 'A' TO THE DIRECTORS' REPORT

Report on Corporate Governance

1. Company's Philosophy on the Code of Corporate Governance:

Corporate Philosophy of the Company is to strengthen India's industrial and agricultural base, increasing shareholder value, providing quality fertilisers and other agri inputs, preserving and protecting the environment and ensuring a healthy neighbourhood.

The Company's Philosophy on Corporate Governance envisages an attainment of the highest level of transparency and accountability. It is aimed at safeguarding and adding value to the interests of various stakeholders. The Company is committed to the best Corporate Governance and continues with its initiatives towards the best Corporate Governance practices.

2. Board of Directors:

The Board of Directors of the Company comprises eight members including, the Managing Director and seven Non-Executive Directors. Half of the Board comprises of Independent Directors and Non-Executive Directors. The other related information concerning the Board is given hereunder.

During the year under review, five Board meetings were held on 13th May, 2016, 9th September, 2016, 21st October, 2016, 27th January, 2017 and 22nd March, 2017.

Attendance of each Director at the Board of Directors' meetings and at the last Annual General Meeting along with the number of other Companies and Committees where he is a Chairman / Member is given hereunder:

Director	Category of Directorship #	No. of Director-ships in other Companies**	No. of Board Meetings Attended	No. of shares held	Attendance at last AGM	No. of Board Committees of other Companies. *	
						Chairman	Member
S.K.Poddar	Promoter/ Chairman	12	5	179406	No	-	-
Kapil Mehan	MD	7	5	NIL	Yes	-	1
N. Suresh Krishnan	NED	10	5	NIL	Yes	-	5
Akshay Poddar	NED	16	4	150585	No	1	3
J.N. Godbole	NED / I	8	4	NIL	Yes	3	5
Marco Wadia	NED / I	12	5	2811	Yes	2	6
Gopal Krishna Pillai	NED / I	6	5	NIL	Yes	-	-
Kiran Dhingra	NED / I	4	5	NIL	Yes	1	1

MD-Managing Director, I-Independent, NED-Non -Executive Director
* Includes Audit Committee and Stakeholders' Relationship Committee
** Includes Directorship in other public and private Companies

3. Retirement of Directors by rotation and re-appointment:

Mr. Akshay Poddar retires by rotation and is eligible for re-appointment

As per Section 152(6) of the Companies Act, 2013, a brief profile and information about the Director is given below:

Akshay Poddar, aged 40, a Hons. graduate in Accounting & Finance from London School of Economics & Political Science, University of London and Master of Science in Leadership and Strategy from London Business School, hails from the renowned Poddar family of Kolkata and part of the Promoters of "Adventz" group which has diverse interests in Fertilisers, Agri inputs, Heavy Engineering, Process Engineering, Furniture, Consumer Products, Real Estate, Investments, etc.

Mr. Poddar is holding directorship in Zuari Agro Chemicals Ltd., Texmaco Rail & Engineering Ltd., Texmaco Infrastructure & Holdings Ltd., Mangalore Chemicals & Fertlizers Ltd., Adventz Securities Enterprises Ltd., Lionel India Ltd., Lionel Edwards Ltd., Adventz Finance Pvt Ltd. Internationally, Mr Poddar is a Board Member of Globalware Trading & Holdings Ltd., Felicabo Worldwide Ltd., Adventz Trading DMCC, Adventz Properties Ltd and Adventz Investments Ltd.

Mr. Poddar is spearheading the manufacturing and other activities of the group in India, U.A.E and other parts of the world and is instrumental in initiating modern industrial and financial management practices in the operations and management of main verticals of the group – Agri business, Infrastructure, Emerging Lifestyles and Services.

Mr. Poddar is supervising a marquee residential project of 0.6 million sq.ft. in Dubai Downtown, near Burj Khalifa, being developed by the Group and few residential projects in Sports City, Dubai, UAE. He is also in the process of setting up a trading hub in Dubai for buying and selling inputs for the Group's India operations like ammonia, rock phosphates, sulphur and other agro chemical products as well as engineering products for railway wheels, axles, special steel etc. He is also involved in the joint venture company of Hettich in UAE for their furniture hardware products in UAE and adjoining areas.

Mr. Poddar is serving as a Committee Member of Indian Chamber of Commerce and is also on the Board of Young Presidents Organisation (YPO), Kolkata Chapter, member of Young Leaders Forum (YLF) and The Indus Entrepreneurs (TIE) and Past President of Entrepreneurs' Organization, Kolkata Chapter. He is actively involved in social work and is Trustee of various Charitable Trusts which run schools for the underprivileged children and provide help to the needy people.

Names of Companies in which Mr. Akshay Poddar is a Director as on 31st March, 2017:

Names of the Companies bodies corporate/ firms / association of individuals			
Sl No.	**Public Limited Companies**	**Sl No.**	**Private Limited Companies**
1.	Adventz Securities Enterprises Limited	1.	Adventz Finance Private Limited
2.	Lionel Edwards Ltd	2.	Abhishek Holdings Private Limited
3.	Indian Chamber Of Commerce Calcutta	3.	Adventz Investment Company Private Limited
4.	Texmaco Infrastructure & Holdings Limited	4.	Greenland Trading Pvt Ltd
5.	Ypo (Calcutta)	5.	Indrakshi Trading Company Pvt. Ltd.
6.	Texmaco Rail & Engineering Limited	6.	Touax Texmaco Railcar Leasing Private Limited
7.	Zuari Agro Chemicals Limited	7.	Hettich India Private Limited
8.	Lionel India Limited	8.	Adventz Homecare Private Limited
9.	Mangalore Chemicals & Fertilizers Limited		
	Companies outside India		
1.	Coltrane Corporation Limited		
2.	Globalware Holdings Limited		
3.	Felicabo Worldwide Limited		
4.	Adventz Properties Limited		
5.	Adventz Investments Limited		
6.	Adventz Trading DMCC		

4. Board Agenda:

The Board meetings are scheduled well in advance and the Board members are generally given at least 7 days notice prior to the meeting date. All major items are backed by in-depth background information and analysis, wherever possible, to enable the Board members to take informed decisions.

5. Formal letter of appointment to Independent Directors:

The Company issued a formal letter of appointment to all Independent Directors at the time of appointment in accordance with the provisions of the Companies Act, 2013 and Listing Regulations. The terms and conditions of appointment of Independent Directors is uploaded on the company's website.

6. Annual Performance evaluation:

Pursuant to the provisions contained in Companies Act, 2013 and Schedule IV (Section 149(8)) of the Companies Act, 2013, the Annual performance evaluation has been carried out of all the Directors, the Board, Chairman of the Board and the working of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee.

The performance evaluation of the Board of Directors was carried out based on the detailed questionnaire containing criteria such as duties and responsibilities of the Board, information flow to the Board, time devoted to the meetings, etc. Similarly, the evaluation of Directors was carried out on the basis of questionnaire containing criteria such as level of participation by individual directors, independent judgement by the director, understanding of the Company's business, etc.

The performance evaluation of the Board and the Committees, viz. Audit Committee, Nomination and Remuneration Committee and Stakeholders' Relationship Committee was done by all the Directors. The performance evaluation of the Independent Directors was carried out by the Board excluding the Director being evaluated. The performance evaluation of the Chairman and Executive Directors was carried out by all the Independent Directors. The Directors expressed their satisfaction over the entire evaluation process.

7. Independent Directors' Familiarization Programme :

The Company in compliance with Regulation 25(7) of SEBI (LODR) Regulations, 2015 has formulated a programme to familiarize the Independent Directors with the company, their roles, responsibilities. The Independent Directors are given detailed presentation on the operations of the company on quarterly basis at the meetings of the Board/Committees. The details of the familiarization programme has been disclosed on the Company's website. The weblink for accessing the familiarization policy is *http://www.zuari.in/corporate-governance*.

8. Board Diversity Policy :

The Company in compliance with Regulation 19(4) of SEBI (LODR) Regulations, 2015 has formulated a policy on Board Diversity which sets out the framework to promote diversity on Company's Board of Directors. The Policy was recommended by Nomination and Remuneration Committee and approved by the Board.

9. Independent Directors Meeting:

In compliance with Schedule IV to the Companies Act, 2013 and regulation 25(3) of the SEBI Listing Regulations, 2015, During the year the Meetings of the Independent Directors were held on 13th May, 2016 and 22nd March, 2017, without the attendance of non-independent directors and members of the Management, inter alia, to discuss the following:

- Review the performance of Non-Independent Directors and the Board as a whole;
- Review the performance of the Chairman of the Company, taking into account the views of the Managing Director and Non-Executive Directors; and
- Assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

10. Board Committees:

The Committees of the Board are as follows:

a) Audit Committee:

The Audit Committee comprises two independent Directors and one Non -Executive Director. The permanent invitees include Managing Director, Chief Financial Officer and Head of Internal Audit. The Vice President & Company Secretary is the Secretary of the Committee. During the year, 7 meetings were held on 13th May, 2016, 14th June, 2016, 8th September, 2016, 21st October, 2016, 9th December, 2016 , 27th January, 2017 and 22nd March, 2017.

Terms of Reference

As per Regulation 18(3) of SEBI (LODR) Regulations, 2015 and Schedule II the terms of reference and role of the Audit Committee includes among other things, review of the Company's financial reporting process and its financial statements, review of the accounting and financial policies and practices, the internal control and internal audit systems (including review and approval of Internal Audit plan, appointment of Internal Auditors and review of internal audit reports), risk management policies and practices, review the functioning of the Whistle Blower mechanism, etc. The role also includes making recommendations to the Board, re-appointment of Statutory Auditors/Secretarial Auditors and fixation of audit fees.

Besides above, the additional terms of reference of Audit Committee as per the Companies Act, 2013 includes reviewing and monitoring auditor's independence and performance, and effectiveness of audit process; examination of the financial statement and the auditor's report thereon; approval or any subsequent modification of transactions of the company with related parties; scrutiny of inter-corporate loans and investments; valuation of undertakings or assets of the company, wherever it is necessary.

The Composition of Committee & their attendance at the meetings are as follows:

Names of the members	Status	Nature of Directorship	No. of meetings attended
Marco Wadia	Chairman	Non- Executive Independent Director	7
J.N. Godbole	Member*	Non- Executive Independent Director	3
N.Suresh Krishnan	Member	Non – Executive Director	7
Gopal Krishna Pillai**	Member**	Non- Executive Independent Director	4

*upto 9th September, 2016

**w.e.f. 9th September, 2016

b) Nomination and Remuneration Committee :

The Nomination and Remuneration Committee comprises three Non Executive Directors out of which two are Independent Directors. The Board has designated Mr. R.Y. Patil, Vice President & Company Secretary as Secretary of the Committee. The Committee met 3 times during the financial year ended 31st March, 2017 on 13th May, 2016, 8th September, 2016 and 21st October, 2016.

Terms of Reference:

The Board has constituted the Nomination & Remuneration Committee, as required under the Companies Act, 2013. The Committee shall formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees. The Nomination & Remuneration Committee shall also formulate criteria for evaluation of Independent Directors and the Board and devise a policy on Board diversity. It shall identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and for removal.

The Composition of Committee & their attendance at the meetings are as follows:

Name of the member	Status	Nature of Directorship	No. of meetings attended
Marco Wadia	Chairman	Non- Executive Independent Director	3
J.N. Godbole	Member	Non- Executive Independent Director	3
Akshay Poddar	Member	Non – Executive Director	2

Details of Remuneration to all the Directors for the year:

Payment of remuneration to the Managing Director was as recommended by the Nomination and Remuneration Committee and subsequently approved by the Board and the Shareholders of the Company. The remuneration comprises salary, incentives, bonus, performance incentives, contribution to the Provident Fund, Superannuation Fund, Gratuity and others.

₹ In lacs

Managing Director	Salary	Perquisites	Retirement benefits	Total Remuneration
Kapil Mehan	163.14	6.81	29.03	198.98

No commission was paid to Mr. Kapil Mehan during the financial year.

The term of appointment of Managing Director has been revised from 5 years to 3 years w.e.f. 1st April, 2015. Notice period for termination of appointment is six months on either side.

No severance pay is payable on termination of the appointment of Managing Director.

Sitting fees paid to Non-Executive Directors:

The Non-Executive Directors of the Company receive remuneration by way of sitting fees. The details of sitting fees paid to the Non Executive Directors during the financial year ended 31st March, 2017 for attending the meetings of the Board and the Committees thereof is given below:

Sr. No.	Name of Director	Amount in (₹)
1.	Mr. S.K. Poddar	2,95,000
2.	Mr. Akshay Poddar	2,45,000
3.	Mr. N. Suresh Krishnan	5,30,000
4.	Mr. J.N. Godbole	4,70,000
5.	Mr. Marco Wadia	5,90,000
6.	Mr. Gopal Krishna Pillai	3,95,000
7.	Ms. Kiran Dhingra	2,50,000

Pecuniary relationship of Directors:

During the financial year, none of the Directors of the Company had any material pecuniary relationship(s) or transaction(s) with the Company, its Promoters, its Senior management, its Subsidiaries or Associate Company, apart from the following:

a) Remuneration paid to the Managing Director and Sitting Fees paid to the Non – Executive Directors;

b) Reimbursement of expenses incurred by the Directors in discharging their duties;

c) Professional fees of ₹ 3.75 Lacs paid to Crawford Bayley & Co during the year. Mr. Marco Wadia is a partner in Crawford Bayley & Co, Solicitors & Advocates, which has professional relationship with the Company. However, this is not considered material enough to infringe independence of Mr. Marco Wadia;

d) Mr. Saroj Kumar Poddar, Mr. Akshay Poddar and Mr. Marco Wadia are holding equity shares of the Company, details of which are given in this Report.

c) Stakeholders' Relationship Committee:

Stakeholders' Relationship Committee comprises two Independent Directors and one Non- Executive Director. The Board has designated Mr. R.Y. Patil, Vice President & Company Secretary as the Compliance Officer. The Committee met 4 times during the financial year ended 31st March, 2017 on 13th May, 2016, 8th September, 2016, 21st October, 2016, 27th January, 2017.

Terms of Reference:

The Board has constituted Stakeholders' Relationship Committee which oversees the performance of the share transfer work and recommends measures to improve the level of investor services. In addition, the Committee looks into investors' grievances such as non receipt of dividend, Annual Reports and other complaints related to share transfers.

There were 2 complaints received from the shareholders during the year, which were duly addressed. There were no outstanding complaints or share transfers pending as on 31st March, 2017.

The attendance of the members at the meeting is as follows:-

Name of the member	Status	Nature of Directorship	No. of meetings attended
J.N. Godbole	Chairman	Non- Executive Independent Director	3
Marco Wadia	Member	Non- Executive Independent Director	4
N. Suresh Krishnan	Member	Non- Executive Director	4

d) Other Committees

Apart from the above stated Board Committees, the Board has also constituted other committees including Committee of Directors for Banking and Finance, Risk Management Committee, Corporate Social Responsibility (CSR), Committee of Directors for QIP, and Rights Issue Committee. The Committee meetings are held as and when the need arises and at such intervals as may be expedient.

11. Annual General Meetings:

a) Details of the previous 3 Annual General Meetings (AGM) are as follows:

Year	Location	Date	Time	Whether any special resolutions have been passed
2015-16	Jai Kisaan Bhawan, Zuarinagar, Goa – 403 726	29-09-2016	10.30 A.M.	YES
2014-15		21-09-2015	10.00 A.M.	YES
2013-14		01-09-2014	9.30 A.M.	YES

b) Details of Special resolutions passed at the AGM :

Special Resolutions passed in the Annual General Meetings (AGM) held during the last three financial years are as follows:

Financial Year	Date of AGM	Particulars of Special Resolution passed
2015-16	29-09-2016	1. Reclassification of certain shareholders from Promoter group category to Public category
2014-15	21-09-2015	1. Alteration in the Articles of Association of the Company by replacing all the existing regulations. 2. Appointment of Mr. Kapil Mehan as Managing Director of the Company.
2013-14	01-09-2014	1. To borrow from time to time any sum or sums of money not exceeding ₹8,000 crores.

c) **Details of Special Resolutions passed through Postal Ballot during the financial year 2016-17:**

Date of Postal Ballot Notice	Details of the Resolution passed	Result of the Postal Ballot
21-10-2016	Approval of the Members for alteration and variation of the term of appointment of Mr. Kapil Mehan (DIN: 01215092), Managing Director of the Company from a period of 5 (five) years to a period not exceeding 3 (three) years with effect from 1st April, 2015 and to pay remuneration within the overall ceiling limit as prescribed in Schedule V of the Companies Act, 2013.	Special Resolution has been passed by the shareholders with requisite majority.

Mr. Shivaram Bhat, Practicing Company Secretary was the Scrutinizer to conduct the Postal Ballot process.

12. Disclosures

a) Mr. Marco Wadia, is a Partner of Crawford Bayley & Co., Solicitors & Advocates, which has a professional relationship with the Company. The professional fee of ₹ 3.75 Lacs paid to Crawford Bayley & Co. during the year is not considered material enough to infringe on the independence of Mr. Wadia. Accordingly, there were no transactions of material nature with the directors or the management or their subsidiaries or relatives having potential conflict with the interest of the Company.

b) The Company has put in place a Vigil mechanism and adopted the Whistle Blower Policy and affirms that no person has been denied access to the Audit Committee. The information on Vigil mechanism is placed on the website of the Company.

c) The Company has formulated a policy for determining material subsidiaries and the policy is disclosed on the Company's website. The weblink for accessing the policy is http://www.zuari.in/corporate-governance

d) The Company has formulated a policy on dealing with Related Party transactions and the same is disclosed on the Company's website. The weblink for accessing the Related Party Transaction Policy is http://www.zuari.in/corporate-governance.

13. Means of communication

a. Quarterly Results:

Quarterly results are published in one English National Daily and Local Dailies, published in the language of the region where the registered office of the company is located.

b. Half-yearly Unaudited Financial Results:

Unaudited financial results for the half-year ended 30th September, 2016 were sent to each household of shareholders, apart from publishing in one English National Daily and Local Dailies, published in the language of the region where the registered office of the company is located.

c. Web-site on which the results are displayed: *www.zuari.in*

The Company does not publish official news-releases on its website. The presentations made to institutional investors and analysts are uploaded on the Company's website.

14. Code of Conduct:

The Company has adopted a Code of Conduct for the Directors and Senior Executives of the Company. The code promotes conducting business in an ethical, efficient and transparent manner so as to meet its obligations to its shareholders and all other stakeholders. The code has set out a broad policy for one's conduct in dealing with the Company, fellow Directors and employees and the external environment in which the Company operates.

The declaration given by the Managing Director of the Company with respect to the affirmation of compliance of the code by the Board of Directors and Senior Executives of the Company is enclosed as **Annexure 'C'** to this report**.**

15. Code of internal procedures and conduct for trading in securities of the Company:

The Company has adopted a code of Prevention of Insider Trading in securities of the Company, pursuant to SEBI (Prohibition of Insider Trading) Regulations, 2015. The Board has designated Vice President & Company Secretary, as the Compliance Officer and has authorised Managing Director to monitor compliance of said Regulations.

16. General Shareholders Information :

a) Annual General Meeting :

The Annual General Meeting of the Company will be held on Friday, 22nd September, 2017 at Jai Kisaan Bhawan, Zuarinagar, Goa – 403 726 at 10.00 A.M.

b) Financial Year: 1st April to 31st March

c) Financial calendar (Tentative):

Financial Period	Declaration of Financial Results
Results for the quarter ended 30th June, 2017	Within 45 days of the end of the quarter or such prescribed period
Results for the half-year ended 30th Sept. 2017	Within 45 days of the end of the quarter or such prescribed period
Results for the quarter ended 31st Dec. 2017	Within 45 days of the end of the quarter or such prescribed period
Audited Annual Results 2017-18	Within 60 days of the end of the quarter or such prescribed period

d) Date of book closure: 15th July, 2017 to 22nd July, 2017 (inclusive of both days).

e) Dividend payment date: The dividend payment date is on or after 26th September, 2017 but within the stipulated time under the Companies Act. 2013.

f) Management Discussion and Analysis forms part of this Report as Annexure 'D'

g) Listing on Stock Exchanges: Company's shares are presently listed on:

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, MUMBAI – 400 001.

National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex
Bandra (E), MUMBAI – 400 051

The company has paid the annual listing fees to the stock Exchanges for the Financial Year 2016-17

Stock Code:

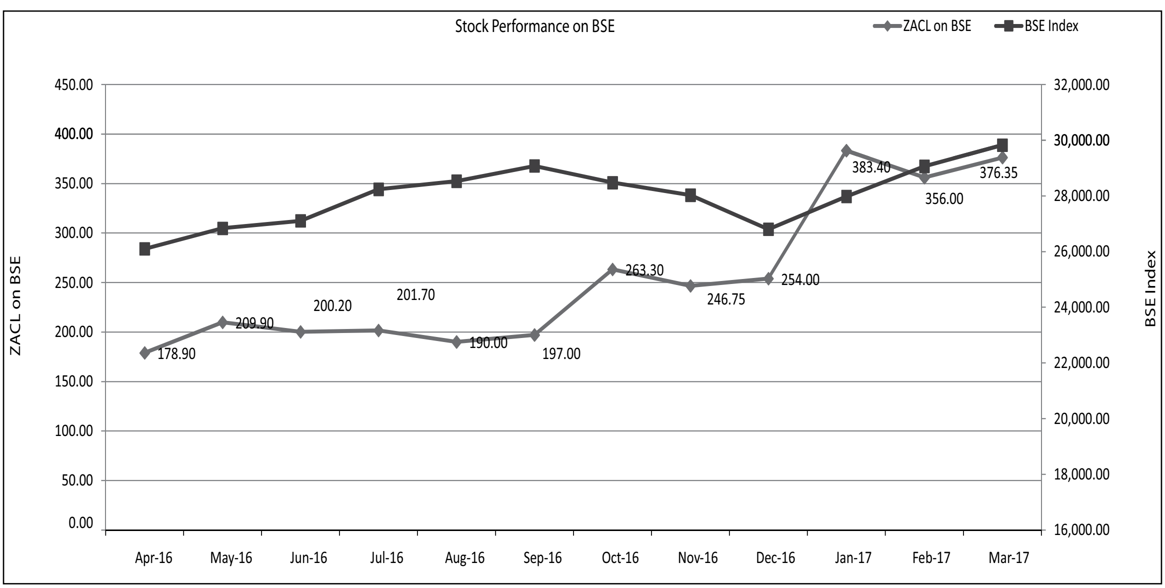
BSE Limited, Mumbai: 534742
The National Stock Exchange of India Limited, Mumbai: ZUARI
International Standard Identification Number (ISIN): INE840M01016

h) Market Place Data:

High/Low share prices during each month for the period 1st April, 2016 to 31st March, 2017 :

Month	ZACL on BSE		BSE INDEX	
	High (₹)	Low (₹)	High	Low
April, 2016	178.90	138.50	26100.54	24523.20
May, 2016	209.90	158.15	26837.20	25057.93
June, 2016	200.20	164.50	27105.41	25911.33
July, 2016	201.70	168.00	28240.20	27034.14
August, 2016	190.00	165.00	28532.25	27627.97
September, 2016	197.00	171.00	29077.28	27716.78
October, 2016	263.30	178.00	28477.65	27488.30
November, 2016	246.75	178.00	28029.80	25717.93
December, 2016	254.00	209.60	26803.76	25753.74
January, 2017	383.40	230.00	27980.39	26447.06
February, 2017	356.00	313.40	29065.31	27590.10
March, 2017	376.35	315.00	29824.62	28716.21

Performance in comparison to BSE



i) Shareholding as on 31st March, 2017:

a) The distribution of shareholding as on 31st March, 2017 is as follows:

No. of shares	No. of shareholders	% of shareholders
Upto 500	33037	95.39
501 – 1000	754	2.18
1001- 2000	351	1.01
2001 – 3000	166	0.48
3001 – 4000	64	0.18
4001 – 5000	50	0.14
5001 – 10000	89	0.26
10001 and above	121	0.35
	34632	100.00

b) Shareholding Pattern as on 31st March, 2017:

Category	No. of shares held	% shareholding
Promoters	27790419	66.08
Banks/Financial Institutions and Insurance Companies	2319191	5.51
Foreign Institutional Investors	171415	0.41
Mutual Funds	1911221	4.54
NRIs/OCBs	116599	0.28
Private Bodies Corporate	4740572	11.27
Public	5008589	11.91
TOTAL	4,20,58,006	100.00

The securities of the Company were not suspended from trading during the year.

j) The Company has not issued GDRs/ADRs/Warrants or convertible instruments during the financial year.

k) Commodity price risk or foreign exchange risk and hedging activities:

As the Company is not engaged in business of commodities which are traded in recognized commodity exchanges, commodity risk is not applicable. Foreign Currency Exchange risk is hedged in accordance with the Policy formulated by the Company for that purpose and periodical update is given to the Board on a quarterly basis.

l) Dematerialization of shares and liquidity:

4,16,83,077 equity shares (99.11%) have been dematerialized as on 31st March, 2017.

m) Share Transfer System

The Share Transfers in physical mode above 1000 equity shares are approved by Stakeholders' Relationship Committee.

The Company has authorized the Company Secretary to approve share transfers involving up to 1000 shares with a view to expedite the process of share transfers.

n) The Address for correspondence is:

Registrar and Share Transfer Agents:

Link Intime India Pvt. Limited
C-101, 247 Park,
LBS Marg, Vikhroli West, Mumbai 400 083
Tel: 022 – 49186000, Fax: 022 – 49186060
Email: rnt.helpdesk@linkintime.co.in
Website: www.linkintime.co.in

Company's Address:

Zuari Agro Chemicals Limited
Jai Kisaan Bhawan, Zuarinagar, Goa- 403 726.
Tel: 91-0832-2592180/2592509 Fax: 91-0832-2555279
E- mail: shares@ adventz com and/or investor.relations @adventz.com
Web site: www.zuari.in

The Company maintains an exclusive email id: investor.relations@adventz.com to redress the Investor's Grievances as required under Regulation 13 of SEBI (LODR) Regulations, 2015. The correspondence received under this e-mail id is monitored and addressed on a daily basis.

o) **Plant Location:**
Jai Kisaan Bhawan,
Zuarinagar, Goa -403726

p) **Other Disclosures:**

i. All transactions entered by the Company with its related parties during the Financial Year 2016-17 were on an arm's length basis. The disclosure of material related party transactions u/s 188 of the Companies Act, 2013 in Form AOC-2 is enclosed as 'Annexure-G' of the Directors Report. There was no material transactions related party transactions during the year which was in conflict with the interest of the Company. The Board has approved a policy for related party transactions which can be accessed at the Company's website.: *www.zuari.in*

ii. The Company has complied with the requirements of the Stock Exchanges/ SEBI and Statutory Authorities on all matters related to the capital markets during the last three years. No penalty or strictures were imposed on the Company by these Authorities.

iii. The Company has complied with the corporate governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of Regulation 46(2) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. Company has also adopted schedule II of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

iv. The Company has also formulated a Whistle Blower Policy ("Policy") which provides for adequate safeguard against victimisation of persons and has a provision for direct access to the Chairperson of the Audit Committee. The Company has not denied any person from having access to the Chairman of the Audit Committee. Weblink for the policy: *http://www.zuari.in/corporate-governance*.

v. The Company has a policy for determining 'material' subsidiary and is disclosed on the website. The weblink for the same is: *http://www.zuari.in/corporate-governance*.

vi. The Company has Related Party Transaction Policy which is available on the website of the Company. The weblink for the same is: *http://www.zuari.in/corporate-governance*.

q) **Non mandatory Requirement:**

The Company has complied with the mandatory requirements of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and also following non mandatory requirements:

i) Providing half yearly unaudited financial results of the Company to each household of the shareholder.
ii) Sharing the expenses for maintaining the Chairman's Office.
iii) Internal Auditor reports directly to the Audit Committee.

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ANNEXURE 'B' TO THE DIRECTORS' REPORT

CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE REQUIRED UNDER THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 BY ZUARI AGRO CHEMICALS LIMITED

May 19, 2017

To the members of **ZUARI AGRO CHEMICALS LIMITED:**

I have examined the compliance by ZUARI AGRO CHEMICALS LIMITED (`the Company) of the requirements of compliance with the corporate Governance requirements under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("LODR") for the year ended 31st March 2017.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the LODR. This Certificate is issued pursuant to the requirements of Schedule V (E) of the LODR.

The compliance of conditions of Corporate Governance is the responsibility of the management of the Company. My examination was limited to procedures adopted and implementation thereof, by the Company for ensuring compliance with the condition of Corporate Governance under LODR. The examination is neither an audit nor an expression of opinion on the financial statements of the Company.

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

CS Shivaram Bhat
Practising Company Secretary
ACS No. 10454 : CP No. 7853

ANNEXURE 'C' TO THE DIRECTORS' REPORT

DECLARATION BY THE MANAGING DIRECTOR

Pursuant to Regulation 26(3) of SEBI (LODR) Regulations, 2015, I, Kapil Mehan, Managing Director of Zuari Agro Chemicals Limited, declare that all Board Members and Senior Executives of the Company have affirmed their compliance with the Code of Conduct and Ethics during the year 2016-17.

Place : Gurgaon | **KAPIL MEHAN**
Date : 19th May, 2017 | **MANAGING DIRECTOR**

ANNEXURE 'D TO THE DIRECTORS' REPORT

MANAGEMENT DISCUSSION AND ANALYSIS

The Board of Directors is pleased to present the business analysis and outlook of Zuari Agro Chemicals Limited (ZACL) based on the current government policies and market conditions. The company is into manufacturing and selling fertilisers as well as trading in agri inputs.

GLOBAL ECONOMIC BACKDROP :

Global economic activity is picking up with a long awaited cyclical recovery in investment, manufacturing, and trade. World growth is expected to rise from 3.1 percent in 2016 to 3.5 percent in 2017 and 3.6 percent in 2018. Stronger activity and expectations of more robust global demand, coupled with agreed restrictions on oil supply, have helped commodity prices recover from their troughs in early 2016. Higher commodity prices have provided some relief to commodity exporters and helped lift global headline inflation and reduce deflationary pressures. Financial markets are buoyant and expect continued policy support in China and fiscal expansion and deregulation in the United States. If confidence and market sentiment remain strong, short-term growth could indeed surprise on the upside. Structural problem such as low productivity growth and high income inequality are likely to persist. Inward-looking policies threaten global economic integration and the cooperative global economic order, which have served the world economy, especially emerging market and developing economies well.

A faster-than-expected pace of interest rate hikes in the United States could tighten financial conditions elsewhere, with potential further U.S. dollar appreciation straining emerging market economies with exchange rate pegs to the dollar or with material balance sheet mismatches. More generally, a reversal in market sentiment and confidence could tighten financial conditions and exacerbate existing vulnerabilities in a number of emerging market economies, including China-which faces the daunting challenge of reducing its reliance on credit growth. A dilution of financial regulation may lead to stronger near-term growth but may imperil global financial stability and raise the risk of costly financial crisis down the road. In addition, the threat of deepening geopolitical tensions persists, especially in the Middle East and North Africa. Against this backdrop, economic policies have an important role to play in staving off downside risks and securing the recovery, as stressed in previous WEOs. Credible strategies are needed in many countries to place public debt on a sustainable path. Adjusting to lower commodity revenues and addressing financial vulnerabilities remain key challenges for many emerging market and developing economies. The world also needs a renewed multilateral effort to tackle a number of common challenges in an integrated global economy.

China's growth remains high but is gradually moderating as the population ages and the economy rebalances from investment to consumption, from external to internal demand and from manufacturing to services. Orderly rebalancing requires addressing corporate overleveraging, overcapacity in real estate and heavy industries, and debt-financed over-investment in asset markets. Corporate governance is being strengthened, including for state-owned enterprises, through enhanced external monitoring and internal control, though on-the-ground progress needs to accelerate.

i) World agriculture and food scenario

As the global economy recovers from the financial crisis, BRIC countries led by India and China are expected to show healthy growth rates. Since these four countries contribute to about 42% of the world's population and are primarily agrarian based, agriculture would play a key role in global development. Demand in global growth for agricultural products is expected to fall to 1.5 percent a year for the next 30 years (from 2.2 percent) as population growth is declining and fairly high levels of food consumption have been reached in many countries. A gradual shift in the epicentre of agricultural production, consumption and trade is likely to take place from the OECD to developing countries. China and India are expected to remain growth leaders among the developing countries with substantial market expansion and GDP growth. In the future years, China will continue advancing agricultural modernization in a steady manner; the quality and efficiency of agricultural development will be significantly improved; the interaction and integration with global agriculture will be remarkably strengthened; and the transformation and upgrading of the consumption pattern of agricultural products will be accelerated.

Favourable weather in major production areas pushed the global cereal output to a new record in 2016/17. Coarse grains, rice and wheat are all expected to reach production highs. Global use of cereals increased significantly, boosted by the wide availability of attractively priced grains. However, consumption remained below production for the fourth consecutive season and global stocks continued to accumulate, affecting international prices.

China: Thanks to the implementation of the food crop production strategy based on farmland management and technological application, China's food producing capacity has been further improved and could fully meet the target of basic self-sufficiency of cereals and absolute security of food grain. It is forecast that the rice cultivation area will remain stable with slight expansion, and the production and consumption will reach 208.99 million tons and 208.03 million tons in 2016; and the wheat cultivation area will remain stable with a slight decline, and the production and consumption will reach 130.10 million tons and 120.27 million tons respectively. It is forecast that the total production and consumption of rice in the five years may reach 1.038 billion tons and 1.034 billion tons; whereas that of wheat within the five years may reach 659 million tons and 655 million tons respectively.

ii) Commodity prices

Prices for most industrial commodities strengthened further in the first quarter, while global agricultural prices remained broadly stable. Crude oil prices are forecast to rise to an average of $55 per barrel (bbl) in 2017 from $43/bbl in 2016. The oil forecast is unchanged since October 2016 and reflects balancing forces: upward pressure on prices from production cuts agreed by Organization of Petroleum Exporting Countries (OPEC) and non-OPEC producing countries, and downward pressure from persistently high stocks, supported by the faster-than-expected rebound of the U.S. shale oil industry. Metals prices are projected to increase 16 percent as a result of strong demand in China and various supply constraints, including labor strikes and contractual disputes in the case of copper, and environmental and export policies for nickel.

Agricultural commodity prices, which gained 1 percent in the first quarter, are anticipated to remain broadly stable in 2017, with moderate increases in oils and meals and raw materials offset by declines in grains and beverages. The FAO Cereal Price Index averaged 146.0 points in April 2017, down 1.8 points (1.2 percent) from the previous month and 3.8 points (2.5 percent) from its value in April 2016.

Foreign exchange fluctuates based on a variety of factors including Inflation Rates, Interest Rates, Country's Current Account, and Government Debt. The USD/INR pair traded between higher ends of $64-$68 levels with the latter part of the year witnessing significant volatility with prices touching the $64.84 mark.

iii) Indian Agriculture

India is the largest producer, consumer and exporter of spices and spice products. India's fruit production has grown faster than vegetables, making it the second largest fruit producer in the world. It ranks third in farm and agriculture outputs. Agricultural export constitutes 10 per cent of the country's exports and is the fourth-largest exported principal commodity. The agro industry in India is divided into several sub segments such as canned, dairy, processed, frozen food to fisheries, meat, poultry, and food grains.

During 2016-17, robust output of wheat, rice and pulses pushed up India's food grain production by 8.7% to a record high 273.38 million tonne.

After a heavy shower last year, rice output increased by 4.5% to a record 109.15 million tonne while wheat production was up 5.6% at all-time high of 97.44 million tonne. Coarse grains production rose 15.2% to highest ever 44.39 million tonne.

Output of all major pulses jumped 37% to 22.40 million tonne. A robust farm output will also help farmers tide over losses suffered during the demonetisation drive that crimped demand for food items and lowered their prices.

Oil seeds output rose 28.8% to 32.52 million tonne, which is higher than the average production in the last five years.

Sugarcane production is estimated at 306.03 million tonne, which was 12.2% lower than last year.

Despite lower area coverage during 2016-17, cotton production was up 8.6% at 32.58 million bales.

Production of jute and mesta was marginally lower at 10.27 million bales.

Normal rains are expected during June-September southwest monsoon season. It would boost rural demand and alleviate the distress in states like Karnataka and Tamil Nadu which are reeling under the impact of drought. Indian agriculture gradually may get delinked from monsoon once new irrigation projects get implemented by 2022 and precision agriculture practice adopted by farmers. Agriculture GDP is expected to grow at 4.1 per cent to ₹ 1.11 trillion.

iv) Global Fertilizer scenario & fertilizer scenario in India

Global fertilizer demand remained virtually unchanged in 2015/16. The prospects for 2016/17 are more positive, reflecting rebounding sugar, vegetable oil, cotton and dairy prices and an anticipated return to average weather conditions in the southern hemisphere following the strong 2015/16 El Niño event. Hence, world demand is expected to rise by 2.1% to 187.6 Mt, led by a strong rebound in nitrogen (N) demand. Phosphorous (P) demand is forecast to continue growing firmly for the second consecutive year, following three years of stagnation. Potassium (K) demand is seen as regaining momentum after below-average growth during the previous campaign.

Regionally, demand is seen as dropping in Western & Central Europe and North America and rising elsewhere. The strongest year-on-year changes in relative terms are expected in Oceania, Latin America, South Asia and Africa, while the main volume increases are forecast in South Asia, Latin America and East Asia. With fertilizer raw materials supplies being added up and no corresponding rise in demand, a significant supply demand gap (in favour of surplus) is seen in years to come which will have put downward pressure on the prices.

In India, 2016 was the first year under the country's mandate to coat all subsidized urea with neem oil to improve urea use efficiency. The first results of this policy tend to show that it does not provide (or only partly provides) the expected environmental, agronomic and economic benefits, although it would be successful in preventing industrial uses of subsidized urea. Overall fertilizer sales have come down by 7% from 580.71 lac MT in FY16 to 541.56 lac MT in FY17 and fertilizer imports were down during the year from 183.54 lac MT in FY16 to 140.79 lac MT in FY17. For FY18, MOP imports are expected to increase and DAP imports for Kharif 2017 may be reduced due to high international prices whereas consumption for Rabi will depend on rains. However India may import at least 43 Lac MT of DAP.

New plants: Govt. plans to restart the fertiliser plants at Barauni in Bihar, Sindri in Jharkhand, Talcher in Odisha, Ramagundam in Telangana and Gorakhpur in UP. Financial allocations and the ground level work would start in 2017 and the five plants would become fully functional by 2020-21. The Centre has roped in Coal India Limited, National Thermal Power Corporation (NTPC), IndianOil and Gas Authority of India Ltd (GAIL) for reviving the plants at a cost of ₹ 30,000 crore. These companies have formed special purpose vehicles with state-run fertiliser companies for the purpose. An investment to the tune of ₹ 50,000 crore is being undertaken for revival of closed fertilizer plants and setting up of gas pipeline network to connect Eastern India to the National Gas Grid. The ground work for these plants is scheduled to commence in financial year 2017-18.

v) Fertilizer policy

As per this year's Govt. subsidy, there will be a rise in 'N' subsidy from 15.854 ₹/kg to 18.989 ₹/kg whereas 'P2O5' subsidy has been reduced from 13.241 ₹/kg to 11.997 ₹/kg and subsidy for 'K' is reduced from 15.47 ₹/kg to 12.395 ₹/kg.

The Direct Benefit Transfer (DBT) is expected to roll out from June 2017 which may put pressure on Working Capital initially whereas GST is expected to be rolled out from July 2017. Under the DBT scheme, 200,000 point-of-sale terminals will be put to use to all Indian retailers, but phosphate importers opine that the DBT will have a direct and adverse effect on their working capital requirements. Under the current NBS system, 90pc of the subsidy amount was traditionally paid out by the government when imported fertilizer was received by state or district retailers, with the balance paid out after the retailer confirmed relevant sales to the farmers. Under the new policy, the entire subsidy will only be paid after the farmer actually purchases the fertilizer. This could delay subsidy payouts to the importing company by an estimated 2-3 months owing to the time taken to transport fertilizer inland.

India has implemented such schemes in similar sectors, but not on this scale, so teething problems may ensue, that could result in issues over liquidity for the industry.

vi) Government initiatives for 2017–18

The key points from initiatives have been summarized as follows:

- Total allocation for rural, agricultural and allied sectors for FY 2017-18 has been increased by 24 per cent year-on-year to ₹ 1,87,223 crore
- Focus on micro-irrigation. Fund set up by National Bank for Agriculture and Rural Development (NABARD) with a corpus of ₹ 5,000 crore
- The participation of women in Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) has increased to 55 per cent and allocation to the scheme has been a record ₹ 48,000 crore for FY2017-18
- Short-term crop loans up to ₹ 3,00,000 at subsidised interest rate of 7 per cent per annum would be provided to the farmers.

vii) Marketing

The company has started to expand its marketing reach in Northern Indian states of Punjab, Haryana, Uttar Pradesh and North Eastern states - in addition to Maharashtra, Karnataka, Goa, Andhra Pradesh, Telangana, Madhya Pradesh and Kerala.
The total sales volume of fertilizers stood at 14.77 lakh MT during 2016-17(against 15.44 lakh MT achieved last year), out of which indigenous sales was at 10.34 lakh MT (against 10.44 lakh MT achieved last year). There has been a clear direction and focus to generate more demand for Company's NPK products; special campaign and farm level activities were undertaken to create awareness of the crop specific benefit of NPK fertilizers and creating demand pull.

The overall sales in pesticides for the year were ₹ 6.45 crores, whereas seeds clocked business worth ₹ 0.16 crores. The Company has started pre-placement of products in early Kharif markets and will solely be focusing on its own products. In the Speciality Fertiliser business, we achieved sales of ₹ 110.42 crores during FY 2016-17.

vii) Internal Control Systems and their Adequacy:

The company has adequate systems of internal control in place, which is commensurate with its size and the nature of its operations. These are designed to provide reasonable assurance with respect to maintaining reliable financial and operational information, complying with applicable statutes, executing transactions with proper authorisation coupled with ensuring compliance of corporate policies through documented Standard Operating Procedure (SOP) and Limits Of Financial Authority Manual (LOAM). These documents are reviewed and updated on an ongoing basis to improve the internal control systems and operational efficiency. The company uses a state–of–the–art ERP (SAP) system to record data for accounting and managing information with adequate security procedure and controls.

The Company, through its own internal audit department supported by an external audit firm, carried out periodic audits based on the plan approved by the audit committee and brought out any deviations to internal control procedures. The observations arising out of audit are periodically reviewed and compliance ensured. The summary of the internal audit observations and status of implementation are submitted to the audit committee. The status of implementation of the recommendations is reviewed by the audit committee on a regular basis.

viii) Enterprise Risk Management (ERM):

The Risk Management Committee of the Board has approved a Risk Management Policy which has been formulated in accordance with the provisions of the Companies Act, 2013 and regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

Company's ERM framework encompasses practices relating to identification, assessment, monitoring and mitigation of strategic, operational, financial and compliance related risks. The coverage includes both internal and external factors. The risks identified are prioritised based on their potential impact and likelihood of occurrence. Risk register and internal audit findings also provide input for risk identification and assessment. The prioritised risks along with the mitigation plan are discussed with the Corporate Management Committee and Risk Management Committee on periodic basis.

The Company has, during the year internally conducted the Risk Assessment exercise for reviewing the existing processes of identifying, assessing and prioritizing risks. Mitigation plans have been defined for the prioritised risks and same are being reviewed for adherence periodically.

The Risk Management Committee shall periodically review the risks and report to the Board of Directors from time to time.

ix) Material development in human resources:

As a part of integration of Agri Business operations and to leverage the strengths of the Group companies, the Adventz Group has consolidated and restructured the Sales, Marketing and Supply & Distribution functions of PPL, ZACL and MCFL on 25th April, 2016 resulting in re-organized and re-aligned marketing territories pan India under 5 Zones & 27 Regional Marketing Offices with common frontline sales force. The Group envisages better operational efficiency and effective channel management through this consolidation and more empowerment. Zones will operate as independent profit centers supported by Zonal accountants in each zone.

The marketing activities for the group will be conceptualized and coordinated by the centralized marketing team located in Pune. The implementation of these will be carried out by the respective RMO's/Zones. To operate the integrated Sales & Marketing Operations, Job roles of various Functions /Depts. have been identified & finalized along with number of positions required for each role.

FINANCIAL REVIEW:

The Company's overall financial performance for the year 2016-17 has improved significantly despite of overall primary sales de-growth and poor rainfall in southern region of the country where company predominately sells its product. The total revenues from operations in 2016 -17 stood at ₹3932.50 Crores as compared to ₹5280.11 Crores in 2015-16. The Company had a profit before tax of ₹30.40 Crores in 2016-17 as compared to a loss before tax of ₹36.67 Crores for 2015-16. The profit after tax for 2016-17 was at ₹19.59 Crores as against a loss after tax of ₹9.03 Crores for 2015-16. The Company's EBIDTA before exceptional item for 2016-17 was ₹420.85 Crores as against ₹322.12 Crores for 2015-16. The Finance Costs for 2016-17 stood at ₹ 291.51 Crores as against ₹300.68 Crores for 2015-16. During the year the Company's other income stood at ₹130.17 crores as against ₹130.36 crores in the previous year. The company incurred exceptional loss of ₹64.33 crores (₹26.09 crores in 2016-17) during the year due to additional rebates\price reduction claims on the stocks lying with its dealers and distribution channel pertains to earlier years.

The performance of Fertiliser division:

Particulars	2016-17	2015-16
Urea Production (MT)	465132	399600
Urea Sales (MT)	465854	406286
Di-Ammonium phosphates Production (MT)	150932	136217
Di-Ammonium phosphates Sales (MT)	144956	140109
Other Complex Fertilisers Production (MT)	433061	508038
Other Complex Fertilisers Sales (MT)	422802	497357
Sales of Finished Products (₹ In Lakhs)	261825.56	334579.30

The revenue from Traded products was ₹ 131293.81 lakhs during the financial year in comparison to ₹ 193186.72 lakhs in previous year. The sales of various products are as under:

Particulars	2016-17	2015-16
Di-Ammonium phosphates (MT)	180112	285432
Muriate of Potash (MT)	197841	162168
Single Super Phosphate (MT)	57138	51874
Urea (MT)	1137	1100
Other Complex Fertilisers(MT)	7484	200
Sale of Speciality Fertilisers (₹ in Lakhs)	11041.95	9798.78
Sale of Traded Goods (₹ in Lakhs)	118422.97	180832.9
Sale of Traded Urea (₹ in Lakhs)	343.31	59.96
Pesticides (₹ in Lakhs)	644.76	1134.97
Seeds (₹ in Lakhs)	15.94	333.24
Others (₹ in Lakhs)	824.88	1026.87

OUTLOOK :

The various governmental initiative and higher allocation in Union Budget for 2017-18 provides major focus on agriculture and rural India, with specific emphasis on water resources and irrigation. On the monsoon front, most global models are indicating reasonable to good monsoon due to continued weakening of El Nino conditions over the coming months signaling an above-normal monsoon rainfall over the country during June to September, 2017. Indian Meteorological Department estimates that monsoon will be 96% of the Long Period Average (LPA). This is expected to result in recharging of ground water levels and improve irrigation prospects. In light of the above, the consumption is expected to grow. There is also an enhanced focus on soil health and yield improvement through sustainable means to promote use of complex and speciality fertilisers. Also, with micro irrigation schemes being aggressively advocated by the Government, water soluble fertilizer consumption will pick up.

However, the budget did not offer much to the fertiliser sector. The fertiliser subsidy is kept at ₹70,000 crore, which indicates that the subsidy arrears by end of F.Y. 2017-18 will be substantial, forcing the industry to continue to depend on their own working capital borrowings. The implementation of Direct Benefit Scheme (DBT) will also put pressure on the working capital.

OPPORTUNITIES AND THREATS :

For F.Y. 2017-18, there will be opportunities for growth in the regulated as well as the de-regulated segments. In the long run, increasing consumption provides substantial opportunities for the branded Agri Business, in terms of higher value speciality inputs for better quality agri produce. F.Y. 2016-17 opened with higher inventory in the P&K segment which impacted the primary sales and selling price. However with prediction of good monsoon and coupled with good consumption the situation can be expected to normalise. In the Urea segment, the Company does not foresee short-term threats since the domestic demand-supply gap will continue to exist till such time that new capacity is added to achieve self-sufficiency.

RISKS AND CONCERNS:

The margins from operations of NPK plant, in view of imported input prices, primarily Ammonia and Phosphoric Acid, continue to be a cause of concern. The high credit and forex exposure on bulk trading continues to be a concern too. The growth in non-regulated segment brings to fore, the challenges in terms of quality management of third party sourced products. High subsidy and market outstanding continues to be a cause of concern leading to high working capital and interest cost eating into the profit margins.

CAUTIONARY STATEMENT:

There are certain statements in this report which the Company believes are forward looking. The forward looking statements stated in this report could significantly differ from the actual results due to certain risks and uncertainties, including but not limited to economic developments, Government actions, etc.

ANNEXURE 'E TO THE DIRECTORS' REPORT

MGT - 9
Extract of Annual Return

As on the financial year ended on 31.03.2017(Pursuant to sec 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014)

I. CORPORATE INFORMATION:

i)	CIN:-	L65910GA2009PLC006177
ii)	Registration Date:	10-Sep-09
iii)	Name of the Company	Zuari Agro Chemicals Limited
iv)	Category / Sub-Category of the Company	Company Limited by Shares
v)	Address of the Registered office and contact details	Jai Kisaan Bhawan, Zuarinagar, Goa - 403726. Tel No. 0832-2592180 / 2592509. Email Id: investor.relations@adventz.com Website: www.zuari.in
vi)	Whether listed company	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Pvt. Limited, C-101, 247 Park, L.B.S. Marg, Vikhroli West, Mumbai – 400083. Tel No. 91 22 49186000 Fax 91 22 49186060 Email: rnt.helpdesk@linkintime.co.in Website: www.linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sr. No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the company
1	Manufacture of urea and other organic fertilizers	20121/22	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. N0	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY / ASSOCIATE	% of shares held	Applicable Section
1	Zuari Agri Sciences Limited (formerly known as Zuari Seeds Limited) Jai Kisaan Bhawan, Zuarinagar, Goa, 403726.	U01122GA1995PLC001751	Subsidiary	100	2(87)
2	Zuari Fertilisers and Chemicals Limited Jai Kisaan Bhawan, Zuarinagar, Goa, 403726	U24120GA2009PLC006158	Subsidiary	100	2(87)
3	Zuari Speciality Fertilisers Limited (formerly Known as Zuari Rotem Speciality Fertilizers Limited)Jai Kisaan Bhawan, Zuarinagar, Goa, 403726	U01409GA2007PLC005489	Subsidiary	100	2(87)

S. N0	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY / ASSOCIATE	% of shares held	Applicable Section
4	Zuari Maroc Phosphates Private Limited (formerly known as Zuari Maroc Phosphates Limited)5th Floor, Orissa State Handloom Weavers' Co-Operative Building, Pandit J.N Marg, Bhubaneswar,Orissa, 751001	U24124OR2002PTC017414	Joint Venture	50	2(6)
5	MCA Phosphates Pte. Limited 112 Robinson Road # 05-01 Singapore 068902	Foreign Company	Joint Venture	30	2(6)
6	Paradeep Phosphates Ltd.* 5th Floor, Orissa State Handloom Weavers' Co-Operative Building, Pandit J. N. Marg, Bhubaneswar, Orissa, 751001	U24129OR1981PLC001020	Associate	40	2(6)
7	Mangalore Chemicals & Fertilizers Limited* Level 11, UB Tower, UB City, No. 24, Vittal Mallya Road, Bangalore, Karnataka, India – 560 001, Ph. No. : 080-3985 5500/6000	L24123KA1966PLC002036	Indirect Subsidiary	53	2(87)
* Percentage of shares held indirectly by the Company					

IV. SHARE HOLDING PATTERN

(Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders Demat Physical			No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
			Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A	**Promoter s**										
	1	**Indian**									
		a) Individual/ HUF	231027	0	231027	0.55	231027	0	231027	0.55	0
		b) Central Govt									
		c) State Govt(s)									
		d) Bodies Corp.	23334025	0	23334025	55.48	19917057	0	19917057	47.36	-8.12
		e) Banks / FI									
		f) Any other									
		Sub-total (A) (1)	23565052	0	23565052	56.03	20148084	0	20148084	47.91	-8.12
	2	**Foreign**									
		a) NRIs - Individuals	0	0	0	0	150585	0	150585	0.36	0.36
		b) Other - Individuals									
		c) Bodies Corp.	7491750	0	7491750	17.81	7491750	0	7491750	17.81	0.00
		d) Banks / FI									
		e) Any Other....									
		Sub-total (A) (2)	7491750	0	7491750	17.81	7642335	0	7642335	18.17	0.36
	Total shareholding of Promoter (A) = (A)(1)+(A)(2)		**31056802**	**0**	**31056802**	**73.84**	**27790419**	**0**	**27790419**	**66.08**	**-7.76**

		Category of Shareholders Demat Physical	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
			Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B	**Public Shareholding**										
	1	**Institutions**									
		a) Mutual Funds	2740926	50	2740976	6.52	1911121	50	1911171	4.54	-1.98
		b) Banks / FI	675	3965	4640	0.01	33833	3965	37798	0.09	0.08
		c) Central Govt									
		d) State Govt(s)									
		e) Venture Capital Funds									
		f) Insurance Companies	2281243	200	2281443	5.42	2281243	200	2281443	5.42	0
		g) FIIs	1263589	400	1263989	3.01	171015	400	171415	0.41	-2.6
		h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
		i) Others (specify)									
		i-i Foreign Bank	217	0	217	0	217	0	217	0	0.00
		Sub-total (B)(1):-	6286650	4615	6291265	14.96	4397429	4615	4402044	10.47	-4.49
	2	Non-Institutions									
		a) Bodies Corp.									
		i) Indian	1242225	16801	1259026	2.99	4723771	16801	4740572	11.27	8.28
		ii) Overseas	0	0	0	0	0	0	0	0	0
		b) Individuals	0	0	0	0	0	0	0	0	00
		i) Individual shareholders holding nominal share capital upto ` 2 lakh	2452817	342020	2794837	6.65	3336105	350226	3686331	8.76	2.11
		ii) Individual shareholders holding nominal share capital in excess of ` 2 lakh	496999	15190	512189	1.22	825620	0	825620	1.96	0.74
		c) Others (specify)									
		i) Clearing Members	91259	0	91259	0.22	207160	0	207160	0.49	0.27
		ii) Non Resident Indians	48398	2837	51235	0.12	113095	2837	115932	0.28	0.16
		iii) Overseas Bodies Corp.	0	450	450	0	0	450	450	0	0.00
		iv) Trusts	943	0	943	0.01	21878	0	21878	0.05	0.04
		v)HUF	0	0	0	0	267600	0	267600	0.64	0.64
		Sub-total (B)(2) :	4332641	377298	4709939	11.20	9495229	370314	9865543	23.46	12.26
		Total Public Shareholding (B)=(B)(1)+ (B)(2)	10619291	381913	11001204	26.16	13892658	374929	14267587	33.92	7.76
		TOTAL (A)+(B)	**41676093**	**381913**	**42058006**	**100**	**41683077**	**374929**	**42058006**	**100**	**0**
C	Shares held by Custodian for GDRs & ADRs		0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)			**41676093**	**381913**	**42058006**	**100**	**41683077**	**374929**	**42058006**	**100**	**0**

ii) **Shareholding of Promoters**

Sr. No	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	Globalware Trading and Holdings Ltd.	7012000	16.67		74,91,750	17.81		1.14
2	Texmaco Infrastructure & Holdings Ltd.	3000125	7.13		3000125	7.13		0.00
3	Coltrane Corpn. Ltd.	479750	1.14		0	0		-1.14
4	Jeewan Jyoti Medical Society	138550	0.33		138550	0.33		0.00
5	Adventz Finance Private Limited	1424201	3.38		1424201	3.38		0.00
6	Duke Commerce Ltd.	111000	0.26		111000	0.26		0.00
7	Saroj Kumar Poddar	129406	0.31		29406	0.07		-0.24
8	Adventz Securities Enterprises Ltd.	98804	0.23		98804	0.23		0.00
9	Adventz Investment Co. Pvt. Ltd.	15000	0.04		15000	0.04		0.00
10	Ricon Commerce Ltd.	8100	0.02		8100	0.02		0.00
11	Jyotsna Poddar	71621	0.17		21621	0.05		-0.12
12	New Eros Tradecom Ltd.	1196767	2.85		1196767	2.85		0.00
13	SIL Investments Ltd.*	3208000	7.63	4.43	0.00	0.00		0.00
14	Pilani Investment & Ind. Corp. Ltd.	434000	1.03		434000	1.03		0.00
15	RTM Investment & Trading Co. Ltd.*	110768	0.26		0	0.00		0.00
16	SCM Investment & Trading Co. Ltd.*	35000	0.08		0	0.00		0.00
17	Ronson Traders Ltd.*	63200	0.15		0	0		0.00
18	Basant Kumar Birla	30000	0.07		30000	0.07		0.00
19	Zuari Global Limited	8411601	20.00		8411601	20.00		0.00
20	Zuari Management Services Ltd.	5078909	12.08		5078909	12.08		0.00
21	Saroj Kumar Poddar (trustee)	-	-		150000	0.36		0.36
22	Akshay Poddar	-	-		150585	0.36		0.36
TOTAL		**31056802**	**73.84**	**4.43**	**27790419**	**66.08**		**-7.76**

*BSE Limited (vide its letter dated Nov. 29, 2016) & National Stock Exchange of India Limited("NSE") (vide its letter dated Dec 27, 2016) had approved the reclassification of above shareholders from 'Promoter/promoter Group to 'Public Category') under Reg 31A of SEBI Listing Regulations.

iii) **Change in Promoters' Shareholding (please specify, if there is no change)**

Sl. No.	Name of the Promoter	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	**Saroj Kumar Poddar**				
	At the beginning of the year	1,29,406	0.31	-	-
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): 30/03/2017 - Decrease – Transferred as a gift	(1,00,000)	(0.24)	29,406	0.07
	At the End of the year			29,406	0.07

Sl. No.	Name of the Promoter	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
2	**Globalware Trading and Holdings Ltd**				
	At the beginning of the year	70,12,000	16.67	-	-
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): - 23/12/2016- Increase- Purchase 23/12/2016 Increase – on market Inter se transfer	4,79,750	1.14	74,91,750	17.81
	At the End of the year			74,91,750	17.81
3	**Coltrane Corporation Limited**				
	At the beginning of the year	4,79,750	1.14		
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): - 23/12/2016 Decrease – on market Inter se transfer	(4,79,750)	(1.14)	0	0
	At the End of the year			0	0
4	**Jyotsna Poddar**				
	At the beginning of the year	71,621	0.17		
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): - 30/03/2017 Increase – Acquired as a Gift	1,00,000	0.24	1,71,621	0.41
	30/03/2017 Decrease- transfer by way of gift	(1,50,000)	(0.36)	21,621	0.05
	At the End of the year			21,621	0.05
5	**Saroj Kumar Poddar (trustee)**				
	At the beginning of the year	0	0		
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): - 30/03/2017 Increase – Acquired by way of Gift	1,50,000	0.36	1,50,000	0.36
	At the End of the year			1,50,000	0.36
6	**Akshay Poddar**				
	At the beginning of the year	0	0		
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): - 10/03/2017 Increase – Acquired by way of Gift	1,50,585	0.36	1,50,585	0.36
	At the End of the year			1,50,585	0.36

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

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	SIL Investments Limited				
	At the beginning of the year	3208000	7.63	-	-
	31/03/2017	(65000)	0.15	31,43,000	7.47
	At the end of the year (or on the date of seperation, if seperated during the year)			31,43,000	7.47
2	Life Insurance Corporation of India				
	At the beginning of the year	1350526	3.21	-	-
	At the end of the year (or on the date of seperation, if seperated during the year)			1350526	3.21
3	L and T Mutual Fund Trustee Ltd L and T India Value Fund				
	At the beginning of the year	221094	0.53	-	-
	08/07/2016	24306	0.06	245400	0.58
	30/12/2016	41578	0.10	286978	0.68
	20/01/2017	209675	0.50	496653	1.18
	27/01/2017	520347	1.24	1017000	2.42
	03/02/2017	176100	0.42	1193100	2.84
	31/03/2017	72591	0.17	1265691	3.01
	At the end of the year (or on the date of seperation, if seperated during the year)			1265691	3.01
4	KOTAK EMERGING EQUITY SCHEME				
	At the beginning of the year	752442	1.79	-	-
	07/10/2016	(50000)	(0.12)	702442	1.67
	27/01/2017	(75951)	(0.18)	626491	1.49
	03/03/2017	(20971)	(0.05)	605520	1.44
	31/03/2017	(20000)	(0.05)	585520	1.39
	At the end of the year (or on the date of seperation, if seperated during the year)			585520	1.39
5	General Insurance Corporation of India				
	At the beginning of the year	565972	1.35	-	-
	At the end of the year (or on the date of seperation, if seperated during the year)			565972	1.35
6	The New India Assurance Company Limited				
	At the beginning of the year	329695	0.78	-	-
	At the end of the year (or on the date of seperation, if seperated during the year)			329695	0.78
7	Earthstone Holding (Two) Limited				
	At the beginning of the year	198225	0.47		
	At the end of the year (or on the date of seperation, if seperated during the year)			198225	0.47
8	Mukul Mahavirprasad Agrawal				
	At the beginning of the year	0	0	-	-
	16/12/2016	2882	0.01	2882	0.01
	23/12/2016	4950	0.01	7832	0.02
	30/12/2016	2501	0.01	10333	0.02
	06/01/2017	15001	0.04	25334	0.06
	13/01/2017	25000	0.06	50334	0.12
	20/01/2017	44891	0.11	95225	0.23
	27/01/2017	50	0.00	95275	0.23
	03/02/2017	5025	0.01	100300	0.24
	03/03/2017	50000	0.12	150300	0.36
	At the end of the year (or on the date of seperation, if seperated during the year)			150300	0.36

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
9	Reliance Capital Trustee Co Ltd A/C-RelianceRegular Saving Fund- Equity Option				
	At the beginning of the year	1200000	2.85	-	-
	22/07/2016	(22781)	(0.05)	1177219	2.80
	29/07/2016	(54652)	(0.13)	1122567	2.67
	05/08/2016	(69828)	(0.17)	1052739	2.50
	12/08/2016	(74083)	(0.18)	978656	2.33
	19/08/2016	(38005)	(0.09)	940651	2.24
	26/08/2016	(290651)	(0.69)	650000	1.55
	02/09/2016	(25072)	(0.06)	624928	1.49
	09/09/2016	(219187)	(0.52)	405741	0.96
	16/09/2016	(72296)	(0.17)	333445	0.79
	23/09/2016	(116970)	(0.28)	216475	0.51
	30/09/2016	(116723)	(0.28)	99752	0.24
	07/10/2016	(99752)	(0.24)	0	0.00
	At the end of the year (or on the date of seperation, if seperated during the year)			0	0
10	Deutsche Securities Mauritius Limited				
	At the beginning of the year	899027	2.14	-	-
	21/10/2016	(16794)	(0.04)	882233	2.10
	28/10/2016	(136518)	(0.32)	745717	1.77
	04/11/2016	(22409)	(0.05)	723306	1.72
	11/11/2016	(38500)	(0.09)	684806	1.63
	18/11/2016	(25857)	(0.06)	658949	1.57
	25/11/2016	(651)	(0.00)	658298	1.57
	06/01/2017	(79275)	(0.19)	579023	1.38
	13/01/2017	(332137)	(0.79)	246886	0.59
	20/01/2017	(246886)	(0.59)	0	0
	At the end of the year (or on the date of seperation, if seperated during the year)			0	0
11	ICICI Prudential Value Fund Series 3				
	At the beginning of the year	507480	1.21	-	-
	15/04/2016	(52328)	(0.12)	455152	1.08
	22/04/2016	(30280)	(0.07)	424872	1.01
	29/04/2016	(135)	(0.00)	424737	1.00
	03/06/2016	(5160)	(0.01)	419577	1.00
	24/06/2016	(6678)	(0.02)	412899	0.98
	30/06/2016	(14250)	(0.03)	398649	0.95
	01/07/2016	(50000)	(0.12)	348649	0.83
	15/07/2016	(93184)	(0.22)	255465	0.61
	22/07/2016	(14220)	(0.03)	241245	0.57
	02/09/2016	(110918)	(0.26)	130327	0.31
	09/09/2016	(130327)	(0.31)	0	0
	At the end of the year (or on the date of seperation, if seperated during the year			0	0

v) **Shareholding of Directors and Key Managerial Personnel:**

Sl. No.	Name of the Directors / KMP	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Saroj Kumar Poddar (individual capacity)				
	At the beginning of the year	1,29,406	0.31	-	-
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc) : 30/03/2017 - Decrease- Transfer.	(1,00,000)	0.24	29,406	0.07
	At the End of the year			29,406	0.07
2	Saroj Kumar Poddar (as a Trustee to Saroj and Jyoti Poddar Holdings Private Trust)				
	At the beginning of the year	-	-		
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc) : 30/03/2017 Acquired by way of gift - Increase- Transfer .	1,50,000	0.36	1,50,000	0.36
	At the End of the year			1,50,000	0.36
3	Akshay Poddar				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc) : 10/03/2017 –Increase acquired by way of gift - Increase- Transfer .	1,50,585	0.36	1,50,585	0.36
	At the End of the year			1,50,585	0.36
4	Marco Wadia				
	At the beginning of the year	2,811	0.007	-	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the End of the year			2,811	0.007
5	R. Y. PATIL				
	At the beginning of the year	51	0	-	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc) :	-	-	-	-
	At the End of the year			51	0

V. INDEBTEDNESS

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

₹ in lacs

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	270,557.53	65,000.00	-	335,557.53
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	533.67	232.88	-	766.55
Total(i+ii+iii)	**271,091.20**	**65,232.88**	**-**	**336,324.08**
Change in Indebtedness during the financial year				
Addition	390,765.00	311,500.00	-	702,265.00
Reduction	465,585.66	304,000.00	-	769,585.66
Net Change	74,820.66	7,500.00	-	67,320.66
Indebtedness at the end of the financial year				
i) Principal Amount	196,270.54	72,732.88	-	269,003.42
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	477.61	328.80	-	806.41
Total (i+ii+iii)	**196,748.15**	**73,061.68**	**-**	**269,809.83**

VI. Remuneration of Directors and Key Managerial Personnel

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

₹ in Lacs

Sl. No.	Particulars of Remuneration	Managing Director
		Kapil Mehan
1	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act,1961	163.14
	(b) Value of perquisites u/s17(2) Income-tax Act, 1961	6.81
	(c) Profits in lieu of salary under section 17(3)Income- tax Act,1961	-
2	Stock Option	-
3	Sweat Equity	-
4	Commission - as % of profit - others, specify…	-
5	Others, please specify (Retirement Benefits)	29.03
6	Total (A)	198.98
	Ceiling as per the Act	5% of the Net Profit

B. Remuneration to other Directors:

₹ in Lacs

Sr. No	Particulars of Remuneration	Name of Directors				Total Amount
1	Independent Directors	**Mr. Marco Wadia**	**Mr. J.N.Godbole**	**Ms.Kiran Dhingra**	**Mr. Gopal Krishna Pillai**	(₹)
	Fee for attending board committee meetings	5.90	4.70	2.50	3.95	17.05
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total (1)	5.90	4.70	2.50	3.95	17.05
2.	Other Non-Executive Directors	**Mr. Saroj Kumar Poddar**	**Mr. Akshay Poddar**	**Mr. N.Suresh Krishnan**	**Total**	
	Fee for attending board committee meetings	2.95	2.45	5.30	10.70	
	Commission	-	-	-	-	
	Others, please specify	-	-	-	-	
	Total (2)	2.95	2.45	5.30	10.70	
	Total (B)=(1+2)				27.75	
	Total Managerial Remuneration				198.98	
	Overall Ceiling as per the Act	5% of the Net Profit				

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

₹ in Lacs

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			
		Company Secretary	**CFO**		**Total**
		R.Y.Patil	**V. Seshadri***	**Sandeep Agrawal****	
1.	Gross salary (a) Salary as per provisions contained in Section17(1)of the Income-tax Act,1961	52.75	16.48	54.89	124.12
	(b) Value of perquisites u/s17(2)Income-tax Act,1961	4.17	-	-	4.17
	(c) Profits in lieu of salary under section 17(3 Income-tax Act,1961	-	-	-	-
	Stock Option	-	-	-	-
	Sweat Equity	-	-	-	-
	Commission - as% of profit - others, specify…	-	-	-	-
	Others, please specify(Retirement Benefits)	5.46	1.99	8.68	16.13
	Total	62.38	18.47	63.57	144.42

*Upto 1st July 2016
** w.e.f 1st July 2016

VII. **Penalties/Punishment/Compounding Of Offences:**

Type	Section of the companies Act	Brief description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority[RD /NCLT/Court]	Appeal made If any(give details)
A. Company					
Penalty	None				
Punishment					
Compounding					
B. Directors					
Penalty	None				
Punishment					
Compounding					
C. Other Officers in Default					
Penalty	None				
Punishment					
Compounding					

ANNEXURE 'F' TO THE DIRECTORS' REPORT

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2017

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

To,
The Members,
Zuari Agro Chemicals Limited
Jai Kisaan Bhawan,
Zuarinagar, Goa- 403726

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Zuari Agro Chemicals Limited (hereinafter called the 'Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

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

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

i. The Companies Act, 2013 (the Act) and the rules made there under;

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

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

iv. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment and Overseas Direct Investment (*provisions of external commercial borrowing* ***not applicable to the Company during the Audit Period***) ;

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

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

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

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

   d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ***(Not applicable to the Company during the audit period);***

   e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 ***(Not applicable to the Company during the audit period);***

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

g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 ***(Not applicable to the Company during the audit period);*** and

h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 ***(Not applicable to the Company during the audit period).***

vi. The following laws and Regulations applicable specifically to the Company viz.,

a) Essential Commodities Act, 1955;

b) Seeds Act, 1966, Seeds Rules, 1968 and Seeds (Control) Order, 1983;

c) Insecticide Act, 1968, Insecticides Rules, 1971 and Insecticides (Price, Stock Display and Submission of Reports) Order, 1986;

d) Fertilizer (Control) Order, 1985 and Fertilizer (Movement Control) Order, 1973;

e) Explosives Act, 1884; and

f) Static and Mobile Pressure Vessels (Unfired) Rules, 1981.

I have also examined compliance with the applicable clauses of the following:

i. Secretarial Standards issued by The Institute of Company Secretaries of India ;

ii. The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited read with the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

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

I further report that –

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the Board Meetings, as represented by the management, were taken unanimously.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the year under review,

- the company has made an application to the Central government seeking approval pursuant to section 197 in the matter of remuneration paid to the Managing Director during the year ended March 31, 2016; and
- the terms of appointment of Managing director were altered by way of special resolution passed by way of postal ballot on 21-10-2016.

Place : Panaji, Goa
Date : May 19, 2017

Shivaram Bhat
Practising Company Secretary
ACS No. 10454 & CP No. 7853

This Report is to be read with my letter of even date which is annexed as **Annexure A** and Forms an integral part of this report.

'ANNEXURE A'

(My report of even date is to be read along with this Annexure.)

1. Maintenance of Secretarial records is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.

2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices I followed provide a reasonable basis for my opinion.

3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.

4. Whereever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place : Panaji, Goa
Date : May 19, 2017

Shivaram Bhat
Practising Company Secretary
ACS No. 10454 & CP No. 7853

ANNEXURE 'G' TO THE DIRECTORS' REPORT

Form No. AOC - 2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2)
of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis:

There were no contracts / arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 which are not at arm's length basis during the year ended 31st March, 2017.

2. Details of material contracts or arrangements or transactions at arm's length basis:

Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Durations of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advance, if any
(a)	(b)	(c)	(d)	(e)	(f)
Mangalore Chemicals & Fertilizers Limited (MCFL)	Sale of finished goods	Not applicable	Sale of finished goods to Mangalore Chemicals & Fertilizers Limited amounting to ₹13903.50 lacs .	9th Sept., 2016, 21st Oct, 2016, 27th Jan, 2017 & 19th May, 2017.	Nil

Note: The threshold limit for materiality has been decided by the board in accordance with the provisions of section 188 read with Rule 15 (3) of the Companies (Meetings of Board and its Powers) Rule, 2014.

For and on behalf of the Board of Directors,

S.K. Poddar
Chairman

May 19, 2017
Gurgaon

Annexure 'H' to the Directors' Report

Format of reporting of Corporate Social Responsibility (CSR)

[Pursuant to clause (o) of sub-section (3) of section 134 of the Companies Act, 2013 and
Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

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

Our projects and initiatives are guided by our CSR Policy, and reviewed closely by the CSR Committee instituted and adopted by the Board of Directors as per "**Section 135 of the Companies Act, 2013**".

Driven by our passion to make a difference to society, the Company is committed to upholding the highest standards of corporate social responsibility, and has continued its progress on community initiatives with renewed vigour and devotion.

As a responsible business corporation, we have built sustainable and effective CSR initiatives that are vital towards fulfilling critical societal needs in the communities we operate in. We also believe that we have a larger responsibility towards making a difference within our industry and also in society at large. Our initiatives include skills development, promotion of rural development, healthcare & WASH (Water, Sanitation and Hygiene), and Education.

As a responsible business corporation, our company has built sustainable and effective CSR initiatives that are vital towards fulfilling critical societal need gaps in the communities we operate in. We also believe that we have a larger responsibility towards making a difference within our industry and also society at large.

Weblink to CSR Policy: http://zuari.in/sites/default/files/CORPORATESOCIALRESPONSIBILITYPOLICY.pdf

2. The Composition of the CSR Committee.

a)	Mr. Gopal Krishna Pillai	-	Chairman
b)	Mr. J.N. Godbole	-	Member
c)	Mr. Akshay Poddar	-	Member
d)	Mr. Kapil Mehan	-	Member

3. Average net profit of the company for last three financial years:

The company had average net loss of ₹ 4,569.25 lacs for the last three financial years.

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

NIL. As the company had average net loss for the last three financial years.

5. Details of CSR spent during the financial year:

Total amount spent for the financial year	**₹ 71.64 lacs**
Amount unspent	**Nil**

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

Sl. No	CSR Project or activity Identified	Sector in which the project is covered	Projects or programs 1. Local area or other 2. Specify the state and District where projects or programs was undertaken	Amount outlay (budget) project or programs wise (₹)	Amount spent on the projects or programs Sub heads 1. Direct expenditure on projects or programs 2. Overheads	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
1.	Skills Development Initiative	"skills development"	Zuarinagar and surrounding villages in Goa	28.1 lacs	Direct expenditure – 100% Overheads – Nil	28.1 lacs	Sambhav Foundation (NGO)
2.	Sanitation, Education and Health Project	"slum development, sanitation, health, education"	Zuarinagar and surrounding villages in Goa	25.13 lacs	Direct expenditure – 100% Overheads – Nil	25.13 lacs	Margdarshak (NGO)
3.	Provisioning of Drinking Water to villages	"safe drinking water"	Bellem & Danddo Villages, Goa	17.42 lacs	Direct expenditure – 100% Overheads – Nil	17.42 lacs	(Direct)
4.	Educational Scholarships for economi-cally backward	"promoting education"	Mormugao Taluka, Goa	1.16 lacs	Direct expenditure – 100% Overheads - Nil	0.99 lacs	(Direct)
TOTAL (Rupees in lac)				**₹ 71.81 Lacs**		**₹ 71.64 Lacs**	

The two percent of the average net profit for the last three financial years of the company is Nil as the company had average net loss for the last three financial years. During the year 2016-17, the company spent a total of ₹ 71.64 lacs while implementing the CSR activities as per item no. 6 above.

The CSR interventions are being implemented in partnership with credible NGOs, as well as directly, and are carefully monitored. The CSR interventions slated to be implemented during the year 2017-18 have been designed.

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

The CSR Committee of the Company hereby confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

Date : 19th May, 2017
Place : Gurgaon

Kapil Mehan
Managing Director
DIN:01215092

Gopal Krishna Pillai
Chairman of CSR Committee
DIN: 02340756

ANNEXURE 'I TO THE DIRECTORS' REPORT

Statement of particulars pursuant to the provisions of section 197 (12) read with Rule 5 (1) of Companies (Appointment and Remuneration of Managerial personnel) Rules, 2014

(i) The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2016-17:

Sl. No.	Name of the Director	Ratio of the remuneration of Directors to the median remuneration of the employees of the Company.
1	S.K.Poddar - Chairman*	Nil
2	Kapil Mehan – Managing Director	1:49
3	N. Suresh Krishnan - Non- Executive Director	Nil
4	Akshay Poddar -- Non- Executive Director-	Nil
5	J.N. Godbole - (Independent Director)*	Nil
6	Marco Wadia -(Independent Director)*	Nil
7	Gopal Pillai - (Independent Director)*	Nil
8	Kiran Dhingra - (Independent Director)*	Nil

* were paid sitting fees for attending the Meetings.

(ii) The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager in the financial year;

Sl. No.	Name of the Director	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary in the financial year
1	S.K.Poddar- Chairman*	Nil
2	Kapil Mehan – Managing Director	Nil
3	N. Suresh Krishnan- Non Executive Director *	Nil
4	Akshay Poddar - Non Executive Director *	Nil
5	J.N. Godbole -(Independent Director)*	Nil
6	Marco Wadia -(Independent Director)*	Nil
7	Gopal Pillai -(Independent Director)*	Nil
8	Kiran Dhingra -(Independent Director)*	Nil
9	Sandeep Agrawal -Chief Financial officer	Nil
10	R Y Patil - Vice President & Company Secretary	12%

* were paid sitting fees for attending the Meetings during the Financial Year.

(iii) The percentage increase in the median remuneration of employees in the financial year : 8.67%

(iv) The number of permanent employees on the rolls of Company:

There are 727 permanent employees on the rolls of the Company during the Financial year.

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

Other than the managerial personnel and KMP, the employees were given increment of 8.67 % on an average.

There were no exception circumstances for increase in the managerial remuneration.

(vi) The Remuneration paid to Key Managerial Personnel is as per the Remuneration policy of the Company.

On behalf of the Board of Directors

S. K. Poddar
Chairman

Date: 19th May, 2017
Place: Gurgaon

ANNEXURE 'J' TO THE DIRECTORS' REPORT

Form No. AOC - 1

PART - A

Statement containing salient features of the financial statement of Subsidiaries
(Pursuant to proviso to sub-section (3) of section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

₹ In Lacs

Sl. No.	Name of Subsidiary	Reporting Period	Reporting Currency	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Invest-ment	Turnover	Profit before taxation	Tax Ex-penses/ (Credit)	Profit after taxation	Pro-posed Dividend	% of Share-holding
	Indian Subsidiaries													
1	Zuari Agri Sciences Limited (formerly known as Zuari Seeds Limited)	2016-17	INR	3042.41	(2220.11)	13176.90	12354.90	0.00	15533.65	155.15	69.35	85.80	0.00	100%
2	Zuari Speciality Fertilisers Limited (formerly known as Zuari Rotem Speciality Fertilisers Limited) (Joint venture upto 10th December, 2015 and thereafter as subsidiary of the company)	2016-17	INR	691.50	198.37	3884.18	2994.31	0.00	3386.37	71.84	15.11	56.73	0.00	100%
3	Zuari Fertilisers and Chemicals Limited	2016-17	INR	1535.00	(22127.70)	71701.57	92294.27	53521.45	4532.73	(11355.40)	0.00	(11355.40)	0.00	100%
4	Mangalore Chemicals & Fertilisers Limited (Subsidiary of Zuari Fertilisers and Chemicals Limited W.e.f. 18th May, 2015)	2016-17	INR	11854.56	30548.62	226060.99	183657.81	0.00	250214.23	3011.92	1070.45	1941.47	5%	53.03%

Note 1: Subsidiary which are yet to commence operations - Nil

Note 2: Subsidiary which have been sold during the year - Nil

PART - B

Statement containing salient features of the financial statement of Joint Ventures

(Pursuant to proviso to sub-section (3) of section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

Sr. No.	Name of Joint Ventures	Zuari Maroc Phosphates Private Limited (Consolidated)	MCA Phosphates Pte Limited (Consolidated) (Refer Note 1 below)
1	Latest Audited Balance Sheet Date	31st March, 2017	31st March, 2017
2	Shares in Joint Ventures held by the Company on the year end		
	No. (No. of Shares)	179816228.00	21690000.00
	Amount of Investment in Joint Venture	17981.62	11943.48
	Extend of holding %	50.00%	30%
3	Description of how there is significant influence	Based on Percentage of Holding in the Joint Venture Company	Based on Percentage of Holding in the Joint Venture Company
4	Reason why the Joint Venture is not consolidated	Not Applicable	Not Applicable
5	Networth attributable to Shareholding as per latest audited Balance Sheet	68307.73	774.3
6	Profit for the year (Profit after Tax)	8662.19	(25187.09)
	i. Considered in Consolidation	4331.10	(7556.13)
	ii. Not considered in Consolidation	4331.10	(17630.96)

Note 1: Financial Statements of MCA Phosphates Pte. Limited for the year ended 31st March, 2017 are unaudited

Note 2: Associates or Joint Ventures which are yet to commence operations - Nil

Note 3: Associates or Joint Ventures which have been sold during the year - Nil

For and on behalf of the Board of Directors of Zuari Agro Chemicals Limited

S. K. PODDAR
Chairman
DIN: 00008654

KAPIL MEHAN
Managing Director
DIN: 01215092

MARCO WADIA
Director
DIN: 00244357

SANDEEP AGRAWAL
Chief Financial Officer

R. Y. PATIL
Vice President & Company Secretary
FCS: 2845

Place: Gurgaon
Date: 19th May, 2017

INDEPENDENT AUDITOR'S REPORT

To the Members of Zuari Agro Chemicals Limited

Report on the Standalone Ind AS Financial Statements

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

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with [Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143 (3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose 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, Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 32 to the standalone Ind AS financial statements;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. The Company has provided requisite disclosures in Note 54 to these standalone Ind AS financial statements as to the holding of Specified Bank Notes on 8th November 2016 and 30th December 2016 as well as dealings in Specified Bank Notes during the period from 8th November 2016 to 30th December 2016. Based on our audit procedures and relying on the management representation regarding the holding and nature of cash transactions, including Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the Management.

For **S.R. Batliboi & CO. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Anil Gupta
Partner
Membership Number: 87921
Place of Signature: New Delhi
Date: May 19, 2017

Annexure referred to in paragraph 'Report on Other Legal and Regulatory Requirements' of our report of even date

Re: Zuari Agro Chemicals Limited ('the Company')

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) Fixed assets have been physically verified by the management in a phased manner over a period of two years and accordingly, part of the fixed assets were physically verified during the year and discrepancies observed on such verification, as compared to the book records, were not material. In our opinion, the frequency of physical verification is reasonable having regard to the size of the Company and the nature of the assets.

(c) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to information and explanations given by the management, the title deeds of immovable properties, included in fixed assets are held in the name of the Company, except for the immovable properties acquired during demerger of fertiliser undertaking from Zuari Global Limited in an earlier year aggregating to ₹ 30.08 lakhs and one immovable property acquired during the previous year aggregating to ₹ 396 lakhs, for which title deeds are not in the name of the Company and conveyance deeds in respect of the same are yet to be executed in the name of the Company.

(ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.

(iii) (a) The Company has granted loans to two companies covered in the register maintained under Section 189 of the Companies Act, 2013. In our opinion and according to the information and explanations given to us, the terms and conditions of the grants and loans not prejudicial to the Company's interest.

(b) In respect of loans granted to companies covered in the register maintained under Section 189 of the Companies Act, 2013, repayment of the principal amount is as stipulated and payment of interest has been regular.

(c) There is no amount of loans granted to companies, firms or other parties listed in the register maintained under Section 189 of the Companies Act, 2013 which are outstanding for more than ninety days.

(iv) In our opinion and according to the information and explanations given to us, provisions of Section 185 and 186 of the Companies Act 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and guarantees and securities given have been complied with by the Company.

(v) The Company has not accepted any deposits from the public.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 148(1) of the Companies Act, 2013, related to the manufacture of Fertiliser and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, custom duty, excise duty, value added tax, cess and other material statutory dues applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales-tax, , service tax, duty of customs, duty of excise, value added taxes, cess and other material undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, duty of customs, duty of excise, value added tax and cess on account of any dispute, are as follows:

Name of the Statute	Nature of the Dues	Amount (Rs. in lacs)	Period to which the amount relates	Forum where dispute is pending
Central Sales Tax Act	Demand for non submission of "F form"	96.77	2011-12 to 2012-13	Commercial Tax Department, Jaipur
Central Sales Tax Act	Demand for non submission of "F form"	1.81	2012-13	Commercial Tax Department, Maharashtra
Central Sales Tax Act	Demand for non submission of "C form"	2.48	2013-14	Commercial Tax Department, Madhya Pradesh
Rajasthan Value Added Tax Act, 2003	Excess input credit availed	22.33	2011-12	Commercial Tax Department
Rajasthan Value Added Tax Act, 2003	Excess input credit availed	9.77	2013-14	Commercial Tax Department
Kerela Value Added Tax Act, 2003	Demand for conceding an inter-state transfer out of taxable items	15.52	2009-10	Commercial Tax Department
Customs Act, 1962	Demand for differential custom duty	458.12	24.03.2011 to 02.12.2011 01.04.2001 to 28.02.2006 2002-03 to 2003-04 2006-07 to 2008-09	CESTAT
Customs Act, 1962	Demand for differential custom duty	60.63	2006-07 to 2008-09	Commissioner of Customs Appeals
Income Tax Act, 1961	Income tax demand	255.49	2011-12	Commissioner of Income Tax (Appeals)

(viii) According to information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to banks. The Company did not have any outstanding debentures and loan from financial institution during the year.

(ix) According to the information and explanations given by the management and on an overall examination of the balance sheet, we report that monies raised by way of term loans were applied for the purposes for which those were raised. The Company has not raised money by way of initial public offer / further public offer and debt instruments.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud / material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

However, the approval of Central Government in respect of excess remuneration paid to Managing Director amounting to Rs. 149.82 lakhs in previous year is awaited.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.

(xiii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, transactions with the related parties are in compliance with Section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in Section 192 of Companies Act, 2013.

(xvi) According to the information and explanations given to us, the provisions of Section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Anil Gupta
Partner
Membership Number: 87921

Place: New Delhi
Date: May 19, 2017

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF ZUARI AGRO CHEMICALS LIMTED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Zuari Agro Chemicals Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

An audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S.R. Batliboi & CO. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Anil Gupta
Partner
Membership Number: 87921

Place of Signature: New Delhi
Date: May 19, 2017

Balance Sheet as at 31st March 2017

(₹ in lakhs)

	Particulars	Notes	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
I	**ASSETS**				
	(1) Non-current assets				
	Property, Plant and Equipment	3	**37,261.52**	36,746.26	27,478.33
	Capital work-in-progress	3	**12,919.87**	8,883.72	8,971.01
	Software	4	**154.64**	194.26	130.04
	Intangible assets under development	4	**19.34**	15.02	5.56
	Financial Assets				
	(i) Investments	5	**44,740.28**	37,055.67	32,956.19
	(ii) Loans	5	**31,661.35**	37,438.69	20,140.71
	(iii)Others	5	**0.85**	12,100.37	12,264.84
	Deferred Tax Assets (Net)	17	**860.19**	1,361.95	-
	Other Assets	6	**5,417.94**	1,757.19	2,554.29
	Income Tax Assets (Net)	17A	**5,671.40**	3,237.97	1,932.66
	(2) Current assets				
	Inventories	7	**37,468.53**	42,436.66	54,751.24
	Financial Assets				
	(i) Trade Receivables	8	**213,309.71**	270,666.76	265,160.13
	(ii) Cash and cash equivalents	9	**207.39**	238.96	81.39
	(iii)Bank balances other than (ii) above	9.1	**18.07**	18.13	14.62
	(iv)Loans	5	**33,075.40**	18,155.31	3,399.68
	(v) Others	5	**21,095.11**	17,935.70	6,722.08
	Other Assets	6	**2,839.80**	2,405.96	2,060.95
	Total Assets		**446,721.39**	**490,648.58**	**438,623.72**
II	**EQUITY AND LIABILITIES**				
	(1) Equity				
	Equity share capital	10	**4,205.80**	4,205.80	4,205.80
	Other equity		**78,071.38**	74,724.71	76,493.83
	LIABILITIES				
	(1) Non-current liabilities				
	Financial Liabilities				
	(i) Borrowings	11	**21,404.31**	22,625.72	-
	(ii) Other financial liabilities	14	**134.96**	195.38	36.58
	Provisions	16	**45.31**	117.16	-
	Deferred tax liabilities(Net)	17	-	-	1,324.73
	(2) Current liabilities				
	Financial Liabilities				
	(i) Borrowings	12	**246,832.56**	310,557.53	238,201.02
	(ii) Trade Payables	13	**55,208.21**	51,094.97	93,857.55
	(iii)Others	14	**25,314.33**	16,990.08	10,101.60
	Other Liabilities	15	**13,171.81**	7,809.37	11,838.08
	Provisions	16	**2,332.72**	2,327.86	2,564.53
	Total Equity and Liabilities		**446,721.39**	**490,648.58**	**438,623.72**

Summary of significant accounting policies 2A

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.R. Batliboi & Co. LLP
Chartered Accountants
Firm's Registration
No.301003E/E300005

per ANIL GUPTA
Partner
Membership No. 87921

Place: New Delhi
Date: May 19, 2017

For and on behalf of the Board of Directors of Zuari Agro Chemicals Limited

KAPIL MEHAN
Managing Director
DIN: 01215092

S. K. PODDAR
Chairman
DIN: 00008654

MARCO WADIA
Director
DIN: 00244357

SANDEEP AGRAWAL
Chief Financial Officer

R. Y. PATIL
Vice President & Company Secretary
FCS: 2845

Place: Gurgaon
Date: May 19, 2017

Statement of Profit and Loss for the year ended 31st March 2017

(₹ in lakhs)

	Particulars	Notes	For the year ended 31st March 2017	For the year ended 31st March 2016
I	**INCOME**			
	Revenue From Operations	18	**393,249.88**	528,010.71
	Other Income	19	**13,017.35**	13,036.09
	Total Income (I)		**406,267.23**	**541,046.80**
II	**EXPENSES**			
	Cost of Materials Consumed	20	**175,857.16**	245,106.31
	Purchases of Stock in trade	21	**103,726.25**	165,902.52
	Changes in inventories of finished goods, Stock-In-Trade and work in progress	22	**3,655.09**	7,441.39
	Excise duty on sale of goods		**1,465.18**	1,658.59
	Employee benefits expense	23	**8,085.97**	8,753.11
	Finance costs	24	**29,150.68**	30,067.79
	Depreciation and amortization expense	25	**3,461.26**	3,201.86
	Other expenses	26	**71,392.28**	79,973.34
	Total Expenses (II)		**396,793.87**	**542,104.91**
III	Profit/(loss) before exceptional items and tax (I-II)		**9,473.36**	(1,058.11)
IV	Exceptional Items	28	**6,433.05**	2,609.31
V	Profit/(loss) before tax (III-IV)		**3,040.31**	(3,667.42)
VI	Tax expense:			
	(1) Current Tax	17	**629.58**	-
	(2) MAT Credit	17	**(629.58)**	-
	(3) Deferred Tax	17	**1,080.95**	(2,764.22)
VII	Profit/(loss) for the year (V-VI)		**1,959.36**	(903.20)
VIII	Other Comprehensive Income		**1,387.31**	146.49
	A Items that will not be reclassified to profit or loss			
	Re-measurement gains/ (losses) on defined benefit plans		**145.74**	224.02
	Income tax relating to items that will not be reclassified to profit or loss		**(50.44)**	(77.53)
	Net (loss)/gain on financial instruments		**1,292.01**	-
	Income tax effect		-	-
	B Items that will be reclassified to profit or loss			
	Income tax relating to items that will be reclassifed to profit or loss			
IX	Total Comprehensive Income/(loss) for the year (VII + VIII) (Comprising Profit (Loss) and Other Comprehensive Income for the year)		**3,346.67**	(756.71)
X	Earnings per equity share: (nominal value of share ₹ 10/-(31st March 2016 ₹ 10/-)	29		
	(1) Basic		**4.66**	(2.15)
	(2) Diluted		**4.66**	(2.15)

Summary of significant accounting policies 2A

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.R. Batliboi & Co. LLP
Chartered Accountants
Firm's Registration No.301003E/E300005

per ANIL GUPTA
Partner
Membership No. 87921

Place: New Delhi
Date: May 19, 2017

For and on behalf of the Board of Directors of Zuari Agro Chemicals Limited

KAPIL MEHAN
Managing Director
DIN: 01215092

S. K. PODDAR
Chairman
DIN: 00008654

MARCO WADIA
Director
DIN: 00244357

SANDEEP AGRAWAL
Chief Financial Officer

R. Y. PATIL
Vice President & Company Secretary
FCS: 2845

Place: Gurgaon
Date: May 19, 2017

Statement of Cash Flows for the year ended 31st March 2017

(₹ in lakhs)

	Particulars	Notes	For the year ended 31st March 2017	For the year ended 31st March 2016
A	**Cash Flow from Operating Activities**			
	Profit / (loss) before tax		3,040.31	(3,667.42)
	Adjustments:			
	Depreciation / amortisation	**25**	3,461.26	3,201.86
	(Gain)/Loss on property,plant and equipment sold / discarded (net)	**26**	77.74	108.17
	Loss / (Profit) on sale of current investments	**19**	(3.80)	(1.84)
	Excess Provision / Unclaimed Liabilities / unclaimed balances written back	**19**	(85.42)	(168.76)
	Provision for MTM loss on Derivative contracts		1,434.00	3,324.75
	Unrealized foreign exchange fluctuation loss		-	22.39
	Interest expense	**24**	21,197.76	18,303.14
	Interest income (including fair value change in financial instruments)	**19**	(11,770.84)	(11,075.24)
	Dividend income		-	(0.98)
	(Gain) arising on financial assets as at fair value through profit and loss	**19**	(49.27)	(42.01)
	Operating Profit before Working Capital changes		**17,301.74**	**10,004.06**
	Movements in working capital :			
	Increase/(decrease) in trade payables		4,029.26	(42,781.83)
	Increase in provisions		78.75	104.51
	Increase / (decrease) in other current liabilities		5,362.44	(4,028.71)
	(Increase)/decrease in trade receivables		57,357.05	(5,506.63)
	Decrease in Inventories		4,968.13	12,314.58
	(Increase)/decrease in loans and advances		356.50	(299.03)
	Increase in other financial liabilities		1,513.70	692.19
	Decrease/(Increase) in other financial assets		(4,987.19)	(8,772.04)
	(Increase) in other assets		(236.08)	(131.06)
	Cash Generated From Operations		85,744.30	(38,403.94)
	Less : Direct Tax paid (net of refunds)		(3,063.01)	(1,305.30)
	Net Cash Flow from/(used in) Operating Activities (A)		**82,681.29**	**(39,709.24)**
B	**Cash Flow from Investing Activities:**			
	Purchase of property ,plant and equipment including intangible assets, CWIP and capital advances		(12,516.74)	(10,559.46)
	Proceeds from sale of property,plant and equipment		107.15	131.01
	Advance for purchase of investments received back		11,920.00	-
	Purchase of investments in subsidiary	**5**	-	(1,332.33)
	Purchase of other non-current investments	**5**	(6,356.04)	(2,671.11)
	Purchase of current investments		(15,000.00)	(12,000.00)
	Proceeds from sale/ maturity of current investments		15,003.80	12,001.84
	Interest received		13,809.89	9,042.24
	Payment/ (realisation) in unclaimed dividend account		0.05	(3.50)
	Dividend received		-	0.98
	Loans/ICD given to bodies corporate		(11,331.00)	(32,973.70)
	Loans/ICD given to bodies corporate received back		1,800.00	975.00
	Net cash flow (used in) investing activities (B)		**(2,562.89)**	**(37,389.03)**

Statement of Cash Flows for the year ended 31st March 2017

(₹ in lakhs)

	Particulars	Notes	For the year ended 31st March 2017	For the year ended 31st March 2016
C	**Net Cash Flow From Financing Activities:**			
	Proceeds from/ (repayment) of short term borrowings		1,614.41	10,686.04
	Proceeds from long term borrowings		7,561.05	24,750.72
	Repayment of long term borrowings		(2,073.90)	-
	Proceeds from Buyer's Credit		238,218.53	376,642.03
	Repayment of Buyer's Credit		(303,557.97)	(314,971.55)
	Dividend paid on equity shares		(0.05)	(837.66)
	Tax on equity dividend paid	**27**	-	(171.25)
	Interest paid		(21,912.04)	(18,842.49)
	Net cash flow from/(used in) in financing activities (C)		**(80,149.97)**	**77,255.84**
D	**Net (decrease)/increase In cash and cash equivalents (A + B + C)**		**(31.57)**	**157.57**
	Cash and cash equivalents (Opening)		238.96	81.39
	Cash and cash equivalents (Closing)	**9**	207.39	238.96

* Cash Flow from operating activities for the 31st March 2017 is after considering Corporate Social Responsibility Expenditure of ₹ 71.64 lakhs (31st March 2016: ₹ 44.85 lakhs)

(₹ in lakhs)

Particulars	For the year ended 31.3.2017	For the year ended 31.3.2016
CASH AND CASH EQUIVALENTS		
Cash on hand	0.29	6.14
Cheques/drafts on hand	0.15	103.27
Balance with cash credit accounts	206.95	129.55
Total cash and cash equivalents	**207.39**	**238.96**

Summary of significant accounting policies **2**

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For and on behalf of the Board of Directors of Zuari Agro Chemicals Limited

For S.R. Batliboi & Co. LLP
Chartered Accountants
Firm's Registration
No.301003E/E300005

KAPIL MEHAN
Managing Director
DIN: 01215092

S. K. PODDAR
Chairman
DIN: 00008654

MARCO WADIA
Director
DIN: 00244357

per ANIL GUPTA
Partner
Membership No. 87921

SANDEEP AGRAWAL
Chief Financial Officer

R. Y. PATIL
Vice President & Company Secretary
FCS: 2845

Place: New Delhi
Date: May 19, 2017

Place: Gurgaon
Date: May 19, 2017

Notes to financial statements for the year ended 31st March 2017

Statement of Changes in Equity for the year ended 31st March 2017
(Amount in Rupees lakhs, unless otherwise stated)

(a) Equity Share Capital
Equity shares of ₹ 10 each issued, subscribed and fully paid

	No. of Shares	Amount (₹ In lakhs)
At 1st April 2015	42,058,006	4,205.80
At 31st March 2016	42,058,006	4,205.80
At 31st March 2017	42,058,006	4,205.80

(b) Other equity
For the year ended 31st March 2017: (₹ in lakhs)

	Reserves and surplus			Item of OCI	Total
	Business Restructuring Reserve *	Surplus in the statement of profit and loss	General reserve	Fair value gain/(loss) of equity instruments	
As at 1st April 2016	65,404.84	3,169.87	6,150.00	-	74,724.71
Profit for the year	-	1,959.36	-	-	1,959.36
Other comprehensive income	-	95.30	-	1,292.02	1,387.31
Total comprehensive income for the year	-	2,054.65	-	1,292.02	3,346.67
At 31st March 2017	65,404.84	5,224.52	6,150.00	1,292.02	78,071.38

For the year ended 31st March 2016:

(₹ in lakhs)

	Reserves and surplus			Item of OCI	Total
	Business Restructuring Reserve *	Surplus in the statement of profit and loss	General reserve	Fair value gain/(loss) of equity instrument	
As at 1st April 2015	65,404.84	4,938.99	6,150.00	-	76,493.83
Profit/(loss) for the year	-	(903.19)	-	-	(903.19)
Other comprehensive income	-	146.49	-	-	146.49
Total comprehensive income	-	(756.71)	-	-	(756.71)
Cash dividends (₹ 2/- per equity share)	-	(841.16)	-	-	(841.16)
Dividend distribution tax (DDT)	-	(171.25)	-	-	(171.25)
At 31st March 2016	65,404.84	3,169.87	6,150.00	-	74,724.71

* The said reserve be treated as free reserve and be restricted and not utilized for declaration of dividend by the Company.

Summary of significant accounting policies 2A

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.R. Batliboi & Co. LLP
Chartered Accountants
Firm's Registration No.301003E/E300005

per ANIL GUPTA
Partner
Membership No. 87921

Place: New Delhi
Date: May 19, 2017

For and on behalf of the Board of Directors of Zuari Agro Chemicals Limited

KAPIL MEHAN
Managing Director
DIN: 01215092

S. K. PODDAR
Chairman
DIN: 00008654

MARCO WADIA
Director
DIN: 00244357

SANDEEP AGRAWAL
Chief Financial Officer

R. Y. PATIL
Vice President & Company Secretary
FCS: 2845

Place: Gurgaon
Date: May 19, 2017

Notes to the Financial Statements as at and for the year ended 31st March 2017

1. Corporate Information

The Company is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. Its shares are listed on two recognized stock exchanges in India. The registered office of the Company is located at Jai Kisaan Bhawan, Zuarinagar, Goa 403726. The Company is a manufacturer of chemical fertilizers. The Company is also into trading business of complex fertilizers, water soluble fertilizers, pesticides and seeds. The Company caters to the demand of the farmers all over the country, through its "Jai kisaan" brand of Fertilizers.

These financial statements were approved by the Board of Directors of the Company in their meeting held on 19th May 2017.

2.A. Summary of Significant Accounting Policies

i) Basis of Preparation

The separate financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standard) (Amendment) Rules, 2016. The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under Section 133 of the Companies Act 2013 ("the Act").

The financial statements of the Company for all periods upto and including the year ended 31st March 2016 were prepared in accordance with accounting standards notified under Section 133 of the Companies Act, 2013 and Companies (Accounting Standard) Rules, 2006 (as amended), read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

These financial statements for the year ended 31st March 2017 are the first financial statements of the Company prepared in accordance with Ind AS. Refer note 40 for an explanation of how the transition from previous GAAP (Indian GAAP) to Ind AS has affected the Company's financial position, financial performance and cash flows.

The financial statements have been prepared on an accrual basis and under the historical cost basis, except for the following assets and liabilities which have been measured at fair value-

- Derivative financial instruments,
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments),
- Defined benefit plans – plan assets measured at fair value,
- Investment in other debt instruments (i.e. preference shares)

The financial statements of the Company are presented in Indian Rupee (Rs.) and all values are rounded to the nearest lakhs (Rs. 00,000), except when otherwise indicated.

ii) Basis of classification of Current and Non-Current

Assets and Liabilities in the balance sheet have been classified as either current or non-current.

An asset has been classified as current if

a) it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle; or
b) it is held primarily for the purpose of being traded; or
c) it is expected to be realized within twelve months after the reporting date; or
d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

All other assets have been classified as non-current.

A liability has been classified as current when

a) it is expected to be settled in the Company's normal operating cycle; or
b) it is held primarily for the purpose of being traded; or
c) it is due to be settled within twelve months after the reporting date; or
d) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

All other liabilities have been classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

An operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalents. The Company has identified twelve months as its operating cycle.

iii) Foreign Currency Translation

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Indian Rupee (₹), which is Company's functional and presentation currency.

(b) Initial recognition

Transactions in foreign currencies are initially recorded by the Company at the functional currency spot rates at the date the transaction first qualifies for recognition.

(c) Conversion

Foreign currency monetary items are translated using the functional currency spot rates of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost denominated in a foreign currency are translated using the exchange rate at the date of the initial transaction. Non-monetary items measured at fair value denominated in a foreign currency are, translated using the exchange rates that existed when the fair value was determined.

(d) Exchange differences

Exchange differences arising on settlement or translation of monetary items are recognised in the statement of profit and loss.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income (OCI) or profit and loss are also recognised in OCI or profit and loss, respectively).

iv) Derivative financial instruments

Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

v) Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's management determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for distribution in discontinued operation.

External valuers are involved for valuation of significant assets, and significant liabilities, if any.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.
The management, in conjunction with the Company's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

vi) Property, plant and equipment

On transition to Ind AS i.e. 1st April 2015, the Company has elected to continue with the carrying value of all of its property, plant and equipment (PPE) recognised as at 1st April 2015 measured as per the Indian GAAP and use that carrying value as the deemed cost of the PPE.

PPE are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, including import duties and non- refundable purchase taxes, borrowing costs if recognition criteria are met and any directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of PPE is added to its book value only if it increases the future benefits from the existing PPE beyond its previously assessed standard of performance. Such cost includes the cost of replacing part of the plant and equipment. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Items of stores and spares that meet the definition of PPE are capitalized at cost. Otherwise, such items are classified as inventories.

Gains or losses arising from derecognition of the assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

vii) Depreciation on property, plant and equipment

Depreciation on property, plant and equipment (other than specific asset referred under Para (a) to (c) below is calculated using the straight-line basis using the rates arrived at, based on the useful lives estimated by the management. For this purpose, a major portion of the plant has been considered as continuous process plant. The identified components are depreciated separately over their useful lives; the remaining components are depreciated over the life of principal asset. The Company has used the following rates to provide depreciation on its property, plant and equipment which are equal to the rates specified in Schedule II to Companies Act, 2013.

	Useful lives estimated by the management (years)
Factory buildings	30 years
Other buildings (RCC structures)	60 years
Other buildings (other than RCC structures)	30 years
Plant and equipments (Continuous process plant)	25 years
Furniture and fixtures	10 years
Office equipments	3 to 5 years
Vehicles	8 years

The management has estimated, supported by independent assessment by professionals, the useful lives of the following classes of assets:

(a) The useful lives of components of certain plant and equipment are estimated as 5 to 20 years. These lives are lower than those indicated in Schedule II.

(b) Insurance/ capital/ critical stores and spares are depreciated over the remaining useful life of related plant and equipment or useful life of insurance/capital/ critical spares, whichever is lower.

(c) Property, plant and equipment whose value is less than ₹ 5,000/- are depreciated fully in the year of purchase.

The residual values, useful lives and method of depreciation of property, plant and equipment are reviewed at each financial year and adjusted prospectively, if any.

viii) Intangible Assets

On transition to Ind AS, the Company has elected to continue with the carrying value of all of intangible assets recognised as at 1st April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets with finite lives are amortised on a straight line basis over the estimated useful economic life.

The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with Ind AS-8 "Accounting Policies, Changes in Accounting Estimates and Errors".

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

The following are the acquired intangible assets:

Software

Management of the Company assessed the useful life of software as finite and cost of software is amortized over their estimated useful life of three years on straight line basis.

ix) Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available, and if no such transactions can be identified an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's CGU's to which the individual assets are allocated. These budgets and forecast calculations are generally cover a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit and loss.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss.

x) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1st April 2015, the group has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Where the Company is the lessee
Leases, where the lessor effectively retains substantially all the risks and rewards of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term, unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

xi) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

Debt Instruments-

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. For the purposes of subsequent measurement, debt instruments are classified in three categories:

- Debt instruments at amortised cost;
- Debt instruments at fair value through other comprehensive income (FVTOCI);
- Debt instruments at fair value through profit or loss (FVTPL).

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
b) The asset's contractual cash flows represent sole payments of principal and interest (SPPI).

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to the statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortised cost or as FVTOCI, is classified as at FVTPL. In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

Equity Instruments-

For the purposes of subsequent measurement, equity instruments are classified in two categories:
- Equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

All equity investments are measured at fair value. The Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument -by-instrument basis. The classification is made on initial recognition and is irrevocable. Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to statement of profit and loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses (ECL) associated with its assets carried at amortised cost and FVTOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk since initial recognition.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 'Financial Instruments', which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Company reverts to recognising impairment loss allowance based on 12-month ECL.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss (FVTPL) include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with Ind AS 109 Financial instruments and the amount initially recognised less cumulative amortisation, where appropriate. The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

xii) Cash and Cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

xiii) Dividend to equity holders of the Company

The Company recognises a liability to make dividend distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

xiv) Inventories

Inventories are valued at the lower of Cost and Net Realisable Value.

The Cost is determined as follows:

(a) Stores and spares, Fuel oil, Raw Materials and Packing Materials: Moving weighted average method
(b) Work-in-progress: Material cost on moving weighted average method and appropriate manufacturing overheads based on normal operating capacity
(c) Finished goods (manufactured): Material cost on moving weighted average method and appropriate manufacturing overheads based on normal operating capacity including Excise Duty
(d) Traded goods : Moving weighted average method

Materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

Cost includes the necessary cost incurred in bringing inventory to its present location and condition necessary for use.

Net Realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

xv) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

Borrowing costs include interest and amortization of ancillary cost incurred in connection with the arrangement of borrowing. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

Notes to the Financial Statements as at and for the year ended 31st March 2017

xvi) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements.

Revenue from sale of goods, including concession in respect of Urea, DAP, MOP and Complex Fertilizers receivable from the Government of India under the New Pricing Scheme/Concession Scheme, is recognized when the significant risk and rewards of ownership of the goods have passed to the customers. , recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. Revenue is measured net of returns, trade discounts and volume rebates.

Based on the Educational Material on Ind AS 18 issued by the ICAI, the Company has assumed that recovery of excise duty flows to the Company on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Company on its own account, revenue includes excise duty.

However, sales tax/ value added tax (VAT) is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

Concessions in respect of Urea as notified under the New Pricing Scheme is recognized with adjustments for escalation/ de–escalation in the prices of inputs and other adjustments as estimated by the management in accordance with the known policy parameters in this regard.

Subsidy for Phosphatic and Potassic (P&K) fertilisers are recognized as per rates notified by the Government of India in accordance with Nutrient Based Subsidy Policy from time to time.

Uniform freight subsidy on Urea, Complex fertilisers, Imported DAP and MOP has been accounted for in accordance with the parameters and notified rates.

Insurance claims and receivable on account of interest from dealers on delayed payment are accounted for to the extent the Company is reasonably certain of their ultimate collection.

For all debt instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividend is recognized when the shareholders' right to receive payment is established by the balance sheet date.

xvii) Retirement and other employee benefits

i) Retirement benefits in the form of Provident Fund is defined benefit obligation and is provided for on the basis of actuarial valuation of projected unit credit method made at the end of each financial year. The difference between the actuarial valuation of the provident fund of employees at the year end and the balance of own managed fund is provided for as liability in the books in terms of the provisions under Employee Provident Fund and Miscellaneous Provisions Act, 1952. Any excess of plan assets over projected benefit obligation is ignored as such surplus is distributed to the beneficiaries of the trust.

   Retirement benefit in the form of pension fund and National Pension Scheme are defined contribution scheme. The Company has no obligation, other than the contribution payable to the pension fund. The Company recognizes contribution payable to the pension fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

ii) Retirement benefit in the form of Superannuation Fund and Contributory Pension Fund are defined contribution scheme. The Company has no obligation, other than the contribution payable to the Superannuation Fund and Contributory Pension Fund to Life Insurance Corporation of India (LIC) against the insurance policy taken with them. The Company recognizes contribution payable to the Superannuation Fund and Contributory Pension Fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

iii) The Company operates two defined benefit plans for its employee's viz. gratuity and post-retirement medical benefits. The cost of providing benefits under these plans are determined on the basis of actuarial valuation at each year end. Actuarial valuation is carried out for each plan using the projected unit credit method. The Company has taken an insurance policy under the Group gratuity scheme with The Life Insurance Corporation of India (LIC) to cover the gratuity liability of the employees.

iv) Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

v) The Company treats accumulated leave expected to be carried forward beyond twelve months as long term employee benefit for measurement purpose. Such long term compensated absences are provided for based on actuarial valuation using the projected unit credit method at the year end. The Company presents the leave as a current liability in the balance sheet; to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where Company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefits expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income and such re-measurement gain / (loss) are not reclassified to the statement of profit and loss in the subsequent periods. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

xviii) Income Taxes

Tax expense comprises current income tax and deferred tax. Current income-tax expense is measured at the amount expected to be paid to the taxation authorities in accordance with the Income-tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized, except:

When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities.

Minimum Alternate Tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement" and grouped under Deferred Tax. The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

xix) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders of the Company by the weighted average number of the equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, net profit or loss for the year attributable to equity shareholders of the Company and the weighted average number of shares outstanding during the year are adjusted for the effect of all dilutive potential equity shares.

xx) Contingent assets and liabilities

A contingent liability is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise A contingent asset is a possible asset that arises from past events the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise.

xxi) Government grants and subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that the grant/subsidy will be received and all attaching conditions will be complied with.

When the grant or subsidy relates to an expenses item, it is recognized as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate.

Where the grant or subsidy relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

xxii) Provisions

A provision is recognized when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

xxiii)Segment Reporting Policies

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. Chief Operating Decision Maker review the performance of the Company according to the nature of products manufactured, traded and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the locations of customers.

Segment accounting policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting financial statements of the Company as a whole.

2.B. Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

a) Defined benefit plans

The cost of the defined benefit gratuity plan, post-employment medical benefits and other defined benefit plans and the present value of the obligation of defined benefit plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for defined benefit plans, the management considers the interest rates of government bonds.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases are based on the expected future inflation rates. Further details about the defined benefit obligations are given in note 36.

b) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where ever possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer note 33 for further disclosures.

c) Useful life of Property, plant and equipment

The management estimates the useful life and residual value of property, plant and equipment based on technical evaluation. These assumptions are reviewed at each reporting date.

Recent Accounting pronouncements

i) Standards issued but not yet effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows'. These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows'. The amendments are applicable to the Company from 1st April 2017.

ii) Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Company is evaluating the requirements of the amendment and the effect on the financial statements will be given in due course.

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Notes to the Financial Statements as at and for the year ended 31st March 2017

3. Property, plant and equipment

(₹ in Lakhs)

Particulars	Freehold Land	Lease-hold Land*	Build-ings**	Railway Siding	Plant & machinery	Furniture & fixtures	Office equip-ment	Vehicles	Total	Capital work in progress	Grand Total
Deemed Cost											
As at 01.04.2015	**72.94**	**-**	**2,141.41**	**383.21**	**23,623.09**	**315.07**	**521.45**	**421.16**	**27,478.33**	**8,971.01**	**36,449.34**
Additions	-	396.00	298.05	166.32	10,857.12	179.76	219.61	-	12,116.86	(87.29)	12,029.57
Borrowing costs		-	-	-	498.09	-	-	-	498.09	-	498.09
Disposals	-	-	-	6.99	385.62	1.60	3.24	29.47	426.92	-	426.92
As at 31.03.2016	**72.94**	**396.00**	**2,439.46**	**542.54**	**34,592.68**	**493.23**	**737.82**	**391.69**	**39,666.36**	**8,883.72**	**48,550.08**
Additions	-	-	966.65	-	2,710.47	59.25	61.03	71.26	3,868.66	4,036.15	7,904.81
Borrowing costs	-	-	53.58	-	107.31	-	-	-	160.89	-	160.89
Disposals	-	-	0.12	-	248.09	7.53	3.90	37.34	296.98	-	296.98
As at 31.03.2017	**72.94**	**396.00**	**3,459.57**	**542.54**	**37,162.37**	**544.96**	**794.95**	**425.61**	**43,398.93**	**12,919.87**	**56,318.80**
Depreciation											
As at 01.04.2015	-	-	-	-	-	-	-	-		-	-
Charge for the year	-	-	107.00	32.12	2,654.88	68.55	161.79	83.49	3,107.83	-	3,107.83
Disposals	-	-	-	-	178.18	0.12	0.31	9.12	187.73	-	187.73
As at 31.03.2016	**-**	**-**	**107.00**	**32.12**	**2,476.70**	**68.43**	**161.48**	**74.37**	**2,920.10**	**-**	**2,920.10**
Charge for the year	-	-	147.09	42.16	2,828.13	71.62	166.53	73.88	3,329.41	-	3,329.41
Disposals	-	-	-	-	94.74	1.95	3.04	12.37	112.10	-	112.10
As at 31.03.2017	**-**	**-**	**254.09**	**74.28**	**5,210.09**	**138.10**	**324.97**	**135.88**	**6,137.41**	**-**	**6,137.41**
Net block											
As at 31.03.2017	**72.94**	**396.00**	**3,205.48**	**468.26**	**31,952.28**	**406.85**	**469.98**	**289.73**	**37,261.52**	**12,919.87**	**50,181.39**
As at 31.03.2016	**72.94**	**396.00**	**2,332.46**	**510.42**	**32,115.98**	**424.80**	**576.34**	**317.32**	**36,746.26**	**8,883.72**	**45,629.98**

* This represents land wherein lease cum sale agreement is for a period of 10 years. Lesser shall sell the property during the currency of the lease period or at the end of the lease period registration of such is pending.

** Additions to building during the year include ₹ Nil (31st March 2016: ₹ 201.25 lakhs, 1st April 2015: NIL) constructed/erected on rented land.

In respect of security against PPE, refer Note 11.

Borrowing Costs (₹ in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016
Balance brought down	121.32	-
Interest expenses	904.04	619.41
Sub-Total	**1,025.36**	**619.41**
Less: Allocated to Plant & Machinery	160.89	498.09
Balance carried down (included in capital work-in-progress)	**864.47**	**121.32**

Capitalised borrowing costs

The rate used to determine the amount of borrowing costs eligible for capitalisation was 9.82%, which is the effective interest rate of the specific borrowing.

Notes to the Financial Statements as at and for the year ended 31st March 2017

4. Software

(₹ in lakhs)

Particulars	Software	Intangible assets under development Software	Total
Deemed Cost			
As at 1.04.2015	130.04	5.56	135.61
Additions	158.26	9.46	167.72
Disposals	-	-	-
As at 31.03.2016	288.30	15.02	303.33
Additions	92.23	4.32	96.55
Disposals	-	-	-
As at 31.03.2017	**380.53**	**19.34**	**399.88**
Amortization			
As at 1.04.2015	-	-	-
Charge for the year	94.04	-	94.04
Disposals	-	-	-
As at 31.03.2016	94.04	-	94.04
Charge for the year	131.85	-	131.85
Disposals	-	-	-
As at 31.03.2017	**225.89**	**-**	**225.89**
Net block			
As at 31.03.2017	**154.64**	**19.34**	**173.99**
As at 31.03.2016	194.26	15.02	209.29

5. Financial assets

(i) Investments (₹ in lakhs)

Particulars	Non Current		
	31st March 2017	31st March 2016	1st April 2015
Investments in Unquoted Equity Instruments carried at cost			
Investment in subsidiaries			
- 3,04,24,162 (31st March 2016: 3,04,24,162, 1st April 2015: 2,06,74,162) Equity shares of ₹10/- each fully paid-up of Zuari Agri Sciences Limited (Refer Note (a) below)	3,042.60	3,042.60	2,067.60
- 69,15,002 (31st March 2016: 69,15,002, 1st April 2015: Nil) Equity shares of ₹10/- each fully paid-up of Zuari Speciality Fertilisers Limited	1,695.38	1,678.08	-
- 1,53,50,000 (31st March 2016:1,53,50,000, 1st April 2015: 1,53,50,000) Equity shares of ₹10/- each fully paid-up of Zuari Fertilisers and Chemicals Limited (Refer Note (b) below)	1,535.00	1,535.00	1,535.00
- Equity portion of compound financial instrument (preference shares) Investment in Subsidiary:			
75,00,000 (31st March 2016: 75,00,000; 1st April 2015: 75,00,000) 12% redeemable preference shares of ₹ 10 each of Zuari Agri Science Limited (Refer Note (a) below)	520.08	520.08	520.08

Notes to the Financial Statements as at and for the year ended 31st March 2017

(₹ in lakhs)

Particulars	Non Current		
	31st March 2017	31st March 2016	1st April 2015
Investment in Joint Ventures			
- 17,98,16,228 (31st March 2016: 17,98,16,228, 1st April 2015: 17,98,16,228) Equity shares of ₹ 10/- each fully paid-up of Zuari Maroc Phosphates Private Limited	17,981.62	17,981.62	17,981.62
- Nil (31st March 2016: Nil, 1st April 2015: 34,57,501) Equity shares of ₹ 10/- each fully paid-up of Zuari Speciality Fertilisers Limited	-	-	345.75
- 2,16,90,000 (31st March 2016: 2,16,90,000, 1st April 2015: 1,90,35,000) Equity shares of USD 1.00/each fully paid of MCA Phosphate Pte Limited	11,943.48	11,943.48	10,247.37
Equity portion of corporate guarantees carried at fair value through profit or loss	63.56	63.56	-
Investments in Unquoted Preference Shares carried at amortised cost			
Investment in subsidiaries			
75,00,000 (31st March 2016: 75,00,000, 1st April 2015: 75,00,000) 12% Redeemable preference shares of ₹ 10/- each fully paid-up of Zuari Agri Sciences Limited. (Refer Note a below)	327.81	291.25	258.77
Investments in equity instruments carried at fair value through Other comprehensive income (OCI)			
Quoted investment			
- 3,22,67,741 (31st March 2016: Nil) Equity shares of ₹ 1/- each fully paid-up of Nagarjuna Fertilisers and Chemicals Limited (Refer Note (c) below)	6,259.95	-	-
Unquoted Investment			
- 72,000 (31st March 2016: Nil) Equity shares of ₹ 10/- each fully paid up of Indian Potash Limited (Refer Note (d) below)	1,370.80	-	-
Total	**44,740.28**	**37,055.67**	**32,956.19**
Aggregate value of quoted Investments	**6,259.95**	**-**	**-**
Aggregate value of unquoted Investments	**38,480.33**	**37,055.67**	**32,956.19**
Total	**44,740.28**	**37,055.67**	**32,956.19**

(a) The Company has invested a sum of ₹ 3042.60 lakhs (31st March 2016: ₹ 3042.60 lakhs, 1st April 2015: ₹ 2067.60 lakhs) in the equity shares and ₹ 847.89 lakhs (31st March 2016: ₹ 811.33 lakhs, 1st April 2015: ₹ 778.85 lakhs) in Preference shares of Zuari Agri Sciences Limited. Further, the Company has receivables of ₹ 357.35 lakhs (31st March 2016: ₹ 141.94 lakhs, 1st April 2015: ₹ 843.60 lakhs) by way of loans, interest and trade advances. The Company has promised to provide continuous financial support. The said preference shares shall be redeemable on the expiry of ten years from the date of allotment with an option to the company / preference shareholders to redeem the same any time earlier. In the event of liquidation of the company, the holders of preference shares will have priority over equity shares in the payment of dividend and repayment of capital. As per the latest audited financial statements of this subsidiary, accumulated losses of this subsidiary has resulted in erosion of its net worth substantially. However the subsidiary has earned profit during current financial year. The investment in the subsidiary being in the nature of long term strategic investment and also in view of the projected profitable operations of the above company, management is of the view that the provision for diminution in the value of these investments is not required to be made there against.

(b) The Company has invested a sum of ₹ 1,535.00 lakhs l (31st March 2016: ₹ 1,535.00 lakhs, 1st April 2015: ₹ 1,535.00 lakhs) in the equity shares of Zuari Fertilisers and Chemicals Limited (ZFCL). The net worth of the subsidiary company (ZFCL) is fully eroded as its accumulated loss as at the reporting date stands at ₹ 22,127.71 lakhs as against the shareholder's fund of ₹ 1,535.00 lakhs. The subsidiary company (ZFCL) has also incurred a net loss of ₹ 11,358.52 lakhs during the year. Further, based on the future profitability projections, the management of the said subsidiary (ZFCL) is hopeful that the company would be in a position to generate positive cash flows and profits in the near future. Considering the above, the financial statements of the subsidiary have been drawn up on going concern assumption, which is appropriate in the opinion of the management of the subsidiary (ZFCL).The above being in the nature of long term strategic investment and also in view of the projected profitable operations of the above company, management is of the view that the provision for diminution in the value of these investments is not required to be made there against.

Notes to the Financial Statements as at and for the year ended 31st March 2017

(c) During the current financial year, the Company has acquired 3,22,67,741 number of Equity Shares of ₹1 each of Nagarjuna Fertilisers and Chemicals Limited from Zuari Global Limited, a company having significant influence over the Company.

(d) During the current financial year, the Company has acquired 72,000 number of Equity Shares of ₹ 10 each of Indian Potash Limited from Zuari Global Limited, a company having significant influence over the Company.

(ii) **Loans** (₹ in lakhs)

Particulars	Non Current			Current		
	31st March 2017	31st March 2016	1st April 2015	31st March 2017	31st March 2016	1st April 2015
Security deposits						
Unsecured, considered good	400.07	399.23	308.51	62.43	52.47	91.38
Loans and advances to related parties (Refer Note 38)						
Unsecured, considered good	31,129.95	36,851.70	19,574.25	32,969.64	18,048.46	3,006.63
Other Loans and Advances						
Secured, considered good						
Loans to employees (secured)	17.34	24.92	41.95	10.26	13.41	18.84
Interest accrued on loans to employees	20.28	22.05	33.79	1.78	8.12	0.54
Unsecured, considered good						
Loans to employees	64.97	89.48	126.91	22.84	23.34	36.81
Interest accrued on loans to employees	28.74	51.31	55.10	8.45	2.54	13.48
Interest accrued on loans, advances and deposits	-	-	0.20	-	6.97	6.81
Interest receivable from subsidiaries on loans (Refer Note 38)	-	-	-	-	-	225.19
Total	**31,661.35**	**37,438.69**	**20,140.71**	**33,075.40**	**18,155.31**	**3,399.68**

(iii) **Other financial assets** (₹ in lakhs)

Particulars	Non Current			Current		
	31st March 2017	31st March 2016	1st April 2015	31st March 2017	31st March 2016	1st April 2015
Other financial assets						
Non-Current Bank Balances (pledged with sales tax authorities)	0.85	0.85	0.85	-	-	-
Accrued service income from related party (Refer Note 38)	-	179.52	343.99	198.31	198.31	198.31
Accrued service income from others	-	-	-	403.46	127.97	-
Advance for investment and others to related party (Refer Note 38)	-	11,920.00	11,920.00	-	-	-
Claim receivable	-	-	-	5,357.80	4,154.67	4,156.42
Receivables from Gas pool operator	-	-	-	11,164.47	7,819.52	-
Rebate/discount receivable from supplier				1,655.02	1,311.87	321.10
Interest receivable from customers-related parties (Refer Note 38)				218.86	2,014.65	8.76
Interest receivable from customers	-	-	-	2,097.19	2,308.71	2,037.49
Total financial assets	0.85	12,100.37	12,264.84	21,095.11	17,935.70	6,722.08
Break up of financial assets carried at amortised cost						
Investments	-	-	-	327.81	291.25	258.77
Loans	31,661.35	37,438.69	20,140.71	33,075.40	18,155.31	3,399.68
Trade Receivable	-	-	-	2,13,309.71	2,70,666.76	2,65,160.13
Cash and cash equivalents	-	-	-	207.39	238.96	81.39
Other Bank Balances	-	-	-	18.07	18.13	14.62
Other financial assets	0.85	12,100.37	12,264.84	21,095.11	17,935.70	6,722.08
Total financial assets carried at amortised cost	**31,662.21**	**49,539.06**	**32,405.55**	**2,68,033.49**	**3,07,306.10**	**2,75,636.67**

Notes to the Financial Statements as at and for the year ended 31st March 2017

6. Other assets

(₹ in lakhs)

Particulars	Non Current			Current		
	31st March 2017	31st March 2016	1st April 2015	31st March 2017	31st March 2016	1st April 2015
Capital advances-						
Related Parties (Refer Note 38)	3,909.12	700.00	692.05	-	-	-
Others	821.59	172.20	763.29	-	-	-
Advance to creditors and imprest advances-related party	-	-	-	25.37	-	-
Advance to creditors and imprest advances-other than related party	669.51	854.16	1,098.27	1,117.10	698.86	867.25
VAT credit receivable	17.72	30.83	-	289.16	280.42	123.05
Balances with customs, port trust and excise authorities	-	-	-	18.38	17.73	12.00
Prepaid expenses	-	-	0.68	629.33	648.49	298.19
Claim for Entry Tax receivable	-	-	-	760.46	760.46	760.46
Total other assets	**5,417.94**	**1,757.19**	**2,554.29**	**2,839.80**	**2,405.96**	**2,060.95**

7. Inventories

(₹ in lakhs)

Particulars	31st March 2017	31st March 2016	1st April 2015
Raw materials [includes material in transit ₹ 10,863.13 lakhs (31st March 2016: ₹ 8,937.04 lakhs)(31st March 2015 : ₹ 7,485.74 lakhs)	15,803.13	16,749.84	18,661.10
Packing materials [includes material lying with others ₹ 104.11 lakhs (31st March 2016: ₹ 60.18 lakhs) (31st March 2015: ₹ 60.61 lakhs]	464.19	327.69	458.03
Work-in-progress	664.32	938.45	2,762.76
Finished goods	8,530.65	5,473.00	6,917.94
Stock-in-Trade [includes material in transit ₹ Nil and includes material lying with others ₹ 1274.95 lakhs (31st March 2016: ₹ 233.93 lakhs and includes material lying with others ₹ 166.84 lakhs) (31st March 2015 : includes material in transit ₹ 15,425.20 lakhs and includes material lying with others ₹ 338.80 lakhs)]	8,303.48	15,574.27	22,474.03
Fuel Oil	256.89	44.48	247.31
Stores and spares	3,445.87	3,328.93	3,230.07
Total	**37,468.53**	**42,436.66**	**54,751.24**

8. Trade receivables (at amortised cost)

(₹ in lakhs)

Particulars	At 31st March 2017	At 31st March 2016	At 1st April 2015
Secured, considered good-related parties (Refer Note 38)	0.50	0.50	0.25
Secured, considered good-Other than related parties	5,693.37	5,112.06	3,792.90
Unsecured, considered good-related parties (Refer Note 38)	1,364.49	20,044.56	156.48
Unsecured, considered good-Other than related parties (including subsidy receivable ₹ 1,48,330.38 lakhs; 31st March 2016 ₹ 1,71,101.63 lakhs; 31st March 2015 ₹ 1,96,994.84 lakhs)	2,06,251.35	2,45,509.64	2,61,210.50
Unsecured, considered doubtful	47.31	47.31	47.31
	2,13,357.02	2,70,714.07	2,65,207.44
Less: Provision for doubtful debts	(47.31)	(47.31)	(47.31)
Total Trade Receivables	**2,13,309.71**	**2,70,666.76**	**2,65,160.13**

No trade or other receivables from dealers are due from director of the Company.

Trade receivables from dealers are non-interest bearing during the normal credit periods and are generally on terms of 15 to 120 days.

Notes to the Financial Statements as at and for the year ended 31st March 2017

9. Cash and Cash Equivalent

(₹ in lakhs)

Particulars	At 31st March 2017	At 31st March 2016	At 1st April 2015
Cash and cash equivalents			
a. Balances with banks			
- On Current accounts	206.95	129.55	13.60
b. Cheque on hand	0.15	103.27	66.28
c. Cash on hand	0.29	6.14	1.51
Total	**207.39**	**238.96**	**81.39**

9.1 Other Bank balances

(₹ in lakhs)

Particulars	At 31st March 2017	At 31st March 2016	At 1st April 2015
Current:			
Other Bank Balances :			
- On Unpaid dividend accounts (repatriation restricted)	18.07	18.13	14.62
Total	**18.07**	**18.13**	**14.62**
Non Current:			
Other Bank Balances :			
Deposits with remaining maturity for more than 12 months (pledged with sales tax authorities) (31st March 2016: ₹ 0.85 lakhs, 31st March 2015 : ₹ 0.85 lakhs)	0.85	0.85	0.85
Total	**0.85**	**0.85**	**0.85**
Amount disclosed under other non current financial assets	(0.85)	(0.85)	(0.85)

10. Share Capital

(₹ in lakhs)

Particulars	31st March 2017	31st March 2016	1st April 2015
Authorised :			
6,50,00,000 (31st March 2016: 6,50,00,000; 31st March 2015: 6,50,00,000) Equity Shares of ₹10/- Each	6,500.00	6,500.00	6,500.00
	6,500.00	6,500.00	6,500.00
Issued*:			
4,20,58,006 (31st March 2016: 4,20,58,006; 31st March 2015: 4,20,58,006) Equity Shares of ₹10/- Each Fully paid	4,205.80	4,205.80	4,205.80
	4,205.80	4,205.80	4,205.80
Subscribed and Paid-up *			
4,20,58,006 (31st March 2016: 4,20,58,006; 31st March 2015: 4,20,58,006) Equity Shares of ₹10/- Each Fully paid	4,205.80	4,205.80	4,205.80
Total	**4,205.80**	**4,205.80**	**4,205.80**

a. Reconciliation of Shares Outstanding at the beginning and end of the reporting year

Equity Shares	31st March 2017		31st March 2016		1st April 2015	
	In Numbers	₹ in lakhs	In Numbers	₹ in lakhs	In Numbers	₹ in lakhs
At the beginning of the year	42,058,006	4,205.80	42,058,006	4,205.80	42,058,006	4,205.80
Issued during the year	-	-	-	-	-	-
Outstanding at the end of the year	**42,058,006**	**4,205.80**	**42,058,006**	**4,205.80**	**42,058,006**	**4,205.80**

Notes to the Financial Statements as at and for the year ended 31st March 2017

b. Terms/Rights Attached to equity Shares

The Company has only one class of equity shares having a par value of ₹10/- Share. Each share holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting.

During the year 31st March 2017, the amount of per share dividend proposed for distribution to equity share holders was Rupee.1 per share, subject to approval of shareholders (31st March 2016: NIL per share) (1st April 2015: Rupee.2 per share)

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Details of Shareholders holding more than 5% of equity shares in the Company

Name of Shareholder	31st March 2017		31st March 2016		1st April 2015	
	No. of Shares held	% Holding in Class	No. of Shares held	% Holding in Class	No. of Shares held	% Holding in Class
Zuari Global Limited	8,411,601	20.00	8,411,601	20.00	8,411,601	20.00
SIL Investments Limited	3,143,000	7.47	3,208,000	7.63	3,208,000	7.63
Texmaco Infrastructure & Holdings Limited	3,000,125	7.13	3,000,125	7.13	3,000,125	7.13
Globalware Trading and Holdings Limited	7,491,750	17.81	7,012,000	16.67	7,012,000	16.67
Zuari Management Services Limited	5,078,909	12.08	5,078,909	12.08	5,078,909	12.08

As per records of the Company including its register of share holders/members and other declarations received from share holders regarding beneficial interest, the above share holding represents both legal and beneficial ownership of shares.

d. Shares issued for consideration other than cash, during the period of five years immediately preceding the reporting date:

Equity Shares	31st March 2017		31st March 2016		1st April 2015	
	in Numbers	₹ in lakhs	in Numbers	₹ in lakhs	in Numbers	₹ in lakhs
Equity shares allotted as fully paid-up pursuant to the Scheme of Arrangement and Demerger for consideration other than cash	29,440,604	2,944.06	29,440,604	2,944.06	29,440,604	2,944.06

* Pursuant to the Scheme of Arrangement and Demerger (“ the Scheme”) between Zuari Agro Chemicals Limited and Zuari Global Limited, Zuari Agro Chemicals Limited had issued 29,440,604 equity shares of ₹ 10/- each aggregating to ₹ 2944.06 to the existing shareholders of Zuari Global Limited in the ratio of 1 fully paid up Equity share of ₹10/- each of Zuari Agro Chemicals Limited during the financial year ending 31st March, 2013. Out of the above shares issued pursuant to the Scheme, 8,051 (previous year 8,051) (1st April 2015: 8,051) Equity Shares entitlements have been kept in abeyance pursuant to Section 206A of the Companies Act, 1956 in accordance with instructions from the Special Court (Trial of Offences relating to Transactions in Securities) Act, 1992 and in respect of shareholders who could not exercise their rights in view of disputes, mistakes, discrepancy in holdings, etc.

Notes to the Financial Statements as at and for the year ended 31st March 2017

11. Non Current Borrowings (at amortised cost) (₹ in Lakhs)

Particulars	Non-Current		
	31st March 2017	31st March 2016	1st April 2015
TERM LOAN			
From Banks			
Secured			
Indian rupee loans from banks #	30,176.82	24,750.72	-
Vehicle Loan from bank	61.05	-	-
Total	**30,237.87**	**24,750.72**	**-**
Amount disclosed under the head "other financials liabilities (Refer Note 14)	(8,833.56)	(2,125.00)	-
Total	**21,404.31**	**22,625.72**	**-**

Rupee term loan from a Bank of ₹ 14,881.12 lakhs (including Current Maturities ₹ 3,500.00 lakhs) (31st March 2016 : ₹ 15,818.94 lakhs (including Current Maturities ₹ 1,000.00 lakhs) carries interest rate of 10.85 % p.a. The loan is repayable in 14 quarterly installments starting from December 2016 with the last installment due on February '2020. The loan is secured by first pari passu charge by way of mortgage of immovable assets of the Company located within its fertiliser plant in Goa, by deposit of title deeds and hypothecation of movable fixed assets of the Company.

Rupee term loan from a Bank of ₹ 7,842.57 lakhs (including Current Maturities ₹ 4,500.00 lakhs) (31st March 2016 : ₹ 8,931.78 lakhs (including Current Maturities ₹ 1,125.00 lakhs) carries interest rate of 10.90 % p.a. The loan is repayable in 8 equal quarterly installments starting from March, 2017 with the last installment due on December 2018. The loan is secured by exclusive charge by way of mortgage over a specific immovable property, by deposit of title deeds, located within the state of Goa.

Rupee term loan from a Bank of ₹ 7,453.13 lakhs (sanctioned amount ₹ 10,000.00 lakhs) (including Current Maturities ₹ 820.00 lakhs) (31st March 2016 : Nil (including Current Maturities: Nil) carries interest rate of 10.60 % p.a. The loan is repayable in 14 quarterly installments starting from September 2017 with the last installment due on December 2019. The loan is secured by first pari passu charge by way of mortgage of immovable assets of the Company located within its fertiliser plant in Goa, by deposit of title deeds and hypothecation of movable fixed assets of Goa fertiliser plant of the Company.

Vehicle loans from bank of ₹ 61.05 lakhs (including Current Maturities ₹ 13.56 lakhs) (31st March, 2016 : Nil (including Current Maturities: Nil) carries interest rate ranging from 9.18%-10.65% p.a. The loans are repayable in 48 equal monthly installments starting from February 2017 with the last installment due on March, 2021. The loans are secured by way of hypothecation of respective motor vehicles of the Company.

12. Current Borrowings (₹ in Lakhs)

Particulars	Short Term		
	31st March 2017	31st March 2016	1st April 2015
From Banks			
Secured			
a. Cash credit (including working capital demand loans) #			
(The rate of interest on cash credit varies between banks ranging from 10.45% to 14.65% and are repayable on demand, The rate of interest on working capital demand loans varies between 9.05% - 10.00% and are repayable over a period of 60 to 90 days)	30,914.25	49,598.47	68,912.43
b. Buyers credit #			
(The rate of Interest on buyers credit varies between 0.77% - 1.89 % and are repayable over a period of 30 - 180 days)	100,619.67	165,959.06	104,288.59

(₹ in Lakhs)

Particulars	Short Term		
	31st March 2017	31st March 2016	1st April 2015
c. Short term loans			
(i) Nil % (31st March 2016: 10.00%) (1st April 2015: 10.90%) bridge loan to be secured against subsidy receivable to the extent of Loan availed, repayable at the end of 60th day from the date of availment	-	30,000.00	30,000.00
(ii) (8% (including 6.25% paid directly by Government of India to the bank) secured against subsidy receivable of equal amount from GOI, Ministry of Chemicals and Fertilizer under Special Banking Arrangement)	31,036.00	-	-
d. Bills discounted #			
(Local bills discounted with banks repayable over a period of 180 days at the rate varies between 9.25% -9.40% against Letter of Credit issued by another bank having securities as disclosed below.)	11,762.64	-	-
Unsecured			
a. Short term loans			
Working capital demand loans	62,500.00	65,000.00	35,000.00
(The rate of Interest on loans varies between 8.60 % - 10.15% and are repayable over a period of 30 to 180 days)			
Inter-corporate deposits	10,000.00	-	-
(The rate of Interest is 9.25% and is repayable at the end of 12 months from the date of disbursement.)			
Total	**246,832.56**	**310,557.53**	**238,201.02**

The cash credit (including working capital demand loans) and buyers credit are secured by the first charge by way of hypothecation on the current assets (excluding assets against which specific loans have been availed), both present and future, wherever situated pertaining to the Company and the Company's present and future book debts outstanding, moneys receivable, claims, bills, contracts, engagements, rights and assets excluding some subsidy receivable amount exclusively charged to certain banks.

13. Trade payables (₹ in lakhs)

Particulars	Non current			Current		
	31st March 2017	31st March 2016	1st April 2015	31st March 2017	31st March 2016	1st April 2015
Trade payables (Including acceptance)						
- Outstanding dues to related parties	-	-	-	2,262.68	1,731.04	1,290.10
- Outstanding dues to micro and small enterprises (refer Note 30)	-	-	-	106.28	232.71	-
- Outstanding dues to others	-	-	-	52,839.25	49,131.22	92,567.45
Total	-	-	-	**55,208.21**	**51,094.97**	**93,857.55**

Terms and conditions of the above financial liabilities:

Trade payables are normally non-interest bearing. For maturity profile of trade payables and other financial liabilities refer Note 35.

For explanations on the Group's credit risk management processes, refer to Note 35.

Notes to the Financial Statements as at and for the year ended 31st March 2017

14. Other Financial Liabilities

₹ in Lakhs

Particulars	Non Current			Current		
	31st March 2017	31st March 2016	1st April 2015	31st March 2017	31st March 2016	1st April 2015
Financial liabilities at fair value through profit or loss						
Derivatives not designated as hedges						
Foreign Exchange Forward covers	-	-	-	6,089.52	4,655.52	1,330.77
Total financial liabilities at fair value through profit or loss (a)	**-**	**-**	**-**	**6,089.52**	**4,655.52**	**1,330.77**
Other financial liabilities at amortised cost						
Current maturities of long term borrowings (Refer Note 11)	-	-	-	8,833.56	2,125.00	-
Trade deposits - dealers and others-related party	-	-	-	0.50	0.50	0.25
Trade deposits - dealers and others-other than related party	-	-	-	8,386.21	7,543.31	7,123.09
Employee benefit payable	-	-	-	635.14	83.34	137.73
Payable towards capital goods- related parties	-	-	-	11.52	-	-
Payable towards capital goods- other than related parties *	-	-	-	279.81	1,691.36	757.98
Interest accrued but not due on loans and deposits	-	-	-	806.41	766.54	714.70
Payable towards voluntary retirement scheme	106.37	154.07	36.58	61.96	64.65	21.65
Other interest payable**				178.91	29.02	0.81
Unclaimed dividends	-	-	-	18.07	18.12	14.62
Total other financial liabilities at amortised cost (b)	**106.37**	**154.07**	**36.58**	**19,212.09**	**12,321.84**	**8,770.83**
Financial guarantee contracts (c)	**28.59**	**41.31**	**-**	**12.72**	**12.72**	**-**
Total other financial liabilities(a+b+c)	**134.96**	**195.38**	**36.58**	**25,314.33**	**16,990.08**	**10,101.60**

* Including ₹ 27.85 lakhs (31st March 2016: ₹ 37.40 lakhs) outstanding due to Micro and Small Enterprise (refer Note 30).

** Including ₹ 90.02 lakhs (31st March 2016: ₹ 29.02 lakhs) (31st March 2015: ₹ 0.81 lakhs)outstanding due to Micro and Small Enterprise (refer Note 30).

15. Other Liabilities

(₹ in lakhs)

Particulars	Non Current			Current		
	31st March 2017	31st March 2016	1st April 2015	31st March 2017	31st March 2016	1st April 2015
Statutory Liabilities	-	-	-	3,627.89	1,994.85	4,575.70
Advances received from customers and others	-	-	-	9,543.92	5,814.52	7,262.38
Total	**-**	**-**	**-**	**13,171.81**	**7,809.37**	**11,838.08**

16. Provisions

(₹ in lakhs)

Particulars	Non current			Current		
	31st March 2017	31st March 2016	1st April 2015	31st March 2017	31st March 2016	1st April 2015
Provision for employee benefits						
Gratuity (funded) [Refer Note 36]	-	-	-	-	-	114.49
Provision for post retirement medical benefit [Refer Note 36]	45.31	117.16	-	5.25	15.72	-
Leave encashment (unfunded)	-	-	-	2,327.47	2,312.14	2,335.07
	45.31	117.16	-	2,332.72	2,327.86	2,449.56
Others provisions						
Provision for wealth tax	-	-	-	-	-	114.97
	-	-	-	-	-	114.97
Total	**45.31**	**117.16**	**-**	**2,332.72**	**2,327.86**	**2,564.53**

Notes to the Financial Statements as at and for the year ended 31st March 2017

17. Income Tax

The major components of income tax expense for the years ended March 31, 2017 and March 31, 2016 are:

Profit or loss section (₹ In lakhs)

Particulars	31st March 2017	31st March 2016
Current income tax:		
Current income tax charge	629.58	-
MAT Credit	(629.58)	-
Deferred tax:		
Relating to origination and reversal of temporary differences	1,080.95	(2,764.22)
Income tax expense reported in the statement of profit or loss	**1,080.95**	**(2,764.22)**

OCI section

Deferred tax related to items recognised in OCI during in the year:

(₹ In lakhs)

Particulars	31st March 2017	31st March 2016
Net loss/(gain) on remeasurements of defined benefit plans	(145.74)	(224.02)
Deferred tax charged/(credit) to OCI	50.44	77.53

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2017 and March 31, 2016

(₹ In lakhs)

Particulars	31st March 2017	31st March 2016
Accounting profit/(loss) before tax	3,040.31	(3,667.42)
	34.608%	34.608%
Tax at the applicable tax rate of 34.608%	1052.19	(1,269.22)
Tax effect of income that are not taxable in determining taxable profit:		
Wealth Tax Reversal	-	(14.90)
Dividend Income	-	(0.34)
Income from investment	(1.31)	(0.64)
Deduction u/s 32AC	-	(134.31)
Deduction u/s 35AD	-	(1,370.46)
Others Adjustments	-	(13.96)
Tax effect of expenses that are not deductible in determining taxable profit:		
Interest on Micro and Small Enterprises	21.32	9.76
Charitable donations	0.35	7.30
Disallowance under Section 14A	5.75	5.32
Advance written off	-	17.22
Disallowance of interest on TDS	2.65	-
Tax expense	**1,080.94**	**(2,764.23)**

Notes to the Financial Statements as at and for the year ended 31st March 2017

Deferred tax: (₹ in lakhs)

Particulars	As at 1st April 2015	Provided during the year	As at 31st March 2016	Provided during the year	As at 31st March 2017
Deferred tax liability:					
Property, Plant and Equipment impact of difference between tax depreciation and depreciation/amortisation charged for the financial reporting	3,897.87	2,677.68	6,575.55	43.25	6,618.80
Others	19.72	37.86	57.58	(5.46)	52.12
Total deferred tax liability (a)	**3,917.59**	**2,715.54**	**6,633.13**	**37.79**	**6,670.92**
Deferred tax assets:					
Provision for doubtful debts	16.37	-	16.37	-	16.37
Expenses allowable in Income tax on payment basis and deposition of Statutory dues	1,382.25	210.20	1,592.45	(73.51)	1,518.94
Brought forward losses and unabsorbed depreciation	283.32	5,171.70	5,455.02	(961.09)	4,493.93
MAT Credit Entitlement	837.14	-	837.14	629.58	1,466.72
Others	73.78	20.32	94.10	(58.95)	35.15
Total deferred tax assets (b)	**2,592.86**	**5,402.22**	**7,995.08**	**(463.97)**	**7,531.11**
Deferred Tax Liability/(Assets) (Net) (a -b)	**1,324.73**	**(2,686.68)**	**(1,361.95)**	**501.76**	**(860.19)**

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

The Company has till date recognised ₹ 1466.72 lakhs (March 31, 2016 ₹ 837.14 lakhs: March 31, 2015: ₹ 837 lakhs) as Minimum Alternate Tax (MAT) credit entitlement which represents that portion of the MAT Liability, the credit of which would be available based on the provision of Section 115JAA of the Income Tax Act, 1961. The management based on the future profitability projections is confident that there would be sufficient taxable profits in future which will enable the Company to utilize the above MAT credit entitlement.

17A. Income Tax Assets (net) (₹ in lakhs)

Particulars	31st March 2017	31st March 2016	1st April 2015
Income tax assets-related parties (Refer Note 38 & 51)	2,533.85	-	-
Income tax assets-others	3,137.55	3,237.97	1,932.66
Total	**5,671.40**	**3,237.97**	**1,932.66**

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Notes to the Financial Statements as at and for the year ended 31st March 2017

18. Revenue From Operations

(₹ in lakhs)

	Year Ended 31st March 2017	Year Ended 31st March 2016
Sale of products* (including excise duty)		
Finished products	261,825.55	334,579.30
Traded products	131,293.81	193,186.72
Other operating revenues		
Scrap sales	130.52	244.69
Revenue from operations	**393,249.88**	**528,010.71**

Details of products sold	Year Ended 31st March 2017	Year Ended 31st March 2016
Finished Products sold:		
Urea	90,666.47	117,016.11
Complex fertilisers of the grades:		
18:46:0	44,483.02	51,661.63
10:26:26	87,186.46	103,015.89
12:32:16	19,444.18	31,744.89
19:19:19	20,045.43	31,140.78
	261,825.56	**334,579.30**
Traded Products sold:		
MOP	49,435.12	64,246.10
DAP	64,220.78	113,789.55
SSP	3,077.15	2,753.50
Complex Fertilisers	1,689.92	43.75
Speciality Fertilisers	11,041.95	9,798.78
Pesticides	644.76	1,134.97
Seeds	15.94	333.24
Rock Phosphate	824.88	1,026.87
Purchased Urea	343.31	59.96
	131,293.81	**193,186.72**

a. Sales of Finished Product and Traded Products include government subsidies. Subsidies include Rest. 395.24 lakhs (31st March 2016 : ₹ 677.25 lakhs) in respect of earlier years, notified during the year.

b. Subsidy for Urea has been accounted based on Stage III parameters of the New Pricing Scheme and other adjustments as estimated in accordance with the known Policy parameters in this regard. The stage III of New Pricing Scheme which was operational for the period 1st October 2006 to 31st March, 2010 was extended on provisional basis. Department of Fertilisers have notified on 2nd April 2014, modified NPS-III for existing urea units for a period of one year ending March 2015. Department of Fertilisers have notified on 2nd April, 2014, modified NPS-III for existing urea units upto 31st May 2015. Department of fertilisers have notified on 25th May 2015, New Urea Policy 2015 for existing gas based urea manufacturing units effective from 1st June 2015 to 31st March 2019.

c. Government of India has notified the pooling of Gas in Fertiliser (Urea) sector effective from June 2015. As per the notification domestic Gas is pooled with Re-gasified Liquefied Natural Gas (RLNG) to provide natural Gas at uniform delivered price to all Natural Gas Grid connected Urea manufacturing plants.

Notes to the Financial Statements as at and for the year ended 31st March 2017

19. Other income

(₹ in lakhs)

	Year Ended 31st March 2017	Year Ended 31st March 2016
Other income		
Interest Income on		
Bank deposits	-	0.20
Income tax refunds	32.18	-
Intercorporate loans	7,314.76	5,531.01
Overdue debtors, employee loans etc.	4,423.90	5,544.02
Interest income on financial assets valued at amortized cost	36.55	32.48
Dividend Income on		
Current investments	-	0.98
Rent received	16.39	13.89
Service Income - staff deployment and other supports	865.23	484.64
Excess provision/unclaimed liabilities/unclaimed balances written back	85.42	168.76
Profit on sale of current investments	3.80	1.84
Insurance Claim	-	1,075.78
Income from fair valuation of financial guarantee	12.71	9.53
Foreign exchange variation (net)	195.75	80.82
Miscellaneous income	30.66	92.14
Total	**13,017.35**	**13,036.09**

Total interest income (calculated using the effective interest method) for financial assets that are not at fair value through profit or loss

(₹ in lakhs)

	Year Ended 31st March 2017	Year Ended 31st March 2016
In relation to Financial assets classified at amortised cost	11,775.22	11,107.72
In relation to Financial assets classified at FVOCI	-	-
Total	**11,775.22**	**11,107.72**

Notes to the Financial Statements as at and for the year ended 31st March 2017

20. Cost of raw materials consumed

(₹ in lakhs)

	Year Ended 31st March 2017	Year Ended 31st March 2016
Inventory at the beginning of the year	16,749.84	18,661.10
Add : Purchases	174,078.27	240,467.43
Add: Transfer of Stock for captive consumption	832.18	2,727.62
Less: Inventory at the end of the year	15,803.13	16,749.84
Cost of raw materials consumed	**175,857.16**	**245,106.31**

Details of raw materials consumed	Year Ended 31st March 2017	Year Ended 31st March 2016
Natural Gas	50,388.64	66,268.51
Phosphoric acid	78,957.64	105,926.43
Muriate of potash	29,024.37	41,286.65
Ammonia	12,837.40	23,867.61
Purchased urea	3,595.03	6,399.78
Rock phosphate	-	0.22
Other raw materials	1,054.08	1,357.11
Total	**175,857.16**	**245,106.31**

Details of inventory: Raw materials		
Phosphoric acid	9,925.74	7,816.17
Muriate of potash	2,922.84	6,885.01
Ammonia	608.24	29.05
Purchased urea	2,231.30	1,874.44
Other raw materials	115.00	145.17
Total	**15,803.12**	**16,749.84**

21. Purchase of Stock-in-Trade

	Year Ended 31st March 2017	Year Ended 31st March 2016
Stock-in-Trade purchase details		
Traded fertilisers:		
- DAP	47,874.61	101,588.93
- MOP	41,166.61	51,816.59
- SSP	3,205.97	2,801.21
Complex Fertilisers	1,606.94	(174.37)
Speciality Fertilisers	8,257.06	7,688.50
Rock Phosphate	792.76	1,024.74
Purchased Urea	-	69.74
Pesticides	822.30	1,087.18
Total	**103,726.25**	**165,902.52**

Notes to the Financial Statements as at and for the year ended 31st March 2017

22. Changes in inventories of finished goods, stock-in -trade and work-in- progress

(₹ in lakhs)

	Year Ended 31st March 2017	Year Ended 31st March 2016
Inventories at the end of the year		
Finished goods	8,530.65	5,473.00
Traded goods	8,303.48	15,574.27
Work-in-progress	664.32	938.45
	17,498.45	**21,985.72**
Inventories at the beginning of the year		
Finished goods	5,473.00	6,917.94
Traded goods	15,574.27	22,474.03
Work-in-progress	938.45	2,762.76
Less : Captive consumption	(832.18)	(2,727.62)
	21,153.54	29,427.11
	3,655.09	**7,441.39**
Details of Inventory		
Finished Goods		
Urea	8.27	145.87
18:46:00	1,903.26	494.40
10:26:26	5,348.75	3,167.33
12:32:16	267.84	823.11
19:19:19	1,002.51	842.27
Others	0.02	0.02
	8,530.65	**5,473.00**
Traded Goods		
DAP	2,088.50	10,920.33
MOP	3,507.15	1,652.95
SSP	35.56	45.50
Complex Fertilisers	211.66	204.08
Speciality Fertilisers	2,099.82	1,780.26
Pesticides	360.79	462.08
Seeds	-	509.07
	8,303.48	**15,574.27**
Work in Progress		
Ammonia	664.32	938.45
	664.32	**938.45**

23. Employee Benefits Expense

(₹ in lakhs)

	Year Ended 31st March 2017	Year Ended 31st March 2016
Salaries, wages and bonus	6,188.10	6,549.26
Contribution to provident and other funds (Refer Note 36)	490.18	688.33
Gratuity expense (Refer Note 36)	95.21	127.96
Post-retirement medical benefit (Refer Note 36)	10.62	132.89
Staff welfare expenses	1,301.86	1,254.67
Total	**8,085.97**	**8,753.11**

Notes to the Financial Statements as at and for the year ended 31st March 2017

24. Finance Costs

(₹ in lakhs)

	Year Ended 31st March 2017	Year Ended 31st March 2016
Interest on Income Tax	7.67	-
Other Interest expense	21,190.09	18,303.14
Exchange difference regarded as an adjustment to borrowing costs	6,909.59	10,541.13
Bank charges	1,043.33	1,223.52
	29,150.68	**30,067.79**

Total interest expense (calculated using the effective interest method) for financial liabilities that are not at fair value through profit or loss

	Year Ended 31st March 2017	Year Ended 31st March 2016
In relation to Financial liabilities classified at amortised cost	21,190.09	18,303.14
	21,190.09	**18,303.14**

25. Depreciation and amortization expenses

	Year Ended 31st March 2017	Year Ended 31st March 2016
Depreciation of property, plant and equipment	3,329.41	3,107.82
Amortisation of intangible assets	131.85	94.04
	3,461.26	**3,201.86**

26. Other expenses

	Year Ended 31st March 2017	Year Ended 31st March 2016
Consumption of stores and spares	552.47	488.57
Consumption of packing materials	3,969.13	3,984.41
Bagging and other contracting charges	2,230.93	2,212.33
Power, fuel and water	20,352.31	26,045.86
Outward freight and handling	28,690.08	32,074.26
Rent	2,133.77	2,282.52
Lease rentals	444.07	365.86
Rates and taxes	71.77	23.31
Insurance	804.79	957.43
Repairs and maintenance		
Plant & machinery	3,662.24	4,566.99
Buildings	323.95	536.21
Others	436.96	292.32
CSR expenditure (Refer Note No 53)	71.64	44.85
Donation	1.00	21.08
Business support services	-	59.75
Payment to statutory auditors (Refer details below)	176.63	100.75
Subsidy claims written off	185.29	40.60
Advances write-off	216.02	49.77
Loss on fixed assets sold/discarded (net)	77.74	108.17
Premium on forward exchange contract amortized	2,464.11	2,177.54
Miscellaneous expenses	4,527.38	3,540.76
Total	**71,392.28**	**79,973.34**

Notes to the Financial Statements as at and for the year ended 31st March 2017

	Year Ended 31st March 2017	Year Ended 31st March 2016
	(₹ in lakhs)	
Payments to statutory auditors as		
As statutory auditors		
Audit fees	27.20	27.08
Tax audit fee	6.07	6.13
Limited review fees	9.49	9.42
In other capacity		
Right Issue certification	65.06	-
Certification fees, etc.	64.59	54.47
Reimbursement of expenses	4.22	3.65
Total	**176.63**	**100.75**

27. Distributions made and Proposed

	Year Ended 31st March 2017	Year Ended 31st March 2016
Cash dividends on Equity shares declared and paid:		
Final equity dividends: Nil/– per equity share (31st March, 2016: 2/– Per Equity Share)	-	(841.16)
Tax on proposed equity dividend	-	(171.25)
	-	**(1,012.41)**
Proposed dividends on Equity shares:		
Proposed final equity dividends: 1/– per equity share (31st March, 2016: Nil/– Per Equity Share)	(420.58)	-
Tax on proposed equity dividend	(85.62)	-
	(506.20)	-

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability (including DDT thereon) as at 31st March.

28. Exceptional Items:

	Year Ended 31st March 2017	Year Ended 31st March 2016
Provision made towards rebates/price reduction claims (Refer Note (a) & (c) below)	6,433.05	2430.97
Deferred payment under Voluntary Retirement Scheme (Refer Note (b) below)	-	178.34
	6433.05	**2609.31**

(a) Exceptional items for the year ended 31st March 2017 represent provision made towards rebates/ price reduction claims on stock lying with distribution channel pertains to earlier year's sale.

(b) During the year ended 31st March 2016, the Company had floated Voluntary Retirement Scheme for the employees. Total 12 employees had opted for deferred payment under Voluntary Retirement Scheme. The total outgo was ₹ 178.34 lakhs, which had been fully charged as an exceptional item in the Statement of Profit & Loss as per accounting policy followed.

(c) During the year ended 31st March 2016, the Company had provided for rebates aggregating ₹ 2430.97 lakhs relating to earlier years determined by the management.

29. Earnings Per Share (EPS)

Basic and Diluted EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year.

The following reflects the income and share data used in the basic and diluted EPS computations:

Particulars	Year Ended 31st March 2017	Year Ended 31st March 2016
Profit/(loss) after taxation as per statement of Profit and Loss (₹ in lakhs)	1,959.36	(903.20)
Weighted average number of shares used in computing earnings per share	42,058,006	42,058,006
Earnings per share – Basic and diluted (in ₹) (annualised)	4.66	(2.15)
Face value per share (in ₹)	10.00	10.00

Notes to the Financial Statements as at and for the year ended 31st March 2017

30. Dues to Micro, Small and Medium Enterprises

Disclosure as per Section 22 of "The Micro and Small Enterprises Development Act, 2006".

(₹ in lakhs)

Particulars	31st March 2017	31st March 2016	1st April 2015
The principal amount and the interest due thereon remaining unpaid to any supplier:			
- Principal amount	133.33	270.12	Nil
- Interest thereon	61.80	28.21	0.52
the amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day.	Nil	Nil	Nil
the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	Nil	Nil	Nil
the amount of interest accrued and remaining unpaid	90.82	29.02	0.81
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small investor	Nil	Nil	Nil

31. Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents.

(₹ in lakhs)

Particulars	At 31st March 2017	At 31st March 2016	At 1st April 2015
Total Borrowings (Refer Note 11 & Note 12)	2,77,070.43	3,35,308.25	2,38,201.02
Trade payables (Refer Note 13)	55,208.21	51,094.97	93,857.55
Less: Cash and cash equivalents (Refer Note 9)	(207.39)	(238.96)	(81.39)
Net debts	**3,32,071.25**	**3,86,164.26**	**3,31,977.18**
Equity	82,277.18	78,930.51	80,699.63
Total Capital	82,277.18	78,930.51	80,699.63
Capital and net debt	**4,14,348.43**	**4,65,094.77**	**4,12,676.80**
Gearing ratio (%)	80%	83%	80%

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31st March 2017 and 31st March 2016.

Notes to the Financial Statements as at and for the year ended 31st March 2017

32. Commitments and Contingencies

(a) Leases

Operating lease — as lessee

(i) The Company has entered into the operating leases on certain Godowns, offices and Retail outlets with lease term between 1 to 15 years. The Company has the option, under some of its leases, to lease the assets for additional term of 3 to 5 years. There are no restrictions imposed by the lease arrangements. There are no subleases.

The Company has paid ₹ 2,534.04 lakhs (31st March 2016: ₹ 2,648.38 lakhs) during the year toward minimum lease payment.

Future minimum rental payable under non cancellable operating lease as at 31st March are as follows:

(₹ in Lakhs)

	31st March 2017	31st March 2016	1st April 2015
A Lease rentals recognized during the period	43.81	-	-
B Lease Obligations			
- Within one year	85.96	-	-
- After one year but not more than five years	128.10	-	-
- More than five years	-	-	-

(b) Contingent Liabilities:

A Contingent liabilities not provided for:

(₹ in Lakhs)

Particulars	31st March 2017	31st March 2016	1st April 2015
I Demand Notices received from Income Tax Authorities*			
i Demand in respect of Assessment Year 2012–2013 for which an appeal is pending with CIT (Appeals)	1,550.66	1,550.66	1,550.66
ii Demand in respect of Assessment Year 2013-2014 for which an appeal is pending with CIT (Appeals)	320.88	-	-
II Demand Notices received from Sales tax authorities*			
i Demand notice from Commercial Tax Department, Jaipur towards non submission of "F Form" for the years 2010–11, 2011–12 and 2012–13.	96.77	96.77	124.23
ii Demand notice from Commercial Tax Department, Jaipur towards Excess Input Tax Credit availed for the years 2011–12 and 2013-14.	32.10	22.33	22.33
iii Demand notice from Commercial Tax Department, Madhya Pradesh towards non submission of "C Form" for the year 2013–14.	2.48	2.48	-
iv Demand notice from Commercial Tax Department, Maharashtra towards non submission of "F Form" for the year 2012-13.	1.81	-	-
v Demand notice from commercial tax department Kerela towards Conceded an interstate stock transfer (Out) of taxable items for the year 2009-10.	15.52	-	-
III Demand notice from Customs department, Mumbai towards non eligibility of exemption under notification no. 04/06–CE dt 01/03/2006(as amended by notification no. 4/2011–CE dt. 01/03/2011) towards Counter–Vailing Duty (CVD) for the imports at Navasheva port for the period 24.3.2011 to 02.12.2011. Appeal filed with West Zonal Branch of the Customs, Excise and Service Tax Appellate Tribunal at Mumbai for waiver of pre–deposit and penalty.	26.10	26.10	26.10
IV Demand notice from Customs Department, Chennai towards denial of import of MOP at concessional rate of duty for the period 01.04.2001 to 28.02.2006. Appeal filed with South Regional branch of the Customs, Excise and Service Tax Appellate Tribunal at Bangalore for waiver of pre–deposit and stay of impugned order.	284.74	284.74	284.74

Notes to the Financial Statements as at and for the year ended 31st March 2017

	Particulars	31st March 2017	31st March 2016	1st April 2015
V	Demand notice from Customs Department, Chennai towards denial of import of MOP at concessional rate of duty for the period 2002–03 and 2003–04. Appeal filed with South Regional branch of the Customs, Excise and Service Tax Appellate Tribunal at Bangalore for waiver of pre–deposit and stay of impugned order.	148.28	148.28	148.28
VI	Customs Duty Differential on finalised Bill of Entries–Dharamatar Port–Order by Deputy Commissioner of Customs(P) Alibaug Division	67.37	67.37	67.37
VII	The Company had a long term agreement for supply of water with Public Works Dept. (PWD), Government of Goa (GOG) dated 20th October 2006 which is valid upto March, 31, 2016. Since PWD was not able to supply the daily required quantity of 10,000 M3, the Company had entered into another agreement on March, 28, 2014 with Water Resource Department (WRD), Government of Goa. Consequently, the Company had made representation for revision in the Contract with PWD, GOG for revision of minimum daily quantity from 8500 M3 to 1500 M3 effective 1st May 2014, however in absence of revision in agreement PWD, GOG has continued with raising invoices with daily minimum quantity of 8500 M3. The Company is given to understand that proposal for revision of the agreement with PWD, GOG is in active consideration, hence Company has been paying them monthly for minimum quantity of 1500 M3.	3,551.12	2,050.29	771.54
VIII	Claim against the Company not acknowledged as debt.*	-	-	151.17

* Based on discussions with the solicitors/ favourable decisions in similar cases/ legal opinions taken by the Company, the management does not expect these claims to succeed and hence, no provision there against is considered necessary.

B Aggregate amount of guarantees issued by the Banks to various government authorities and others are secured by a charge created by way of hypothecation on the current assets, both present and future, wherever situated pertaining to the Company and the Company's present and future book debts outstanding, moneys receivable, claims, bills, contracts, engagements, rights and assets ₹ 12,522.48 lakhs (31st March 2016: ₹ 15,497.92 lakhs)(31st March 2015: ₹ 17,430.38 lakhs).

C The Company has given a letter of Comfort to Ratnakar Bank Limited for the purpose of facilitating the loans of ₹ Nil (31st March 2016: ₹ 2,000 lakhs) (31st March 2015: ₹ 2,000 lakhs) taken by Gobind Sugar Mills Limited.

D Guarantee issued by the Ratnakar Bank Limited of ₹ Nil (31st March 2016: ₹ Nil) (31st March 2015: ₹ 3,075 lakhs) in favour of ICICI Securities Limited for the purpose of compliance with the provisions of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations for making public offer to the shareholders of Mangalore Chemicals & Fertilisers Limited.

E The company has issued corporate Guarntee to IL&FS services Limited of ₹ 15000 Lakhs (31st March 2016: ₹ 15000 lakhs) (31st March, 2015 : ₹ Nil)and HDFC Limited of ₹ 15000 lakhs)(31st March 2016: ₹ 15000 lakhs) (31st March, 2015 : ₹ Nil)along with equitable mortgage of specific unencumbered land parcel located at Zuarinagar in Goa to facilitate the loan taken by Zuari Fertilisers and Chemicals Limited (ZFCL) to acquire the shares of Mangalore Chemicals & Fertilizers Limited. During the previous year, ZFCL has paid back loan of ₹ 9000 lakhs.

F As on March 31 2017, the Company has an outstanding Corporate Guarantee issued in favour of banks on behalf of Zuari Agri Science Limited of ₹ 5,000 lakhs (31st March 2016: ₹ 5,000 lakhs) (31st March 2015: ₹ 1,100 lakhs).

G The Company had received a demand of ₹ 5,293 lakhs from Gas Authority of India Limited (GAIL) toward Take or Pay obligation. Even prior to receiving this demand, the Company has represented to GAIL to reduce the annual contractual quantity based on which the Company is confident that the Take or Pay amount will be substantial lower. Further, in terms of Contract with GAIL, this Take or Pay amount can be utilised for future Make up Gas supplies. The Company is in discussion with GAIL to reduce / waive the Take or Pay charges, hence no provision has been made for the aforesaid demand amount.

(c) Capital commitment: ₹ in Lakhs

Particulars	31st March 2017	31st March 2016	1st April 2015
Estimated amount of contracts remaining to be executed on capital account not provided for	4,229.85	6,172.84	4,336.31

Notes to the Financial Statements as at and for the year ended 31st March 2017

33. Fair Values

Set out below, the class of the carrying amounts and fair value of the Company's financial instruments:

(₹ In lakhs)

Particulars	Carrying value			Fair value		
	31st March 2017	31st March 2016	1st April 2015	31st March 2017	31st March 2016	1st April 2015
Financial assets						
Investments:						
Investment in quoted equity share at FVTOCI	6,259.95	-	-	6,259.95	-	-
Investment in unquoted equity share at FVTOCI	1,370.80	-	-	1,370.80	-	-
Investment in deemed equity share of subsidiaries	63.56	63.56	-	63.56	63.56	-
Investment in preference share of subsidiary	327.81	291.25	258.77	327.81	291.25	258.77
Others:						
Loans and advances to related parties	31,129.95	36,851.70	19,574.25	31,129.95	36,851.70	19,574.25
Employee loans and interest thereon	131.33	187.76	257.95	131.33	187.76	257.95
Security deposits	400.07	399.23	308.51	400.07	399.23	308.51
Others	-	12,099.52	12,263.99	-	12,099.52	12,263.99
Total financial assets	**39,683.47**	**49,893.02**	**32,663.47**	**39,683.47**	**49,893.02**	**32,663.47**
Financial Liabilities						
Borrowings						
Long term borrowings	21,404.31	22,625.72	-	21,404.31	22,625.72	-
Financial guarantee contracts	41.31	54.03	-	41.31	54.03	-
Others:						
Derivative financial liability	6,089.52	4,655.52	1,330.77	6,089.52	4,655.52	1,330.77
Payable towards voluntary retirement scheme	106.37	154.07	36.58	106.37	154.07	36.58
Total financial liabilities	**27,641.51**	**27,489.34**	**1,367.35**	**27,641.51**	**27,489.34**	**1,367.35**

The management assessed that cash and cash equivalents, trade receivables, other current financial assets, trade payables and other current financial liabilities (except derivative financial liability, financial guarantee contracts) approximate their fair value largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

The following methods and assumptions were used to estimate the fair values:

(i) Derivative financial instruments - The fair value of forward foreign exchange contracts is determined using the forward exchange rates at the balance sheet date. The fair value of foreign currency option contracts is determined using the Black Scholes valuation model.

The derivatives are entered into with the banks counterparties with investment grade credit ratings.

(ii) Security deposits / Employee loans - The fair value of security deposits / employee loans approximates the carrying value and hence, the valuation technique and inputs have not been given.

Notes to the Financial Statements as at and for the year ended 31st March 2017

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at March 31, 2017 and March 31, 2016 are as shown below:

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
As on March 31, 2017				
Investment in Unquoted equity share of Indian Potash Limited	DCF Method	WACC and Long Term Growth Rate (LTGR)	WACC 11.18% & LTGR 4%	Increase in WACC and decrease in LTGR by 0.50% would result in decrease in fair value by ₹ 239.76 lakhs and Decrease in WACC and increase in LTGR by 0.50% would result in increase in fair value by ₹ 316.80 lakhs respectively.
Financial guarantee obligations given on behalf of Zuari Fertilisers and Chemicals Limited	DCF Method and option Pricing Method	WACC and Long Term Growth Rate (LTGR)	WACC 12.95% & LTGR 5%	Increase in WACC and decrease in LTGR by 0.50% would result in increase in fair value by ₹ 8.54 lakhs and decrease in WACC and increase in LTGR by 0.50% would result in increase in fair value by ₹ 9.44 lakhs respectively
As on March 31, 2016				
Financial guarantee obligations given on behalf of Zuari Fertilisers and Chemicals Limited	DCF Method and option Pricing Method	WACC and Long Term Growth Rate (LTGR)	WACC 12.95% & LTGR 5%	Increase in WACC and decrease in LTGR by 0.50% would result in increase in fair value by ₹ 8.54 lakhs and decrease in WACC and increase in LTGR by 0.50% would result in increase in fair value by ₹ 9.44 lakhs respectively

34. Fair value measurements

(i) Financial instruments by category

	31st March 2017			31st March 2016			1st April 2015		
	FVTPL	FV TOCI	Amortised cost	FVTPL	FV TOCI	Amortised cost	FVTPL	FV TOCI	Amortised cost
Financial assets									
Investments-									
Investment in quoted equity share at FVTOCI	-	6,259.95	-	-	-	-	-	-	-
Investment in unquoted equity share at FVTOCI	-	1,370.80	-	-	-	-	-	-	-
Investment in deemed equity share of subsidiaries	63.56	-	-	63.56	-	-	-	-	-
Investment in preference share of subsidiary	-	-	327.81	-	-	291.25	-	-	258.77
Loans and interest thereon	-	-	64,274.25	-	-	55,142.31	-	-	23,140.49
Security deposits	-	-	462.50	-	-	451.70	-	-	399.89
Trade receivables	-	-	2,13,309.71	-	-	2,70,666.76	-	-	2,65,160.13
Cash and cash equivalents	-	-	207.39	-	-	238.96	-	-	81.39
Bank balances other than above	-	-	18.07	-	-	18.13	-	-	14.62
Other receivables	-	-	21,095.96	-	-	30,036.07	-	-	18,986.92
Total Financial assets	**63.56**	**7,630.75**	**2,99,695.69**	**63.56**	**-**	**3,56,845.18**	**-**	**-**	**3,08,042.21**
Financial liabilities									
Borrowings	-	-	268,236.87	-	-	3,33,183.25	-	-	2,38,201.02
Trade payables	-	-	55,208.21	-	-	51,094.97	-	-	93,857.55
Derivative financial liability	6,089.52	-	-	4,655.52	-		1,330.77	-	
Payable for capital goods	-	-	291.33	-	-	1,691.36	-	-	757.98
Financial guarantee contracts	41.31	-	-	54.03	-		-	-	
Others	-	-	19,027.13	-	-	10,784.56	-	-	8,049.43
Total Financial liabilities	**6,130.83**	**-**	**342,763.54**	**4,709.55**	**-**	**3,96,754.14**	**1,330.77**	**-**	**3,40,865.98**

Notes to the Financial Statements as at and for the year ended 31st March 2017

(ii) Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

Quantitative disclosures fair value measurement hierarchy for assets as at 31st March 2017:

(₹ in lakhs)

Particulars	Date of Valuation	Total	Fair value measurement using: Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:					
Investment in quoted equity share at FVTOCI	31.03.2017	6,259.95	6,259.95		
Investment in unquoted equity share at FVTOCI	31.03.2017	1,370.80	-	-	1,370.80
Investment in deemed equity share of subsidiaries	31.03.2017	63.56	-	-	63.56
Assets for which fair values are disclosed					
Investment in preference share of subsidiary	31.03.2017	327.81	-	327.81	-
Loans and advances to related parties	31.03.2017	31,129.95	-	31,129.95	-
Employee loans and interest thereon	31.03.2017	131.33	-	131.33	-
Security deposits	31.03.2017	400.07	-	400.07	-

There have been no transfers between level 1, level 2 and level 3 during the year.

Quantitative disclosures fair value measurement hierarchy for liabilities as at 31st March 2017:

(₹ in lakhs)

Particulars	Date of Valuation	Total	Fair value measurement using: Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Liabilities measured at fair value					
Derivative financial liability	31.03.2017	6,089.52	-	6,089.52	-
Financial guarantee contracts	31.03.2017	41.31	-	-	41.31
Liabilities for which fair values are disclosed (Note 40)					
Long term borrowings	31.03.2017	21,404.31	-	21,404.31	-
Payable towards voluntary retirement scheme	31.03.2017	106.37		106.37	

There have been no transfers between level 1, level 2 and level 3 during the year.

Quantitative disclosures, fair value measurement hierarchy for assets as at 31st March 2016:

(₹ in lakhs)

Particulars	Date of Valuation	Total	Fair value measurement using: Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value					
Investment in deemed equity share of subsidiaries	31.03.2016	63.56	-	-	63.56
Assets for which fair values are disclosed					
Investment in preference share of subsidiary	31.03.2016	291.25	-	291.25	-
Loans and advances to related parties	31.03.2016	36,851.70	-	36,851.70	-
Employee loans and interest thereon	31.03.2016	187.76	-	187.76	-
Security deposits	31.03.2016	399.23	-	399.23	-
Others	31.03.2016	12,099.52	-	12,099.52	-

There have been no transfers between level 1, level 2 and level 3 during the year.

Notes to the Financial Statements as at and for the year ended 31st March 2017

Quantitative disclosures fair value measurement hierarchy for liabilities as at 31st March 2016:

(₹ in lakhs)

Particulars	Fair value measurement using				
	Date of Valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Liabilities measured at fair value					
Derivative financial liability	31.03.2016	4,655.52	-	4,655.52	-
Financial guarantee contracts	31.03.2016	54.03	-	-	54.03
Liabilities for which fair values are disclosed					
Long term borrowings	31.03.2016	22,625.72	-	22,625.72	-
Payable towards voluntary retirement scheme	31.03.2016	154.07	-	154.07	-

There have been no transfers between level 1, level 2 and level 3 during the year.

Quantitative disclosures fair value measurement hierarchy for assets as at 1st April 2015

(₹ in lakhs)

Particulars	Fair value measurement using				
	Date of Valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value					
	01.04.2015	-	-	-	-
Assets for which fair values are disclosed					
Investment in preference share of subsidiary	01.04.2015	258.77	-	258.77	-
Loans and advances to related parties	01.04.2015	19,574.25	-	19,574.25	-
Employee loans and interest thereon	01.04.2015	257.95	-	257.95	-
Security deposits	01.04.2015	308.51	-	308.51	-
Others	01.04.2015	12,263.99	-	12,263.99	-

There have been no transfers between level 1, level 2 and level 3 during the year.

Quantitative disclosures fair value measurement hierarchy for liabilities as at 1st April 2015

(₹ in lakhs)

Particulars	Fair value measurement using				
	Date of Valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Liabilities measured at fair value					
Derivative financial liability	01.04.2015	1,330.77	-	1,330.77	-
Payable towards voluntary retirement scheme	01.04.2015	36.58		36.58	

There have been no transfers between level 1, level 2 and level 3 during the year.

35 Financial risk management objectives and policies

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations. The Company also holds investments and enters into derivative transactions. The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's risk management is carried out by a treasury department under policies approved by the Board of Directors. The treasury department identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The Board of Directors (Committee of directors for Banking and Finance) provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as commodity risk. Financial instruments affected by market risk include borrowings, investments and derivative financial instruments. The sensitivity analysis in the following sections relate to the position as at March 31, 2017 and March 31, 2016.

The sensitivity analysis have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant.

The analysis exclude the impact of movements in market variables on: the carrying values of gratuity and other post retirement obligations, provisions, and other non-financial assets.

The following assumptions have been made in calculating the sensitivity analysis:

-The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2017 and March 31, 2016.

a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

(₹ in lakhs)

Particulars	Increase/ decrease in basis points	Effect on profit before tax
31st March 2017		
INR Borrowings	+50	(681.06)
USD Borrowings	+50	(503.10)
INR Borrowings	-50	681.06
USD Borrowings	-50	503.10
31st March 2016		
INR Borrowings	+50	(722.99)
USD Borrowings	+50	(829.80)
INR Borrowings	-50	722.99
USD Borrowings	-50	829.80

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

b) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates.

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in exchange rates of various currencies with ₹, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives.

For the year ended March 31, 2017 (₹ in lakhs)

Particulars	Change in foreign currency rate	Effect on profit before tax
USD	+5%	(561.10)
	-5%	561.10

For the year ended March 31, 2016 (₹ in lakhs)

Particulars	Change in foreign currency rate	Effect on profit before tax
USD	+5%	70.42
	-5%	(70.42)

c) Commodity price risk

The Company's operating activities require the ongoing purchase of natural gas, imported raw materials and imported fertilisers.

(i) The Company's operating activities require the ongoing purchase of natural gas. Natural gas being an international commodity is subject to price fluctuation on account of the change in the crude oil prices, demand supply pattern of natural gas and exchange rate fluctuations. The Company is not affected by the price volatility of the natural gas as under the Urea pricing formula the cost of natural gas is pass through if the consumption of natural gas is with in the permissible norm for manufacturing of Urea.

(ii) The Company deals in purchase of imported fertilisers (i.e. DAP and MOP), which are imported by the Company and sold in the domestic market. The import prices of these goods are governed by international prices. There is a price and material availability risk, which may not be in line to meet the domestic market requirement. The risk is also with domestic manufacturers whose costing is based on majorly imported raw materials and small value-add. However, a dynamic alignment of procurement to sales and constant review of market conditions and competitors costing help in mitigating the impact.

(iii) The Company also deals in purchase of imported raw materials (i.e. P2O5, Ammonia, Potash and Urea), which are imported by the Company and used in the manufacturing of NPK. The import prices of these materials are governed by international prices. There is a price and material availability risk.

Equity price risk

Applicability

The Company's listed and non-listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to unlisted equity securities at fair value was ₹ 1,370.80 lakhs. Sensitivity analyses of these investments have been provided in Note 33.

At the reporting date, the exposure to listed equity securities at fair value was ₹ 6,259.95 lakhs. A decrease of 5% on the BSE market price could have an impact of approximately ₹ 313.01 lakhs on the OCI or equity attributable to the Company. An increase of 5% in the value of the listed securities would also impact OCI and equity. These changes would not have an effect on profit or loss.

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

a) Trade receivables

The Company receivables can be classified into two categories, one is from the customers into the market and second one is from the Government in the form of subsidy. As far as Government portion of receivables are concerned, credit risk is nil. For market receivables from the customers, the Company extends credit to customers in normal course of business. The Company considers factors such as credit track record in the market and past dealings for extension of credit to customers. The Company monitors the payment track record of the customers. Outstanding customer receivables are regularly monitored. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and operate in largely independent markets. The Company has also taken security deposits from its customers, which mitigate the credit risk to some extent.

b) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the guidelines framed by the board of directors of the Company. Guidelines broadly covers the selection criterion and over all exposure which the Company can take with a particular financial institution or bank. Further the guideline also covers the limit of overall deposit which the Company can make with a particular bank or financial institution. The Company does not maintain the significant amount of cash and deposits other than those required for its day to day operations.

Liquidity risk

The Company's objective is to maintain optimum levels of liquidity to meet its cash and collateral requirements at all times. The Company relies on a mix of borrowings and excess operating cash flows to meet its needs for funds. The current committed lines of credit are sufficient to meet its short to medium/ long term expansion needs. The Company monitors rolling forecasts of its liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

(₹ in lakhs)

Particulars	Less than 1 Year	1-3 Years	3-5 years	> 5 years	Total
Year ended 31st March 2017					
Borrowings	2,55,666.09	21,391.10	13.24	-	2,77,070.43
Other financial liabilities	10,378.52	80.06	26.31	-	10,484.90
Trade and other payables	55,208.21	-	-	-	55,208.21
Financial guarantee contracts*	12.72	25.42	3.17	-	41.31
Derivatives	6,089.52	-	-	-	6,089.52
	3,27,355.06	**21,496.58**	**42.72**	**-**	**3,48,894.37**
Year ended 31st March 2016					
Borrowings	3,12,682.54	16,144.23	6,481.49	-	3,35,308.26
Other financial liabilities	10,196.84	102.90	49.49	1.68	10,350.92
Trade and other payables	51,094.97	-	-	-	51,094.97
Financial guarantee contracts*	12.72	25.42	15.89	-	54.03
Derivatives	4,655.52	-	-	-	4,655.52
	3,78,642.59	**16,272.55**	**6,546.87**	**1.68**	**4,01,463.70**
Year ended 1st April 2015					
Borrowings	2,38,201.01	-	-	-	2,38,201.01
Other financial liabilities	8,770.84	32.54	4.03	-	8,807.41
Trade and other payables	93,857.55	-	-	-	93,857.55
Derivatives	1,330.77	-	-	-	1,330.77
	3,42,160.17	**32.54**	**4.03**	**-**	**3,42,196.74**

Notes to the Financial Statements as at and for the year ended 31st March 2017

36. Gratuity and other post-employment benefit plans

(₹ in Lakhs)

Particulars	31st March 2017	31st March 2016	1st April 2015
- Gratuity Plan- Asset	127.95	142.68	(114.49)
- Provident Fund -Asset*	227.92	216.40	179.81
- Post Retirement Medical Benefit Plan - (Liability)	(50.56)	(132.88)	-
Total	**305.31**	**226.20**	**65.32**

* Plan asset of ₹ 227.92 lakhs (March 31, 2016: ₹ 216.40 lakhs and 1st April 2015: ₹ 179.81 lakhs) have not been recognised in the financial statements, as the surplus of the trust, is distributable among the beneficiaries of the provident fund trust.

a) Gratuity

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

b) Provident Fund

As per Ind-AS 19, Employee Benefits, provident funds set up by employers, which requires interest shortfall to be met by the employer, needs to be treated as defined benefit plan. During the current year, actuarial valuation of Provident Fund was carried out in accordance with the guidance note issued by Actuary Society of India.

c) Post Retirement Medical Benefit Plan

The Company has a defined benefit post retirement medical benefit plan, for its employees. The Company provides medical benefit to those employees who leave the services of the Company on retirement. As per the plan, retired employee and the spouse will be covered till the age of 85 years and the dependent children till they attain the age of 25 years. In case of death of retired employee, the spouse will be covered till the age of 85 years and the dependent children till they attain the age of 25 years. The plan is not funded by the Company.

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet for the respective plans:

Net employee benefit expense (recognized in Employee Cost) for the year ended 31st March, 2017

(₹ in Lakhs)

Particulars	Gratuity		Post retirement Medical Benefit Plan	
	2016-17	2015-16	2016-17	2015-16
Current Service Cost	106.26	120.14	-	-
Past Service Cost	-	-	-	121.62
Net Interest Cost	(11.05)	7.82	10.62	11.27
Total	**95.21**	**127.96**	**10.62**	**132.89**

Amount recognised in Other Comprehensive Income for the year ended 31st March, 2017

(₹ in lakhs)

Particulars	Gratuity		Post retirement Medical Benefit Plan	
	2016-17	2015-16	2016-17	2015-16
Actuarial (gain)/ loss on obligations	7.35	(222.34)	(92.95)	-
Return on plan assets (excluding amounts included in net interest expense)	(60.14)	(1.67)	-	-
Total	**(52.79)**	**(224.01)**	**(92.95)**	-

Notes to the Financial Statements as at and for the year ended 31st March 2017

Changes in the present value of the defined benefit obligation for the year ended 31st March, 2017 are as follows:

Gratuity: (₹ in Lakhs)

Particulars	2016-17	2015-16
Opening defined obligation	2149.84	2445.55
Current service cost	106.26	120.14
Interest cost	166.49	194.84
Re-measurement (or Actuarial) (gain) / loss arising from :		
- change in demographic assumptions	6.14	-
- change in financial assumptions	45.40	(52.87)
- experience variance (i.e. Actual experiences assumptions)	(44.18)	(169.47)
Benefits paid	(323.20)	(342.24)
Net transfer liability	(27.72)	(46.12)
Defined benefit obligation	**2079.03**	**2149.83**

Provident Fund: (₹ in Lakhs)

Particulars	2016-17	2015-16
Opening defined obligation	11,832.62	10,895.97
Current service cost	227.87	245.07
Interest cost	1,009.25	930.07
Contributions by Employee / plan participants	614.30	632.23
Benefits Paid out of funds	(2341.85)	(1245.67)
Actuarial (gain)/ loss on obligations	12.57	15.09
Settlements / transfer in	166.82	359.86
Defined benefit obligation	**11,521.58**	**11,832.62**

Post retirement Medical Benefit Plan: (₹ in Lakhs)

Particulars	2016-17	2015-16
Opening defined obligation	132.88	-
Past service cost	-	121.62
Interest cost	10.63	11.26
Actuarial (gain)/ loss on obligations	(92.95)	-
Defined benefit obligation	**50.56**	**132.88**

Changes in the fair value of plan assets are as follows:

Gratuity: (₹ in Lakhs)

Particulars	2016-17	2015-16
Fair value of plan assets	2,292.51	2,331.06
Interest income	177.54	187.02
Return on plan assets (excluding amounts included in net interest expense) - OCI	60.14	1.67
Contribution by Employer	-	115.00
Benefits paid	(323.20)	(342.24)
Closing fair value of plan assets	**2,206.99**	**2,292.51**

The Company expects to contribute ₹ Nil (March 31, 2016 : ₹ Nil) to gratuity fund in the financial year 2017-18.

Notes to the Financial Statements as at and for the year ended 31st March 2017

Provident Fund:

(₹ in Lakhs)

Particulars	2016-17	2015-16
Opening fair value of plan assets	12,049.02	11,075.78
Interest income	939.82	887.84
Return on plan assets (excluding amounts included in net interest expense) - OCI	71.85	103.97
Employer Contribution	227.87	245.07
Plan participants/ Employee contribution	614.30	632.23
Benefits paid	(2341.85)	(1245.67)
Settlements / Transfer in	188.48	349.80
Closing fair value of plan assets	**11,749.50**	**12,049.02**

The Company expects to Contribute ₹ 250.65 lakhs (March 31, 2016 : ₹ 269.57 lakhs) to provident fund trust in the financial year 2017-18.

Gratuity

(₹ in Lakhs)

Particulars	2016-17	2015-16
Investment with insurer (Life Insurance Corporation of India)	2,206.99	2,292.51

Provident Fund (Managed Through Trust)

(₹ in Lakhs)

Particulars	2016-17	2015-16
Self managed investments	11,749.50	12,049.02

The overall expected rate of return is determined based on the market prices prevailing at that date, applicable to the period over which the obligation is to be settled. These rates are different from the actual rate of return during the current year.

Investment pattern in plan assets:

Particulars	Gratuity		Provident fund	
	2016-17	2015-16	2016-17	2015-16
Funds managed by insurance companies	100%	100%	100%	100%

The principal assumptions used in determining benefit obligation for the Company's plans are shown below:

Particulars	Gratuity		Provident Fund		Post retirement Medical Benefit Plan	
	31st March 2017	31st March 2016	31st March 2017	31st March 2016	31st March 2017	31st March 2016
Discount rate (in %)	7.50%	7.75%	7.50%	7.80%	7.50%	8.00%
Salary Escalation (in %)	9% for first 2 years and 7.5% there-after	9% for first 2 years and 7.5% there-after	-	-	-	-
Mortality Rate (% of IALM 06-08)	100%	100%	100%	100%	100%	100%
Withdrawal rate (per annum)	1%-3%	8%	1%-3%	1%-3%	-	-

Notes to the Financial Statements as at and for the year ended 31st March 2017

A quantitative sensitivity analysis for significant assumption as at 31st March 2017 is as shown below:

Gratuity Plan

	31st March 2017		31st March 2017		31st March 2017		31st March 2017	
Assumptions	**Discount rate**		**Future salary increases**		**Attrition rate**		**Mortality rate (in %)**	
Sensitivity Level	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease
	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
Impact on defined benefit obligation	1,959.07	2,214.45	2,209.18	1,960.16	2,078.03	2,079.98	2,079.02	2,078.99
	31st March 2016		**31st March 2016**		**31st March 2016**		**31st March 2016**	
Assumptions	**Discount rate**		**Future salary increases**		**Attrition rate**		**Mortality rate (in %)**	
Sensitivity Level	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease
	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
Impact on defined benefit obligation	2,067.78	2,239.57	2,229.61	2,074.89	2,148.81	2,150.14	2,149.87	2,149.77

Provident Fund

	31st March 2017	
Assumptions	**Interest Rate Guarantee**	
Sensitivity Level	1% increase	1% decrease
	₹ in lakhs	₹ in lakhs
Impact on defined benefit obligation	12,050.52	11,494.21
	31st March 2016	
Assumptions	**Interest Rate Guarantee**	
Sensitivity Level	1% increase	1% decrease
	₹ in lakhs	₹ in lakhs
Impact on defined benefit obligation	12,358.28	11,812.17

Post retirement Medical Benefit Plan

	31st March 2017		31st March 2017	
Assumptions	**Discount rate**		**Mortality rate (in %)**	
Sensitivity Level	1% increase	1% decrease	1% increase	1% decrease
	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
Impact on defined benefit obligation	47.64	53.66	49.11	52.00
	31st March 2016		**31st March 2016**	
Assumptions	**Discount rate**		**Mortality rate (in %)**	
Sensitivity Level	1% increase	1% decrease	1% increase	1% decrease
	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
Impact on defined benefit obligation	125.70	140.92	129.30	136.72

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

Maturity Profile of Defined benefit obligation:

Expected cash flows over the next (valued on undiscounted basis):

	Gratuity		Provident Fund		Post retirement Medical Benefit Plan	
	31st March 2017	31st March 2016	31st March 2017	31st March 2016	31st March 2017	31st March 2016
	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
Within the next 12 months (next annual reporting period)	305.12	430.14	-	-	5.25	15.72
Between 2 and 5 years	1,142.46	1,282.18	-	-	19.10	57.78
Between 6 and 10 years	827.40	802.14	-	-	18.98	58.38
Beyond 10 years	1,516.92	650.01	-	-	25.58	83.28

The average duration of the defined benefit plan obligation at the end of the reporting period is 6 years (31st March 2016: 4 years)

Notes to the Financial Statements as at and for the year ended 31st March 2017

37. Disclosure of Interest in subsidiaries, joint arrangements and associates:

1) Disclosure of Interest in the following subsidiaries:

	Name	Country of Incorporation/ Principal place of business	Ownership Interest of ZACL (%)			Method of accounting of Investment
			As on 31st March 2017	As on 31st March 2016	As on 1st April 2015	
(i)	Zuari Agri Sciences Limited (ZASL)	India	100%	100%	100%	Deemed cost
(ii)	Zuari Fertilisers and Chemicals Limited (ZFCL)	India	100%	100%	100%	Deemed cost
(iii)	Zuari Speciality Fertilisers Limited (ZSFL) (w.e.f. 11th December 2015)	India	100%	100%	-	Deemed cost
(iv)	Mangalore Chemicals & Fertilisers Limited (Subsidiary of ZFCL w.e.f. 18th May 2015)	India	53.03%	53.03%	-	Deemed cost

2) Disclosure of Interest in the following categories of Joint Arrangements:

(a) Joint Ventures:

	Name	Country of Incorporation/ Principal place of business	Ownership Interest of ZACL (%)			Method of accounting of Investment
			As on 31st March 2017	As on 31st March 2016	As on 1st April 2015	
(i)	Zuari Maroc Phosphates Private Limited (ZMPPL)	India	50%	50%	50%	Deemed cost
(ii)	MCA Phosphates Pte. Limited (MCAP)	Singapore	30%	30%	30%	Deemed cost
(iii)	Zuari Speciality Fertilisers Limited (ZSFL)	India	-	-	50%	Deemed cost
(iv)	Paradeep Phosphates Limited (Subsidiary of ZMPPL)	India	40.23%	40.23%	40.23%	Deemed cost

3) Disclosure of Interest in the following associates:

	Name	Country of Incorporation/ Principal place of business	Ownership Interest of ZACL (%)			Method of accounting of Investment
			As on 31st March 2017	As on 31st March 2016	As on 1st April 2015	
(i)	Fosfatos Del Pacifico S.A. (Associate of MCAP)	Peru	9%	9%	9%	Deemed cost

Notes to the Financial Statements as at and for the year ended 31st March 2017

38. Related Party disclosures

The list of related parties as identified by the management is as under:

A. Related parties where control exists:

I. Subsidiaries of the Company:

1) Zuari Agri Sciences Limited
2) Zuari Fertilisers and Chemicals Limited
3) Mangalore Chemicals & Fertilizers Limited (subsidiary of Zuari Fertilisers and Chemicals Limited w.e.f. 18th May 2015)
4) Zuari Speciality Fertilisers Limited (upto 10th December 2015 as joint venture and thereafter as subsidiary of the Company)

B. Related parties with whom transactions have taken place during the year.

I. Enterprises in respect of which Company is an associate :-

1) Zuari Global Limited
2) Indian Furniture Products Limited (IFPL)
3) Soundarya IFPL Interiors Limited (Joint Ventuire of IFPL)
4) Forte Furniture Products (India) Private Limited (joint venture of IFPL w.e.f. 01st February 2017)
5) Simon India Limited
6) Zuari Management Services Limited
7) Zuari Infraworld India Limited
8) Brajbhumi Nirmaan Private Limited (Joint Venture of Zuari Infraworld India Limited)
9) Rosewood Agencies Private Limited (Subsidiary of Braj bhumi Nirmaan Private Limited)
10) Neobeam Agents Private Limited (Subsidiary of Braj bhumi Nirmaan Private Limited)
11) Mayapur Commercial Private Limited (Subsidiary of Braj bhumi Nirmaan Private Limited)
12) Nexus Vintrade Private Limited (Subsidiary of Braj bhumi Nirmaan Private Limited)
13) Bahubali Tradecomm Private Limited (Subsidiary of Braj bhumi Nirmaan Private Limited)
14) Hopeful Sales Private Limited (Subsidiary of Braj bhumi Nirmaan Private Limited)
15) Divine Realdev Private Limited (Subsidiary of Braj bhumi Nirmaan Private Limited)
16) Kushal Infraproperty Private Limited (Subsidiary of Braj bhumi Nirmaan Private Limited)
17) Beatle Agencies Private Limited(Subsidiary of Braj bhumi Nirmaan Private Limited)
18) Suhana Properties Private Limited(Subsidiary of Braj bhumi Nirmaan Private Limited)
19) Saket Mansions Private Limited(Subsidiary of Braj bhumi Nirmaan Private Limited)
20) Murari Enclave Private Limited (100% subsidiary of Rosewood Agencies Private Limited) Ceased to be subsidiary w.e.f. 29th March 2016
21) Damodar Enclave Private Limited (100% subsidiary of Neobeam Agents Private Limited) Ceased to be subsidiary w.e.f. 16th December 2015
22) Natwar Enclave Private Limited (100% subsidiary of Mayapur Commercial Private Limited) Ceased to be a subsidiary w.e.f. 29th March 2016
23) Banibihari Enclave Private Limited (100% subsidiary of Nexus Vintrade Private Limited)Ceased to be a subsidiary w.e.f. 29th March 2016
24) Pranati Niketan Private Limited (Joint Venture of Zuari Infraworld India Limited)
25) Darshan Nirmaan Private Limited (Joint Venture of Zuari Infraworld India Limited)
26) Zuari Infra Middle East Limited (subsidiary of Zuari Infraworld India Limited)
27) SJM Elysium Properties LLC(subsidiary of Zuari Infra Middle East Limited (w.e.f. 21st December 2015))
28) Globex Limited (upto 30th October 2015 liquidated thereafter)
29) Zuari Investments Limited
30) Zuari Insurance Brokers Limited - Subsidiary of Zuari Investments Limited

31) Zuari Commodity Trading Limited – Subsidiary of Zuari Investments Limited
32) Zuari Sugar and Power Limited
33) Gobind Sugar Mills Limited (subsidiary of Zuari Investment Limited)
34) Zuari Indian Oil Tanking Private Limited (Joint Venture of Zuari Global Limited)
35) Zuari Finserv Private Limited (formerly known as Horizon View Developers Private Limited) w.e.f 21st October 2016
36) Style Spa Furniture Private Limited (IFPL & Zuari Management Services Limited each holds 50% share holding w.e.f. 2nd January 2017)

II Joint Ventures of the Company:

1) Zuari Maroc Phosphates Private Limited
2) Paradeep Phosphates Ltd - Subsidiary of Zuari Maroc Phosphates Private Limited
3) Zuari Speciality Fertilisers Limited (upto 10th December 2015 and thereafter as subsidiary of the Company)
4) MCA Phosphates Pte. Limited

III Key Management Personnel

1) Mr. Saroj Kumar Poddar - Chairman
2) Mr. Kapil Mehan – Managing Director (w.e.f. 1st April 2015)
3) Mr. N. Suresh Krishnan – Managing Director (up to 31st March 2015) (Non-Executive Director thereafter)
4) Mr. Akshay Poddar - Non-Executive Director
5) Mr. V.Seshadri - Vice President - Finance (till June '16)
6) Mr. Sandeep Agrawal - Chief Financial Officer (w.e.f. 1st June 2016)
7) Mr. R.Y. Patil - Chief General Manager and Company Secretary (till May 2016)
8) Mr. R.Y. Patil - Vice President and Company Secretary (w.e.f June 2016)
9) Mr. Marco Wadia - Independent Director
10) Mr. Gopal Krishna Pillai - Independent Director
11) Mr. J.N. Godbole - Independent Director
12) Ms. Kiran Dhingra - Independent Director

IV Details of Post Employment Benefit Plans managed through separate trusts (para 9 (b) (v) of Ind AS 24)

1) Zuari Industries Limited Employee Provident Fund
2) Zuari Industries Limited Senior Staff Superannuation Fund
3) Zuari Industries Limited Non Management Employees Pension Fund
4) Zuari Industries Limited Gratuity Fund

Related Party Transaction As Per Accounting Standard 24 For Zuari Agro Chemicals Limited

Following transactions were carried out with related parties in the ordinary course of business for the Year ended 31st March 2017

(₹ in Lakhs)

Sl. No.	Transaction details	Year ended 31st March 2017					Year ended 31st March 2016				
		Subsidiaries	Joint Ventures	Enterprises having Significant Influence	Enterprises owned or significantly influenced by key management personnel or their relatives	Key Management Personnel	Subsidiaries	Joint Ventures	Enterprises having Significant Influence	Enterprises owned or significantly influenced by key management personnel or their relatives	Key Management Personnel
1	Payment made on their behalf										
	- Zuari Agri Sciences Limited	1.42	-	-	-	-	10.69	-	-	-	-
	- Zuari Management Services Limited	-	-	1.08	-	-	-	-	81.45	-	-
	- Paradeep Phosphates Limited	-	106.07	-	-	-	-	764.91	-	-	-
	- Zuari Speciality Fertilisers Limited	-	-	-	-	-	0.24	-	-	-	-
	- Zuari Fertilisers and Chemicals Limited	41.13	-	-	-	-	2.06	-	-	-	-
	- Gobind Sugar Mills Limited	-	-	13.96	-	-	-	-	-	-	-
	- Simon India Limited	-	-	1.04	-	-	-	-	-	-	-
	- Mangalore Chemicals & Fertilisers Limited	16.44	-	-	-	-	836.92	-	-	-	-
	- Zuari Global Limited	-	-	-	-	-	-	-	4.12	-	-
	- Zuari Maroc Phosphates Private Limited	-	-	-	-	-	-	-	-	-	-
2	Payment made on our behalf										
	- Zuari Agri Sciences Limited	-	-	-	-	-	85.59	-	-	-	-
	- Paradeep Phosphates Limited	-	12.58	-	-	-	-	4.59	-	-	-
	- Zuari Global Limited	-	-	-	-	-	-	-	160.17	-	-
	- Gobind Sugar Mills Limited	-	-	1.19	-	-	-	-	9.35	-	-
	- Zuari Management Services Limited	-	-	-	-	-	-	-	12.16	-	-
	- Zuari Investment Limited	-	-	0.01	-	-	-	-	-	-	-
	- Mangalore Chemicals & Fertilisers Limited	53.14	-	-	-	-	98.33	-	-	-	-
	- Zuari Infraworld India Limited	-	-	-	-	-	-	-	0.01	-	-
	- Mr. S.K.Poddar	-	-	-	-	-	-	-	-	-	0.13
3	Payment Received on Our Behalf-										
	- Zuari Agri Sciences Limited	106.81	-	-	-	-	-	-	-	-	-
4	Director deposit given										
	- Zuari Agri Sciences Limited	-	-	-	-	-	3.00	-	-	-	-
	- Zuari Fertilisers and Chemicals Limited	-	-	-	-	-	2.00	-	-	-	-
	- Zuari Speciality Fertilisers Limited	1.00	-	-	-	-	-	1.00	-	-	-
	- Zuari Management Services Limited	-	-	1.00	-	-	-	-	-	-	-
	- Zuari Global Limited	-	-	1.00	-	-	-	-	-	-	-
5	Director deposit received										
	- Zuari Global Limited	-	-	-	-	-	-	-	1.00	-	-
	- Zuari Fertilisers and Chemicals Limited	1.00	-	-	-	-					
	- Zuari Speciality Fertilisers Limited	1.00	-	-	-	-					
	- Zuari Management Services Limited	-	-	1.00	-	-	-	-	1.00	-	-
6	Service charges paid										
	- Zuari Management Services Limited	-	-	-	-	-	-	-	198.35	-	-
	- Indian Furniture Products Limited	-	-	-	-	-	-	-	0.26	-	-
	- Zuari Agri Sciences Limited	-	-	-	-	-	59.78	-	-	-	-
	- Zuari Infraworld India Limited	-	-	14.32	-	-					
	- Adventz Industries India Limited	-	-	447.61	-	-	-	-	0.01	-	-

Notes to the Financial Statements as at and for the year ended 31st March 2017

(₹ in Lakhs)

Sl. No.	Transaction details	Year ended 31st March 2017					Year ended 31st March 2016				
		Subsidiaries	Joint Ventures	Enterprises having Significant Influence	Enterprises owned or significantly influenced by key management personnel or their relatives	Key Management Personnel	Subsidiaries	Joint Ventures	Enterprises having Significant Influence	Enterprises owned or significantly influenced by key management personnel or their relatives	Key Management Personnel
7	Inter-corporate Deposits / Loans/ Advances given										
	- Zuari Fertilisers and Chemicals Limited	10,941.00	-	-	-	-	32,748.70	-	-	-	-
	- Zuari Agri Sciences Limited	390.00	-	-	-	-	225.00	-	-	-	-
	- Zuari Infraworld India Limited	-	-	35.01	-	-					
8	Repayment of Inter-corporate Deposits / loans given										
	- Zuari Fertilisers and Chemicals Limited	1,800.00	-	-	-	-	-	-	-	-	-
	- Zuari Agri Sciences Limited	-	-	-	-	-	975.00	-	-	-	-
9	Contribution made in Equity										
	- Zuari Agri Sciences Limited	-	-	-	-	-	975.00	-	-	-	-
10	Advance given received back										
	- Zuari Global Limited	-	-	11,920.00	-	-					
11	Purchase of finished goods										
	- Zuari Speciality Fertilisers Limited	3,351.83	-	-	-	-	1,538.29	2,737.81	-	-	-
	- Mangalore Chemicals & Fertilisers Limited	4,158.63	-	-	-	-	87.11	-	-	-	-
	- Zuari Fertilisers and Chemicals Limited	3,341.13	-	-	-	-	2,800.64	-	-	-	-
	- Paradeep Phosphates Limited	-	8,532.37	-	-	-	-	64.72	-	-	-
	- Zuari Agri Sciences Limited	316.09	-	-	-	-	161.75	-	-	-	-
12	Purchase of raw material										
	- Mangalore Chemicals & Fertilisers Limited	72.46	-	-	-	-	92.20	-	-	-	-
13	Rebate received on purchase of finished goods										
	- Paradeep Phosphates Limited	-	-	-	-	-	-	142.31	-	-	-
14	Sale of Finished Goods										
	- Gobind Sugar Mills Limited	-	-	-	-	-	-	-	593.92	-	-
	- Zuari Agri Sciences Limited	10.98	-	-	-	-	335.25	-	-	-	-
	- Mangalore Chemicals & Fertilisers Limited	13,903.50	-	-	-	-	25,270.67	-	-	-	-
	- Zuari Fertilisers and Chemicals Limited	824.48	-	-	-	-	1,026.87	-	-	-	-
	- Paradeep Phosphates Limited	-	5,081.47	-	-	-					
15	Purchase of Assets										
	- Indian Furniture Products Limited	-	-	52.82	-	-	-	-	144.86	-	-
	- Zuari Management Services Limited	-	-	0.70	-	-					
16	Interest Paid										
	- Zuari Speciality Fertilisers Limited	-	-	-	-	-	35.67	-	-		
	- Gobind Sugar Mills Limited	-	-	0.04	-	-	-	-	0.04	-	-
	- Paradeep Phosphates Limited	-	55.37	-	-	-					
	- Mangalore Chemicals & Fertilisers Limited	54.17	-	-	-	-					
17	Interest Accrued/Received on loan/deposit/trade receivable										
	- Zuari Fertilisers and Chemicals Limited	7,286.84	-	-	-	-	5,468.11	-	-	-	-
	- Zuari Agri Sciences Limited	32.00	-	-	-	-	62.90	-	-	-	-
	- Gobind Sugar Mills Limited	-	-	104.40	-	-	-	-	94.37	-	-
	- Mangalore Chemicals & Fertilisers Limited	677.78	-	-	-	-	1,810.16	-	-	-	-
	- Paradeep Phosphates Limited	-	20.08	-	-	-					
18	Service Income Received										
	- Zuari Fertilisers and Chemicals Limited	41.46	-	-	-	-	152.89	-	-	-	-
	- Paradeep Phosphates Limited	-	19.96	-	-	-					

Notes to the Financial Statements as at and for the year ended 31st March 2017

(₹ in Lakhs)

Sl. No.	Transaction details	Year ended 31st March 2017					Year ended 31st March 2016				
		Subsidiaries	Joint Ventures	Enterprises having Significant Influence	Enterprises owned or significantly influenced by key management personnel or their relatives	Key Management Personnel	Subsidiaries	Joint Ventures	Enterprises having Significant Influence	Enterprises owned or significantly influenced by key management personnel or their relatives	Key Management Personnel
19	Rent Paid										
	- Zuari Global Limited	-	-	84.27	-	-	-	-	48.08	-	-
	- Gobind Sugar Mills Limited	-	-	2.40	-	-					
20	Purchase of Shares										
	- Zuari Global Limited	-	-	1,120.32	-	-					
21	Advance given for purchase of Land										
	- Zuari Global Limited	-	-	3,209.13	-	-					
22	Advance given for Tax Liability										
	- Zuari Global Limited	-	-	2,533.85	-	-					
23	Dividend Paid										
	- Zuari Global Limited	-	-	-	-	-	-	-	168.23	-	-
	- Zuari Management Services Limited	-	-	-	-	-	-	-	101.58	-	-
24	Managerial Remuneration*										
	- Mr. Kapil Mehan	-	-	-	-	198.98	-	-	-	-	238.50
	-Mr. Sandeep Agrawal	-	-	-	-	63.57	-	-	-	-	-
	- Mr. V.Seshadri	-	-	-	-	18.47	-	-	-	-	86.89
	-Mr. R.Y. Patil	-	-	-	-	62.38	-	-	-	-	56.26
25	Bank guarantee expired and returned										
	- Zuari Fertilisers and Chemicals Limited	-	-	-	-	-	3,075.00	-	-	-	-
26	Corporate guarantee given on their behalf										
	- Zuari Fertilisers and Chemicals Limited	-	-	-	-	-	30,000.00	-	-	-	-
	- Zuari Agri Sciences Limited	-	-	-	-	-	3,900.00	-	-	-	-
27	Interest income on preference share issued										
	- Zuari Agri Sciences Limited	36.55					32.48				
28	Income from fair valuation of financial guarantee										
	- Zuari Fertilisers and Chemicals Limited	12.71					9.53				
29	Accrued Service Income										
	- Zuari Indian Oiltanking Private Limited			22.73					37.78		
30	Sitting fees Paid										
	- Mr. Saroj Kumar Poddar	-	-	-	-	2.95	-	-	-	-	3.30
	- Mr. Marco Wadia	-	-	-	-	5.90	-	-	-	-	7.10
	- Mr. Akshay poddar	-	-	-	-	2.45	-	-	-	-	2.15
	- Mr. Gopal Krishna Pillai	-	-	-	-	3.95	-	-	-	-	2.00
	- Mr. J.N. Godbole	-	-	-	-	4.70	-	-	-	-	6.95
	- Ms. Kiran Dhingra	-	-	-	-	2.50	-	-	-	-	3.00
	- Mr.N. Suresh Krishnan	-	-	-	-	5.30	-	-	-	-	5.95
31	Contribution to Provident Fund (including employees contribution)	-	-	763.90	-	-	-	-	811.85	-	-
32	Contribution to Superannuation Fund	-	-	97.89	-	-	-	-	215.98	-	-
33	Contribution to Contributory Pension Fund (including employees contribution)	-	-	58.52	-	-	-	-	126.42	-	-
34	Contribution to Gratuity Fund	-	-	-	-	-	-	-	115.00	-	-

Notes:
Zuari Agro Chemicals Limited has acquired remaining 50% of equity share capital in Zuari Rotem Speciality Fertilisers Limited from joint venturer Rotem Amfert Negev Ltd on 11th December 2015 and it has became 100% subsidiary of Zuari Agro Chemicals Ltd.

With effect from 30th December 2015, name of "Zuari Rotem Speciality Fertilisers Limited" has been changed to "Zuari Speciality Fertilisers Limited".

*As the future liability for gratuity, leave encashment and post -retirement medical benefits is provided on an actuarial basis for the Company as a whole, the amount pertaining to the directors is not ascertainable and, therefore, not included above.

Balance Outstanding For The Period Ended 31st March 2017 for Zuari Agro Chemicals Limited

(₹ in Lacs)

		Balance Outstanding for the year ended 31st March 2017					Balance Outstanding for the year ended 31st March 2016					Balance Outstanding for the year ended 31st March 2015				
Sl. No	Transaction details	Subsidiaries	Joint Ventures	Enterprises having Significant Influence	Enterprises owned or significantly influenced by key management personnel or their relatives	Key management personnel	Subsidiaries	Joint Ventures	Enterprises having Significant Influence	Enterprises owned or significantly influenced by key management personnel or their relatives	Key management personnel	Subsidiaries	Joint Ventures	Enterprises having Significant Influence	Enterprises owned or significantly influenced by key management personnel or their relatives	Key management personnel
1	Loan/ ICD Given															
	- Zuari Fertilisers and Chemicals Limited	63,688.95	-	-	-	-	54,547.95	-	-	-	-	21,799.25	-	-	-	-
	- Zuari Agri Sciences Limited	390.00	-	-	-	-	-	-	-	-	-	750.00	-	-	-	-
	- Mr. N. Suresh Krishnan	-	-	-	-	-										18.00
2	As Trade Payables															
	- Zuari Maroc Phosphates Private Limited	-	-	-	-	-	-	18.67	-	-	-	-	18.68	-	-	-
	- Zuari Speciality Fertilisers Limited	1,895.89	-	-	-	-	1,643.21	-	-	-	-	-	1,048.84	-	-	-
	- Zuari Fertilisers and Chemicals Limited	-	-	-	-	-	-	-	-	-	-	78.42	-	-	-	-
	- Zuari Management Services Limited	-	-	-	-	-	-	-	-	-	-	-	-	4.91	-	-
	- Gobind Sugar Mills Limited	-	-	2.10	-	-			0.94							
	- Zuari Agri Sciences Limited	32.65	-	-	-	-	13.10	-	-	-	-	131.59	-	-	-	-
	- Paradeep Phosphates Limited	-	332.03	-	-	-	-	27.50	-	-	-	-	-	-	-	-
	- Indian Furniture Products Limited	-	-	-	-	-	-	-	27.62	-	-	-	-	7.66	-	-
3	As Trade Receivable															
	- Gobind Sugar Mills Limited	-	-	742.40	-	-	-	-	742.44	-	-	-	-	156.73	-	-
	- Mangalore Chemicals & Fertilisers Limited	53.25	-	-	-	-	19,160.72	-	-	-	-	-	-	-	-	-
	- Zuari Agri Sciences Limited	-	-	-	-	-	141.94	-	-	-	-	-	-	-	-	-
	- Zuari Fertilisers and Chemicals Limited	569.34	-	-	-	-						-	-	-	-	-
4	As Advances Recoverable															
	- Simon India Limited	-	-	-	-	-	-	-	-	-	-	-	-	0.30	-	-
	- Adventz Industries India Limited	-	-	-	-	-	-	-	2.05	-	-	-	-	2.05	-	-
	- Paradeep Phosphates Limited	-	-	-	-	-	-	-	-	-	-	-	24.59	-	-	-
	- Indian Furniture Products Limited	-	-	7.14	-	-	-	-	-	-	-	-	-	-	-	-

Notes to the Financial Statements as at and for the year ended 31st March 2017

(₹ in Lacs)

Sl. No	Transaction details	Balance Outstanding for the year ended 31st March 2017 Subsidiaries	Joint Ventures	Enterprises having Significant Influence	Enterprises owned or significantly influenced by key management personnel or their relatives	Key management personnel	Balance Outstanding for the year ended 31st March 2016 Subsidiaries	Joint Ventures	Enterprises having Significant Influence	Enterprises owned or significantly influenced by key management personnel or their relatives	Key management personnel	Balance Outstanding for the year ended 31st March 2015 Subsidiaries	Joint Ventures	Enterprises having Significant Influence	Enterprises owned or significantly influenced by key management personnel or their relatives	Key management personnel
	- Zuari Management Services Limited	-	-	-	-	-			79.05							
	- Zuari Infraworld India Limited	-	-	25.37	-	-	-	-	4.67	-	-	-	-	4.69	-	-
	- Zuari Fertilisers and Chemicals Limited	-	-	-	-	-	266.44	-	-	-	-	-	-	-	-	-
	- Zuari Global Limited	-	-	13.47	-	-			-							
	- Gulbarga Cement Limited	-	-	-	-	-	-	-	(0.00)	-	-	-	-	0.01	-	-
5	Accrued Service Income															
	- Zuari Indian Oiltanking Private Limited	-	-	198.31	-	-	-	-	377.83	-	-	-	-	542.30	-	-
6	Advance against purchase of Investment															
	- Zuari Global Limited	-	-	-	-	-	-	-	11,920.00	-	-	-	-	11,920.00	-	-
7	Interest Accrued/Received on loan/deposit/trade receivable															
	- Zuari Agri Sciences Limited	-	-	-	-	-		-	-	-	-	225.19	-	-	-	-
	- Gobind Sugar Mills Limited	-	-	198.77	-	-			94.37			-	-	-	-	-
	- Mangalore Chemicals & Fertilisers Limited	-	-	-	-	-	1,920.28					-	-	-	-	-
	- Paradeep Phosphates Limited	-	20.08	-	-	-	-	-	-	-	-	-	-	-	-	-
	- Mr. N. Suresh Krishnan	-	-	-	-	-						-	-	-	-	8.76
8	Bank guarantee given on their behalf															
	- Zuari Fertilisers and Chemicals Limited	-	-	-	-	-	-	-	-	-	-	3,075.00	-	-	-	-
9	Corporate Guarantee															
	- Zuari Agri Sciences Limited	5,000.00	-	-	-	-	5,000.00	-	-	-	-	1,100.00	-	-	-	-
	- Zuari Fertilisers and Chemicals Limited	30,000.00	-	-	-	-	30,000.00	-	-	-	-	-	-	-	-	-
10	Capital Advance															
	- Zuari Global Limited (Advance for purchase of Land)	-	-	3,209.13	-	-	-	-	-	-	-	-	-	-	-	-
	- Indian Furniture Products Limited	-	-	700.00	-	-		-	700.00	-	-	-	-	692.05	-	-

(₹ in Lacs)

Sl. No	Transaction details	Balance Outstanding for the year ended 31st March 2017					Balance Outstanding for the year ended 31st March 2016					Balance Outstanding for the year ended 31st March 2015				
		Subsidiaries	Joint Ventures	Enterprises having Significant Influence	Enterprises owned or significantly influenced by key management personnel or their relatives	Key management personnel	Subsidiaries	Joint Ventures	Enterprises having Significant Influence	Enterprises owned or significantly influenced by key management personnel or their relatives	Key management personnel	Subsidiaries	Joint Ventures	Enterprises having Significant Influence	Enterprises owned or significantly influenced by key management personnel or their relatives	Key management personnel
11	Advance given for Tax Liability															
	- Zuari Global Limited	-	-	2,533.85	-	-										
12	Capital Liability															
	- Indian Furniture Products Limited	-	-	11.52	-	-										
13	Deposit Received															
	- Gobind Sugar Mills Limited	-	-	0.50	-	-	-	-	0.50	-	-	-	-	0.25	-	-
14	Contribution to Provident Fund (including employees contribution)	-	-	63.03	-	-	-	-	63.79	-	-	-	-	-	-	-
15	Contribution to Superannuation Fund	-	-	-	-	-	-	-	0.11	-	-	-	-	0.19	-	-
16	Contribution to Contributory Pension Fund (including employees contribution)	-	-	-	-	-	-	-	9.24	-	-	-	-	-	-	-

Notes:

1 Zuari Agro Chemicals Limited has acquired remaining 50% of equity share capital in Zuari Rotem Speciality Fertilizers Limited from joint venturer Rotem Amfert Negev Ltd on 11th December 2015 and it has became 100% subsidiary of Zuari Agro Chemicals Ltd.

2 With effect from 30th December 2015, name of "Zuari Rotem Speciality Fertilizers Limited" has been changed to "Zuari Speciality Fertilisers Limited".

Notes to the Financial Statements as at and for the year ended 31st March 2017

39. SEGMENT INFORMATION

Information regarding Primary Segment Reporting as per Ind AS-108.

The Company is engaged in the manufacture, sale and trading of fertilizers and seeds which according to the management, is considered as the only business segment.

Accordingly, no separate segmental information has been provided herein.

Geographical Segments
The Company operates in India and therefore caters to the needs of the domestic market. Therefore, there is only one geographical segment and hence, geographical segment information is not required to be disclosed.

40. First Time Adoption of Ind AS

These financial statements, for the year ended 31st March 2017, are the first the company has prepared in accordance with Ind-AS. For periods up to and including the year ended 31st March 2016, the company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the company has prepared financial statements which comply with Ind-AS applicable for periods ending on or after 31st March 2017, together with the comparative period data as at and for the year ended 31st March 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the company's opening balance sheet was prepared as at 1st April 2015, the company's date of transition to Ind-AS. This note explains the principal adjustments made by the company in restating its Indian GAAP financial statements, including the balance sheet as at 1st April 2015 and the financial statements as at and for the year ended 31st March 2016.

Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The following exemptions are available to the company:

Mandatory exemptions:

Classification and measurement of financial assets:

Financial Instruments: (Loan to employees and security deposits paid) : Financial assets like loan to employees and security deposits paid, has been classified and measured at amortised cost on the basis of the facts and circumstances that exist at the date of transition to Ind ASs. Since, it is impracticable for the Company to apply retrospectively the effective interest method in Ind AS 109, the fair value of the financial asset or the financial liability at the date of transition to Ind As by applying amortised cost method, has been considered as the new gross carrying amount of that financial asset or the financial liability at the date of transition to Ind AS.

Impairment of financial assets: (Trade receivables and other financial assets)

At the date of transition to Ind ASs, the Company has determined that there significant increase in credit risk since the initial recognition of a financial instrument would require undue cost or effort, the Company has recognised a loss allowance at an amount equal to lifetime expected credit losses at each reporting date until that financial instrument is derecognised (unless that financial instrument is low credit risk at a reporting date).

Estimates

The estimates at 1st April 2015 and at 31st March 2016 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Indian GAAP did not require estimation:

- FVTOCI – unquoted equity shares
- FVTOCI – debt securities
- Impairment of financial assets based on expected credit loss model

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at 1st April 2015, the date of transition to Ind AS and as of 31st March 2016.

Optional exemptions:

Fair value measurement of financial assets or financial liabilities

First-time adopters may apply Ind AS 109 to day one gain or loss provisions prospectively to transactions occurring on or after the date of transition to Ind AS. Therefore, unless a first-time adopter elects to apply Ind AS 109 retrospectively to day one gain or loss transactions, transactions that occurred prior to the date of transition to Ind AS do not need to be retrospectively restated.

Investment in subsidiaries, Joint ventures and associates:

The Company has elected this exemption and opted to continue with the carrying value of investment in subsidiaries, associates and joint ventures, as recognised in its Indian GAAP financials, as deemed cost at the date of transition.

Deemed cost-Previous GAAP carrying amount: (PPE and Intangible)

Since there is no change in the functional currency, the Company has elected to continue with the carrying value for all of Property, Plant and Equipment and Intangible Assets, as recognised in its Indian GAAP financial as deemed cost at the transition date.

Business combinations:

Ind AS 103 Business Combinations has not been applied to acquisitions of subsidiaries, which are considered businesses under Ind AS that occurred before 1st April 2015. Use of this exemption means that the Indian GAAP carrying amounts of assets and liabilities, that are required to be recognised under Ind AS, is their deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with respective Ind AS. The Company recognises all assets acquired and liabilities assumed in a past business combination, except (i) certain financial assets and liabilities that were derecognised and that fall under the derecognition exception, and (ii) assets and liabilities that were not recognised in the acquirer's consolidated balance sheet under its previous GAAP and that would not qualify for recognition under Ind AS in the individual balance sheet of the acquiree. Assets and liabilities that do not qualify for recognition under Ind AS are excluded from the opening Ind AS balance sheet. The Company did not recognise or exclude any previously recognised amounts as a result of Ind AS recognition requirements.

The Company has not applied Ind AS 21, The Effects of Changes in Foreign Exchange Rates retrospectively to fair value adjustments that occurred before the date of transition to Ind AS. Such fair value adjustments are treated as assets and liabilities of the parent rather than as assets and liabilities of the acquiree. Therefore, those assets and liabilities are already expressed in the functional currency of the parent or are non-monetary foreign currency items and no further translation differences occur.

41 First Time Adoption of Ind AS

Reconciliation of Equity

(₹ in Lakhs)

Particulars	Notes	As at 31st March 2016 (end of last period presented under previous GAAP)	As at 1st April 2015 (Date of Transition)
Equity as reported under previous GAAP		74,541.51	76,130.88
Ind AS: Adjustments increase (decrease):			
Opening adjustment to retained earnings		362.95	-
Fair valuation of Investment in Preference shares of Subsidiary	1 a)	32.48	28.86
Reversal of Unamortised Premium on forward contracts created under previous GAAP	1 b)	(88.97)	(148.73)
Reversal of proposed dividend created under previous GAAP	2 a)	(1,012.40)	1,012.40
Adjustment of rent equalisation expense	3	28.55	18.41
Unwinding of accrued service income to related party	8	37.75	(64.45)
Adjustment/depreciation impact on account of capitalisation of spares	4	(379.49)	(732.76)
Unwinding of provision for voluntary retirement scheme & interest expense on amortisation of provision for voluntary retirement scheme	7	38.85	9.71
Incremental deferred tax impact recognised	9	92.94	343.72
Amortisation of financial guarantee given	2 b)	9.53	-
Loss on discard of spares consumed during the year	4	(2.82)	-
Adjustment of consumption of spares	4	103.53	-
Adjustment of depreciation/finance cost on loan processing fee capitalised/ amortised under previous GAAP and considered at effective interest rate now	6	(7.53)	-
Actualisation of deferred tax	9	1,008.24	-
Depreciation charged related to earlier years		(40.42)	(104.20)
Equity as reported under IND AS		**74,724.71**	**76,493.83**

Notes to the Financial Statements as at and for the year ended 31st March 2017

PARTICULARS	Notes	Year ended 31st March 2016 (latest period presented under previous GAAP)
Previous GAAP		(1,589.38)
Ind AS: Adjustments increase (decrease):		
Incremental deferred tax impact recognised	9	170.47
Adjustment of depreciation/finance cost on loan processing fee capitalised/amortised under previous GAAP and considered at effective interest rate now	6	(7.53)
Actualisation of deferred tax	9	1,008.24
Amortisation of financial guarantee given	2(b)	9.53
Fair valuation of preference shares (FVTPL)	1(a)	32.48
Reclassification of remeasurements gain/ (losses) on gratuity to employee benefit expense and OCI.	5	(96.05)
Unwinding of accrued service income to related party	8	37.75
Unwinding of provision for voluntary retirement scheme & interest expense on amortisation of provision for voluntary retirement scheme	7	38.85
Reclass of Actuarial Gain on gratuity from other income to employee benefit expense	5	(127.96)
Adjustment/depreciation impact on account of capitalisation of spares	4	(379.49)
MTM of forward cover	1(b)	(88.97)
Depreciation charged related to earlier years		(40.41)
Adjustment of rent equalisation expense	3	28.55
Loss on discard of spares consumed during the year	4	(2.82)
Adjustment of consumption of spares	4	103.53
Total adjustment to profit or loss		**686.18**
Profit or loss under Ind AS		**(903.20)**
Other comprehensive income (net of tax)		146.48
Total comprehensive income under Ind AS		**(756.71)**

Note: No statement of comprehensive income was produced under previous GAAP. Therefore the above reconciliation starts with profit under previous GAAP.

Notes to the Financial Statements as at and for the year ended 31st March 2017

Footnotes to the reconciliation of equity as at 1st April 2015 and 31st March 2016 and profit or loss for the year ended 31st March 2016

1) **Financial assets**

a The Company has invested in 7,500,000 12% Redeemable Preference Shares of its subsidiary ZASL at par value i.e. Rs. 10 per share. As per the requirements of Ind-AS 109, initial measurement of such investment in preference shares needs to be done at fair value. The difference between transaction price and fair value needs to be accounted for as deemed investment in stand-alone financial statements of the Company.

b The Company has taken forward covers to hedge its underlying creditors/ buyers credit in books. Under previous Indian GAAP, the Company has not early adopted AS 30 and the existing forward contracts were in scope of AS 11. The difference between forward rate and spot rate at inception of forward exchange contract (i.e. Premium) is amortised over the life of the forward exchange contract. The same adjustment has been reversed under Ind-AS. The Company has done marked to market valuation for all outstating derivative contracts at balance sheet date and recorded the impact (gain/loss) in the statement of profit or loss.

2) **Financial liability**

a As per the requirements of previous Indian IGAAP, AS 4 the Company has made provision for the proposed dividends. As per Ind AS 10, if dividends to holders of equity instruments are proposed or declared after the balance sheet date, an entity should not recognise those dividends as a liability at the balance sheet date. Accordingly the Company has reversed the provision created under the previous Indian GAAP for proposed dividend.

b The Company has given financial guarantees on behalf of its subsidiaries for obtaining loans. No fee is charged from the subsidiaries for issuing such guarantees. Fair value of such guarantee has been treated as deemed capital contribution in the stand alone financial statements of the Company as initial recognition with creation of corresponding liability towards financial guarantee. Subsequently, such liability has been amortised and income has been recognised against such liability.

3) **Rent straightlining**

Rent straightlining was mandatory under previous Indian IGAAP. However, Ind-AS 17 requires the Company to avoid straightlining of rentals in case escalation reflects expected inflationary cost increases. The same has been reversed by the Company as the increase in rent is within 5-7% p.a. which is within the inflation rate.

4) **Spares**

As per the requirements of Ind-AS items such as spare parts, stand-by equipment and servicing equipment are capitalized when they meet the definition of PPE, i.e., if the Company intends to use these during more than a period of 12 months. The Company has capitalised such items of spares as fixed asset which are intended to be used for more than 12 months and provided depreciation on the same.

5) **Defined benefit liabilities**

Both under previous Indian GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under previous Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, remeasurements [comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability] are recognised in OCI. Due to this, for the year ended 31st March 2016, the employee benefit cost is reduced and remeasurements gains/ losses on defined benefit plans has been recognized in the Other Comprehensive Income .

6) **Amortisation of loan processing fee**

As per the requirement of Ind AS, loan processing fee should be amortised over the period of repayment of loan as per Effective Interest Rate (EIR) method. In previous IGAAP, processing fee were capitalised (depreciated over the life of specific fixed assets) / charged to Profit & Loss on straight line basis. The same has been reversed and now amortised over the period of loan according to Effective Interest Rate (EIR) method.

Notes to the Financial Statements as at and for the year ended 31st March 2017

7) Discounting of provision for voluntary retirement scheme

As per the requirement of Ind AS, there were no discounting of provision made for voluntary retirement scheme. As per the requirement of Ind AS, all financial liabilities should be at amortised cost or at fair value. Now the Company has amortised the provision made for voluntary retirement scheme at the rate of borrowings of the Company.

8) Accrued service income from related party

In earlier year, the Company had entered into an deferred payment agreement (without charging interest) in respect of service provided to a related party. In previous IGAAP, service income was accounted for on principal amount only. As per the requirement of Ind AS, financial assets should be recognised at amortised cost or at fair value. Now, the Company has amortised the deferred payment receivable over the period of realisation of amount.

9) Deferred taxes

Previous Indian GAAP required deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under previous Indian GAAP.

In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the Company has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity. On the date of transition, the Company has recognised incremental deferred tax with a corresponding credit to retained earnings.

42 Disclosure required under Section 186 (4) of the Companies Act 2013.

(a) Particulars of Loans given: (₹ in lakhs)

Sr. No	Name of the Loanee	Opening Balance as on 1st April 2016	Loan Given	Loan Repaid	Outstanding Balance as on 31st March 2017	Purpose
1	Zuari Fertilisers and Chemicals Limited	54,547.95	10,941.00	1,800.00	63,688.95	General Business Purpose
2	Zuari Agri Sciences Limited	-	390.00	-	390.00	General Business Purpose

(b) Particulars of Corporate Guarantee given: (₹ in lakhs)

Sr. No	Name of the Entity	Opening Balance as on 1st April 2016	Guarantee Given	Guarantee Discharged	Closing Balance as on 31st March 2017	Purpose
1	Zuari Fertilisers and Chemicals Limited (ZFCL)	30,000.00	-	-	30,000.00	Guarantee given to IL & FS Financial Services Limited of ₹ 15,000 lakhs and to HDFC Limited of ₹ 15,000 lakhs - to secure the loan taken by ZFCL to acquire the shares of Mangalore Chemicals & Fertilisers Limited. During the previous year ZFCL has paid back loan of ₹ 9,000 lakhs.
2	Zuari Agri Sciences Limited	5,000.00	-	-	5,000.00	General Business purpose

(c) Particulars of Investments made during the year: (₹ in lakhs)

Sr. No.	Name of the Investee	Investment Made	Purpose
1.	Nagarjuna Fertilisers and Chemicals Limited	5,215.61	Strategic investment
2.	Indian Potash Limited	1,123.12	Strategic investment
3.	Zuari Speciality Fertilisers Limited	17.30	Strategic investment

Notes to the Financial Statements as at and for the year ended 31st March 2017

43. Department of Fertilizers (DOF), Government of India, issued an office memorandum dated 8th July 2013, whereby Imported Phosphatic and Potassic (P&K) fertilizers dispatched by the Fertiliser companies to their warehouse for onward sale during the month of February and March 2013 without having any supply plan issued by DOF was regularized as per Nutrient Based Subsidy (NBS) rates applicable for the year 2013-14. However, these NBS rates, as per the Government of India's policy, are notified after approval by Cabinet Committee for Economic Affairs (CCEA) before the start of financial year and therefore, cannot be changed before next financial year. Accordingly, the Company has recognized ₹ 1,949.03 lakhs in the earlier year's being the difference between the applicable NBS rates of 2012-13 and 2013-14 for the dispatches made to its warehouse during February and March 2013 but sold in 2012-13 and 2013-14 respectively. The Company is in discussions with the Department of Fertilisers for receiving the short amount of subsidy and, if required, take appropriate legal steps to recover the aforesaid differential subsidy amount. The Company is hopeful to realise the aforesaid subsidy amount, hence no provision for aforesaid amount of ₹ 1,949.03 lakhs has been made in the accounts.

44. The Company is carrying receivable of ₹ 2577.95 lakhs (March 31, 2016: ₹ 2712.87 lakhs) on account of claim raised on a product supplier for loss suffered on purchase of material which did not meet the specified standards. During the current year, the Company has entered into a Memorandum of Understanding (MOU) with the supplier whereby the supplier has agreed to give rebate for adverse market condition during the earlier period. However, the supplier has not confirmed the receivable amount.

45. Based on the circulars received for revision in uniform freight relating to secondary freight and direct road movement, the Company has accrued additional freight subsidy income of ₹ 559.03 lakhs (upto Previous year ₹ 2,553.11 lakhs) relating to Urea. Also, the Company has receivable of ₹ 2,910.62 lakhs for Phosphoric and Potassic Fertilisers, for which the claims are yet to be submitted.

Further, during the year, Ministry has issued notification for revised freight rates for the period from 2008-09 onwards. The Company has accrued a liability of ₹ 365.90 lakhs towards freight subsidy.

Since the performa/ format for raising the bills is still awaited, the amount of ₹ 5, 656.86 lakhs is still pending for collection. The Company is hopeful to realize the above entire amount of ₹ 5,656.86 lakhs.

46. In respect of the Company's investment of ₹ 11,943.48 lakhs in a rock phosphate mining project (which is under development) through MCA Phosphates Pte. Limited, a joint venture company, the Company is not expecting any impairment loss based on a fair valuation of the said investment done by an independent valuer. The joint venture company has provided for diminution in the value of said investment, which the Company is not in agreement to since the same is not in accordance with the shareholders agreement with the joint venture company.

47. During the year, the Company has paid remuneration to Managing Director as per the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
However, the approval of Central Government in respect of excess remuneration paid to Managing Director amounting to ₹ 149.82 lakhs for the year ended March 31, 2016 is awaited.

48. The Board of Directors of the Company at its meeting held on 29th December 2015, had considered and approved, the scheme of amalgamation of Zuari Fertilisers and Chemicals Limited ("ZFCL"), Zuari Speciality Fertilizers Limited ("ZSFL") and Zuari Agri Sciences Limited ("ZASL") with the Company under the provisions of Sections 391 to 394 of the Companies Act, 1956 and other applicable provisions of Companies Act, 1956/ Companies Act, 2013 ("Scheme" and such amalgamation referred to as "Amalgamation"), as recommended by the Audit Committee of the Company.

The Amalgamation shall be subject to the approval/ sanction of the Scheme of Amalgamation by the National Company Law Tribunal, Goa and such other authority, as may be necessary.

The appointed date of the Amalgamation is April 01, 2015. It is pertinent to note that as a consequence of Amalgamation, there will be no change in the shareholding pattern of the Company, given that the Company is not required to issue any shares pursuant to the Amalgamation as all the Transferor Companies, i.e. ZFCL, ZSFL and ZASL are wholly-owned subsidiaries of the Company. Further, upon the scheme becoming effective, the Transferor Companies i.e. ZFCL, ZSFL and ZASL will be dissolved without winding up and the shares held by the Company in the Transferor Companies shall be cancelled and extinguished without any act or deed.

Notes to the Financial Statements as at and for the year ended 31st March 2017

49. During the financial year 2013-14, the Company had sold part of freehold land at a consideration of ₹ 16,359.32 lakhs. The possession of the said parcel of land was handed over on 28thMarch, 2014; however the transfer of title is under progress. The Company had received full consideration from the buyer in the financial year 2013-14.

50. In terms of Demerger of fertilizer undertaking from Zuari Global Limited in an earlier year, the title deeds of Immovable properties are in the process of being transferred in the name of the Company.

51. Zuari Global Limited (ZGL) had demerged its fertilizer undertaking to the Company with effect from 1st July 2011. ZGL has during the year, based on Hon'ble High Court order on demerger of fertilizer undertaking, identified amount of income tax paid under protest pertaining to fertilizer undertaking demerged into the Company.

The Company has exchanged letter of mutual understanding with ZGL wherein the Company has paid such amount of income tax paid under protest. During the year, the Company has paid ₹ 2,533.85 lakhs to ZGL on this account pending completion of final assessment/litigation in respect of such financial years.

Also, the Company has, during the year, paid ₹ 3,209.13 lakhs as advance to ZGL on account of purchase of land and buildings in Solapur district.

52. (a) United Breweries Limited, KingFisher Finvest India Limited, McDowell Holdings Limited instituted arbitration proceedings against the Company and its subsidiary, Zuari Fertilizer and Chemicals Limited alleging breach of the Share Holders Agreement (SHA) dated 12th May 2014 executed between the parties. The arbitration was instituted before the, former Chief Justice of India. The Award was passed on 8th May 2017 wherein the Arbitrator has held that the SHA cannot be specifically enforced and the claims raised by the Claimants stand dismissed.

(b) Mangalore Chemicals and Fertilizers Limited (MCFL), a subsidiary company had engaged M/s Ernst & Young LLP (EY) to carry out a forensic investigation into transactions in relation to the investment in the preference shares of Bangalore Beverages Limited (BBL) and advances made to United Beverages Holding Limited (UBHL) aggregating to ₹ 21,668 lakhs which had duly been provided for in the books of MCFL. Based on their report, Zuari Fertilisers and Chemicals Limited, the holding company of MCFL has approached the National Company Law Tribunal in Bangalore to obtain accountability of the UB Group for the irregularities. Since UBHL has been declared to be wound up by the High Court of Karnataka vide order dated 7th February 2017, the ZFCL made an application before the High Court of Karnataka. ZFCL's application for permission to proceed against UBHL in the NCLT proceedings has been allowed by the High Court on 20th April 2017.

Matter has been posted for 13th June 2017 for ZFCL's rejoinder to their reply and arguments on interim reliefs.

53. Disclosure relating to Corporate Social Responsibility (CSR) Expenditure

In light of Section 135 of the Companies Act 2013, the Company has incurred expenses on corporate social responsibility (CSR) aggregating to ₹ 71.64 lakhs (March 31, 2016: ₹ 44.85 lakhs) for CSR activities carried out during the current year.

(₹ in lakhs)

Particulars	2016-17	2015-16
(i) Gross amount required to be spent by the Company during the year	-	-
(ii) Amount spent during the year on the following in cash		
1. Construction / acquisition of any asset		
2. On purposes other than (i) above		
- Skills Development	28.10	9.28
- Slum Development, Sanitation, Health, Education	25.13	19.99
- Sanitation	-	4.87
- Safe drinking water	17.42	10.37
- Promoting Education	0.99	0.34

Notes to the Financial Statements as at and for the year ended 31st March 2017

54. Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November 2016 to 30th December 2016 are provided in the table below:-

(₹ in lakhs)

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	65.45	22.33	87.78
(+) Permitted receipts	-	414.79	414.79
(-) Permitted payments	-	-	-
(-) Amount deposited in Banks	65.45	395.55	461.00
Closing cash in hand as on 30.12.2016	-	41.56	41.56

As per our report of even date

For S.R. Batliboi & Co. LLP
Chartered Accountants
Firm's Registration No.301003E/E300005

per ANIL GUPTA
Partner
Membership No. 87921

Place: New Delhi
Date: May 19, 2017

For and on behalf of the Board of Directors of Zuari Agro Chemicals Limited

KAPIL MEHAN
Managing Director
DIN: 01215092

MARCO WADIA
Director
DIN: 00244357

S. K. PODDAR
Chairman
DIN: 00008654

SANDEEP AGRAWAL
Chief Financial Officer

R. Y. PATIL
Vice President & Company Secretary
FCS: 2845

Place: Gurgaon
Date: May 19, 2017

INDEPENDENT AUDITOR'S REPORT

To the Members of Zuari Agro Chemicals Limited

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Zuari Agro Chemicals Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its joint ventures, comprising of the consolidated Balance Sheet as at 31st March 2017, the consolidated Statement of Profit and Loss (including other comprehensive income), the consolidated Cash Flow Statement, the consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance (including other comprehensive income), consolidated cash flows and consolidated statement of changes in equity of the Group including its joint ventures in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Indian Accounting Standard) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group and of its joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and of its joint ventures and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, 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 financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated Ind AS financial statements.

Basis for qualified opinion

As stated in Note No. 55(b), We report that a subsidiary company, Mangalore Chemicals & Fertilizers Limited (MCFL) had engaged an independent firm of accountants to carry out a forensic review into transactions in relation to investment in the preference shares of Bangalore Beverages Limited and advances made to United Beverages Holdings Limited (UBHL) and have indicated that these transactions may have involved irregularities. Based on their report, Zuari Fertilisers and Chemicals Limited, the holding company of MCFL has approached the National Company Law Tribunal in Bangalore to obtain accountability of the UBHL Group for the irregularities. The subsidiary had already provided an aggregate amount of ₹ 21,668 lacs against the above in their books. Pending outcome of the legal dispute on the above matters, we are unable to comment on including consequential effects, if any to be made in these accompanying consolidated Ind AS financial statements.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries and its joint ventures, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its joint ventures as at 31st March 2017, of their consolidated loss including other comprehensive income and their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries and joint ventures as noted in the 'other matter' paragraph, to the extent applicable, we report that:

(a) We/The other auditors whose report's we have relied upon, have sought and except for the matter described in of the Basis for Qualified Opinion paragraph, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated Ind AS financial statements;

(b) Except for the effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept by the Group so far as appears from our examination of those books and the reports of the other auditors;

(c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the consolidated Cash Flow Statement and consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;

(d) Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Indian Accounting Standard) Rules, 2015, as amended;

(e) The matter described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Group;

(f) On the basis of the written representations received from the directors of the Holding Company as on 31st March 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies and a joint venture incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31st March 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

(g) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above;

(h) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Holding Company and its subsidiary companies and joint venture incorporated in India, refer to our separate report in "Annexure 1" to this report;

(i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries and joint ventures, as noted in the 'Other matter' paragraph:

i. The consolidated Ind AS financial statements disclose the impact of pending litigations on consolidated financial position of the Group its associates and joint ventures- Refer note 36 to the consolidated financial statements.

ii. The Group and its joint ventures did not have any material foreseeable losses in long-term contracts including derivative contracts;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, its subsidiaries and joint ventures incorporated in India during the year ended 31st March 2017.

iv. The Holding Company, its subsidiaries and joint venture incorporated in India have provided requisite disclosures in Note 58 to these consolidated Ind AS financial statements as to the holdings of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on our audit procedures and relying on the management representation regarding the holding and nature of cash transactions, including Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by the Group including its joint venture and as produced to us by the Management.

Other Matters

(a) We did not audit the financial statements and other financial information, in respect of 2 subsidiaries, whose Ind AS financial statements include total assets of ₹ 312,357.99 lakhs and net assets of ₹ 36,406.35 lakhs as at 31st March 2017 and total revenues of ₹ 254,837.09 lakhs and net cash inflows of ₹ 5,525.46 lakhs for the year ended on that date. These financial statements and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management.

(b) The consolidated Ind AS financial statements include the Group's share of net loss of ₹ 501.33 lakhs for the year ended 31st March 2017 as considered in the consolidated financial statements, in respect of one joint venture, whose financial statements, other financial information have not been audited and whose unaudited financial statements, other unaudited financial information have been furnished to us by the Management. Our opinion, in so far as it relates amounts and disclosures included in respect of this joint venture and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid joint venture is based solely on such unaudited financial statement and other unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements and other financial information are not material to the Group.

Our above opinion on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements above, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

For **S.R. Batliboi & CO. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Anil Gupta
Partner
Membership Number: 87921
Place of Signature: New Delhi
Date: May 19, 2017

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF ZUARI AGRO CHEMICALS LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

To the Members of Zuari Agro Chemicals Limited

In conjunction with our audit of the consolidated Ind AS financial statements of Zuari Agro Chemicals Limited as of and for the year ended 31st March 2017, we have audited the internal financial controls over financial reporting of Zuari Agro Chemicals Limited (hereinafter referred to as the "Holding Company"), its subsidiary companies, and its joint venture which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company, its subsidiary companies and its joint venture, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company, its subsidiary companies and joint venture, which are companies incorporated in India, have, maintained in all material respects, an adequate internal financial controls system over financial reporting based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Holding Company, insofar as it relates to 2 subsidiary companies which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiary companies incorporated in India. In respect of 2 joint venture companies incorporated in India, report on their Internal Financial Controls under Clause (i) of Subsection (3) of Section 143 of the Companies Act., 2013 have not been issued by the auditors of respective companies, as their statutory audit is in process as on date, However, we have audited the accounts of these two joint venture companies.

For **S.R. Batliboi & CO. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Anil Gupta
Partner
Membership Number: 87921
Place: New Delhi
Date: May 19, 2017

Consolidated Balance Sheet as at 31st March 2017

(Amount in Rupees lakhs, unless otherwise stated)

(₹ in Lakhs)

		Particulars	Notes	As at 31st March 2017	As at 31st March 2016	As at 31st March 2015
I		**ASSETS**				
	(1)	**Non-current assets**				
		Property, Plant and Equipment	3	**165,933.41**	167,629.53	28,056.13
		Capital work-in-progress	3	**14,276.89**	10,201.64	15,764.74
		Investment Property	5	**362.29**	362.29	362.29
		Goodwill on consolidation	32A	**3,462.32**	3,462.32	1,832.98
		Other Intangible Assets	4	**11,429.35**	11,789.87	557.23
		Intangible Assets under development	4	**19.34**	15.02	5.56
		Financial Assets				
		(i) Investments	6A	**87,767.19**	77,064.55	89,951.49
		(ii) Loans	6B	**1,190.33**	1,278.20	592.36
		(iii) Others	6C	**49.43**	12,148.95	12,675.07
		Deferred tax asset(Net)	17	**897.18**	1,405.55	-
		Other assets	7	**9,502.28**	5,539.12	6,748.92
		Tax Assets (Net)	17A	**6,013.52**	3,790.02	1,979.34
				300,903.53	**294,687.06**	**158,526.11**
	(2)	**Current assets**				
		Inventories	8	**70,848.54**	72,766.69	58,999.57
		Financial Assets				
		(i) Trade receivables	9	**346,271.17**	410,044.64	266,690.27
		(ii) Cash and cash equivalents	10	**6,564.80**	1,174.46	659.95
		(iii) Bank balances other than (ii) above	10.1	**663.60**	731.25	421.37
		(iv) Loans	6B	**2,369.63**	2,246.09	2,227.76
		(v) Others	6C	**21,292.28**	16,194.12	6,729.56
		Other assets	7	**4,989.22**	4,398.67	2,250.83
				452,999.24	**507,565.92**	**337,979.31**
		Total Assets		**753,902.77**	**802,252.98**	**496,505.42**
II		**EQUITY AND LIABILITIES**				
		Equity				
		Equity Share capital	11	**4,205.80**	4,205.80	4,205.80
		Other Equity		**126,443.34**	130,526.01	123,195.31
		Equity attributable to equity holders of the Parent Company		**130,649.14**	134,731.81	127,401.11
		Non-controlling interests		**36,442.93**	35,525.92	-
		Total Equity		**167,092.07**	170,257.73	127,401.11
		LIABILITIES				
	(1)	**Non-current liabilities**				
		Financial Liabilities				
		(i) Borrowings	12 A	**49,301.01**	54,080.03	2,123.48
		(ii) Others	14	**1,745.47**	1,333.29	36.58
		Provisions	16	**1,656.75**	1,599.46	-
		Deferred tax liabilities(Net)	17	**1,494.91**	1,130.00	1,256.05
		Other liabilities	15	**119.40**	136.68	-
	(2)	**Current liabilities**				
		Financial Liabilities				
		(i) Borrowings	12 B	**362,789.33**	438,071.15	241,394.26
		(ii) Trade payables	13	**108,702.81**	87,351.49	97,031.77
		(iii) Other financial liabilities	14	**42,003.36**	34,086.93	10,814.75
		Provisions	16	**3,474.84**	3,284.48	2,731.73
		Other liabilities	15	**15,522.82**	10,921.74	13,715.69
		Total Equity and Liabilities		**753,902.77**	**802,252.98**	**496,505.42**

Summary of significant accounting policies 2

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For and on behalf of the Board of Directors of Zuari Agro Chemicals Limited

For S.R. Batliboi & Co. LLP
Chartered Accountants
Firm's Registration No. 301003E/E300005

KAPIL MEHAN
Managing Director
DIN:01215092

S.K PODDAR
Chairman
DIN:00008654

MARCO WADIA
Director
DIN:00244357

per ANIL GUPTA
Partner
Membership No. 87921

SANDEEP AGRAWAL
Chief Financial Officer

R.Y. PATIL
Vice President &
Company Secretary
FCS:2845

Place : New Delhi
Date : May 19, 2017

Place : Gurgaon
Date : May 19, 2017

Consolidated Statement of Profit and Loss for the year ended 31st March 2017

(₹ in Lakhs)

		Particulars	Notes	For the year ended 31st March 2017	For the year ended 31st March 2016
I	**REVENUE**				
	Revenue From Operations		18	641,542.80	764,062.68
	Other Income		19	7,608.04	6,213.34
	Total Revenue (I)			**649,150.84**	**770,276.02**
II	**EXPENSES**				
	Cost of Raw Materials Consumed		20	291,050.26	349,092.53
	Purchases of Stock in trade		20(a)	159,066.27	231,165.34
	Changes in inventories of finished goods, stock-in-trade and work in progress		21	1,226.99	7,226.11
	Excise duty on goods		22	2,997.26	2,920.97
	Employee Benefits Expense		23	16,051.25	15,152.69
	Finance Costs		24	45,414.98	41,902.60
	Depreciation and amortization expense		25	7,761.12	6,551.46
	Other Expenses		26	124,581.71	131,182.13
	Total expenses (II)			**648,149.84**	**785,193.83**
III	**Profit/(loss) before share of profit/(loss) of joint ventures, exceptional items and tax**			**1,001.00**	**(14,917.81)**
	Share of profit of joint ventures (net of tax)		34	3,251.78	1,827.00
IV	**Profit/(loss) before exceptional items and tax**			**4,252.78**	**(13,090.81)**
V	Exceptional Items		29	6,433.04	2,609.31
	Profit/(loss) before tax			**(2,180.26)**	**(15,700.12)**
VI	**Tax expense:**				
	(1)	Current Tax	17	1,387.54	-
	(2)	Taxes for earlier years	17	(0.14)	(4.64)
	(3)	MAT Credit Entitlement	17	(1,318.19)	-
	(4)	Deferred Tax	17	2,135.53	(3,389.43)
	VII	**Profit/(loss) for the year (V-VI)**		**(4,385.00)**	**(12,306.05)**
	VIII	**Other Comprehensive Income**		**1,219.34**	**(2,428.49)**
		A Items that will not be reclassified to profit or loss			
		Re-measurement gains (losses) on defined benefit plans		163.23	(1.95)
		Income tax effect		(56.02)	5.86
		(loss)/gain on FVTOCI financial instruments		1,292.02	(3,344.45)
		Share of OCI of joint venture (net of tax)		35.76	176.82
		B Items that will be reclassified to profit or loss			
		Share of OCI of joint ventures (net of tax)		(215.65)	735.23
	IX	**Total Comprehensive Income for the year (VII + VIII)**		**(3,165.66)**	**(14,734.54)**
		Profit/(Loss) for the year			
		Attributed to:			
		Equity holders of the Parent		(5,297.01)	(11,524.42)
		Non Controlling Interest		912.01	(781.63)
		Comprehensive income/(loss) for the year			
		Attributed to:			
		Equity holders of the Parent		1,214.34	(2,354.44)
		Non Controlling Interest		5.00	(74.05)
		Total Comprehensive income/(loss) for the year			
		Attributed to:			
		Equity holders of the Parent		(4,082.67)	(13,878.86)
		Non Controlling Interest		917.01	(855.68)
	X	Earnings per equity share:(nominal value of share ₹ 10/-(31st March 2016 - ₹ 10/-)			
		(1) Basic	28	(12.59)	(27.40)
		(2) Diluted	28	(12.59)	(27.40)

[Summary of significant accounting policies 2]
[The accompanying notes are an integral part of the financial statements.]

As per our report of even date

For and on behalf of the Board of Directors of Zuari Agro Chemicals Limited

For S.R. Batliboi & Co. LLP
Chartered Accountants
Firm's Registration No. 301003E/E300005

KAPIL MEHAN
Managing Director
DIN:01215092

S.K PODDAR
Chairman
DIN:00008654

MARCO WADIA
Director
DIN:00244357

per ANIL GUPTA
Partner
Membership No. 87921

SANDEEP AGRAWAL
Chief Financial Officer

R.Y. PATIL
Vice President &
Company Secretary
FCS:2845

Place : New Delhi
Date : May 19, 2017

Place : Gurgaon
Date : May 19, 2017

Consolidated Statement of Cash Flows for the year ended 31st March 2017

(₹ in lakhs)

	Particulars	Note No.	31st March 2017	31st March 2016
A	**Cash Flow from Operating Activities**			
	Profit / (loss) before tax		(2,180.26)	(15,700.12)
	Share of profit/(loss) of an associate and joint ventures		(3,251.78)	(1,827.00)
	Adjustment to reconcile profit before tax to net cash flows			
	Depreciation / amortisation	25	7,761.12	6,551.46
	(Gain)/Loss on property, plant and equipment sold / discarded (net)	26	115.66	390.10
	Excess Provision / Unclaimed Liabilities / unclaimed balances written back	19	(108.98)	(169.26)
	Bad debts, claims and advances written off	26	216.26	66.03
	Provision for doubtful debts, claims and advances	26	77.95	78.15
	Subsidy claims written off	26	185.29	40.60
	Loss / (Profit) on sale of current investments	19	(3.80)	(1.84)
	Interest expense	24	31,392.94	29,680.01
	Interest income	19	(4,868.47)	(4,323.88)
	Dividend income	19	-	(0.98)
	Operating Profit before Working Capital changes		**29,335.93**	**14,783.27**
	Movements in working capital :			
	Increase/(Decrease) in provisions		410.87	(1,902.72)
	Increase/(Decrease) in trade payables and other liabilities		30,371.21	(43,797.99)
	Decrease/(Increase) in trade receivables		63,293.97	(53,891.64)
	Decrease in Inventories		1,928.16	6,577.61
	Decrease / (Increase) in other assets, financial assets		(5,380.07)	(6,782.60)
	Decrease / (increase) in loans and advances		122.46	(46.95)
			90,746.60	**(99,844.29)**
	Cash Generated From /(used in) Operations		**120,082.53**	**(85,061.02)**
	Less : Direct Tax paid (net of refunds)		(3,610.90)	(1,840.40)
	Net Cash Flow from/(used in) Operating Activities (A)		**116,471.63**	**(86,901.42)**
B	**Cash Flow from Investing Activities:**			
	Purchase of property, plant and equipment, including intangible assets, CWIP and capital advances		(14,641.95)	(15,219.64)
	Proceeds from sale of Property, plant and equipment		160.51	176.82
	Purchase of non-current investments		(6,338.72)	(1,696.11)
	Advance for purchase of investments received back		11,920.00	-
	Purchase of current investments		(15,000.00)	(12,000.00)
	Proceeds from sale/ maturity of current investments		15,003.80	12,001.84
	Investment of bank deposits (having original maturity of more than 3 months)		35.55	4,272.74
	Purchase of Investment in Subsidiaries		-	(40,762.57)
	Interest received		4,778.89	3,829.54
	Payment/ (realisation) in unclaimed dividend account		32.10	(415.63)
	Dividend received		-	0.98
	Net cash flow from/(used in) investing activities (B)		**(4,049.82)**	**(49,812.03)**

Consolidated Statement of Cash Flows for the year ended 31st March 2017

(₹ in lakhs)

	Particulars	Note No.	31st March 2017	31st March 2016
C	**Net Cash Flow From Financing Activities:**			
	Proceeds from long term borrowings		12,302.39	56,065.03
	Repayment of long term borrowings		(12,067.85)	(14,947.70)
	Proceeds from/ repayment of short term borrowings		475.65	41,796.30
	Proceeds from Buyer's Credit		314,595.82	446,811.30
	Repayment of Buyer's Credit		(390,353.29)	(362,336.20)
	Dividend paid on equity shares		(32.10)	(759.56)
	Tax on equity dividend paid		-	(316.00)
	Interest paid		(31,952.09)	(29,971.14)
	Net cash flow from/(used in) in financing activities (C)		**(107,031.47)**	**136,342.03**
D	**Net (decrease)/increase In cash and cash equivalents (A + B + C)**		**5,390.34**	**(371.42)**
	Cash and cash equivalents (Opening)		1,174.46	659.95
	Net Cash of Other Group Companies on acquisition		-	885.93
	Cash and cash equivalents (Closing)		6,564.80	1,174.46

Cash Flow from operating activities for the year ended 31st March 2017 is after considering Corporate Social Responsibility Expenditure of ₹103.30 lakhs (31st March 2016: ₹165.42 lakhs)

CASH AND CASH EQUIVALENTS	**31st March 2017**	**31st March 2016**
Cash on hand	6,548.03	1,059.51
Cheques/drafts on hand	16.77	114.95
Cash and cash equivalents	**6,564.80**	**1,174.46**

[Summary of significant accounting policies 2]
[The accompanying notes are an integral part of the financial statements.]

As per our report of even date

For S.R. Batliboi & Co. LLP
Chartered Accountants
Firm's Registration No. 301003E/E300005

per ANIL GUPTA
Partner
Membership No. 87921

Place : New Delhi
Date : May 19, 2017

For and on behalf of the Board of Directors of Zuari Agro Chemicals Limited

KAPIL MEHAN
Managing Director
DIN:01215092

S.K PODDAR
Chairman
DIN:00008654

MARCO WADIA
Director
DIN:00244357

SANDEEP AGRAWAL
Chief Financial Officer

R.Y. PATIL
Vice President &
Company Secretary
FCS:2845

Place : Gurgaon
Date : May 19, 2017

Consolidated Statement of Changes in Equity for the year ended 31st March 2017

(Amount in Rupees lakhs, unless otherwise stated)

(a) Equity Share Capital

Equity shares of ₹ 10 each issued, subscribed and fully paid

	No. of Shares	Amount (₹ in lakhs)
At 1st April 2015	42,058,006	4,205.80
At 31st March 2016	42,058,006	4,205.80
At 31st March 2017	42,058,006	4,205.80

(b) Other equity

For the year ended 31st March 2017: (₹ in Lakhs)

	Reserves and surplus				Items of OCI				
	Business Restructuring Reserve *	Capital Reserves	Surplus in the statement of profit and loss	General reserve	Foreign Currency Translation Reserve	Equity/ (Debt) instruments through OCI	Total	Non Controlling Interest	Gross Total
As at 1st April 2016	**65,404.84**	**57,667.51**	**(2,903.72)**	**9,622.16**	**631.43**	**103.79**	**130,526.01**	**35,525.92**	**166,051.93**
Profit/(loss) for the year	-	-	(5,297.01)	-	-	-	(5,297.01)	912.01	(4,385.00)
Other comprehensive income/(loss)	-	-	137.97	-	(271.51)	1,347.88	1,214.34	5.00	1,219.34
Total comprehensive income/(loss)	**-**	**-**	**(5,159.04)**	**-**	**(271.51)**	**1,347.88**	**(4,082.67)**	**917.01**	**(3,165.66)**
At 31st March 2017	**65,404.84**	**57,667.51**	**(8,062.76)**	**9,622.16**	**359.92**	**1,451.67**	**126,443.34**	**36,442.93**	**162,886.27**

For the year ended 31st March 2016: (₹ in Lakhs)

	Reserves and surplus				Items of OCI				
	Business Restructuring Reserve*	Capital Reserves	Surplus in the statement of profit and loss	General reserve	Foreign Currency Translation Reserve	Equity instruments through OCI	Total	Non Controlling Interest	Total
As at 1st April 2015	**65,404.84**	**35,300.78**	**9,523.09**	**6,150.00**	**-**	**6,816.60**	**123,195.31**	**-**	**123,195.31**
Profit/(loss) for the year	-	-	(11,524.42)	-	-	-	(11,524.42)	(781.63)	(12,306.05)
Other comprehensive income/(loss)	-	-	254.78	-	631.43	(3,240.65)	(2,354.44)	(74.05)	(2,428.49)
Total comprehensive income/(loss)	**-**	**-**	**(11,269.64)**	**-**	**631.43**	**(3,240.65)**	**(13,878.86)**	**(855.68)**	**(14,734.54)**
Bargin Purchase on acquisition of subsidiary	-	22,366.73	-	-	-	-	22,366.73	-	22,366.73
Reclassification of gain from FVTOCI reserve to retained earnings	-	-	-	3,472.16	-	(3,472.16)	-	-	-
Acquisition of non-controlling interests	-	-	-	-	-	-	-	36,715.62	36,715.62
Cash dividends (Note 27)	-	-	(841.17)	-	-	-	(841.17)	(334.02)	(1,175.19)
Dividend distribution tax (DDT) (Note 27)	-	-	(316.00)	-	-	-	(316.00)	-	(316.00)
At 31st March 2016	**65,404.84**	**57,667.51**	**(2,903.72)**	**9,622.16**	**631.43**	**103.79**	**130,526.01**	**35,525.92**	**166,051.93**

* The said reserve be treated as free reserve and be restricted and not utilized for declaration of dividend by the Parent Company.

[Summary of significant accounting policies 2]
[The accompanying notes are an integral part of the financial statements.]

Components of Other Comprehensive Income

The disaggregation of changes to OCI by each type of reserve in equity is shown below

During the year ended 31st March 2017 (₹ in Lakhs)

Particulars	FVTOCI Reserve	Foreign Currency Translation Reserve	Retained Earnings	Total
A. Items that will be reclassified to profit or loss				
Share of (Loss)/profit in Associates (net of tax)	55.87	(271.52)	-	**(215.65)**
B. Items that will not be reclassified to profit or loss				
Share of (Loss)/Profit in Associates(net of tax)	-	-	35.76	**35.76**
Re-measurement gains (losses) on defined benefit plans	-	-	158.23	**158.23**
Income tax effect	-	-	(56.02)	**(56.02)**
Net (loss)/gain on FVTOCI equity/debt instruments	1,292.02	-	-	**1,292.02**
Non controlling entities	-	-	5.00	**5.00**
	1,347.89	**(271.52)**	**142.97**	**1,219.34**

During the year ended 31st March 2016

(₹ in Lakhs)

Particulars	FVTOCI Reserve	Foreign Currency Translation Reserve	Retained Earnings	Total
A Items that will be reclassified to profit or loss				
Share of (Loss)/profit in Associates (net of tax)	103.80	631.43	-	**735.23**
B Items that will not be reclassified to profit or loss				
Share of (Loss)/Profit in Associates(net of tax)	-	-	176.82	**176.82**
Re-measurement gains (losses) on defined benefit plans	-	-	72.11	**72.11**
Income tax effect	-	-	5.86	**5.86**
Net (loss)/gain on FVTOCI equity/debt instruments	(3,344.46)	-	-	**(3,344.46)**
Non controlling entities	-	-	(74.06)	**(74.06)**
	(3,240.66)	**631.43**	**180.73**	**(2,428.50)**

As per our report of even date

For S.R. Batliboi & Co. LLP
Chartered Accountants
Firm's Registration No. 301003E/E300005

per ANIL GUPTA
Partner
Membership No. 87921

Place : New Delhi
Date : May 19, 2017

For and on behalf of the Board of Directors of Zuari Agro Chemicals Limited

KAPIL MEHAN
Managing Director
DIN:01215092

S.K PODDAR
Chairman
DIN:00008654

MARCO WADIA
Director
DIN:00244357

SANDEEP AGRAWAL
Chief Financial Officer

R.Y. PATIL
Vice President &
Company Secretary, FCS:2845

Place : Gurgaon
Date : May 19, 2017

Notes to Financial Statements of the group as at and for the year ended 31st March 2017

1. **Corporate information**

The consolidated financial statements comprise financial statements of "Zuari Agro Chemicals Limited" ("the Company" or "ZACL") and its subsidiaries (collectively, the Group) and its joint ventures for the year ended 31st March 2017.

The Parent Company is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. Its shares are listed on two recognised stock exchanges in India. The registered office of the Parent Company is located at Jai Kisaan Bhawan, Zuarinagar, Goa 403726.

The Group is principally engaged in the manufacture of chemical fertilizers. The Group is also into trading business of complex fertilizers, water soluble fertilizers, Pesticides and seeds.

These consolidated financial statements were approved by the Board of Directors of the Parent Company in their meeting held on May 19 2017.

2. **Significant Accounting Policies**

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standard) (Amendment) Rules, 2016. The Group has prepared these financial statements to comply in all material respects with the Accounting Standards notified under Section 133 of the Companies Act, 2013 ("the Act").

The financial statements of the Group for all periods upto and including the year ended 31st March 2016 were prepared in accordance with Accounting Standards notified under Section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

These financial statements for the year ended 31st March 2017 are the first financial statements of the Group prepared in accordance with Ind AS. Refer note 59 for an explanation of how the transition from previous GAAP to Ind AS has affected the Group's financial position, financial performance and cash flows.

The consolidated financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:-

- Derivative financial instruments,
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments),
- Defined benefit plans – plan assets measured at fair value,
- Investment in other debt instruments (i.e. bonds)

The consolidated financial statements are presented in Indian Rupees (₹) and all values are rounded to the nearest Lakhs (₹ 00,000), except when otherwise indicated.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Parent Company, its subsidiaries and joint ventures as at 31st March 2017. Control is achieved when the Group has power over the investee, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the Parent Company, i.e., year ended on 31st March.

Consolidation procedure:

(a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the Parent Company with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

(b) Offset (eliminate) the carrying amount of the Parent's investment in each subsidiary and the Parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

(c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. However the minority interests has been restricted to zero on the transition date i.e. 1st April 2015 using the exemption provided by the Ind AS 101 and the accumulated losses attributable to the minorities in excess of their equity on the transition date, in the absence of the contractual obligation on the minorities, the same has been accounted for by the Parent Company.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2.3 Summary of significant accounting policies

a. Business combinations and goodwill

In accordance with Ind AS 101 provisions related to first time adoption, the Group has elected to apply Ind AS accounting for business combinations prospectively from 1st April 2015. As such, Indian GAAP balances relating to business combinations entered into before that date, including goodwill, have been carried forward with minimal adjustment (please refer note 59).

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 *Income Tax* and Ind AS 19 *Employee Benefits* respectively.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

b. Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries.

The Group's investment in its associate and joint ventures are accounted for using the equity method from the date on which it becomes an associate or a joint venture. On acquisition of the investment, any difference between the cost of the investment and the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted for as follows:

(a) Goodwill relating to an associate or a joint venture is included in the carrying amount of the investment. Amortisation of that goodwill is not permitted.

(b) Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is recognised directly in equity as capital reserve in the period in which the investment is acquired.

Notes to Financial Statements of the group as at and for the year ended 31st March 2017

The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit and loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

If an entity's share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture (which includes any long term interest that, in substance, form part of the Group's net investment in the associate or joint venture), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. If the associate or joint venture subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit and loss.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

c. Current versus non-current classification

Assets and Liabilities in the balance sheet have been classified as either current or non–current based upon the requirements of Schedule III notified under the Companies Act, 2013.

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting date

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

d. Foreign Currency Translation

(i) **Functional and presentation currency**

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates ('the functional currency'). The financial statements are presented in Indian Rupee (₹), which is Group's functional and presentation currency.

(ii) **Initial recognition**

Transactions in foreign currencies are initially recorded by the Group at the functional currency spot rates at the date the transaction first qualifies for recognition.

(iii) **Conversion**

Foreign currency monetary items are translated using the functional currency spot rates of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost denominated in a foreign currency are translated using the exchange rate at the date of the initial transaction. Non-monetary items measured at fair value denominated in a foreign currency are, translated using the exchange rates that existed when the fair value was determined.

(iv) **Exchange differences**

Exchange differences arising on settlement or translation of monetary items are recognised in the statement of profit and loss.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income (OCI) or profit and loss are also recognised in OCI or profit and loss, respectively).

(v) **Translation of a foreign operation**

On consolidation, the assets and liabilities of foreign operations are translated into ₹ at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the Group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising in the acquisition/ business combination of a foreign operation on or after 1st April 2015 and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Any goodwill or fair value adjustments arising in business combinations/ acquisitions, which occurred before the date of transition to Ind AS (1st April 2015), are treated as assets and liabilities of the entity rather than as assets and liabilities of the foreign operation. Therefore, those assets and liabilities are non-monetary items already expressed in the functional currency of the Parent and no further translation differences occur.

Cumulative currency translation differences for all foreign operations are deemed to be zero at the date of transition, viz., 1st April 2015. Gain or loss on a subsequent disposal of any foreign operation excludes translation differences that arose before the date of transition but includes only translation differences arising after the transition date.

Notes to Financial Statements of the group as at and for the year ended 31st March 2017

e. Derivative financial instruments

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts, options and interest rate swaps to hedge its foreign currency risks and interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

f. Fair value measurement

The Group measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for distribution in discontinued operation.

External valuers are involved for valuation of significant assets, and significant liabilities, if any.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management, in conjunction with the Group's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

g. Property, plant and equipment

On transition to Ind AS i.e. 1st April 2015, the Group has elected to continue with the carrying value of all of its property, plant and equipment (PPE) recognised as at 1st April 2015 measured as per the India GAAP and use that carrying value as the deemed cost of the PPE.

PPE are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, including import duties and non- refundable purchase taxes, borrowing costs if recognition criteria are met and any directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. However, in relation to Leasehold land and Freehold land acquired on acquisition of two subsidiaries have been stated at fair value instead of cost.

Subsequent expenditure related to an item of PPE is added to its book value only if it increases the future benefits from the existing PPE beyond its previously assessed standard of performance. Such cost includes the cost of replacing part of the plant and equipment. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Items of stores and spares that meet the definition of PPE are capitalized at cost. Otherwise, such items are classified as inventories.

Gains or losses arising from derecognition of the assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

h. Depreciation on property, plant and equipment

Depreciation on property, plant and equipment (other than specific asset referred under Para (c) to (e) below is calculated using the straight-line basis using the rates arrived at, based on the useful lives estimated by the management. For this purpose, a major portion of the plant has been considered as continuous process plant. The identified components are depreciated separately over their useful lives; the remaining components are depreciated over the life of principal asset. The Group has used the following rates to provide depreciation on its property, plant and equipment which are equal to the rates specified in Schedule II to Companies Act, 2013.

Class of Assets	Useful lives estimated by the management (Years)
Factory buildings	30 years
Other buildings (RCC structures)	60 years
Other buildings (other than RCC structures)	30 years
Roads & Culverts	10 years
Plant and equipment's (Continuous process plant)	25 years
Furniture and fixtures	10 years
Office equipment	3-6 years
Vehicles	8 years
Railway Siding	15 years

Notes to Financial Statements of the group as at and for the year ended 31st March 2017

a) Leasehold land are amortized on a straight-line basis over the lease tenure i.e. 95 years. In case of the Parent Company, in respect of leasehold land, lease cum sale agreement is for a period of 10 years. Lesser shall sell the property during the currency of the lease period or at the end of the lease period.

b) In case of a Parent Company and one subsidiary Company, the useful lives of components of certain plant and equipment are estimated as 5 to 20 years. These lives are different than those indicated in Schedule II.

c) In case of a subsidiary, the management has estimated, supported by independent assessment by professionals, the useful lives of the following classes of assets.

   i) The useful lives of certain plant and machinery having net block of ₹ 304.70 lakhs are estimated as 30 to 40 year. These lives are higher than those indicated in schedule II.

   ii) The useful lives of certain buildings having net block of ₹314.29 lakhs are estimated as 15 year. These lives are lower than those indicated in schedule II.

d) Insurance/ capital/ critical stores and spares are depreciated over the remaining useful life of related plant and equipment or useful life of insurance/capital/ critical spares, whichever is lower.

e) Property, plant and equipment whose value is less than₹ 5,000/– are depreciated fully in the year of purchase.

The residual values, useful lives and method of depreciation of property, plant and equipment are reviewed at each financial year and adjusted prospectively, if any.

i. Intangible Assets

On transition to Ind AS, the Group has elected to continue with the carrying value of all of intangible assets recognised as at 1st April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets with finite lives are amortised on a straight line basis over the estimated useful economic life.

The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with Ind AS-8 "Accounting Policies, Changes in Accounting Estimates and Errors".

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

The following are the acquired intangible assets:

Software

Management of the Group assessed the useful life of software as finite and cost of software is amortized over their estimated useful life of three years on straight line basis.

Research and development costs

Expenditure incurred on development of new products as covered under Ind AS 38 for which future economic benefits will flow over a period of time is amortized, over the estimated useful life of the asset or 5 years whichever is earlier.

Goodwill (as per scheme of amalgamation)

Goodwill is amortized over a period of twenty years, subject to available surplus for the year before amortization of goodwill, based on the order of Hon'ble High Court of Bombay at Panaji (Goa).

Trademark

Cost of Trademark is amortized over their estimated useful life of forty years on straight line basis.

j. **Impairment of non –financial assets**

(i) Intangible assets and property, plant and equipment

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available, and if no such transactions can be identified an appropriate valuation model is used.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's CGU's to which the individual assets are allocated. These budgets and forecast calculations are generally cover a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit and loss.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss.

k. Investment Property

The Group has elected to continue with the carrying value for all of its investment property as recognized in its previous GAAP financial statements as deemed cost at the transition date, viz., 1st April 2015.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The cost includes the cost of replacing parts and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognized in profit or loss as incurred.

Investment properties are derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

Notes to Financial Statements of the group as at and for the year ended 31st March 2017

l. **Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and amortization of ancillary cost that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

m. **Leases**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1st April 2015, the Group has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Finance Leases as a lessee:

Finance leases, which effectively transfer to the company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of profit and loss.

A leased asset is depreciated on a straight-line basis over the useful life of the asset. However, if there is no reasonable certainty that the company will obtain the ownership by the end of the lease term, the capitalized asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset or the lease term.

Operating Leases as a lessee:

Leases, where the lessor effectively retains substantially all the risks and rewards of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term, unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

n. **Inventories**

Inventories are valued at the lower of Cost and Net Realizable Value. The Cost for this purpose is determined as follows:

a) Stores and Spares, Fuel Oil, Raw Materials and Packing Materials: Moving weighted average method.

b) Work-in-progress: Material cost on moving weighted average method and appropriate manufacturing overheads based on normal operating capacity

c) Finished goods (manufactured): Material cost on moving weighted average method and appropriate manufacturing overheads based on normal operating capacity including excise duty

d) Traded goods (traded): Moving weighted average method

Materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

Cost includes the necessary cost incurred in bringing inventory to its present location and condition necessary for use.

Net Realisable Value is the estimated selling price including applicable subsidy in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

o. **Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

In case of one of the Subsidiary Company, the company makes an estimation of probable sales return out of the sales booked during the financial year, considering the terms and condition of the sale and past tendency of such sales return. A provision is made for loss on account of such estimated sales return which is approximate to the amount of profit originally booked on such sale.

p. **Retirement and other employee benefits**

i) **Provident Fund**

Retirement benefits in the form of Provident Fund is a defined benefit obligation in respect of the Parent Company and is provided for on the basis of actuarial valuation of projected unit credit method made at the end of each financial year. The difference between the actuarial valuation of the provident fund of employees at the year end and balance of own managed fund is provided for as liability in the books in terms of the provisions under the provisions under Employee Provident Fund and Miscellaneous Provisions Act, 1952. Any excess of plan assets over projected benefit obligation is ignored as such surplus is distributed to the beneficiaries of the trust.

In case of other companies in the Group, Provident fund is a define contribution scheme. The companies do not have any other obligation other than contribution made to the fund. The companies recognize contribution payable to the fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

ii) **Pension Fund**

Retirement benefits in the form of family pension funds and National Pension Scheme are defined contribution schemes. The Group does not have any other obligation other than contribution made to the fund. The Group recognises contribution payable to the fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

iii) **Gratuity**

In respect of the Group, retirement benefit in the form of gratuity is defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

The Parent Company and two subsidiaries have taken insurance policy under the Group Gratuity Scheme with the Life Insurance Corporation of India (LIC) to cover the gratuity liability of the employees.

iv) **Post-Retirement Medical Benefit**

In respect of Parent Company, post-retirement medical benefit is a defined benefit obligation which is provided for based on actuarial valuation on projected unit credit method made at the end of each financial year.

v) **Leave Encashment**

Accumulated leave, which is expected to be utilised within the next 12 months, is treated as short-term employees benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Group treats accumulated leave expected to be carried forward beyond twelve months as long term employee benefit for measurement purpose. Such long term compensated absences are provided for based on actuarial valuation using the projected unit credit method at the year-end.

The Group presents the leave as a current liability in the balance sheet; to the extent it does not have an unconditional right to defer the settlement for 12 months after the reporting date. Where the Group has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

vi) **Superannuation and Contributory Pension Fund**

The Parent Company and one subsidiary company have approved Superannuation Fund and Contributory Pension Fund whereas one subsidiary company have only approved Superannuation Fund, which are defined contribution schemes. These companies have no obligation, other than contribution payable to the Superannuation Fund and Contributory Pension Fund to Life Insurance Corporation of India (LIC) against the insurance policies taken with them. These companies recognize contribution payable to the fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefits expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income and such re-measurement gain / (loss) are not reclassified to the statement of profit and loss in the subsequent periods. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

q. **Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i. Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

Debt Instruments-

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. For the purposes of subsequent measurement, debt instruments are classified in three categories:

- Debt instruments at amortised cost;
- Debt instruments at fair value through other comprehensive income (FVTOCI);
- Debt instruments at fair value through profit or loss (FVTPL).

Debt instruments at amortised cost

A debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent sole payments of principal and interest (SPPI).

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Group recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to the statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortised cost or as FVTOCI, is classified as at FVTPL. In addition, the Group may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

Equity Instruments-

For the purposes of subsequent measurement, equity instruments are classified in two categories:

- Equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Notes to Financial Statements of the group as at and for the year ended 31st March 2017

All equity investments are measured at fair value. The Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument -by-instrument basis. The classification is made on initial recognition and is irrevocable. Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to statement of profit and loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses (ECL) associated with its assets carried at amortised cost and FVTOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk since initial recognition.

For trade receivables only, the Group applies the simplified approach permitted by Ind AS 109 'Financial Instruments', which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Group reverts to recognising impairment loss allowance based on 12-month ECL.

ii. Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss (FVTPL) include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with Ind AS 109 Financial instruments and the amount initially recognised less cumulative amortisation, where appropriate. The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

iii. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

r. **Cash and Cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's Cash management.

s. **Dividend to equity holders of the Parent Company and Subsidiary Company**

The Group recognises a liability to make dividend distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

t. **Income Taxes**

Tax expense comprises current income tax and deferred tax. Current income-tax expense is measured at the amount expected to be paid to the taxation authorities in accordance with the Income-tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;

- In respect of taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized, except:

When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities.

Minimum Alternate Tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Group recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Group will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Group recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement" and grouped under Deferred Tax. The Group reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Group does not have convincing evidence that it will pay normal tax during the specified period.

u. **Earnings per share**

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders of the Parent Company by the weighted average number of the equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, net profit or loss for the year attributable to equity shareholders of the Parent Company and the weighted average number of shares outstanding during the year are adjusted for the effect of all dilutive potential equity shares.

v. **Contingent assets and liabilities**

A contingent liability is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise

A contingent asset is a possible asset that arises from past events the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise.

w. **Government grants and subsidies**

Grants and subsidies from the Government are recognized when there is reasonable assurance that the grant/subsidy will be received and all attaching conditions will be complied with.

When the grant or subsidy relates to an expenses item, it is recognized as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate.

Where the grant or subsidy relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset..

x. **Revenue Recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the Government. The Group has concluded that it is the principal in all of its revenue arrangements.

Revenue from sale of goods, including concession in respect of Urea, DAP, MOP and Complex Fertilizers receivable from the Government of India under the New Pricing Scheme/Concession Scheme, is recognized when the significant risk and rewards of ownership of the goods have passed to the customers. , recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. Revenue is measured net of returns, trade discounts and volume rebates.

Based on the Educational Material on Ind AS 18 issued by the ICAI, the Group has assumed that recovery of excise duty flows to the Group on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Group on its own account, revenue includes excise duty.

However, sales tax/ value added tax (VAT) is not received by the Group on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

Concessions in respect of Urea as notified under the New Pricing Scheme is recognized with adjustments for escalation/de–escalation in the prices of inputs and other adjustments as estimated by the management in accordance with the known policy parameters in this regard.

Subsidy for Phosphatic and Potassic (P&K) fertilisers are recognized as per rates notified by the Government of India in accordance with Nutrient Based Subsidy Policy from time to time.

Uniform freight subsidy on Urea, Complex fertilisers, Imported DAP and MOP has been accounted for in accordance with the parameters and notified rates.

Insurance claims and receivable on account of interest from dealers on delayed payment are accounted for to the extent the Company is reasonably certain of their ultimate collection.

For all debt instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividend is recognized when the shareholders' right to receive payment is established by the balance sheet date.

Revenue from service is recognized as per the terms of contracts with customer when the related services are performed.

Notes to Financial Statements of the group as at and for the year ended 31st March 2017

y. **Segment Reporting Policies**

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. Chief Operating Decision Maker review the performance of the Group according to the nature of products manufactured, traded and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the locations of customers.

Segment accounting policies

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting financial statements of the Group as a whole.

2.4 Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

a) **Defined benefit plans**

The cost of the defined benefit gratuity plan, post-employment medical benefits and other defined benefit plans and the present value of the obligation of defined benefit plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for defined benefit plans, the management considers the interest rates of Government Bonds.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases are based on the expected future inflation rates. Further details about the defined benefit obligations are given in note 35.

b) **Fair value measurement of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where ever possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer note 39 for further disclosures.

c) **Useful life of Property, plant and equipment**

The management estimates the useful life and residual value of property, plant and equipment based on technical evaluation. These assumptions are reviewed at each reporting date.

2.5 Recent Accounting pronouncements

i) **Standards issued but not yet effective**

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows'. These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows'. The amendments are applicable to the Company from 1st April 2017.

ii) **Amendment to Ind AS 7:**

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Company is evaluating the requirements of the amendment and the effect on the financial statements will be given in due course.

Notes to Financial Statements of the group as at and for the year ended 31st March 2017

3. Property, plant and equipment

(₹ in Lakhs)

Particulars	Freehold Land	Lease-hold Land*	Build-ings**	Railway Siding	Plant & machinery	Furniture & fixtures	Office equip-ment	Vehicles	Total	Capital work in progress	Grand Total
Deemed Cost											
As at 01.04.2015	**78.12**	**388.25**	**2,178.99**	**383.21**	**23,755.36**	**319.93**	**524.42**	**427.85**	**28,056.13**	**15,764.74**	**43,820.87**
Additions	-	396.00	4,321.93	166.32	19,107.99	197.16	245.02	12.48	24,446.90	(6,971.06)	17,475.84
Additions due to acquisition	64,113.96	68.56	4,922.99	492.66	50,490.91	267.92	4.45	84.26	120,445.71	1,407.96	121,853.67
Borrowing costs	-	-	489.07	-	930.23	-	-	-	1,419.30	-	1,419.30
Disposals	-	-	14.81	6.99	648.42	1.95	3.24	83.51	758.92	-	758.92
As at 31.03.2016	**64,192.08**	**852.81**	**11,898.17**	**1,035.20**	**93,636.07**	**783.06**	**770.65**	**441.08**	**173,609.12**	**10,201.64**	**183,810.76**
Additions	-	-	1,125.93	-	4,377.55	67.48	61.20	80.37	5,712.53	4,075.25	9,787.78
Borrowing costs	-	-	53.58	-	107.31	-	-	-	160.89	-	160.89
Disposals	-	3.04	3.89	-	313.73	17.97	3.90	59.45	401.98	-	401.98
As at 31.03.2017	**64,192.08**	**849.77**	**13,073.79**	**1,035.20**	**97,807.20**	**832.57**	**827.95**	**462.00**	**179,080.56**	**14,276.89**	**193,357.45**
Depreciation											
As at 01.04.2015	-	-	-	-	-	-	-	-		-	-
Charge for the year	-	11.83	353.77	70.90	5,341.34	130.54	169.20	103.80	6,181.38	-	6,181.38
Disposals	-	-	0.63	-	185.10	0.12	0.31	15.63	201.79	-	201.79
As at 31.03.2016	**-**	**11.83**	**353.14**	**70.90**	**5,156.24**	**130.42**	**168.89**	**88.17**	**5,979.59**	**-**	**5,979.59**
Charge for the year	-	4.23	507.39	88.38	6,315.11	140.56	175.97	81.86	7,313.50	-	7,313.50
Disposals	-	-	0.26	-	109.09	7.93	3.04	25.62	145.94	-	145.94
As at 31.03.2017	**-**	**16.06**	**860.27**	**159.28**	**11,362.26**	**263.05**	**341.82**	**144.41**	**13,147.15**	**-**	**13,147.15**
Net block											
As at 31.03.2017	**64,192.08**	**833.71**	**12,213.52**	**875.92**	**86,444.94**	**569.52**	**486.13**	**317.59**	**165,933.41**	**14,276.89**	**180,210.30**
As at 31.03.2016	**64,192.08**	**840.98**	**11,545.03**	**964.30**	**88,479.83**	**652.64**	**601.76**	**352.91**	**167,629.53**	**10,201.64**	**177,831.17**

* Addition of ₹ 396.00 lakhs under Leasehold Land represents land wherein lease cum sale agreement is for a period of 10 years. Lesser shall sell the property during the currency of the lease period or at the end of the lease period registration of such is pending.

**Additions to building during the year include ₹ Nil(31st March 2016: ₹201.25 lakhs, 1st April 2015: NIL) constructed/erected on rented land.

Borrowing Costs

	As at 31st March 2017	As at 31st March 2016
Balance brought down	121.32	812.51
Interest expenses	904.04	728.11
Sub-Total	**1,025.36**	**1,540.62**
Less: Allocated to Property, Plant and equipment	160.89	1,419.30
Balance carried down (included in Capital work in progress)	**864.47**	**121.32**

Capitalised borrowing costs

The rate used to determine the amount of borrowing costs eligible for capitalisation was 9.82%, which is the effective interest rate of the specific borrowing.

Notes to Financial Statements of the group as at and for the year ended 31st March 2017

3A Pre operative & trial run expenses pending allocation (included under capital work in progress)

(₹ in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016
Opening Balance brought forward	**121.32**	**1,395.24**
Opening stock of trial run		
Work-in-progress (Refer Note 8)	-	937.40
Finished goods (Refer Note 8)	-	570.38
Cost of raw materials consumed	-	313.10
Other Expenses		
Stores and spares Consumed	-	31.37
Power and fuel	-	6.97
Bagging and other contracting charges	**-**	**23.60**
Outward freight and handling	-	12.03
Rent	-	0.14
Rates and taxes	-	3.81
Miscellaneous expenses	-	2.59
Borrowing Cost		
Interest expenses	904.04	728.11
SUB-TOTAL (A)	**1,025.36**	**4,024.74**
Less:		
Work-in-progress (Transfer to note 21)	-	953.35
Closing Stock of Finished Goods (Transfer to note 21)	-	938.05
SUB-TOTAL (B)	**-**	**1,891.40**
TOTAL (A-B)	**1,025.36**	**2,133.34**
Less: Allocated to Property, Plant and Equipment	(160.89)	(2,012.02)
Closing Balance carried forward	**864.47**	**121.32**

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Notes to Financial Statements of the group as at and for the year ended 31st March 2017

4. Intangible Assets

(₹ in lakhs)

Particulars	Software	Goodwill*	Internally Generated Asset	Trade Mark	Total	Intangible assets under development	Gross Total
Deemed Cost							
As at 1.04.2015	130.04	403.60	23.59	-	557.23	5.56	562.79
Additions	186.71	-	-	-	186.71	9.46	196.17
Additions - Acquisitions	20.81	-	-	11,405.00	11,425.81	-	11,425.81
Disposals	9.80	-	-	-	9.80	-	9.80
As at 31.03.2016	327.76	403.60	23.59	11,405.00	12,159.95	15.02	12,174.97
Additions	92.23	-	-	-	92.23	19.34	111.57
Disposals	6.84	-	-	-	6.84	15.02	21.86
As at 31.03.2017	413.15	403.60	23.59	11,405.00	12,245.34	19.34	12,264.68
Amortization							
As at 1.04.2015	-						
Charge for the year	97.30	-	23.59	249.19	370.08	-	370.08
Disposals	-	-	-	-	-	-	-
As at 31.03.2016	97.30	-	23.59	249.19	370.08	-	370.08
Charge for the year	133.66	28.83	-	285.13	447.62	-	447.62
Disposals	1.71	-	-	-	1.71	-	1.71
As at 31.03.2017	229.25	28.83	23.59	534.32	815.99	-	815.99
Net block							
As at 31.03.2017	183.90	374.77	-	10,870.68	11,429.35	19.34	11,448.69
As at 31.03.2016	230.46	403.60	-	11,155.81	11,789.87	15.02	11,804.89
As at 1.04.2015	130.04	403.60	23.59	-	557.23	5.56	562.79

Note:

*In respect of a subsidiary company, goodwill has been amortized during the current year, pursuant to the scheme of amalgamation approved by the High Court of Bombay at Panaji (Goa) in an earlier year. As per the order of the High Court of Bombay at Panaji (Goa), Goodwill needs to be amortized over a period of twenty years, without having regard to the Accounting Standard, subject to available surplus for the year before amortization of goodwill.

Notes to Financial Statements of the group as at and for the year ended 31st March 2017

5. Investment property

Particulars	₹ in lakhs
Opening balance at 1st April 2015	**362.29**
Additions (subsequent expenditure)	-
Closing balance at 31st March 2016	**362.29**
Additions (subsequent expenditure)	-
Closing balance at 31st March 2017	**362.29**
Depreciation and impairment	
Opening balance at 1st April 2015	-
Depreciation (Note 25)	-
Closing balance at 31st March 2016	-
Depreciation for the year	-
Closing balance at 31st March 2017	-
Net Block	
at 31st March 2016	**362.29**
at 31st March 2017	**362.29**

(₹ in lakhs)

Information regarding income and expenditure of Investment property	As at 31st March 2017	As at 31st March 2016
Rental income derived from investment properties	Nil	Nil
Direct operating expenses (including repairs and maintenance) generating rental income	Nil	Nil
Direct operating expenses (including repairs and maintenance) that did not generate rental income	Nil	Nil
Profit arising from investment properties before depreciation and indirect expenses	Nil	Nil
Less – Depreciation	Nil	Nil
Profit arising from investment properties before indirect expenses	Nil	Nil

Investment property consist of freehold land owned by the Group .

As at 31st March 2017, 31st March 2016 & 1st April 2015, the fair values of the properties are ₹ 430.00 lakhs, ₹ 403.20 lakhs & ₹ 376.30 lakhs respectively. These valuations are based on valuations performed by Vr. Er. R. Aruljothi, an accredited independent valuer. Vr. Er. R. Aruljothi is a specialist in valuing these types of investment properties. A valuation model in accordance with that recommended by the International Valuation Standards Committee has been applied.

The Group obtains independent valuations for its investment properties at least annually. The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available, the Group considers information from a variety of sources including -

1. Current prices in an active market of properties of different nature or recent prices of similar properties in less active market adjusted to reflect those differences.
2. Discounted cash flow projections based on reliable estimates of future cash flows.
3. Capitalised income projections based upon a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

Reconciliation of fair value:	(₹ in lakhs)
Opening balance as at 01st April 2015	376.30
Fair value difference	26.90
Purchases	-
Opening balance as at 01st April 2016	403.20
Fair value difference	26.80
Purchases	-
Closing balance as at 31st March 2017	430.00

Notes to Financial Statements of the group as at and for the year ended 31st March 2017

6. Financial assets

6A Investments (₹ in lakhs)

		Non Current			
		31st March 2017		31st March 2016	1st April 2015
Investments in Unquoted Equity Instruments carried at cost					
Investment in Joint Ventures					
17,98,16,228 (31st March 2016: 17,98,16,228, 1st April 2015: 17,98,16,228) Equity shares of ₹10/- each fully paid-up of Zuari Maroc Phosphates Private Limited	64,734.51		61,834.48		
Add/(Less): Share of OCI for the year	91.63		280.61		
Add/(Less): Share of profit for the year	3,481.59	68,307.73	2,619.42	64,734.51	61,834.48
Nil (31st March 2016: Nil, 1st April 2015: 34,57,501) Equity shares of ₹10/- each fully paid-up of Zuari Speciality Fertilisers Limited		-		-	457.30
2,16,90,000 (31st March 2016: 2,16,90,000, 1st April 2015: 1,90,35,000) Equity shares of USD 1.00/each fully paid of MCA Phosphate Pte Limited	12,330.04		10,721.37		
Add: Investment made during the year			1,696.10		
Add/(Less): Share of OCI for the year	(271.52)		631.43		
Add/(Less): Share of profit/(loss) for the year	(229.81)	11,828.71	(718.86)	12,330.04	10,721.37
Investments in equity instruments carried at fair value through Other comprehensive income (OCI)					
Quoted equity instruments					
3,22,67,741 (31st March 2016: Nil) Equity shares of ₹1/- each fully paid-up of Nagarjuna Fertilisers and Chemicals Limited (refer note (a) below)		6,259.95		-	-
Nil (31st March 2016: Nil, 1st April 2015: 1,95,14,211) Equity shares of ₹10/- each fully paid-up of Manglore Chemicals & Fertilisers limited		-		-	16,938.34
Unquoted equity instruments					
72,000 (31st March 2016: Nil) Equity shares of ₹10/- each fully paid up of Indian Potash Limited (refer note (b) below)		1,370.80		-	-
Investments in Unquoted preference shares					
Investments at fair value through profit or loss					
Bangalore Beverages Limited		-		-	
2,00,000 (31st March, 2016 : 2,00,000) Redeemable cumulative preference shares of ₹ 1/- each with coupon rate of 10% p.a. repayable after 20 years. (Provision for diminution in the value of investments already made)					
		87,767.19		**77,064.55**	**89,951.49**
Aggregate Value of quoted Investments		**6,259.95**		**-**	**16,938.34**
Aggregate Value of unquoted Investments		**81,507.24**		**77,064.55**	**73,013.15**
		87,767.19		**77,064.55**	**89,951.49**

a) During the current financial year, the Parent Company has acquired 3,22,67,741 number of Equity Shares of Re 1 each of Nagarjuna Fertilisers and Chemicals Limited from Zuari Global Limited, a company having significant influence over the Parent Company.

b) During the current financial year, the Parent Company has acquired 72,000 number of Equity Shares of ₹ 10 each of Indian Potash Limited from Zuari Global Limited, a company having significant influence over the Parent Company.

Notes to Financial Statements of the group as at and for the year ended 31st March 2017

6B Loans

(₹ in lakhs)

	Non Current			Current		
	31st March 2017	31st March 2016	1st April 2015	31st March 2017	31st March 2016	1st April 2015
Security deposits						
Unsecured, considered good	1,059.00	1,090.44	334.41	62.43	52.59	91.63
Loans and advances to related parties (Refer Note 37)						
Unsecured, considered good	-	-	-	20.64	85.77	31.63
Other Loans and Advances						
Secured, considered good						
Loans to employees	17.34	24.92	41.95	10.26	13.41	18.84
Interest accrued on loans to employees	20.28	22.05	33.79	1.78	8.12	0.54
Unsecured, considered good						
Loans to employees	64.97	89.48	126.91	22.84	23.34	36.81
Interest accrued on loans to employees	28.74	51.31	55.10	8.46	2.54	13.48
Inter corporate deposits (Refer Note No. 56)	-	-	-	2,000.00	2,000.00	2,000.00
Interest accrued on loans, advances and deposits (Refer Note No. 56)	-	-	0.20	243.22	60.32	34.83
	1,190.33	**1,278.20**	**592.36**	**2,369.63**	**2,246.09**	**2,227.76**

6C Other financial assets

(₹ in lakhs)

	Non Current			Current		
	31st March 2017	31st March 2016	1st April 2015	31st March 2017	31st March 2016	1st April 2015
Other financial assets (Unsecured, Considered good)						
Non-Current Bank Balances (Refer note 10.1)	5.93	5.93	13.32	-	-	-
Accrued Service Income						
from related parties (refer note 37)	-	179.52	343.99	198.31	198.31	198.31
from Others	-	-	-	403.46	127.97	-
Claim receivable	-	-	-	5,357.80	4,154.67	4,163.90
Receivables from Gas pool operator	-	-	-	11,164.47	7,819.52	-
Rebate/discount receivable from suppliers	-	-	-	1,655.02	1,311.87	321.10
Advance for investment and others to related party (refer note 37)	-	11,920.00	11,920.00	-	-	-
Advance for Investment -Others	-	-	397.76	-	-	-
Interest receivable from customers						
from related parties (refer note 37)	-	-	-	218.86	94.37	8.76
from Others	-	-	-	2,097.19	2,308.70	2,037.49
Interest Accrued on Deposits with others	-	-	-	149.57	131.11	-
PSI grant receivable	43.50	43.50	-	47.60	47.60	-
	49.43	12,148.95	12,675.07	21,292.28	16,194.12	6,729.56
Break up of financial assets carried at amortised cost						
Loans	1,190.33	1,278.20	592.36	2,369.63	2,246.09	2,227.76
Trade Receivable	-	-	-	346,271.17	410,044.64	266,690.27
Cash and cash equivalents	-	-	-	6,564.80	1,174.47	659.95
Other Bank Balances	-			663.60	731.25	421.37
Other financial assets	49.43	12,148.95	12,675.07	21,292.28	16,194.12	6,729.56
Total financial assets carried at amortised cost	**1,239.76**	**13,427.15**	**13,267.43**	**377,161.48**	**430,390.57**	**276,728.91**

Notes to Financial Statements of the group as at and for the year ended 31st March 2017

7. Other assets

(₹ in lakhs)

	Non Current			Current		
	31st March 2017	31st March 2016	1st April 2015	31st March 2017	31st March 2016	1st April 2015
Unsecured, considered good except where otherwise stated						
Capital advances-						
Related Parties (Refer note 37)	3,909.12	700.00	692.05	-	-	-
Others	4,905.11	3,953.38	4,957.92	-	-	-
Advances (other than capital advances)						
Related Parties, considered good (refer note 37)	-	-	-	25.37	-	-
Others, considered good	669.51	854.16	1,098.27	1,779.39	1,422.64	1,045.88
Others, considered doubtful	-	-	-	1,723.98	1,668.20	-
	669.51	**854.16**	**1,098.27**	**3,528.74**	**3,090.84**	**1,045.88**
Less: Provision for doubtful advances	-			(1,723.98)	(1,668.20)	-
	669.51	**854.16**	**1,098.27**	**1,804.76**	**1,422.64**	**1,045.88**
Advance to employee	-	-	-	26.70	-	-
VAT credit receivable	17.72	30.83	-	289.16	280.42	123.05
Balances with customs, port trust and excise authorities	-	-	-	221.68	36.62	12.00
Prepaid expenses	-	-	0.68	1,885.94	1,893.96	309.44
Prepaid lease	0.82	0.75	-	0.52	4.57	-
Claim for Entry Tax receivable	-	-	-	760.46	760.46	760.46
Total other assets	**9,502.28**	**5,539.12**	**6,748.92**	**4,989.22**	**4,398.67**	**2,250.83**

8. Inventories

(₹ in lakhs)

Particulars	At 31st March 2017	At 31st March 2016	At 1st April 2015*
Raw materials [includes material in transit ₹ 16,506.32 Lakhs (31st March 2016: ₹ 12,201.83 Lakhs)(31st March 2015 : ₹ 7,772.01 Lakhs)	29,966.31	29,364.90	19,404.30
Packing materials [includes material lying with others ₹ 104.11 lakhs (31st March 2016: ₹ 60.18 lakhs)(31st March 2015 : ₹ 60.61 lakhs]	706.39	594.17	714.14
Work-in-progress	3,085.72	3,132.61	5,161.36
Finished goods	10,206.55	6,479.51	7,904.11
Traded goods [includes material in transit ₹ Nil lakhs and material lying with others ₹ 1,274.95 lakhs] (31st March 2016: ₹ 3,644.26 lakhs and includes material lying with others ₹ 166.84 lakhs) (31st March 2015 : includes material in transit ₹ 15,425.20 lakhs and includes material lying with others ₹ 338.80 lakhs)]	16,975.99	22,715.32	22,304.44
Fuel Oil	2,982.77	3,404.36	247.31
Stores and spares (Includes in-transit ₹ 156.28 lakhs, 31st March 2016 ₹ 2,420.64 lakhs)	6,924.81	7,085.82	3,263.91
Total	**70,848.54**	**72,776.69**	**58,999.57**

* included in 1st April 2015 inventory of Raw material, Work in progress & Finished goods ₹302.12 Lakhs, ₹937.40 lakhs and ₹ 570.38 lakhs respectively on account of trial run (Refer note 3A).

Notes to Financial Statements of the group as at and for the year ended 31st March 2017

9. Trade receivables (at amortized cost)

(₹ in lakhs)

Particulars	At 31st March 2017	At 31st March 2016	At 1st April 2015
Trade receivables - related parties (refer note 37)	795.19	797.20	171.73
Trade receivables - others	345,475.98	409,247.44	266,518.54
Total Trade Receivables	**346,271.17**	**410,044.64**	**266,690.27**

Break-up for security details:

(₹ in lakhs)

Particulars	At 31st March 2017	At 31st March 2016	At 1st April 2015
From Related Parties (Refer Note 37)			
Secured, considered good	0.50	0.50	0.25
Unsecured, considered good	794.69	796.70	171.48
Unsecured, considered doubtful	-	-	-
From Others			
Secured, considered good	7,695.53	7,692.51	3,994.64
Unsecured, considered good (including subsidy receivable ₹ 2,18,073.49 lakhs(31st March 2016 : ₹2,77,180.51 lakhs)(01st April 2015 : ₹ 1,97,129.25 lakhs)	337,780.45	401,554.93	262,523.90
Unsecured, considered doubtful	504.39	482.22	404.07
Total	**346,775.56**	**410,526.86**	**267,094.34**
Less : Provision for Doubtful Debts	(504.39)	(482.22)	(404.07)
Total	**346,271.17**	**410,044.64**	**266,690.27**

No trade or other receivable are due from directors or other officers of the Parent Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

Trade receivables from dealers are non-interest bearing during the normal credit periods and are generally on terms of 15 to 120 days.

10. Cash and Cash Equivalents

(₹ in lakhs)

Particulars	At 31st March 2017	At 31st March 2016	At 1st April 2015
Cash and cash equivalents			
a Balances with banks			
- On Current accounts	6,548.03	1,059.51	591.42
b. Cash on hand	13.81	8.47	2.25
c. Cheque on hand	2.96	106.48	66.28
Total	**6,564.80**	**1,174.46**	**659.95**

Notes to Financial Statements of the group as at and for the year ended 31st March 2017

10.1 Other Bank balances

(₹ in lakhs)

Particulars	At 31st March 2017	At 31st March 2016	At 1st April 2015
Current:			
Other Bank Balances :			
- On Unpaid dividend accounts (repatriation restricted)	398.15	430.25	14.62
Margin Money deposits	265.00	301.00	-
Balances with banks-current account- escrow account	0.45	-	405.00
Balances with banks-In deposit account	-	-	1.75
Total	**663.60**	**731.25**	**421.37**
Non Current:			
Other Bank Balances :			
Margin Money deposits	2.50	2.50	12.47
Deposits with remaining maturity for more than 12 months (pledged with sales tax authorities)(31st March 2016 : ₹3.43 lakhs, 31st March 2015 : ₹ 0.85 lakh)	3.43	3.43	0.85
Total	**5.93**	**5.93**	**13.32**
Amount disclosed under other non current financial assets	(5.93)	(5.93)	(13.32)

11. Share Capital

(₹ in lakhs)

Particulars	At 31st March 2017	At 31st March 2016	At 1st April 2015
Authorised :			
6,50,00,000 (31st March 2016: 6,50,00,000; 31st March 2015: 6,50,00,000) Equity Shares of ₹10/- Each	6,500.00	6,500.00	6,500.00
	6,500.00	6,500.00	6,500.00
Issued :			
4,20,58,006 (31st March 2016: 4,20,58,006; 31st March 2015: 4,20,58,006) Equity Shares of ₹10/- Each Fully paid	4,205.80	4,205.80	4,205.80
Subscribed and Paid-up *			
4,20,58,006 (31st March 2016: 4,20,58,006; 31st March 2015: 4,20,58,006) Equity Shares of ₹10/- Each Fully paid	4,205.80	4,205.80	4,205.80
Total	4,205.80	4,205.80	4,205.80

Notes to Financial Statements of the group as at and for the year ended 31st March 2017

a. **Reconciliation of Shares Outstanding at the beginning and end of the reporting year**

Equity Shares	31st March 2017		31st March 2016		1st April 2015	
	In Numbers	₹ in lakhs	In Numbers	₹ in lakhs	In Numbers	₹ in lakhs
At the beginning of the year	42,058,006	4,205.80	42,058,006	4,205.80	42,058,006	4,205.80
Issued during the year	-	-	-	-	-	-
Outstanding at the end of the year	**42,058,006**	**4,205.80**	**42,058,006**	**4,205.80**	**42,058,006**	**4,205.80**

b. **Terms/Rights Attached to equity Shares**

The Parent Company has only one class of equity shares having a par value of ₹10/- Share. Each share holder of equity shares is entitled to one vote per share. The Parent Company declares and pays dividends in Indian rupees. The dividend proposed by Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting.

During the year 31st March 2017, the amount of per share dividend proposed for distribution to equity share holders was Rupee 1 per share, subject to approval of shareholders (31st March 2016: NIL per share) (1st April 2015: ₹2 per share)

In the event of liquidation of the Parent Company, the holders of equity shares will be entitled to receive remaining assets of the Parent Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. **Details of Shareholders holding more than 5% of equity shares in the Company**

Name of Shareholder	31st March 2017		31st March 2016		1st April 2015	
	No. of Shares held	% Holding in Class	No. of Shares held	% Holding in Class	No. of Shares held	% Holding in Class
Zuari Global Limited	8,411,601	20.00	8,411,601	20.00	8,411,601	20.00
SIL Investments Limited	3,143,000	7.47	3,208,000	7.63	3,208,000	7.63
Texmaco Infrastructure & Holdings Limited	3,000,125	7.13	3,000,125	7.13	3,000,125	7.13
Globalware Trading and Holdings Limited	7,491,750	17.81	7,012,000	16.67	7,012,000	16.67
Zuari Management Services Limited	5,078,909	12.08	5,078,909	12.08	5,078,909	12.08

As per records of the Parent Company including its register of share holders/members and other declarations received from share holders regarding beneficial interest, the above share holding represents both legal and beneficial ownership of shares.

d. **Shares issued for consideration other than cash, during the period of five years immediately preceding the reporting date:**

Equity Shares	31st March 2017		31st March 2016		1st April 2015	
	in Numbers	₹ in lakhs	in Numbers	₹ in lakhs	in Numbers	₹ in lakhs
Equity shares allotted as fully paid-up pursuant to the Scheme of Arrangement and Demerger for consideration other than cash	29,440,604	2,944.06	29,440,604	2,944.06	29,440,604	2,944.06

* Pursuant to the Scheme of Arrangement and Demerger (" the Scheme") between Zuari Agro Chemicals Limited and Zuari Global Limited, Zuari Agro Chemicals Limited had issued 29,440,604 equity shares of ₹10/- each aggregating to ₹2944.06 to the existing shareholders of Zuari Global Limited in the ratio of 1 fully paid up Equity share of ₹10/- each of Zuari Agro Chemicals Limited during the financial year ending 31st March, 2013. Out of the above shares issued pursuant to the Scheme, 8,051 (previous year 8,051) Equity Shares entitlements have been kept in abeyance pursuant to Section 206A of the Companies Act, 1956 in accordance with instructions from the Special Court (Trial of Offences relating to Transactions in Securities) Act, 1992 and in respect of shareholders who could not exercise their rights in view of disputes, mistakes, discrepancy in holdings, etc.

Notes to Financial Statements of the group as at and for the year ended 31st March 2017

12 A. Non Current Borrowings (at amortised cost)

(₹ in lakhs)

	Non-Current		
	31st March 2017	31st March 2016	1st April 2015
TERM LOAN			
From Banks			
Secured			
Indian rupee loans from banks	38,800.38	33,213.63	2,623.48
Foreign currency loans from banks	6,012.56	7,272.45	-
Vehicle Loan from bank	61.05	-	-
Unsecured			
Indian rupee loans from banks	1,104.66	5,297.01	-
From financial Institutions			
Secured			
Indian Rupee Term loans from Financial Institutions	20,908.83	20,866.19	-
From Others			
Finance Lease Obligations	-	3.66	-
Total	**66,887.48**	**66,652.94**	**2,623.48**
Amount disclosed under the head "other financials liabilities" (Refer Note 14)	(17,586.47)	(12,572.91)	(500.00)
Total	**49,301.01**	**54,080.03**	**2,123.48**

1 (a) Rupee term loan from a Bank of ₹ 14,881.12 lakhs (including Current Maturities ₹ 3,500.00 lakhs) (31st March, 2016 : ₹15,818.94 lakhs (including Current Maturities ₹1,000.00 lakhs) carries interest rate of 10.85 % p.a. The loan is repayable in 14 quarterly instalments starting from December, 2016 with the last instalment due on February' 2020. The loan is secured by first pari passu charge by way of mortgage of immovable assets of the Parent Company located within its fertiliser plant in Goa, by deposit of title deeds and hypothecation of movable fixed assets of the Parent Company.

1 (b) Rupee term loan from a Bank of ₹ 7,842.57 lakhs (including Current Maturities ₹ 4,500.00 lakhs) (31st March, 2016 : ₹8,931.78 lakhs (including Current Maturities ₹1,125.00 lakhs) carries interest rate of 10.90 % p.a. The loan is repayable in 8 equal quarterly instalments starting from March, 2017 with the last instalment due on December' 2018. The loan is secured by exclusive charge by way of mortgage over a specific immovable property of the Parent Company, by deposit of title deeds, located within the state of Goa.

1 (c) Rupee term loan from a Bank of ₹ 7,453.13 lakhs (sanctioned amount ₹10,000.00 lakhs) (including Current Maturities ₹ 820.00 lakhs) (31st March, 2016 : ₹ Nil (including Current Maturities: ₹ Nil) carries interest rate of 10.60 % p.a. The loan is repayable in 14 quarterly instalments starting from September, 2017 with the last instalment due on December' 2019. The loan is secured by first pari passu charge by way of mortgage of immovable assets of the Parent Company located within its fertiliser plant in Goa, by deposit of title deeds and hypothecation of movable fixed assets of Goa fertiliser plant of the Parent Company.

Notes to Financial Statements of the group as at and for the year ended 31st March 2017

1 (d) In case of subsidiary of a subsidiary company, Indian rupee loans of ₹ 4,585.13 lakhs (including current maturities of ₹1,871.76 lakhs) (31st March, 2016 : ₹ 6,309.20 lakhs (including current maturities ₹ 1,724.07 lakhs) secured by first charge on the project specific assets, and first / second pari-passu charge on all of the subsidiary company's assets including all movable and immovable assets both present and future excluding assets specifically charged to other lenders. ₹3,415.72 lakhs is repayable in monthly instalments over balance period of 3 years 8 months and carries interest @ 13.75% p.a.(effective interest rate 14.03% p.a.) and loan of ₹1,169.41 lakhs is repayable in monthly instalments over a balance period of 3 years and carries interest @ 13.25% p.a (effective interest rate 14.52%p.a.).

1 (e) In case of a Subsidiary, Rupee loan of ₹ 1,655.37 lakhs from Corporation Bank (including current maturities of ₹ 500.00 lakhs) (31st March, 2016 : ₹ 2,153.71 lakhs (including current maturities ₹ 493.39 lakhs),(1st April, 2015 : ₹2,623.48 lakhs (including current maturity of ₹ 500.00 lakhs) secured by equitable mortgage of land at Mahad & hypothecation of plant, machinery and other movable assets. The loan carries interest rate of 12% p.a. (Effective Interest Rate 12.42% p.a.) and repayable in 24 quarterly instalments commencing from December, 2014.

1 (f) In case of Subsidiary of a subsidiary, Rupee loan from Indusland Bank of ₹ 2,383.06 (including current maturities of ₹ Nil), (31st March, 2016 : ₹ Nil ,(including current maturities of ₹ Nil)) secured by first pari-passu charge on all of the subsidiary company's assets including all movable and immovable assets (along-with working capital lenders) excluding fixed assets specifically charged to term lenders. Loan is repayable in 20 quarterly instalments commencing from March 2019 to December 2023.

2. In case of subsidiary of a subsidiary company, foreign currency loans of ₹ 6,012.56 lakhs (including current maturities of ₹1,151.49 lakhs) , (31st March, 2016 : ₹ 7,272.45 lakhs (including current maturities ₹ 1,269.03 lakhs) secured by first charge on the project specific assets, and first / second pari-passu charge on all of the subsidiary company's assets including all movable and immovable assets both present and future excluding assets specifically charged to other lenders. Loan of ₹ 4,391.36 lakhs repayable in half yearly instalments over a balance period of 6 years and carries interest @ 2.60% p.a.(Effective interest rate 11.90% p.a.) and loan of ₹ 1,621.20 lakhs is repayable in half yearly instalments over a balance period of 7 years and carries interest @ 1.40% p.a. (Effective interest rate 12.18% p.a.)

3. Vehicle loans from bank of ₹ 61.05 lakhs (including Current Maturities ₹ 13.56 lakhs) (31st March, 2016 : ₹ Nil (including Current Maturities: ₹ Nil) carry interest rate ranging from 9.18%-10.65% p.a. The loans are repayable in 48 equal monthly instalments starting from February, 2017 with the last instalment due on March, 2021. The loans are secured by way of hypothecation of respective motor vehicles of the Parent Company.

4. In case of subsidiary of a subsidiary company, Rupee loan of ₹ 1,104.66 lakhs (including current maturities of ₹ 1,104.66 lakhs) (31st March, 2016 : ₹ 5,297.01 lakhs) (including current maturities ₹ 3,062.91 lakhs) carries interest @ 10.50% p.a. and is repayable in quarterly instalments over a balance period of 18 months.

5. In case of a subsidiary, Rupee loan of ₹ 20,908.83 lakhs from HDFC Limited & IL&FS Financial Services Ltd. (including current maturities of ₹4,125.00 lakhs) (31st March, 2016 : ₹ 20,866.19 Lakhs (including current maturities of ₹ 3,894.86 lakhs) Secured by equitable mortgage of specific unencumbered land parcel (at Zuari Nagar in Goa) owned by Parent Company, further secured by way of pledge of shares of Mangalore Chemicals and Fertilisers Ltd (MCFL). The loan is repayable in 16 quarterly instalments after a moratorium period of one year from the date of first disbursement and carries interest of 12.50% p.a.(effective interest rate 12.75%p.a.).

6. In case of subsidiary of a subsidiary company, finance lease obligations of ₹ Nil(31st March, 2016 : ₹ 3.66 Lakhs (including current maturities of ₹ 3.66 Lakhs) are secured by hypothecation of assets acquired under the facility.

Notes to Financial Statements of the group as at and for the year ended 31st March 2017

12 B Current Borrowings

(₹ in Lakhs)

Particulars	Short Term		
	31st March 2017	31st March 2016	1st April 2015
Secured			
From Banks			
a. Cash credit (including working capital demand loans)			
(The rate of interest on cash credit varies between banks ranging from 10.45% to 14.65% and are repayable on demand, The rate of interest on working capital demand loans varies between 9.05% - 10.00% and are repayable over a period of 60 to 90 days)	44,399.93	103,694.44	71,355.67
b. Buyers credit			
(The rate of Interest on buyers credit varies between 0.77% - 1.89 % and are repayable over a period of 30 - 180 days)	163,017.63	238,237.56	104,288.59
c. Short term loans			
(i) Nil % (31st March 2016: 10.00%) (1st April 2015: 10.90%) bridge loan to be secured against subsidy receivable to the extent of Loan availed, repayable at the end of 60th day from the date of availment	-	30,000.00	30,750.00
(ii) (8% (including 6.25% paid directly by Government of India to the bank) secured against subsidy receivable of equal amount from GOI, Ministry of Chemicals and Fertilizer under Special Banking Arrangement)	58,404.64	-	-
d. Bills discounted	21,250.03	-	-
(Local bills discounted with banks repayable over a period of 180 days at the rate varies between 9.25% -9.40%)			
From Others			
a. Working Capital demand loans	1,499.75	-	-
(refer note (g) below)			
Unsecured			
From Banks			
a. Short term loans			
Working capital demand loans	62,500.00	65,000.00	35,000.00
(The rate of Interest on loans varies between 8.60 % - 10.15% and are repayable over a period of 30 to 180 days)			
b. Buyers credit			
(The rate of Interest on buyers credit varies between 1.40% - 1.70% and has a tenure of up to 6 months)	-	537.49	-
c. Bill Discounting			
(The rate of interest varies between 10.00% - 10.75% and repayable over a period of 90 days), Refer note (e) below	713.54	601.66	-
d. Others- Short term loan (refer note (h) below)	1,003.81	-	-
From Others			
a. Inter corporate deposits	10,000.00	-	-
(The rate of Interest is 9.25% and is repayable at the end of 12 months from the date of disbursement.)			
Total	**362,789.33**	**438,071.15**	**241,394.26**

Notes to Financial Statements of the group as at and for the year ended 31st March 2017

(a) In respect of the Parent Company, Cash credit (including working capital demand loans) of ₹ 30,914.25 lakhs (31st March, 2016 : ₹ 49,598.47 lakhs) (31st March, 2015 : ₹ 68,912.43 lakhs) , Buyers credit of ₹ 1,00,619.97 lakhs (31st March, 2016 : ₹ 1,65,959.06 lakhs) (31st March, 2015 : ₹ 1,04,288.59 lakhs) and Bill discounting of ₹ 11,762.64 lakhs (31st March, 2016 : ₹ Nil) (31st March, 2015 : ₹ Nil) are secured by the first charge by way of hypothecation on the current assets (excluding assets against which specific loans have been availed), both present and future, wherever situated pertaining to the Parent Company and the Parent Company's present and future book debts outstanding, moneys receivable, claims, bills, contracts, engagements, rights and assets excluding some subisidy receivable amount exclusively charged to certain banks.

(b) In respect of a subsidiary, cash credit of ₹4,828.73 lakhs (31st March,2016 : ₹ 3861.84 lakhs) (31st March 2015: ₹ 731.24 lakhs) are secured by equitable mortgage of land, hypothecation of stock in trade, book debts, plant and machinery and vehicles, both present and future. The cash credits are repayable on demand and carry interest of base rate plus 1.95% to 2.1% (2015-16 1.75% to 2.1%).

(c) In respect of subsidiary company, cash credit of ₹1,225.58 lakhs (31st March, 2016 : ₹ 1171.18 lakhs) (31st March, 2015 : ₹ Nil) form banks is secured by hypothecation of inventory cum book debts and all current assets of subsidiary company. The cash credit is repayable on demand.

(d) In respect of a subsidiary of subsidiary company, cash credit (including demand loans) of ₹ 5,735.70 lakhs (31st March, 2016 : ₹ 47,361.64 lakhs);(31st March, 2015 : ₹ Nil) , buyers credit of ₹ 62,397.96 lakhs (31st March, 2016 : ₹ 72,278.50 lakhs);(31st March, 2015 : ₹ Nil) and bill discounting of ₹ 9,487.39 lakhs (31st March, 2016 : ₹ Nil);(31st March, 2015 : ₹ Nil) , are secured by first pari-passu charge on present and future stock of fertilizers including work-in-progress and raw materials, book debts, outstanding monies, receivables, claims, bills, contracts, engagements, securities, investments, rights and fixed assets of the subsidiary company (except assets effectively otherwise hypothecated / charged or mortgaged to the lenders) excluding some subisidy receivable amount exclusively charged to certain banks.

(e) In respect of a subsidiary, Bill discounting facility of ₹ 100,000,000 has been availed during the year from HDFC Bank. The facility availed has a maturity of 3 months and rate of discounting 10.60% p.a.

(f) In respect of a subsidiary company, Cash credit of ₹ 1,695.67 lakhs (31st March, 2016 : ₹ 1,701.31 lakhs, 31st March, 2015 : ₹ 1,712.00 lakhs) are secured by hypothecation of inventories and book debts.

(g) In respect of a subsidiary company, Working Capital demand loan of ₹ 1,499.75 lakhs (31st March, 2016 : ₹ Nil, 31st March, 2015 : ₹ Nil) is secured pari-passu basis, all present and future current assets including book debts, claims and bills outstanding receivables, stock in trade and movable assets. Loan carries Rate of Interest @11% p.a..

(h) In respect of subsidiary of a subsidiary, a purchase card facility of ₹ 1,000 lakhs has been availed during the year from Axis Bank. The facility carries interest @ 9.27% p.a.

Notes to Financial Statements of the group as at and for the year ended 31st March 2017

13. Trade payables

(₹ in lakhs)

Particulars	Non current			Current		
	31st March 2017	31st March 2016	1st April 2015	31st March 2017	31st March 2016	1st April 2015
Trade payables (Including acceptance)						
- Outstanding dues to related parties (refer note 37)	-			462.78	125.16	1,174.74
- Outstanding dues to micro and small enterprises (refer note 30)				106.28	232.71	-
- Outstanding dues to others	-	-	-	108,133.75	86,993.62	95,857.03
TOTAL	**-**	**-**	**-**	**108,702.81**	**87,351.49**	**97,031.77**

Terms and conditions of the above financial liabilities:

Trade payables are normally non-interest bearing. For maturity profile of trade payables and other financial liabilities refer Note 41

For explanations on the Group's credit risk management processes, refer to Note 41.

14. Other Financial Liabilities

(₹ in Lakhs)

Particulars	Non Current			Current		
	31st March 2017	31st March 2016	1st April 2015	31st March 2017	31st March 2016	1st April 2015
Financial liabilities at fair value through profit or loss						
Derivatives not designated as hedges						
Foreign Exchange Forward covers	1,639.10	1,179.22	-	7,766.23	4,804.11	1,330.77
Total financial liabilities at fair value through profit or loss (a)	**1,639.10**	**1,179.22**	**-**	**7,766.23**	**4,804.11**	**1,330.77**
Other financial liabilities at amortised cost						
Current maturities of long term borrowings (Refer Note no.12 A)	-	-	-	17,586.47	12,569.25	500.00
Current maturities of finance lease obligations	-	-	-	-	3.66	-
Trade deposits - dealers and others-related party (refer note 37)	-	-	-	0.50	0.50	0.25
Trade deposits - dealers and others-other than related party	-	-	-	11,435.89	11,102.54	7,328.98
Employee benefit payable	-	-	-	1,492.83	872.28	139.83
Payable towards capital goods- related parties (refer note 37)	-	-	-	11.52	-	-
Payable towards capital goods- other than related parties *	-	-	-	755.90	2,092.32	757.98
Interest accrued but not due on borrowings	-	-	-	1,373.92	1,178.92	719.86
Other interest payable**	-	-	-	178.91	29.02	0.81
Unclaimed dividends	-	-	-	398.15	430.25	14.62
Payable towards voluntary retirement scheme	106.37	154.07	36.58	61.96	64.65	21.65
Other Dues	-	-	-	941.08	939.43	-
Total other financial liabilities at amortised cost (b)	**106.37**	**154.07**	**36.58**	**34,237.13**	**29,282.82**	**9,483.98**
Total other financial liabilities(a+b)	**1,745.47**	**1,333.29**	**36.58**	**42,003.36**	**34,086.93**	**10,814.75**

* Including ₹27.85 lakhs (31st March 2016 : ₹37.40 lakhs);(31st March, 2015 : ₹ Nil) outstanding due to Micro and Small Enterprise (refer Note 30).

** Including ₹90.02 lakhs (31st March 2016:₹29.02 lakhs) (31st March 2015:₹0.81 lakhs)outstanding due to Micro and Small Enterprise (refer Note 30).

Notes to Financial Statements of the group as at and for the year ended 31st March 2017

15. Other Liabilities

(₹ in lakhs)

	Non Current			Current		
	31st March 2017	31st March 2016	1st April 2015	31st March 2017	31st March 2016	1st April 2015
Statutory Liabilities	-	-	-	5,073.73	3,577.85	4,865.49
Advances received from customers and others	-	-	-	10,430.15	7,327.06	8,549.69
Deferred income	119.40	136.68		17.06	16.83	-
Other payable	-	-	-	1.88	-	300.51
	119.40	**136.68**	**-**	**15,522.82**	**10,921.74**	**13,715.69**

16. Provisions

(₹ in lakhs)

	Non Current			Current		
	31st March 2017	31st March 2016	1st April 2015	31st March 2017	31st March 2016	1st April 2015
Provision for employee benefits						
Gratuity (refer note 35)	1,611.44	1,482.31	-	8.26	135.17	160.99
Provision for post retirement medical benefit (refer note 35)	45.31	117.15	-	5.25	15.72	-
Leave encashment (unfunded)	-	-	-	3,355.54	3,133.59	2,455.77
	1,656.75	**1,599.46**	**-**	**3,369.05**	**3,284.48**	**2,616.76**
Others provisions						
Provision for wealth tax	-	-	-	-	-	114.97
Provision for sales return*	-	-	-	105.79	-	-
	-	**-**	**-**	**105.79**	**-**	**114.97**
	1,656.75	**1,599.46**	**-**	**3,474.84**	**3,284.48**	**2,731.73**

* In case of a subsidiary company, the company expects sales return out of sales made during the current year and has created provision towards loss on such expected sales returns. The movement of such provision is as follows:

Movement in provisions	**31st March 2017**	**31st March 2016**	**1st April 2015**
Opening	-	-	-
Addition	105.79	-	-
Reversal/ Utilization	-	-	-
Closing	**105.79**	**-**	**-**

Notes to Financial Statements of the group as at and for the year ended 31st March 2017

17. Income Tax

The major components of income tax expense for the years ended 31st March 2017 and 31st March 2016 are:

Consolidated statement of profit and loss:

Profit or loss section (₹ in lakhs)

Particulars	31st March 2017	31st March 2016
Current income tax:		
Current income tax charge	1,387.54	-
Adjustments in respect of current income tax of earlier years	(0.14)	(4.64)
Deferred tax:		
MAT Credit Entitlement	(1,318.19)	-
Relating to origination and reversal of temporary differences	2,135.53	(3,389.43)
Income tax expense reported in the statement of profit or loss	**2,204.74**	**(3,394.07)**

OCI section

Deferred tax related to items recognised in OCI during the year: (₹ in lakhs)

	31st March 2017	31st March 2016
Net loss/(gain) on remeasurements of defined benefit plans	(163.23)	1.95
Deferred tax charged/(credit) to OCI	56.02	(5.86)

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31st March 2017 and 31st March 2016

(₹ in lakhs)

	As at 31st March 2017	As at 31st March 2016
Accounting profit/(loss) before Income tax	(2,180.26)	(15,700.12)
Tax Rate	34.608%	34.608%
Tax at the applicable tax rate of 34.608%	**(754.55)**	(5,433.50)
Adjustment in respect of tax related to earlier years	(0.14)	-
Tax impact of Share of profit of joint ventures	(1,125.38)	(632.29)
Losses of Zuari Fertilisers and Chemicals Limited (ZFCL) where no deferred tax assets created	3,929.88	3,429.46
Losses of Zuari Agri Science Limited (ZASL) where no deferred tax assets created	-	58.04
Tax effect of lower tax rate in ZASL	(22.07)	-
Tax effect of income that are not taxable in determining taxable profit:		
Wealth Tax Reversal	-	(14.90)
Dividend Income	-	(0.34)
Income from investment	(1.31)	(0.64)
Deduction u/s 32AC	-	(134.31)
Deduction u/s 35AD	-	(1,370.46)
Others Adjustments	(62.28)	130.27

Notes to Financial Statements of the group as at and for the year ended 31st March 2017

(₹ in lakhs)

	As at 31st March 2017	As at 31st March 2016
Tax effect of expenses that are not deductible in determining taxable profit:		
Adjustment w.r.t Amortization of Trade mark on which deferred tax asset not created	98.68	86.24
Tax impact on Transaction cost incurred on acquisition of shares of MCFL Subsidiary	-	285.11
Tax impact on elimination of Dividend income of ZFCL Subsidiary	-	130.49
Interest on Micro and Small Enterprises	21.32	9.76
Charitable donations	10.73	14.12
Disallowance under Section 14A	5.75	5.32
CSR Expenses	10.96	41.77
Advance written off	15.89	17.22
Provision for loss on expected sales return	21.57	-
Penalty on Statutory payments	-	-
Depreciation on leasehold land	0.08	0.08
QIP Expenses	0.02	0.93
Other Items	(6.33)	(8.42)
Disallowance of interest on Income Tax/ TDS	73.71	0.24
Impact of change in tax rate, Deferred tax calculated 31st March 2017 : 27.5525% (31st March 2016: 30.9%)	(11.79)	(8.27)
Tax expense	**2,204.75**	**(3,394.08)**

Deferred tax: (₹ in lakhs)

	As at 1st April 2015	Provided during the year	As at 31st March 2016	Provided during the year	As at 31st March 2017
Deferred tax liability:					
Property, Plant and Equipment impact of difference between tax depreciation and depreciation/amortisation charged for the financial reporting	3,897.89	17,042.67	20,940.56	1,817.95	22,758.51
Others	9.73	88.41	98.14	(69.48)	28.66
Total deferred tax liability (A)	**3,907.62**	**17,131.08**	**21,038.70**	**1,748.47**	**22,787.17**
Deferred tax assets:					
Provision for doubtful debts	16.37	-	16.37	-	16.37
MAT credit entitlement	837.14	3,863.87	4,701.01	1,318.19	6,019.20
Expenses allowable in Income tax on payment basis and deposition of Statutory dues	1,382.25	2,127.58	3,509.83	(1,177.54)	2,332.29
Brought forward losses and unabsorbed depreciation	283.32	12,543.97	12,827.29	750.34	13,577.63
Others	132.49	127.26	259.75	(15.80)	243.95
Total deferred tax assets (B)	**2,651.57**	**18,662.68**	**21,314.25**	**875.19**	**22,189.44**
Deferred Tax (Asset)/Liability (A - B)	**1,256.05**	**(1,531.60)**	**(275.55)**	**873.28**	**597.73**

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Notes to Financial Statements of the group as at and for the year ended 31st March 2017

The Group has till date recognised ₹6,019.20 lakhs (31st March 2016 ₹4,701.01 lakhs: 31st March 2015: ₹ 837.14 lakhs) as Minimum Alternate Tax (MAT) credit entitlement which represents that portion of the MAT Liability, the credit of which would be available based on the provision of Section 115JAA of the Income Tax Act, 1961. The management based on the future profitability projections is confident that there would be sufficient taxable profits in future which will enable the Group to utilize the above MAT credit entitlement

17 A Income Tax Assets (net)

(₹ In lakhs)

Particulars	31st March 2017	31st March 2016	1st April 2015
Income tax assets- related parties (Refer Note. 37 & 52)	2,533.85	-	-
Income tax assets- others	3,479.67	3,790.02	1,979.34
Total	**6,013.52**	**3,790.02**	**1,979.34**

18. Revenue From Operations

Breakup of "Revenue From Operations" in profit and loss is as follows: (₹ in lakhs)

	Year Ended 31st March 2017	Year Ended 31st March 2016
Sale of products (including excise duty)		
Finished products	430,269.86	488,668.85
Traded products	210,891.43	274,941.63
Other operating revenues		
Scrap sales	381.51	452.20
Revenue from operations	**641,542.80**	**764,062.68**

a. Sales of Finished Product and Traded Products include government subsidies. Subsidies net off ₹ 548.78 lakhs (31st March 2016 : ₹ 4,754.63 lakhs) in respect of earlier years, notified during the year.

b. Subsidy for Urea has been accounted based on Stage III parameters of the New Pricing Scheme and other adjustments as estimated in accordance with the known Policy parameters in this regard. The stage III of New Pricing Scheme which was operational for the period 1st October, 2006 to 31st March, 2010 was extended on provisional basis. Department of Fertilisers have notified on 2nd April, 2014, modified NPS-III for existing urea units for a period of one year ending March 2015. Department of Fertilisers have notified on 2nd April, 2014, modified NPS-III for existing urea units up to 31st May 2015. Department of fertilisers have notified on 25th May 2015, New Urea Policy 2015 for existing gas based urea manufacturing units effective from 1st June 2015 to 31st March 2019.

c. Government of India has notified the pooling of Gas in Fertiliser (Urea) sector effective from June 2015. As per the notification domestic Gas is pooled with Re-gasified Liquefied Natural Gas (RLNG) to provide natural Gas at uniform delivered price to all Natural Gas Grid connected Urea manufacturing plants.

Notes to Financial Statements of the group as at and for the year ended 31st March 2017

19. Other income

(₹ in lakhs)

	Year Ended 31st March 2017	Year Ended 31st March 2016
Other income		
Interest Income on		
Bank deposits	0.31	1.32
Intercorporate loans	360.00	357.26
Overdue debtors, employee loans etc.	4,466.73	3,959.91
Income tax refund	41.44	5.39
Dividend Income on		
Current investments	-	0.98
Rent received	97.51	57.73
Service Income - staff deployment and other supports	539.52	352.90
Excess provision/unclaimed liabilities/unclaimed balances written back	108.98	169.26
Incentive under PSI scheme	17.06	5.27
Profit on sale of current investments	3.80	1.84
Foreign exchange variation (net)	1,916.98	-
Insurance Claim	1.07	1,174.36
Miscellaneous income	54.64	127.12
Total	**7,608.04**	**6,213.34**

Total interest income (calculated using the effective interest method) for financial assets that are not at fair value through profit or loss

	Year Ended 31st March 2017	Year Ended 31st March 2016
In relation to Financial assets classified at amortised cost	4,827.03	4,318.49
In relation to Financial assets classified at FVOCI	-	
Total	**4,827.03**	**4,318.49**

20. Cost of raw materials consumed

(₹ in lakhs)

	Year Ended 31st March 2017	Year Ended 31st March 2016
Opening Stocks	29,364.90	19,102.18
Add: Transfer on acquisition of subsidiary	-	9,400.28
Add: Transfer from trial run	-	1,426.06
Add : Purchases	290,819.49	346,016.59
Add: Transfer of Stock for captive consumption	832.18	2,727.62
	321,016.57	**378,672.73**
Less: Transferred to trading stock	-	(215.29)
Less: Inventory at the end of the year	(29,966.31)	(29,364.91)
Cost of raw materials consumed	**291,050.26**	**349,092.53**

20. a. Cost of traded goods sold

(₹ in lakhs)

	Year Ended 31st March 2017	Year Ended 31st March 2016
DAP	71,829.77	114,269.69
MOP	43,506.85	61,283.14
Speciality Fertilisers	15,472.19	19,816.94
Complex Fertilisers	6,590.35	13,204.05
Pesticides	13,832.65	13,633.82
Urea	4,780.96	7,854.06
Others	3,053.50	1,103.64
Cost of traded goods sold	**159,066.27**	**231,165.34**

21. Changes in inventories of finished goods, Stock-in -Trade and work-in- progress

(₹ in lakhs)

	31st March 2017	31st March 2016
Inventories at the end of the year		
Finished goods	10,206.55	6,479.51
Traded goods	16,975.99	22,715.32
Work-in-progress	3,085.72	3,132.60
	30,268.26	**32,327.43**
Inventories at the beginning of the year		
Finished goods	6,479.51	7,333.72
Traded goods	22,715.32	22,304.44
Work-in-progress	3,132.60	4,223.96
Transferred from raw materials	-	215.29
Less : Captive consumption	(832.18)	(2,727.62)
Add: Stock transferred on account of acquisition of subsidiary		
Finished goods	-	2,161.99
Traded goods	-	4,052.36
Work-in-progress	-	98.00
Add: Stock transferred on account of trial run		
Finished goods	-	938.05
Work-in-progress	-	953.35
	31,495.25	**39,553.54**
	1,226.99	**7,226.11**

22. Excise Duty on goods

	Year Ended 31st March 2017	Year Ended 31st March 2016
Excise duty on sale of goods	2,966.09	2,897.96
(Increase)/decrease of excise duty on inventories	31.17	23.01
	2,997.26	**2,920.97**

23. Employee Benefits Expense

	Year Ended 31st March 2017	Year Ended 31st March 2016
Salaries, wages and bonus	12,798.87	11,711.27
Contribution to provident and other funds (refer note 35)	952.84	1,073.73
Post-retirement medical benefit (refer note 35)	10.62	132.89
Gratuity (refer note 35)	338.28	351.33
Staff welfare expenses	1,950.64	1,883.47
Total	**16,051.25**	**15,152.69**

24. Finance Costs

	Year Ended 31st March 2017	Year Ended 31st March 2016
Interest expense	31,176.59	29,679.48
Interest on Income Tax	216.35	0.53
Exchange difference to the extent considered as an adjustment to borrowing cost	12,334.54	10,968.20
Bank charges	1,687.50	1,254.39
	45,414.98	**41,902.60**

Total interest expense (calculated using the effective interest method) for financial liabilities that are not at fair value through profit or loss

	Year Ended 31st March 2017	Year Ended 31st March 2016
In relation to Financial liabilities classified at amortised cost	31,176.59	29,679.48
	31,176.59	**29,679.48**

Notes to Financial Statements of the group as at and for the year ended 31st March 2017

25. Depreciation and amortization expense

(₹ in lakhs)

	31st March 2017	31st March 2016
Depreciation of property, plant and equipment	7,313.50	6,181.38
Amortisation of intangible assets	447.62	370.08
	7,761.12	**6,551.46**

26. Other expenses

	31st March 2017	31st March 2016
Consumption of packing materials	7,031.37	5,954.54
Stores and spares consumed	1,866.45	1,766.81
Power, fuel and water	38,612.08	42,440.51
Bagging and other contracting charges	3,148.97	2,793.67
Outward freight and handling	48,497.95	49,369.65
Rent	3,684.40	3,738.53
Lease rentals	444.07	365.86
Rates and taxes	128.35	49.27
Insurance	1,255.85	1,593.55
Repairs and maintenance		
Buildings	468.35	704.57
Plant & machinery	6,324.38	7,004.77
Others	921.89	676.09
Payment to statutory auditors (refer details below)	229.34	137.81
Royalty on Sales (net)	53.90	248.80
Provision for doubtful receivable/advances	77.95	78.15
Research and development expenses (refer note below)	65.64	56.88
Subsidy claims written off	185.29	40.60
Premium on forward contract	2,464.11	2,193.42
Foreign exchange variation (net)	-	3,096.47
Loss on disposal of property, plant and equipment (net)	115.66	390.10
Donation	31.22	40.80
CSR expenditure (Refer Note No 57)	103.30	165.42
Advances write-off	216.26	66.03
Expenses on acquisition of Subsidiary	-	823.82
Miscellaneous expenses	8,654.93	7,386.01
Total	**124,581.71**	**131,182.13**

Payments to statutory auditors as		
As statutory auditors		
Audit fees	58.94	55.93
Tax audit fee	8.66	7.16
Limited review fees	10.87	10.80
In other capacity		
Right Issue certification	69.00	-
Certification fees, etc.	76.34	59.57
Reimbursement of expenses	5.53	4.35
Total	**229.34**	**137.81**

The details of Research & Development Expenses are given below:

	Year Ended 31st March 2017	Year Ended 31st March 2016
Repairs and Maintenance- Plant and Machinery	1.29	0.95
Farm Maintenance	34.46	15.20
Testing expenses	14.39	21.78
Consumables	3.59	4.17
Miscellaneous expenses	11.91	14.78
	65.64	**56.88**

Notes to Financial Statements of the group as at and for the year ended 31st March 2017

27. Distributions made and Proposed

(₹ in lakhs)

	31st March 2017	31st March 2016
Cash dividends on Equity shares declared and paid:		
Proposed final equity dividends: 2/– per equity share	-	(841.17)
Tax on proposed equity dividend	-	(316.00)
	-	**(1,157.17)**
Proposed dividends on Equity shares:		
Proposed final equity dividends: 1/– per equity share (31st March, 2016: Nil/– Per Equity Share)	(420.58)	-
Tax on proposed equity dividend	(85.62)	-
	(506.20)	-

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability (including DDT thereon) as at 31st March.

28. Earnings Per Share (EPS)

Basic and Diluted EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year.

The following reflects the income and share data used in the basic and diluted EPS computations:

	Year Ended 31st March 2017	Year Ended 31st March 2016
Profit/(loss) after taxation as per statement of Profit and Loss (₹ in lakhs)	(5,297.01)	(11,524.42)
Weighted average number of shares used in computing earnings per share "Basic and Diluted	42,058,006	42,058,006
Earnings per share – Basic and diluted (in ₹) (annualised)	(12.59)	(27.40)
Face value per share (in ₹)	10	10

29. Exceptional Items:

(₹ in lakhs)

	Year Ended 31st March 2017	Year Ended 31st March 2016
Provision made towards rebates/price reduction claims (Refer Note (a) & (c) below)	6,433.04	2,430.97
Deferred payment under Voluntary Retirement Scheme (Refer Note (b) below)	-	178.34
	6,433.04	**2,609.31**

(a) Exceptional items for the year ended 31st March 2017 represent provision made towards rebates/ price reduction claims on stock lying with distribution channel pertains to earlier year's sale.

(b) During the year ended 31st March 2016, the Parent Company had floated Voluntary Retirement Scheme for the employees. Total 12 employees had opted for deferred payment under Voluntary Retirement Scheme. The total outgo was ₹178.34 lakhs, which had been fully charged as an exceptional item in the Statement of Profit & Loss as per accounting policy followed.

(c) During the year ended 31st March 2016, the Parent Company had provided for rebates aggregating to ₹2,430.97 lakhs relating to earlier years determined by the management.

Notes to Financial Statements of the group as at and for the year ended 31st March 2017

30. Dues to Micro, Small and Medium Enterprises

Disclosure as per Section 22 of "The Micro and Small Enterprises Development Act, 2006. (₹ in lakhs)

Particulars	31st March 2017	31st March 2016	1st April 2015
The principal amount and the interest due thereon remaining unpaid to any supplier:			
- Principal amount	133.33	270.12	Nil
- Interest thereon	61.80	28.21	0.52
the amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day.	Nil	Nil	Nil
the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	Nil	Nil	Nil
the amount of interest accrued and remaining unpaid	90.82	29.02	0.81
"The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small investor"	Nil	Nil	Nil

31. Group information

Information about subsidiaries

The consolidated financial statements of the Group includes subsidiaries and joint ventures, listed in the table below:

Name of Subsidiary Company	Country of Incorporation	% Equity Interest		
		As at 31st March 2017	As at 31st March 2016	As at 31st March 2015
Zuari Agri Sciences Limited	India	100.00%	100.00%	100.00%
Zuari Fertilisers and Chemicals Limited	India	100.00%	100.00%	100.00%
Mangalore Chemicals & Fertilisers Limited*	India	53.03%	53.03%	-
Zuari Speciality Fertilisers Limited**	India	100.00%	100.00%	-

* subsidiary of Zuari Fertilisers and Chemicals Limited w.e.f. 18th May, 2015

** upto 10th December, 2015 as joint venture and thereafter consolidated as subsidiary of the Company

Name of Joint Ventures	Country of Incorporation	% Equity Interest		
		As at 31st March 2017	As at 31st March 2016	As at 31st March 2015
Zuari Maroc Phosphates Private Limited (including its 80.45% subsidiary-Paradeep Phosphates Limited)	India	50.00%	50.00%	50.00%
Zuari Speciality Fertilisers Limited**	India	-	-	50.00%
MCA Phosphates Pte Limited (including its associate Fosfatos del Pacifico S.A.)	India	30.00%	30.00%	30.00%

Financial Statements of MCA Phosphates Pte. Limited for the year ended 31st March 2017 are unaudited. Also, financial statements of its associate Fosfatos del Pacifico S.A. have been derived by adding three months period ended 31st March, 2017 to the figures of audited financial statements for the year ended 31st December, 2016.

For Financial Statements for the year ended 31st March 2016 of Fosfatos del Pacifico S.A., Financial statements have been derived by deducting three months period ended 31st March 2015 from the figures of audited financial statements for the year ended 31st December, 2015 and adding three months period ended 31st March, 2016 figures.

Notes to Financial Statements of the group as at and for the year ended 31st March 2017

32. Business combinations and acquisition of non-controlling interests
Acquisitions during the year ended 31st March 2016

(i) Acquisition of Zuari Speciality Fertilisers Limited

On December 10, 2015, the Group acquired remaining 50% shares of Zuari Speciality fertilisers Limited, engaged in the production of water soluble fertilisers.

Assets acquired and liabilities assumed

The fair value of identifiable assets and liabilities of Zuari Speciality Fertilizers Limited as at the date of acquisition were:-

	fair value recognized on acquisition (₹ in lakhs)
Assets	
Property, plant and equipment (Note c)	1,438.83
Cash and cash equivalents (Note a)	17.01
Trade receivables (Note b)	346.49
Inventories (Note b)	1,551.61
Other Assets (Note b)	91.27
Deferred tax Assets	87.27
	3,532.48
Liabilities	
Trade payables	1,717.60
Interest bearing debts	821.38
Other Liabilities	166.45
Deferred tax liability (Note d)	16.06
	2,721.49
Total identifiable net assets at fair value	**810.99**
Fair value of 50% stake earlier held*	(1,108.00)
Goodwill arising on acquisition	1,629.34
Purchase consideration transferred	**1,332.33**

(a) Cash and Cash Equivalents

The Cash and Cash Equivalents, as of the valuation date comprise of cash balance and current account balance and hence book value is the fair value.

(b) Trade Receivables, Inventory , loans and advances and other current assets

The fair value of trade receivable amounts to ₹ 346.49 lakhs which approximates their gross carrying amount. None of the trade receivables were impaired and the full contractual amounts were expected to be credited.. The inventory balance consists of raw materials inventory in the amount of ₹ 1,394.36 lakhs, finished goods inventory in the amount of ₹ 105.98 Lakhs, packing material inventory in the amount of ₹ 47.23 lakhs and traded goods inventory in the amount of ₹ 4.03 lakhs, book value has been considered as the fair value for inventory. A similar assumption has been made about loans and advances and other current assets. Therefore, there is no difference between the book value and the fair value of these balances and no adjustments have been made.

(c) Property, Plant & Equipment's

The fair value of the land is ₹ 65.52 lakhs (the value is estimated at ₹ 520 per Sq.m which is ₹ 15% higher than MIDC circle rate near the valuation date).

(d) The deferred tax liability mainly comprises the tax effect of the accelerated depreciation for tax purposes of tangible and intangible assets. Deferred tax assets comprises of timing difference on PSI Grant, MAT credit entitlement and brought forward business losses.

From the date of acquisition, Zuari Speciality Fertilisers Limited has contributed ₹ 1,587.86 lakhs of revenue and ₹ 88.65 lakhs to the profit before tax of the Group. If the combination had taken place at the beginning of the year, revenue from continuing operations, for the year ended 31st March 2016, would have been ₹ 7,73,094.76 lakhs and the loss before tax from continuing operations for the year ended 31st March 2016 for the Group would have been ₹ 15,837.02 lakhs.

Notes to Financial Statements of the group as at and for the year ended 31st March 2017

Purchase Consideration	**(₹ in lakhs)**
Cash paid	1,332.33
Total Consideration	**1,332.33**
Analysis of Cash Flow on Acquisition	
Cash paid to the Shareholders	(1,332.33)
Net cash and bank balance acquired from the subsidiary	17.01
Net Cash flow on acquisition	**(1,315.32)**

*** At the time of gaining of control, earlier 50% stake held was fair valued. Gain/(loss) on account of fair value has been accounted for as follows in the consolidated financial statements for the year ended 31st March 2016.**

FV at acquisition date	1,108.00
Cost of investment in books as at acquisition date (Refer No 34 iii)	383.74
Gain/(loss) on sale/(deemed disposal) of investment	**724.26**

The above gain has been taken to Other comprehensive income for the year ended 31st March, 2016 and has been subsequently taken to retained earning as reserves in that year.

Acquisitions during the year ended 31st March 2016

(ii) Acquisition of Mangalore Chemicals & Fertilizers Limited

On May 18, 2015, Group acquired further 35.56% shares of Mangalore Chemicals & Fertilizers Limited (MCFL), resulting in total shareholding in the Company at 53.03%. The company is engaged in the manufacturing, purchase and sale of fertilizers..

Assets acquired and liabilities assumed

The fair value of identifiable assets and liabilities of Mangalore Chemicals & Fertilizers Limited as at the date of acquisitions were:-

	fair value recognized on acquisition ₹ in lakhs
Assets	
Property, plant and equipment	120,414.95
Cash and cash equivalents	5,035.91
Trade receivables	26,854.93
Inventories	18,803.11
Other Non Current Assets	1,346.02
Other Current Assets	65,822.64
Intangible Assets	11,425.81
	249,703.37
Liabilities	
Trade payables	32,998.06
Interest Bearing debts (Long term & Short Term)	85,560.66
Provisions	4,238.71
Current Liabilities	13,195.55
Deferred tax liability	1,930.37
	137,923.35
Total identifiable net assets at fair value	**111,780.02**
Non-controlling interests measured at fair value	(36,715.64)
Bargin Purchase arising on acquisition*	22,366.73
Purchase consideration transferred	**52,697.64**

* In bargain purchase, net of the acquisition date amount of the identifiable assets acquired and the liabilities assumed measured in accordance with Ind AS 103 exceeds the aggregate of the following:-

(i) Consderation transferred measured in accordance with Ind As 103, which generally requires acquisition date fair value.

(ii) Amount of any non-controlling interest in the acquiree measured in accordance with Ind AS 103; and

(iii) In a business combination achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquire.

Notes to Financial Statements of the group as at and for the year ended 31st March 2017

The cash and cash Equivalents, as of the valuation date comprise of cash balance and current account balance and hence book value is the fair value. The fair value of trade receivable amounts to ₹ 26,854.93 lakhs which approximates their gross carrying amount. None of the trade receivables were impaired and the full contractual amounts were expected to be credited. The deferred tax liability mainly comprises the tax effect of the depreciation for tax purposes of tangible and intangible assets.

Trade Mark ("Mangala") at a fair value of ₹ 11,405.00 lakhs was recognized at the acquisition date using RFR method. The FV estimate from RFR method is the royalty payment from which the entity is relieved to pay to the hypothetical owner of the trademark had the entity not owned the trademark. The "Mangala" trademark is the umbrella and well known in the market and has recall value. The valuation of all trademarks therefore has been carried out at a portfolio level. Life for amortization of trademark is estimated at 40 years.

Significant valuation inputs for valuation of trade mark are provided below:

Royalty	0.5% of Revenue attributable to trade mark
Discount Rate	15.15%

Purchase Consideration	**(₹ in lakhs)**
Cash Consideration paid to non-controlling shareholders	39,828.02
Carrying value of the earlier interest in MCFL*	12,869.62
	52,697.64

Analysis of cash flow on acquisition	**(₹ in lakhs)**
Transaction costs of the acquisition (included in cash flows from operating activities)	(1,733.73)
Net cash and bank balance acquired from the subsidiary	5,035.91
Cash Consideration paid to non-controlling shareholders	(39,828.02)
Net Cash flow on acquisition	**(36,525.83)**

From the date of acquisition, Mangalore Chemicals & Fertilisers Limited has contributed ₹ 2,48,534.69 lakhs of revenue and ₹ (2,244.36 lakhs) to the profit before tax of the Group. If the combination had taken place at the beginning of the year, revenue from continuing operations, for the year ended 31st March 2016, would have been ₹ 8,20,576.97 lakhs and the loss before tax from continuing operations, for the year ended 31st March 2016, for the Group would have been ₹ 16,595.89 lakhs.

*** At the time of gaining of control, earlier 17.47% stake held was fair valued. Gain/(loss) on account of fair value has been accounted for as follows in the consolidated financial statements for the year ended 31st March 2016.**

Fair value through other comprehensive income:	**(₹ in lakhs)**
Cost as on 31st March 2015:	10,121.73
Market value as on 31st March 2015:	16,938.34
Gain recorded in FVTOCI reserve as at 01st April 2015 (a)	**6,816.59**
At the time of Acquisition on 18th May, 2015	
Market value as on 18th May 2015:	12,869.62
Market value as on 31st March 2015:	16,938.34
Loss recorded in FVTOCI reserve during the year ended 31st March 2016 (b)	**(4,068.72)**
Gain/(loss) on sale/(deemed disposal) of investment (a-b)#	**2,747.87**

#The above has gain has been classified to Other comprehensive income and has been subsequently taken into retained earning as reserves.

Notes to Financial Statements of the group as at and for the year ended 31st March 2017

32 A Goodwill on Consolidation

Goodwill on consolidation in the consolidated financial statements represents excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed.

(₹ in Lakhs)

	Investment in	Particulars	31st March 2017	31st March 2016	1st April 2015
1	Zuari Agri Sciences Limited*	(a) Cost of Investment	1,417.60	1,417.60	1,417.60
		(b) Parent Company's share in Net Assets	(377.78)	(377.78)	(377.78)
	Sub-Total (1)	**Goodwill (a-b)**	**1,795.38**	**1,795.38**	**1,795.38**
2	Zuari Fertilisers and Chemicals Limited*	(a) Cost of Investment	5.00	5.00	5.00
		(b) Parent Company's share in Net Assets	(32.60)	(32.60)	(32.60)
	Sub-Total (2)	**Goodwill (a-b)**	**37.60**	**37.60**	**37.60**
3	Zuari Speciality Fertilisers Limited	(a) Cost of Investment	1,332.33	1,332.33	-
		(b) Fair Value of previously held stake	1,108.00	1,108.00	-
		(c) Parent Company's share in Net Assets	810.99	810.99	-
	Sub-Total (3)	**Goodwill (a+b-c)**	**1,629.34**	**1,629.34**	**-**
	Total (1+2+3)	**Total Goodwill (1+2+3)**	**3,462.32**	**3,462.32**	**1,832.98**

* In case of Zuari Agri Sciences Limited & Zuari Fertilisers and Chemicals Limited, Group has availed the exemption given in Ind AS - 101 and have carried its previous GAAP balances in these consolidated financial statements.

33 Material partly-owned subsidiaries

Financial information of subsidiaries that have material non-controlling interests is provided below:

Proportion of equity interest held by non-controlling interests:

Name	Country of incorporation and operation	31st March 2017	31st March 2016
Mangalore Chemicals & Fertilisers Limited	India	46.97%	46.97%

Information regarding non-controlling interest

Accumulated balances of material non-controlling interest:	31st March 2017	31st March 2016
	(₹ in Lakhs)	
Mangalore Chemicals & Fertilisers Limited	36,442.95	35,525.92

Total Comprehensive Income/ (loss) allocated to material non-controlling interest:

Mangalore Chemicals & Fertilisers Limited	916.99	(855.70)

The summarised financial information of the subsidiary is provided below. This information is based on amounts before inter - company eliminations.

Notes to Financial Statements of the group as at and for the year ended 31st March 2017

Summarised statement of profit and loss for the year ended 31st March 2017 and 31st March 2016

(₹ in lakhs)

	31st March 2017	31st March 2016
Revenue	252,930.96	248,534.69
Cost of raw material and components consumed	108,782.43	98,254.10
Purchases of Stock in trade	68,638.78	87,612.70
Other expenses	59,403.57	55,399.21
Finance costs	13,094.26	9,513.04
Profit/ (loss) before tax	**3,011.92**	**(2,244.36)**
Income tax	1,070.45	(580.42)
Profit/(loss) for the year	**1,941.47**	**(1,663.94)**
Other Comprehensive income/(loss) for the year	**10.64**	**(157.68)**
Total comprehensive income/(loss)	**1,952.11**	**(1,821.62)**
Attributable to non-controlling interests	916.99	(855.70)
Dividends paid to non-controlling interests		(334.03)

Summarised balance sheet as at 31st March 2017 and 31st March 2016

(₹ in lakhs)

	31st March 2017	31st March 2016
Inventories and cash and cash equivalents (current)	31,871.08	23,704.56
Property, plant and equipment and other non-current financial assets (non-current)	64,831.92	66,601.78
Trade Receivable and other current assets	129,357.99	155,039.32
Trade and other payable (current)	(62,890.46)	(68,596.01)
Non Current liabilities	(3,148.87)	(2,564.38)
Interest-bearing loans and borrowing and deferred tax liabilities (non-current)	(117,618.28)	(133,733.92)
Total equity	**42,403.38**	**40,451.35**
Attributable to:		
Non-controlling interest (Refer Note 32 (ii))	36,442.91	35,525.92

* As per books of accounts of Mangalore Chemicals & Fertilisers Limited

Summarised Cash Flow information as at 31st March 2017 and 31st March 2016

(₹ in lakhs)

	31st March 2017	31st March 2016*
Operating	36,852.93	(30,232.74)
Investing	(2,005.83)	(4,911.83)
financing	(29,353.97)	34,674.91
Net increase/(decrease) in cash and cash equivalents	**5,493.13**	**(469.66)**

* Cash flow information as at 31st March 2016 is for the period June'15 to March'16, which represents the post acquisition period.

Notes to Financial Statements of the group as at and for the year ended 31st March 2017

34 Interest in Joint Venture

(i) The Group has a 50% interest in Zuari Maroc Phosphate Private Limited, a joint venture engaged in the business as an investment company and to acquire and hold and otherwise deal in shares, stocks, debentures . The Group's interest in Zuari Maroc Phosphates Private Limited is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the joint venture, based on its Ind AS financial statements, and reconciliation with the carrying amount of the investment in consolidated financial statements are set out below:

Summarised balance sheet as at 31st March 2017:

(₹ in lakhs)

	31st March 2017	31st March 2016	1st April 2015
Current assets, including cash and cash equivalents ₹ 1,536.55 lakhs (31st March 2016: ₹ 3,559.14 lakhs, 01st April 2015: ₹ 4,780.42 lakhs)	336,675.93	366,794.88	270,091.42
Non-current assets, including advance tax ₹ 3,168.01 lakhs (31st March 2016 : ₹ 3,267.84 lakhs, 01st April 2015 : ₹ 2,292.29 lakhs)	162,341.02	157,706.58	132,430.98
Current liabilities	(301,917.63)	(332,769.96)	(217,624.88)
Non Controlling Interest	(24,362.00)	(22,618.48)	(21,209.73)
Non-current liabilities, including borrowing ₹ 34,655.73 lakhs (31st March 2016: ₹ 38,179.94 lakhs, 01st April 2015: ₹ 39,501.33 lakhs)	(36,121.85)	(39,644.01)	(40,018.84)
Equity	**136,615.47**	**129,469.02**	**123,668.95**
Proportion of the Group's ownership	50%	50%	50%
Carrying amount of the investment	68,307.73	64,734.51	61,834.48

Summarised statement of profit and loss of Zuari Maroc Phosphates Private Limited:

(₹ in lakhs)

	For the year ended 31st March 2017	For the year ended 31st March 2016
Revenue	374,952.96	483,772.61
Cost of raw materials consumed	(221,955.55)	(314,371.15)
Purchases of Stock in trade	(28,093.31)	(61,837.76)
Changes in inventories of finished goods, stock-in-trade and work in progress	757.71	7,902.85
Excise duty on sale of goods	(2,923.77)	(3,213.09)
Depreciation & amortization	(11,305.62)	(12,324.98)
Finance cost	(24,200.49)	(19,255.90)
Employee benefit	(5,830.26)	(2,897.49)
Other expense	(62,218.70)	(71,219.71)
Profit before Exceptional items & tax	**19,182.97**	**6,555.38**
Exceptional Items	(6,092.07)	(577.75)
Profit before tax	**13,090.90**	**5,977.63**
Income tax expense	(4,428.71)	533.59
Profit for the year	**8,662.19**	**6,511.22**
Other Comprehensive Income	**227.79**	**697.59**
Total comprehensive income for the year (continuing operations)	**8,889.98**	**7,208.81**
Share of Non controlling interest in Total comprehensive income	1,743.52	1,408.75
Total comprehensive income	**7,146.46**	**5,800.06**
Proportion of the Group's ownership	50%	50%
Group's share of Total Comprehensive Income for the year	**3,573.23**	**2,900.03**

Notes to Financial Statements of the group as at and for the year ended 31st March 2017

(₹ in lakhs)

Contingent Liabilities & Capital Commitments*	31st March 2017	31st March 2016	1st April 2015
1 Claims/demand raised by Government Authorities**			
a. Claims/demand raised by Income Tax Authorities	5,961.35	5,469.96	4,165.71
b. Claims/demand raised by Sales Tax Authorities	10,825.10	10,901.73	9,949.59
2 Other Claims against the Company not acknowledged as debts**	2,393.40	2,309.00	913.87
3 Estimated amount of contracts remaining to be executed on capital account not provided for	3,779.00	5,344.44	8,624.44

* Being share of the Group in the Joint Company.

**Based on discussions with the solicitors / favourable decisions in similar cases / legal opinions taken by the Group, the Management believes that the Group has a good chance of success in the above mentioned cases and hence, no provision there against is considered necessary. The above has been compiled based on the information and records available with the Group.

ii. Interest in Joint Venture

The Group has a 30% interest in MCA Phosphates Pte. Limited having country of incorporation as Singapore, which is Joint venture of the Parent Company with Mitshibushi Corporation to acquire Fasfatos delpacifico S.A. (FOSPAC), which is engaged in the exploration & manufacture of rock phosphates. MCA Phosphates Pte. Limited is a private entity that is not listed on any public exchange. The Group's interest in MCA Phosphates Pte. Limited is accounted for using the equity method in the consolidated financial statements. The following table illustrates the summarised financial information of the Group's investment in MCA Phosphates Pte.Limited:

Summarised balance sheet as at 31st March 2017:

(₹ in lakhs)

	31st March 2017	31st March 2016	1st April 2015
Current assets, including cash and cash equivalents ₹ 177.66 lakhs (31st March 2016: ₹ 46.00 lakhs, 01st April 2015: ₹ 97.99 lakhs)	179.60	47.97	97.99
Non-current assets	39,291.60	41,094.37	35,679.57
Current liabilities	(42.15)	(42.22)	(39.67)
Equity	**39,429.05**	**41,100.12**	**35,737.89**
Proportion of the Group's ownership	30%	30%	30%
Carrying amount of the investment	11,828.71	12,330.04	10,721.37

Summarised statement of profit and loss of MCA Phosphates Pte. Limited:

(₹ in lakhs)

	For the year ended 31st March 2017	For the year ended 31st March 2016
Revenue	-	-
Operating expenses	(132.17)	(55.33)
Share of loss of associate	(633.87)	(2,340.88)
Profit/(loss) before tax	**(766.04)**	**(2,396.21)**
Income tax expense	-	-
Profit/(loss) for the year	**(766.04)**	**(2,396.21)**
Other Comprehensive Income/(loss)	**(905.05)**	**2,104.73**
Total comprehensive income/(loss) for the year	**(1,671.09)**	**(291.48)**
	30%	30%
Group's share of Total Comprehensive Income for the year	**(501.33)**	**(87.44)**

Notes to Financial Statements of the group as at and for the year ended 31st March 2017

iii. Interest in Joint Venture

The Group had 50% interest in Zuari Speciality Fertilisers Limited (formerly known as Zuari Rotem Speciality Fertilisers Limited, a joint venture engaged in the manufacture of water soluble fertilisers . The Group acquired further 50% stake on 10th December, 2015 resulting in gaining 100% control over the entity. The Group's interest in Zuari Speciality fertilisers Limited is accounted for using the equity method in the consolidated financial statements till 10th December, 2015. Summarised financial information of the joint venture, based on its Ind AS financial statements, and reconciliation with the carrying amount of the investment in consolidated financial statements are set out below:

Summarised balance sheet as at 31st March 2017:	₹ in lakhs 30th November 2015	₹ in lakhs 01st April 2015
Current assets, including cash and cash equivalents ₹ 17.01 lakhs (01st April 2015: ₹ 31.03 lakhs)	1,935.78	2,077.03
Non-current assets, including advance tax ₹ 3,168.01 lakhs (31st March 2016 : ₹ 3,267.84 lakhs, 01st April 2015 : ₹ 18.81 lakhs)	1,553.20	1,574.31
Current liabilities	(2,565.74)	(2,530.64)
Non-current liabilities, including borrowing ₹ 34,655.73 lakhs (31st March 2016: ₹ 38,179.94 lakhs, 01st April 2015: ₹ 39,501.33 lakhs)	(155.75)	(159.23)
Elimination of unrealized profit on closing stock		(46.88)
Equity	**767.49**	**914.59**
Proportion of the Group's ownership	50%	50%
Carrying amount of the investment	**383.74**	**457.30**

35. Gratuity and other post-employment benefit plans

(₹ in Lakhs)

Particulars	31st March 2017	31st March 2016	1st April 2015	31st March 2017	31st March 2016	1st April 2015
	FUNDED			UNFUNDED		
- Gratuity Plan- Asset/ (Liability)*	(1,473.22)	(1,456.54)	(134.52)	(18.49)	(18.25)	(26.47)
- Provident Fund -Asset**	227.93	216.41	179.81	-	-	-
- Post Retirement Medical Benefit Plan - (Liability)	(50.56)	(132.89)	-	-	-	-
Total	**(1,295.85)**	**(1,373.02)**	**45.29**	**(18.49)**	**(18.25)**	**(26.47)**

* Plan assets of ₹127.98 lakhs (31st March 2016: ₹142.69 lakhs) have been recognised in financial assets in respect of the Parent Company.

** Plan assets of ₹ 227.93 lakhs (31st March 2016: ₹ 216.41 lakhs and 01st April 2015: ₹ 179.81 lakhs) have not been recognised in the financial statements, as the surplus of the trust, is distributable among the beneficiaries of the provident fund trust.

a) Gratuity

The Group has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service.

In respect of the Parent Company and two of the subsidiary companies, scheme is funded with an insurance company in the form of a qualifying insurance policy.

b) Provident Fund

As per Ind-AS 19, Employee Benefits, provident funds set up by employers, which requires interest shortfall to be met by the employer, needs to be treated as defined benefit plan. During the current year, actuarial valuation of Provident Fund was carried out in accordance with the guidance note issued by Actuary Society of India.

c) Post Retirement Medical Benefit Plan

The Parent Company has a defined benefit post retirement medical benefit plan, for its employees. The Parent Company provides medical benefit to those employees who leave the services of the Company on retirement. As per the plan, retired employee and the spouse will be covered till the age of 85 years and the dependent children till they attain the age of 25 years. In case of death of retired employee, the spouse will be covered till the age of 85 years and the dependent children till they attain the age of 25 years. The plan is not funded by the Parent Company.

Notes to Financial Statements of the group as at and for the year ended 31st March 2017

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet for the respective plans:

Net employee benefit expense (recognized in Employee Cost) for the year ended 31st March, 2017

(₹ in Lakhs)

Particulars	Gratuity			
	2016-17	2015-16	2016-17	2015-16
	FUNDED		UNFUNDED	
Current Service Cost	218.41	193.48	3.51	4.67
Past Service Cost	-	31.66	-	-
Net Interest Cost	114.90	119.15	1.46	2.37
Total	**333.31**	**344.29**	**4.97**	**7.04**

₹ in Lakhs

Particulars	Post retirement Medical Benefit Plan	
	2016-17	2015-16
Current Service Cost	-	-
Past Service Cost	-	121.62
Net Interest Cost	10.62	11.27
Total	**10.62**	**132.89**

Amount recognised in Other Comprehensive Income for the year ended 31st March, 2017

(₹ in Lakhs)

Particulars	Gratuity			
	2016-17	2015-16	2016-17	2015-16
	FUNDED		UNFUNDED	
Actuarial (gain)/ loss on obligations	(7.90)	51.37	1.39	(3.00)
Return on plan assets (excluding amounts included in net interest expense)	(65.65)	(30.89)	-	-
Experience Variance (i.e. actual experience vs assumptions)	-	-	1.88	(15.52)
Total	**(73.55)**	**20.48**	**3.27**	**(18.52)**

(₹ in Lakhs)

Particulars	Post retirement Medical Benefit Plan	
	2016-17	2015-16
Actuarial (gain)/ loss on obligations	(92.95)	-
Total	**(92.95)**	**-**

Notes to Financial Statements of the group as at and for the year ended 31st March 2017

Changes in the present value of the defined benefit obligation for the year ended 31st March, 2017 are as follows:

Gratuity: (₹ in Lakhs)

Particulars	2016-17	2015-16	2016-17	2015-16
	FUNDED		UNFUNDED	
Opening defined obligation	**4,233.44**	**4,215.35**	**18.26**	**29.96**
Current service cost	218.41	193.48	3.51	4.69
Interest cost	330.82	322.92	1.46	2.36
Re-measurement (or Actuarial) (gain) / loss arising from :	-	-	-	-
- change in demographic assumptions	6.14	-	1.23	(2.82)
- change in financial assumptions	45.40	(52.87)	1.88	(15.52)
- experience variance (i.e. Actual experiences assumptions)	(44.18)	(169.47)	(1.72)	-
Benefits paid	(619.84)	(590.50)	0.16	(0.23)
Net transfer liability	(27.72)	9.17	-	-
Actuarial (gains) / losses on obligation	(15.25)	273.71	-	(0.18)
Acquisition adjustment	-	-	(6.29)	-
Past service cost	-	31.65	-	-
Defined benefit obligation	**4,127.22**	**4,233.44**	**18.49**	**18.26**

Provident Fund: (₹ in Lakhs)

Particulars	2016-17	2015-16
Opening defined obligation	11,832.62	10,895.97
Current service cost	227.87	245.07
Interest cost	1,009.25	930.07
Contributions by Employee / plan participants	614.30	632.23
Benefits Paid out of funds	(2341.85)	(1245.67)
Actuarial (gain)/ loss on obligations	12.57	15.09
Settlements / transfer in	166.82	359.86
Defined benefit obligation	**11,521.58**	**11,832.62**

Post retirement Medical Benefit Plan: (₹ in Lakhs)

Particulars	2016-17	2015-16
Opening defined obligation	**132.89**	**-**
Current service cost	-	-
Past service cost	-	121.62
Interest cost	10.62	11.27
Transfer In	-	-
Benefits paid	-	-
Actuarial (gain)/ loss on obligations	(92.95)	-
Defined benefit obligation	**50.56**	**132.89**

Notes to Financial Statements of the group as at and for the year ended 31st March 2017

Changes in the fair value of plan assets are as follows:

Gratuity: (₹ in Lakhs)

Particulars	TOTAL 2016-17	TOTAL 2015-16
Fair value of plan assets	2,776.90	2,713.80
Adjustment of Opening balance	-	0.64
Interest income	215.92	203.79
Return on plan assets (excluding amounts included in net interest expense) - OCI	65.66	30.90
Contribution by Employer	215.36	418.28
Benefits paid	(619.84)	(590.51)
Service cost (Transfer in)	-	-
Service cost (Transfer in)	-	-
Closing fair value of plan assets	**2,654.00**	**2,776.90**

The Group expects to contribute ₹ 8.26 lakhs (31st March 2016 : ₹135.17 lakhs) to gratuity fund in the financial year 2017-18.

Provident Fund: (₹ in Lakhs)

Particulars	2016-17	2015-16
Opening fair value of plan assets	12,049.03	11,075.78
Interest income	939.82	887.84
Return on plan assets (excluding amounts included in net interest expense) - OCI	71.85	103.97
Employer Contribution	227.87	245.07
Plan participants/ Employee contribution	614.30	632.23
Benefits paid	(2341.85)	(1245.67)
Settlements / Transfer in	188.49	349.80
Closing fair value of plan assets	**11,749.51**	**12,049.03**

The Parent Company expects to Contribute ₹250.65 lakhs (31st March 2016 : ₹269.57 lakhs) to provident fund trust in the financial year 2017-18.

Gratuity (₹ in Lakhs)

Particulars	2016-17	2015-16
Investment with insurer (Life Insurance Corporation of India)	2,654.00	2,776.90

Provident Fund (Managed Through Trust) (₹ in Lakhs)

Particulars	2016-17	2015-16
Self managed investments	11,749.51	12,049.03

The overall expected rate of return is determined based on the market prices prevailing at that date, applicable to the period over which the obligation is to be settled. These rates are different from the actual rate of return during the current year.

Notes to Financial Statements of the group as at and for the year ended 31st March 2017

Investment pattern in plan assets:

Particulars	Gratuity		Provident fund	
	2016-17	2015-16	2016-17	2015-16
Funds managed by insurance companies	100%	100%	100%	100%

The principal assumptions used in determining benefit obligation for the Company's plans are shown below:

Particulars	Gratuity		Provident Fund		Post retirement Medical Benefit Plan	
	31st March 2017	31st March 2016	31st March 2017	31st March 2016	31st March 2017	31st March 2016
Discount rate (in %)	7.5%-8%	7.75%-8%	7.50%	7.80%	7.50%	8.00%
Salary Escalation (in %)	9% for first 2 years and 7.5% thereafter	9% for first 2 years and 7.5% thereafter	-	-	-	-
Expected rate of return on plan assets	8%	8%	-	-	-	-
Mortality Rate (in %)	100%	100%	100%	100%	100%	100%

A quantitative sensitivity analysis for significant assumption for Parent Company as at 31st March 2017 is as shown below:

Gratuity Plan

	31st March 2017		31st March 2017		31st March 2017		31st March 2017	
Assumptions	**Discount rate**		**Future salary increases**		**Attrition rate**		**Mortality rate (in %)**	
Sensitivity Level	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease
	₹in lakhs	₹in lakhs	₹in lakhs	₹in lakhs	₹in lakhs	₹in lakhs	₹in lakhs	₹in lakhs
Impact on defined benefit obligation	1,959.07	2,214.45	2,209.18	1,960.16	2,078.03	2,079.98	2,079.02	2,078.99

	31st March 2016		31st March 2016		31st March 2016		31st March 2016	
Assumptions	**Discount rate**		**Future salary increases**		**Attrition rate**		**Mortality rate (in %)**	
Sensitivity Level	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease
	₹in lakhs	₹in lakhs	₹in lakhs	₹in lakhs	₹in lakhs	₹in lakhs	₹in lakhs	₹in lakhs
Impact on defined benefit obligation	2,067.78	2,239.57	2,229.61	2,074.89	2,148.81	2,150.14	2,149.87	2,149.77

A quantitative sensitivity analysis for significant assumption for one of the subsidiary company as at 31st March 2017 is as shown below:

Gratuity Plan

	31st March 2017		31st March 2017		31st March 2017		31st March 2017	
Assumptions	**Discount rate**		**Future salary increases**		**Attrition rate**		**Mortality rate (in %)**	
Sensitivity Level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
	₹in lakhs	₹in lakhs	₹in lakhs	₹in lakhs	₹in lakhs	₹in lakhs	₹in lakhs	₹in lakhs
Impact on defined benefit obligation	1,894.55	2,011.22	2,010.60	1,894.62	1,949.67	1,952.04	1,950.81	1,950.87

	31st March 2016		31st March 2016		31st March 2016		31st March 2016	
Assumptions	**Discount rate**		**Future salary increases**		**Attrition rate**		**Mortality rate (in %)**	
Sensitivity Level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
	₹in lakhs	₹in lakhs	₹ in lakhs	₹in lakhs	₹in lakhs	₹in lakhs	₹in lakhs	₹in lakhs
Impact on defined benefit obligation	1,956.23	2,031.77	2,031.37	1,956.03	1,993.90	1,990.26	1,993.14	1,993.06

A quantitative sensitivity analysis for significant assumption for one of the subsidiary company as at 31st March 2017 is as shown below:

Gratuity Plan

	31st March 2017		31st March 2017		31st March 2017	
Assumptions	**Discount rate**		**Future salary increases**		**Attrition rate**	
Sensitivity Level	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease
	₹in lakhs	₹in lakhs	₹in lakhs	₹in lakhs	₹in lakhs	₹in lakhs
Impact on defined benefit obligation	6.50	7.43	4.71	4.46	0.41	0.46

A quantitative sensitivity analysis for significant assumption for one of the subsidiary company as at 31st March 2017 is as shown below:

	31st March 2017		31st March 2017		31st March 2017		31st March 2017	
Assumptions	**Discount rate**		**Future salary increases**		**Attrition rate**		**Mortality rate (in %)**	
Sensitivity Level	1% increase	1% decrease	1% increase	1% decrease	50% increase	50% decrease	10% increase	10% decrease
	₹in lakhs	₹in lakhs	₹in lakhs	₹in lakhs	₹in lakhs	₹in lakhs	₹in lakhs	₹in lakhs
Impact on defined benefit obligation	4.01	5.42	5.41	4.00	4.65	4.65	4.65	4.65

	31st March 2016		31st March 2016		31st March 2016		31st March 2016	
Assumptions	**Discount rate**		**Future salary increases**		**Attrition rate**		**Mortality rate (in %)**	
Sensitivity Level	1% increase	1% decrease	1% increase	1% decrease	50% increase	50% decrease	10% increase	10% decrease
	₹in lakhs	₹in lakhs	₹in lakhs	₹in lakhs	₹in lakhs	₹in lakhs	₹ in lakhs	₹in lakhs
Impact on defined benefit obligation	3.02	4.10	4.09	3.01	3.52	3.49	3.51	3.51

A quantitative sensitivity analysis for significant assumption for Parent Company as at 31st March 2017 is as shown below:

Provident Fund

	31st March 2017	
Assumptions	**Interest Rate Guarantee**	
Sensitivity Level	1% increase	1% decrease
	₹in lakhs	₹in lakhs
Impact on defined benefit obligation	12,050.52	11,494.21

Notes to Financial Statements of the group as at and for the year ended 31st March 2017

	31st March 2016	
Assumptions	**Interest Rate Guarantee**	
Sensitivity Level	1% increase	1% decrease
	₹in lakhs	**₹in lakhs**
Impact on defined benefit obligation	12,358.28	11,812.17

Post retirement Medical Benefit Plan

	31st March 2017		31st March 2017	
Assumptions	**Discount rate**		**Mortality rate (in %)**	
Sensitivity Level	1% increase	1% decrease	1% increase	1% decrease
	₹in lakhs	**₹in lakhs**	**₹in lakhs**	**₹in lakhs**
Impact on defined benefit obligation	47.64	53.66	49.11	52.00

	31st March 2016		31st March 2016	
Assumptions	**Discount rate**		**Mortality rate (in %)**	
Sensitivity Level	1% increase	1% decrease	1% increase	1% decrease
	₹in lakhs	**₹in lakhs**	**₹in lakhs**	**₹in lakhs**
Impact on defined benefit obligation	125.70	140.92	129.30	136.72

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

Maturity Profile of Defined benefit obligation:

Expected cash flows over the next (valued on undiscounted basis):

	Gratuity		**Provident Fund**		**Post retirement Medical Benefit Plan**	
	31st March 2017	**31st March 2016**	**31st March 2017**	**31st March 2016**	**31st March 2017**	**31st March 2016**
	₹in lakhs	**₹in lakhs**	**₹in lakhs**	**₹in lakhs**	**₹in lakhs**	**₹in lakhs**
Within the next 12 months (next annual reporting period)	760.38	1,047.84	-	-	5.25	15.72
Between 2 and 5 years	2,224.38	2,568.25	-	-	19.10	57.78
Between 6 and 10 years	1,516.10	1,478.18	-	-	18.98	58.38
Beyond 10 years	3,181.46	1,256.97	-	-	25.59	83.28
Total expected payments	**7,682.32**	**6,351.24**	**-**	**-**	**68.92**	**215.16**

The average duration of the defined benefit plan obligation at the end of the reporting period is 6 years (31st March 2016: 3.78-4 years).

Notes to Financial Statements of the group as at and for the year ended 31st March 2017

36. Commitments and Contingencies

a. Leases:

(i) Operating Lease:

i) The Parent Company has entered into the operating leases on certain Godown, offices and Retail outlet with lease term between 1 to 15 years. The Parent Company has the option, under some of its leases, to lease the assets for additional term of 3 to 5 years. There are no restrictions imposed by the lease arrangements. There are no subleases.

The Parent Company has paid ₹2,534.04 lakhs (31st March 2016: ₹2,648.38 lakhs) during the year toward minimum lease payment

ii) In case of subsidiaries, operating leases are mainly in the nature of lease of office premises and godowns with no restrictions and are renewable / cancellable at the option of either of parties. There are no subleases. The aggregate amount of operating lease payments recognized in the statement of profit and loss is ₹1,544.85 lakhs (31st March 2016: ₹ 1,453.88 lakhs).

iii) In case of Parent Company and a subsidiary company, future minimum rental payable under non cancellable operating lease as at 31st March are as follows:

(₹ in Lakhs)

	Particulars	31st March 2017	31st March 2016	1st April 2015
i)	Lease payments for the year	49.58	2.14	-
ii)	Payable for a period not later than one year	88.06	3.38	-
iii)	Payable for a period later than one year and not later than 5 years	128.10	-	-
iv)	Payable for the period later than 5 years	-	-	-

(II) Finance Lease:

One of the subsidiary company had taken vehicles on finance lease. These lease are for a period of 3-5 years. However, there is no escalation clause. Each renewal is at the option of lessee. Future minimum lease payments (MLP) under finance leases together with the present value of the net MLP are as follows:

(₹ in Lakhs)

Particulars	Total Minimum Lease Payments outstanding		Future interest Outstanding		Present value of minimum lease payments	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
-Within one year	-	3.71	-	0.05	-	3.66
-After one year but not more than five years	-	-	-	-	-	-
-More than five years	-	-	-	-	-	-
Total	**-**	**3.71**	**-**	**0.05**	**-**	**3.66**

b. Contingent Liabilities:

Claims against the group not acknowledged as debts

(₹ in Lakhs)

	Particulars	31st March 2017	31st March 2016	31st March 2015
I	**Demands / Claims from Government Authorities ***			
(A)	**Demands from Income Tax Authorities**			
	i) Demand in respect of Assessment Year 2012-2013 for which an appeal is pending with CIT (Appeals) of the Parent Company	1,550.66	1,550.66	1,550.66

Notes to Financial Statements of the group as at and for the year ended 31st March 2017

(₹ in Lakhs)

	Particulars	31st March 2017	31st March 2016	31st March 2015
	ii) Demand in respect of Assessment Year 2013-2014 for which an appeal is pending with CIT (Appeals) of the Parent Company	320.88	-	-
	iii) Disputed income tax demands relating to Assessment Years 2012-13, 2013-14 and 2014-15 under appeal in relation to a subsidiary company	139.75	61.18	-
	iv) Disputed Income-tax liability for Assessment Year 2009-10 for a subsidiary company	-	427.77	427.77
	v) Disputed Income-tax liability for Assessment Years 2008-09 & 2014-15 for a subsidiary company	469.88	-	-
(B)	**Demands from Sales Tax Authorities**	-	-	-
	i) Sales Tax Demand of a Subsidiary	2.87	2.87	-
	ii) Disputed customs duty liability under appeal by subsidiary company before CESTAT	90.60	90.60	90.60
	iii) Demand Notice from Commercial Tax Department , Jaipur towards non submission of "F Form" for the year 2010-11, 2011-12 & 2012-13 in respect of Parent Company	96.77	96.77	124.23
	iv) Demand notice from Commercial Tax Department, Jaipur towards Excess Input Tax Credit availed for the year 2011-12 in respect of Parent Company	32.10	22.33	22.33
	v) Demand notice from Commercial Tax Department, Madhya Pradesh towards non submission of "C Form" for the year 2013-14 of the Parent Company.	2.48	2.48	-
	vi) Demand notice from Commercial Tax Department, Maharashtra towards non submission of "F Form" for the year 2012-13 of the Parent Company.	1.81	-	-
	vii) Demand notice from commercial tax department Kerala towards Conceded an interstate stock transfer (Out) of taxable items for the year 2009-10 of the Parent Company	15.52	-	-
	viii) Demand notice from Customs department, Mumbai towards non eligibility of exemption under notification no. 04/06-CE dt. 01/03/2006(as amended by notification no. 4/2011-CE dt. 01/03/2011) towards Counter-Vailing Duty (CVD) for the imports at Navasheva port for the period 24.3.2011 to 02.12.2011. Appeal filed with West Zonal Branch of the Customs, Excise and Service Tax Appellate Tribunal at Mumbai for waiver of pre-deposit and penalty. Tribunal has passed order in favour of assessee directing the Parent Company to deposit ₹ 1.00 lacs and pre-deposit of penalty is waived and recovery thereof is stayed during the pendency of the appeal. Also the impugned order was set aside and matter is remanded to the Commissioner (Appeals) for deciding the appeal on merit. Commissioner of Customs (Appeals) uphold order passed by the Additional Commissioner of Customs (Import) and rejected the Appeal. Appeal filed before CESTAT Mumbai against the impugned order.	26.10	26.10	26.10

Notes to Financial Statements of the group as at and for the year ended 31st March 2017

(₹ in Lakhs)

	Particulars	31st March 2017	31st March 2016	31st March 2015
	ix) Demand notice from Customs Department, Chennai towards denial of import of MOP at concessional rate of duty for the period 01.04.2001 to 28.02.2006. The Parent Company has filed appeal with South Regional branch of the Customs, Excise and Service Tax Appellate Tribunal at Bangalore for waiver of pre-deposit and stay of impugned order.	284.74	284.74	284.74
	x) Demand notice from Customs Department, Chennai towards denial of import of MOP at concessional rate of duty for the period 2002-03 and 2003-04. Appeal filed with South Regional branch of the Customs, Excise and Service Tax Appellate Tribunal at Bangalore for waiver of pre-deposit and stay of impugned order by the Parent Company	148.28	148.28	148.28
	xi) Customs Duty Differential on finalised Bill of Entries-Dharamatar Port-Order by Deputy Commissioner of Customs(P) Alibaug Division in respect of Parent Company. Impugned order is annulled by Commissioner of Customs (Appeals) with directions to the lower authority to adhere to the directions of the Hon'ble High Court of Bombay and pass a speaking order on merits.	67.37	67.37	67.37
	xii) The Parent Company had a long term agreement for supply of water with Public Works Deptt (PWD), Government of Goa (GOG) dated October 20, 2006 which is valid upto 31st March 2016. Since PWD was not able to supply the daily required quantity of 10000 M3, the Parent Company had entered into another agreement on March 28, 2014 with Water Resource Deptt (WRD), Govt of Goa. Consequently, the Parent Company had made representation for revision in the Contract with PWD, GOG for revision of minimum daily quantity from 8500 M3 to 1500 M3 effective May 1, 2014, however in absence of revision in agreement PWD, GOG has continued with raising invoices with daily minimum quantity of 8500 M3. The Parent Company is given to understand that proposal for revision of the agreement with PWD, GOG is in active consideration, hence Parent Company has been paying them monthly for minimum quantity of 1500 M3.	3,551.12	2,050.29	771.54
II	**Other claims against the Group not acknowledged as debts***	-	-	-
	i) Claims against the Group not acknowledged as debts	1.23	88.02	152.40
	ii) Bonus for 2014-15 pursuant to amendment to Payment of Bonus Act, 1965 of subsidiary of subsidiary Company	6.03	6.03	-

* Based on discussions with the solicitors/ favourable decisions in similar cases/ legal opinions taken by the Group, the Management does not expect these claims to succeed and hence, no provision there against is considered necessary.

Notes to Financial Statements of the group as at and for the year ended 31st March 2017

(₹ In lakhs)

	Particulars	31st March 2017	31st March 2016	1st April 2015
III.	Aggregate amount of guarantees issued by the banks to various Government Authorities and Others**	14,834.37	16,211.99	18,179.49

**In respect of Parent Company, bank guarantees of ₹12,522.48 lakhs (31st March 2016: ₹ 15,497.92 lakhs, 31st March 2015: ₹ 17,430.38) are secured by a charge created by way of hypothecation on the current assets, both present and future, wherever situated pertaining to the Parent Company and the Parent Company's present and future book debts outstanding, moneys receivable, claims, bills, contracts, engagements, rights and assets.

IV. The Parent Company has given a letter of Comfort to Ratnakar Bank Limited for the purpose of facilitating the loans of ₹Nil (31st March 2016:₹ 2,000 lakhs) (31st March 2015:₹ 2,000 lakhs) taken by Gobind Sugar Mills Limited.

V. In respect of Parent Company, Guarantee issued by the Ratnakar Bank Limited of ₹Nil (31st March 2016: ₹Nil) (31st March 2015: ₹3,075 lakhs) in favour of ICICI Securities Limited for the purpose of compliance with the provisions of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations for making public offer to the shareholders of Mangalore Chemicals & Fertilisers Limited.

VI. The Parent Company had received a demand of ₹ 5,293 lakhs from Gas Authority of India Limited (GAIL) toward Take or Pay obligation. Even prior to receiving this demand, the Company has represented to GAIL to reduce the annual contractual quantity based on which the Company is confident that the Take or Pay amount will be substantial lower. Further, in terms of Contract with GAIL, this Take or Pay amount can be utilised for future Make up Gas supplies. The Parent Company is in discussion with GAIL to reduce / waive the Take or Pay charges, hence no provision has been made for the aforesaid demand amount.

c. Capital commitment: (₹ In lakhs)

Particulars	31st March 2017	31st March 2016	1st April 2015
Estimated amount of contracts remaining to be executed on capital account not provided for	7,302.01	6,971.63	8,398.61

Commitment and Contingent liabilities of joint ventures*

Contingent liabilities not provided for: (₹ In lakhs)

	Particulars	31st March 2017	31st March 2016	1st April 2015
1.	Claims/demand raised by Government Authorities**			
	a. Claims/demand raised by Income Tax Authorities	5,961.35	5,469.96	4,165.71
	b. Claims/demand raised by Sales Tax Authorities	10,825.10	10,901.73	9,949.59
2.	Other claims against the Company not acknowledged as debts**	2,393.40	2,309.00	913.87
3.	Estimated amount of contracts remaining to be executed on capital account not provided for	3,779.00	5,344.44	8,624.44

* Being share of the Group in the Joint Company

* * Based on discussion with the solicitors/favourable decisions in similar cases / legal opinions taken by the group, the management believes that the Group has a good chance of success in the above mentioned cases and hence no provision there against is considered necessary. The above has been compiled based on the information and records available with the Group.

Notes to Financial Statements of the group as at and for the year ended 31st March 2017

37. Related party transactions

In accordance with the requirements of Ind AS - 24 'Related Party Disclosures', names of the related parties, related party relationship, transactions and outstanding balances including commitments where control exits and with whom transactions have taken place during reported periods are:

(i) Joint ventures of the Group

1 Zuari Maroc Phosphates Private Limited.
2 Paradeep Phosphates Limited – Subsidiary of Zuari Maroc Phosphates Private Limited.
3 Zuari Speciality Fertilisers Limited(upto 10th December 2015)
4 MCA Phosphates Pte Limited

(ii) Associate of the Group

1 Fosfatos del Pacifico S.A.

(iii) Key Management Personnel of the Group

1 Mr. Saroj Kumar Poddar - Chairman
2 Mr. Kapil Mehan – Managing Director of Zuari Agro Chemicals Limited (w.e.f. 1st April 2015)
3 Mr. N. Suresh Krishnan – Managing Director of Zuari Agro Chemicals Limited (upto 31st March, 2015) (Non-Executive Director thereafter)
4 Mr. Akshay Poddar - Non-Executive Director
5 Mr. V.Seshadri - Vice President - Finance (till June'16)
6 Mr. Sandeep Agrawal - Chief Financial Officer (w.e.f. 1st June 2016)
7 Mr. R.Y. Patil - Chief General Manager and Company Secretary (till May 2016)
8 Mr. R.Y. Patil - Vice President and Company Secretary (w.e.f June 2016)
9 Mr. Marco Wadia - Independent Director
10 Mr. Gopal Krishna Pillai - Independent Director
11 Mr. J.N. Godbole - Independent Director
12 Ms. Kiran Dhingra - Independent Director

(iv) Parties having significant influence

1 Zuari Global Limited
2 Indian Furniture Products Limited
3 Soundaryaa IFPL Interiors Limited – Joint Venture of Indian Furniture Products Limited w.e.f. 4th December, 2014
4 Simon India Limited
5 Zuari Management Services Limited
6 Zuari Infraworld India Limited
7 Zuari Infra Middle East Limited – Subsidiary of Zuari Infraworld India Limited w.e.f. 10th September, 2014
8 SJM Elysium Properties LLC(Subsidiary of Zuari Infra Middle East Limited w.e.f 21/12/2015).
9 Zuari Finserv Private Limited (formerly known as Horizon View Developers Private Limited) w.e.f October 21, 2016
10 Globex Limited (upto 30th October, 2015 liquidated thereafter)
11 Zuari Investments Limited
12 Zuari Insurance Brokers Limited- Subsidiary of Zuari Investments Limited
13 Zuari Commodity Trading Limited- Subsidiary of Zuari Investments Limited
14 Zuari Sugar and Power Limited - Subsidiary of Zuari Investments Limited (up to 14th January 2015 and thereafter wholly owned subsidiary of Zuari Global Limited)
15 Gobind Sugar Mills Limited – Subsidiary of Zuari Investments Limited
16 Zuari Indian Oiltanking Private Limited- Joint Venture of Zuari Global Limited.

Notes to Financial Statements of the group as at and for the year ended 31st March 2017

17 Braj bhumi Nirmaan Private Limited (Joint Venture of Zuari Infraworld India Limited)
18 Rosewood Agencies Private Limited (Subsidiary of Braj bhumi Nirmaan Private Limited)
19 Neobeam Agents Private Limited (Subsidiary of Braj bhumi Nirmaan Private Limited)
20 Mayapur Commercial Private Limited (Subsidiary of Braj bhumi Nirmaan Private Limited)
21 Nexus Vintrade Private Limited (Subsidiary of Braj bhumi Nirmaan Private Limited)
22 Bahubali Tradecomm Private Limited (Subsidiary of Braj bhumi Nirmaan Private Limited)
23 Hopeful Sales Private Limited (Subsidiary of Braj bhumi Nirmaan Private Limited)
24 Divine Realdev Private Limited (Subsidiary of Braj bhumi Nirmaan Private Limited)
25 Kushal Infraproperty Private Limited (Subsidiary of Braj bhumi Nirmaan Private Limited)
26 Beatle Agencies Private Limited(Subsidiary of Braj bhumi Nirmaan Private Limited)
27 Suhana Properties Private Limited(Subsidiary of Braj bhumi Nirmaan Private Limited)
28 Saket Mansions Private Limited(Subsidiary of Braj bhumi Nirmaan Private Limited)
29 Murari Enclave Private Limited (100% subsidiary of Rosewood Agencies Private Limited) Ceased to be subsidiary w.e.f 29/03/16
30 Damodar Enclave Private Limited (100% subsidiary of Neobeam Agents Private Limited) Ceased to be subsidiary w.e.f 16/12/15
31 Natwar Enclave Private Limited (100% subsidiary of Mayapur Commercial Private Limited) Ceased to be a subsidiary w.e.f 29/03/16
32 Banibihari Enclave Private Limited (100% subsidiary of Nexus Vintrade Private Limited) Ceased to be a subsidiary w.e.f 29/3/16
33 Pranati Niketan Private Limited (Joint Venture of Zuari Infraworld India Limited)
34 Darshan Nirmaan Private Limited (Joint Venture of Zuari Infraworld India Limited)
35 Forte Furniture Products India Pvt Limited, a Joint Venture of Indian Furniture Products Limited (w.e.f 1st Feb'2017)
36 Style Spa Furniture Private Limited (IFPL & Zuari Management Services Limited each holds 50% share holding w.e.f. 2nd January 2017)

(v) Details of Post Employment Benefit Plans managed through separate trusts (para 9 (b) (v) of Ind AS 24)

1 Zuari Industries Limited Employee Provident Fund
2 Zuari Industries Limited Senior Staff Superannuation Fund
3 Zuari Industries Limited Non Management Employees Pension Fund
4 Zuari Industries Limited Gratuity Fund

Notes to Financial Statements of the group as at and for the year ended 31st March 2017

Related Party Transaction As Per Ind AS 24
Following transactions were carried out with related parties in the ordinary course of business for the Year ended 31st March 2017

(₹ in Lakhs)

Sl. No	Transaction details	Year ended 31st March 2017				Year ended 31st March 2016			
		Joint Ventures	Enterprises having Significant Influence	Enterprises owned or significantly influenced by key management personnel or their relatives	Key Management Personnel	Joint Ventures	Enterprises having Significant Influence	Enterprises owned or significantly influenced by key management personnel or their relatives	Key Management Personnel
1	Payment made on their behalf								
	- Zuari Management Services Limited	-	1.08	-	-	-	81.45	-	-
	- Paradeep Phosphates Limited	106.46	-	-	-	764.91	-	-	-
	- Gobind Sugar Mills Limited	-	13.96	-	-	-	-	-	-
	- Simon India Limited	-	1.04	-	-	-	-	-	-
	- Zuari Global Limited	-	-	-	-	-	4.12	-	-
	- Zuari Maroc Phosphates Private Limited	-	-	-	-	-	-	-	-
2	Payment made on our behalf								
	- Paradeep Phosphates Limited	394.39	-	-	-	96.81	-	-	-
	- Zuari Global Limited	-	-	-	-	-	160.17	-	-
	- Gobind Sugar Mills Limited	-	1.19	-	-	-	9.35	-	-
	- Zuari Management Services Limited	-	-	-	-	-	12.16	-	-
	- Zuari Investment Limited	-	0.24	-	-	-	0.22	-	-
	- Zuari Infraworld India Limited	-	-	-	-	-	0.01	-	-
	- Mr. S.K.Poddar	-	-	-	-	-	-	-	0.13
3	Director deposit given								
	- Zuari Speciality Fertilisers Limited	-	-	-	-	1.00	-	-	-
	- Zuari Management Services Limited	-	1.00	-	-	-	-	-	-
	- Zuari Global Limited	-	1.00	-	-	-	-	-	-
4	Director deposit received								
	- Zuari Global Limited	-	-	-	-	-	1.00	-	-
	- Zuari Management Services Limited	-	1.00	-	-	-	1.00	-	-
5	Service charges paid								
	- Zuari Management Services Limited	-	-	-	-	-	198.35	-	-
	- Indian Furniture Products Limited	-	-	-	-	-	0.26	-	-
	- Zuari Infraworld India Limited	-	14.32	-	-	-	-	-	-
	- Adventz Industries India Limited	-	447.61	-	-	-	0.01	-	-
6	Loans/ Advances given								
	- Zuari Infraworld India Limited	-	35.01	-	-	-	-	-	-
7	Transfer of Employee benefits								
	- Paradeep Phosphates Limited	10.87	-	-	-	-	-	-	-
8	Advance given received back								
	- Zuari Global Limited	-	11,920.00	-	-	-	-	-	-
9	Purchase of finished goods, raw material, spares etc								
	- Zuari Speciality Fertilisers Limited	-	-	-	-	2,737.81	-	-	-
	- Paradeep Phosphates Limited	16,959.23	-	-	-	64.72	-	-	-
10	Rebate received on purchase of finished goods								
	- Paradeep Phosphates Limited	-	-	-	-	142.31	-	-	-
11	Sale of Finished Goods								
	- Gobind Sugar Mills Limited	-	-	-	-	-	593.92	-	-
	- Paradeep Phosphates Limited	5,108.27	-	-	-	36.86	-	-	-
12	Purchase of Assets								
	- Indian Furniture Products Limited	-	52.82	-	-	-	144.86	-	-
	- Zuari Management Services Limited	-	0.70	-	-	-	-	-	-

Notes to Financial Statements of the group as at and for the year ended 31st March 2017

Sl. No	Transaction details	Year ended 31st March 2017				Year ended 31st March 2016			
		Joint Ventures	Enterprises having Significant Influence	Enterprises owned or significantly influenced by key management personnel or their relatives	Key Management Personnel	Joint Ventures	Enterprises having Significant Influence	Enterprises owned or significantly influenced by key management personnel or their relatives	Key Management Personnel
13	Interest Paid								
	- Gobind Sugar Mills Limited	-	0.04	-	-	-	0.04	-	-
	- Paradeep Phosphates Limited	69.76	-	-	-	-	-	-	-
14	Interest Accrued/Received on loan/ deposit/trade receivable								
	- Gobind Sugar Mills Limited	-	104.40	-	-	-	94.37	-	-
	- Paradeep Phosphates Limited	20.08	-	-	-	-	-	-	-
15	Service Income Received								
	- Paradeep Phosphates Limited	19.96	-	-	-	-	-	-	-
16	Rent Paid								
	- Zuari Global Limited	-	84.27	-	-	-	48.08	-	-
	- Gobind Sugar Mills Limited	-	2.40	-	-	-	-	-	-
17	Purchase of Shares								
	- Zuari Global Limited	-	1,120.32	-	-	-	-	-	-
18	Advance given for purchase of Land								
	- Zuari Global Limited	-	3,209.13	-	-	-	-	-	-
19	Income Tax given for Tax Liability								
	- Zuari Global Limited	-	2,533.85	-	-	-	-	-	-
20	Dividend Paid								
	- Zuari Global Limited	-	-	-	-	-	168.23	-	-
	- Zuari Management Services Limited	-	-	-	-	-	101.58	-	-
21	Managerial Remuneration*								
	- Mr. Kapil Mehan	-	-	-	198.98	-	-	-	238.50
	-'Mr. Sandeep Agrawal	-	-	-	63.57	-	-	-	-
	- Mr. V.Seshadri	-	-	-	18.47	-	-	-	86.89
	-Mr. R.Y. Patil	-	-	-	62.38	-	-	-	56.26
22	Contribution to Gratuity Fund	-	210.00	-	-	-	422.00	-	-
23	Contribution to Superannuation Fund	-	182.26	-	-	-	285.49	-	-
24	Contribution to Provident Fund (including employees contribution)	-	763.90	-	-	-	811.85	-	-
25	Contribution to Contributory Pension Fund (including employees contribution)	-	58.52	-	-	-	126.42	-	-
26	Accrued Service Income								
	- Zuari Indian Oiltanking Private Limited	-	22.73	-	-	-	37.78	-	-
27	Sitting fees Paid								
	- Mr. Saroj Kumar Poddar	-	-	-	2.95	-	-	-	3.30
	- Mr. Marco Wadia	-	-	-	5.90	-	-	-	7.10
	- Mr. Akshay poddar	-	-	-	2.45	-	-	-	2.15
	- Mr. Gopal Krishna Pillai	-	-	-	3.95	-	-	-	2.00
	- Mr. J.N. Godbole	-	-	-	4.70	-	-	-	6.95
	- Ms. Kiran Dhingra	-	-	-	2.50	-	-	-	3.00
	- Mr.N. Suresh Krishnan	-	-	-	5.30	-	-	-	5.95

*As the future liability for gratuity, leave encashment and post -retirement medical benefits is provided on an actuarial basis for the Company as a whole, the amount pertaining to the directors is not ascertainable and, therefore, not included above.

Notes to Financial Statements of the group as at and for the year ended 31st March 2017

Balance Outstanding For The Period Ended 31st March 2017 for the Group

(₹ in Lakhs)

Sl. No	Transaction details	Balance Outstanding for the year ended 31st March 2017				Balance Outstanding for the year ended 31st March 2016				Balance Outstanding for the year ended 1st April 2015			
		Joint Ventures	Enterprises having Significant Influence	Enterprises owned or significantly influenced by key management personnel or their relatives	Key Management Personnel	Joint Ventures	Enterprises having Significant Influence	Enterprises owned or significantly influenced by key management personnel or their relatives	Key Management Personnel	Joint Ventures	Enterprises having Significant Influence	Enterprises owned or significantly influenced by key management personnel or their relatives	Key Management Personnel
1	Loan/ ICD Given												
	- Mr. N. Suresh Krishnan	-	-	-	-								18.00
2	As Trade Payables												
	- Zuari Maroc Phosphates Private Limited	-	-	-	-	18.67	-	-	-	18.68	-	-	-
	- Zuari Speciality Fertilisers Limited	-	-	-	-	-	-	-	-	1,048.84	-	-	-
	- Zuari Management Services Limited	-	-	-	-	-	-	-	-	-	4.91	-	-
	- Gobind Sugar Mills Limited	-	2.34	-	-		1.18						
	- Paradeep Phosphates Limited	460.07	-	-	-	76.95	-	-	-	0.34	-	-	-
	- Indian Furniture Products Limited	-	-	-	-	-	27.62	-	-	-	7.66	-	-
	- Zuari Global Limited	-	0.16	-	-	-	0.16	-	-	-	94.31	-	-
	-Zuari Investments Limited	-	0.21	-	-	-	-	-	-	-	-	-	-
3	As Trade Receivable/Other Receivable												
	- Gobind Sugar Mills Limited	-	742.40	-	-	-	742.44	-	-	-	156.73	-	-
	- Paradeep Phosphates Limited	52.79				53.71				15.00			
	- Zuari Management Services Limited		0.83				0.83						
4	As Advances Recoverable												
	- Simon India Limited	-	-	-	-	-	-	-	-	-	0.30	-	-
	- Adventz Industries India Limited	-	-	-	-	-	2.05	-	-	-	2.05	-	-
	- Paradeep Phosphates Limited	-	-	-	-	-	-	-	-	24.59	-	-	-
	- Indian Furniture Products Limited	-	7.14	-	-	-	-	-	-	-	-	-	-
	- Zuari Management Services Limited	-	-	-	-		79.05						
	- Zuari Infraworld India Limited	-	25.37	-	-	-	4.67	-	-	-	4.68	-	-
	- Zuari Global Limited	-	13.47	-	-		-						
	- Gulbarga Cement Limited	-	-	-	-	-	(0.00)	-	-	-	0.01	-	-

Notes to Financial Statements of the group as at and for the year ended 31st March 2017

(₹ in Lakhs)

Sl. No	Transaction details	Balance Outstanding for the year ended 31st March 2017				Balance Outstanding for the year ended 31st March 2016				Balance Outstanding for the year ended 1st April 2015			
		Joint Ventures	Enterprises having Significant Influence	Enterprises owned or significantly influenced by key management personnel or their relatives	Key Management Personnel	Joint Ventures	Enterprises having Significant Influence	Enterprises owned or significantly influenced by key management personnel or their relatives	Key Management Personnel	Joint Ventures	Enterprises having Significant Influence	Enterprises owned or significantly influenced by key management personnel or their relatives	Key Management Personnel
5	Accrued Service Income												
	- Zuari Indian Oiltanking Private Limited	-	198.31	-	-	-	377.83	-	-	-	542.30	-	-
6	Advance against purchase of Investment												
	- Zuari Global Limited	-	-	-	-	-	11,920.00	-	-	-	11,920.00	-	-
7	Interest Accrued/Received on loan/ deposit/trade receivable												
	- Gobind Sugar Mills Limited	-	198.77	-	-		94.37			-	-	-	-
	- Paradeep Phosphates Limited	20.08	-	-	-	-	-	-	-	-	-	-	-
	- Mr. N. Suresh Krishnan	-	-	-	-					-	-	-	8.76
8	Capital Advance												
	- Zuari Global Limited (Advance for purchase of Land)	-	3,209.13	-	-	-	-	-	-	-	-	-	-
	- Indian Furniture Products Limited	-	700.00	-	-	-	700.00	-	-	-	692.05	-	-
9	Advance given for Tax Liability												
	- Zuari Global Limited	-	2,533.85	-	-								
10	Capital Liability												
	- Indian Furniture Products Limited	-	11.52	-	-								
11	Deposit Received												
	- Gobind Sugar Mills Limited	-	0.50	-	-	-	0.50	-	-	-	0.25	-	-
12	Contribution to Provident Fund (including employees contribution)		63.03				63.79	-	-	-	-	-	-
13	Contribution to Superannuation Fund		-				0.11	-	-	-	0.19	-	-
14	Contribution to Contributory Pension Fund (including employees contribution)		-				9.24	-	-	-	-	-	-

Notes to Financial Statements of the group as at and for the year ended 31st March 2017

38. SEGMENT INFORMATION

Information regarding Primary Segment Reporting as per Ind AS-108

The Group is engaged in the manufacture, sale and trading of fertilizers and seeds which according to the management, is considered as the only business segment.
Accordingly, no separate segmental information has been provided herein.

Geographical Segments

The Group operates in India and therefore caters to the needs of the domestic market. Therefore, there is only one geographical segment and hence, geographical
segment information is not required to be disclosed.

39 Fair Values

Set out below, the class of the carrying amounts and fair value of the Group's financial instruments:

(₹ In lakhs)

Particulars	Carrying value			Fair value		
	31st March 2017	**31st March 2016**	**1st April 2015**	**31st March 2017**	**31st March 2016**	**1st April 2015**
Financial assets						
Investments:						
Investment in quoted equity share at FVTOCI	6,259.95	-	16,938.34	6,259.95	-	16,938.34
Investment in unquoted equity share at FVTOCI	1,370.80	-	-	1,370.80	-	-
Others:						
Loans and advances to related party	-	-	-	-	-	-
Employee loans and interest thereon	131.33	187.76	257.75	131.33	187.76	257.75
Security deposits	1,059.01	1,090.45	334.41	1,059.01	1,090.45	334.41
Others	43.50	12,143.03	12,661.75	43.50	12,143.03	12,661.75
Total financial assets	**8,864.59**	**13,421.24**	**30,192.24**	**8,864.59**	**13,421.24**	**30,192.24**
Financial Liabilities						
Borrowings						
Long term borrowings	49,301.01	54,080.03	2,123.48	49,301.01	54,080.03	2,123.48
Others:						
Derivative financial liability	9,405.33	5,983.33	1,330.77	9,405.33	5,983.33	1,330.77
Payable towards voluntary retirement scheme	106.37	154.07	36.58	106.37	154.07	36.58
Total financial liabilities	**58,812.71**	**60,217.42**	**3,490.83**	**58,812.71**	**60,217.42**	**3,490.83**

The management assessed that cash and cash equivalents, trade receivables, other current financial assets, trade payables and other current financial liabilities (except derivative financial liability, financial guarantee contracts) approximate their fair value largely due to the short-term maturities of these instruments.
The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.
For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

The following methods and assumptions were used to estimate the fair values:

(i) Derivative financial instruments - The fair value of forward foreign exchange contracts is determined using the forward exchange rates at the balance sheet date. The fair value of foreign currency option contracts is determined using the Black Scholes valuation model.

The derivatives are entered into with the banks counterparties with investment grade credit ratings.

(ii) Security deposits / Employee loans - The fair value of security deposits / employee loans approximates the carrying value and hence, the valuation technique and inputs have not been given.

Notes to Financial Statements of the group as at and for the year ended 31st March 2017

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31st March 2017 are as shown below:

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
As on 31st March 2017				
Investment in Unquoted equity share of Indian Potash Limited	DCF Method	WACC and Long Term Growth Rate (LTGR)	WACC 11.18% of LTGR 4%	Increase in WACC and decrease in LTGR by 0.50% would result in decrease in fair value by ₹ 239.76 lakhs and Decrease in WACC and increase in LTGR by 0.50% would result in increase in fair value by ₹ 316.80 lakhs respectively.

40. Fair value measurements

(i) Financial instruments by category

	31st March 2017			31st March 2016			1st April 2015		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
Financial assets									
Investments-									
Investment in quoted equity shares at FVTCOI	-	6,259.95	-	-	-	-	-	-	16,938.34
Investment in unquoted equity shares at FVTCOI	-	1,370.80	-	-	-	-	-	-	-
Loans and interest thereon	-	-	2,438.53	-	-	2,381.26	-	-	2,394.08
Security deposits	-	-	1,121.44	-	-	1,143.04	-	-	426.04
Trade receivables	-	-	346,271.17	-	-	410,044.63	-	-	266,690.28
Cash and cash equivalents	-	-	6,564.80	-	-	1,174.47	-	-	659.95
Bank balances other than above	-	-	663.60	-	-	731.25	-	-	421.37
Other receivables	-	-	21,341.71	-	-	28,343.07	-	-	19,404.63
Total Financial assets	**-**	**7,630.75**	**378,401.25**	**-**	**-**	**443,817.72**	**-**	**-**	**306,934.68**
Financial liabilities									
Borrowings	-	-	412,090.34	-	-	492,151.17	-	-	243,517.74
Trade payables	-	-	108,702.81	-	-	87,351.46	-	-	97,031.78
Derivative financial liability	9,405.33	-	-	5,983.33	-		1,330.77	-	
Payable for capital goods	-	-	767.41	-	-	2,092.32	-	-	757.98
Others	-	-	33,576.07	-	-	27,344.56	-	-	8,762.58
Total Financial liabilities	**9,405.33**	**-**	**555,136.64**	**5,983.33**	**-**	**608,939.52**	**1,330.77**	**-**	**350,070.08**

(ii) Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

Quantitative disclosures fair value measurement hierarchy for assets as at 31st March 2017:

(₹in lakhs)

Particulars	Fair value measurement using				
	Date of Valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:					
Investment in quoted equity share at FVTOCI	31.03.2017	6,259.95	6,259.95		
Investment in unquoted equity share at FVTOCI	31.03.2017	1,370.80	-	-	1,370.80
Assets for which fair values are disclosed					
Employee loans and interest thereon	31.03.2017	131.33	-	131.33	-
Security deposits	31.03.2017	1,059.01	-	1,059.01	-
Others	31.03.2017	43.50	-	43.50	-

There have been no transfers between level 1, level 2 and level 3 during the year.

Notes to Financial Statements of the group as at and for the year ended 31st March 2017

Quantitative disclosures fair value measurement hierarchy for liabilities as at 31st March 2017:

(₹in lakhs)

Particulars	Date of Valuation	Total	Fair value measurement using Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Liabilities measured at fair value					
Derivative financial liability	31.03.2017	9,405.33	-	9,405.33	-
Liabilities for which fair values are disclosed					
Long term borrowings	31.03.2017	49,301.01	-	49,301.01	-
Payable towards voluntary retirement scheme	31.03.2017	106.37	-	106.37	-

There have been no transfers between level 1, level 2 and level 3 during the year.

Quantitative disclosures, fair value measurement hierarchy for assets as at 31st March 2016:

(₹in lakhs)

Particulars	Date of Valuation	Total	Fair value measurement using Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets for which fair values are disclosed					
Employee loans and interest thereon	31.03.2016	187.76	-	187.76	-
Security deposits	31.03.2016	1,090.45	-	1,090.45	-
Others	31.03.2016	12,143.03	-	12,143.03	-

There have been no transfers between level 1, level 2 and level 3 during the year.

Quantitative disclosures fair value measurement hierarchy for liabilities as at 31st March 2016:

(₹in lakhs)

Particulars	Date of Valuation	Total	Fair value measurement using Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Liabilities measured at fair value					
Derivative financial liability	31.03.2016	5,983.33	-	5,983.33	-
Financial guarantee contracts	31.03.2016	-	-	-	-
Liabilities for which fair values are disclosed					
Long term borrowings	31.03.2016	54,080.03	-	54,080.03	-
Payable towards voluntary retirement scheme	31.03.2016	154.07	-	154.07	-

There have been no transfers between level 1, level 2 and level 3 during the year.

Notes to Financial Statements of the group as at and for the year ended 31st March 2017

Quantitative disclosures fair value measurement hierarchy for assets as at 1st April 2015

(₹in lakhs)

Particulars	Date of Valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets for which fair values are disclosed					
Investment in quoted equity shares at FVTCOI	01.04.2015	16,938.34	16,938.34	-	-
Employee loans & interest thereon	01.04.2015	257.75	-	257.75	-
Security Deposits	01.04.2015	334.41	-	334.41	-
Others	01.04.2015	12,661.75	-	12,661.75	-

There have been no transfers between level 1, level 2 and level 3 during the year.

Quantitative disclosures fair value measurement hierarchy for liabilities as at 1st April 2015

(₹in lakhs)

Particulars	Date of Valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Liabilities measured at fair value					
Derivative Financial Liability	01.04.2015	1,330.77	-	1,330.77	-
Long term borrowings	01.04.2015	2,123.48	-	2,123.48	-
Payable towards voluntary retirement scheme	01.04.2015	36.58	-	36.58	-

There have been no transfers between level 1, level 2 and level 3 during the year.

41 Financial risk management objectives and policies

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include loans,trade and other receivables, and cash and cash equivalents that derive directly from its operations. The Group also holds investments and enters into derivative transactions. The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's risk management is carried out by a treasury department under policies approved by the Board of Directors. The treasury department identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board of Directors (Committee of directors for Banking and Finance) provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as commodity risk. Financial instruments affected by market risk include borrowings, investments and derivative financial instruments. The sensitivity analysis in the following sections relate to the position as at 31st March 2017 and 31st March 2016.

The sensitivity analysis have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant.

The analysis exclude the impact of movements in market variables on: the carrying values of gratuity and other post retirement obligations, provisions, and other non-financial assets.

The following assumptions have been made in calculating the sensitivity analysis:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31st March 2017 and 31st March 2016.

a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

To updated with group specific exposures and policy of the management to mitigate these risks.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

(₹in lakhs)

Particulars	Increase/ decrease in basis points	Effect on profit before tax
31st March 2017		
INR Borrowings	+50	(709.51)
USD Borrowings	+50	(503.10)
Euro Borrowings	+50	(6.22)
INR Borrowings	-50	709.51
USD Borrowings	-50	503.10
Euro Borrowings	-50	6.22
31st March 2016		
INR Borrowings	+50	(781.02)
USD Borrowings	+50	(829.80)
Euro Borrowings	+50	(5.32)
INR Borrowings	-50	781.02
USD Borrowings	-50	829.80
Euro Borrowings	-50	5.32

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

b) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates.

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in exchange rates of various currencies with ₹, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives.

Notes to Financial Statements of the group as at and for the year ended 31st March 2017

For the year ended 31st March 2017 (₹in lakhs)

Particulars	Change in foreign currency rate	Effect on profit before tax
USD	+5%	(1,298.92)
	-5%	1,298.92
Euro	+5%	(62.32)
	-5%	62.32

For the year ended 31st March 2016 (₹in lakhs)

Particulars	Change in foreign currency rate	Effect on profit before tax
USD	+5%	(2,018.18)
	-5%	2,018.18
Euro	+5%	(53.37)
	-5%	53.37

c) **Commodity price risk**

The Group's operating activities require the ongoing purchase of natural gas, imported raw materials and imported fertilisers.

(i) The Group's operating activities require the ongoing purchase of natural gas. Natural gas being an international commodity is subject to price fluctuation on account of the change in the crude oil prices, demand supply pattern of natural gas and exchange rate fluctuations. The Group is not affected by the price volatility of the natural gas as under the Urea pricing formula the cost of natural gas is pass through if the consumption of natural gas is with in the permissible norm for manufacturing of Urea.

(ii) The Group deals in purchase of imported fertilisers (i.e. DAP and MOP), which are imported by the Group and sold in the domestic market. The import prices of these goods are governed by international prices. There is a price and material availability risk, which may not be in line to meet the domestic market requirement. The risk is also with domestic manufacturers whose costing is based on majorly imported raw materials and small value-add. However, a dynamic alignment of procurement to sales and constant review of market conditions and competitors costing help in mitigating the impact.

(iii) The Group also deals in purchase of imported raw materials (i.e. P2O5, Ammonia, Potash and Urea), which are imported by the Group and used in the manufacturing of NPK. The import prices of these materials are governed by international prices. There is a price and material availability risk.

Equity price risk

Applicability

The Group's listed and non-listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to unlisted equity securities at fair value was ₹1,370.80 lakhs. Sensitivity analyses of these investments have been provided in Note 33.

At the reporting date, the exposure to listed equity securities at fair value was ₹ 6,259.95 lakhs. A decrease of 5% on the BSE market price could have an impact of approximately ₹ 313.01 lakhs on the OCI or equity attributable to the Group. An increase of 5% in the value of the listed securities would also impact OCI and equity. These changes would not have an effect on profit or loss.

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

a) **Trade receivables**

The Group receivables can be classified into two categories, one is from the customers into the market and second one is from the Government in the form of subsidy. As far as Government portion of receivables are concerned, credit risk is nil. For market receivables from the customers, the Group extends credit to customers in normal course of business. The Group considers factors such as credit track record in the market and past dealings for extension of credit to customers. The Group monitors the payment track record of the customers. Outstanding customer receivables are regularly monitored. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and operate in largely independent markets. The Group has also taken security deposits from its customers, which mitigate the credit risk to some extent.

b) **Financial instruments and cash deposits**

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the guidelines framed by the board of directors of the Group. Guidelines broadly covers the selection criterion and over all exposure which the Group can take with a particular financial institution or bank. Further the guideline also covers the limit of overall deposit which the Group can make with a particular bank or financial institution. The Group does not maintain the significant amount of cash and deposits other than those required for its day to day operations.

Liquidity risk

The Group's objective is to maintain optimum levels of liquidity to meet its cash and collateral requirements at all times. The Group relies on a mix of borrowings and excess operating cash flows to meet its needs for funds. The current committed lines of credit are sufficient to meet its short to medium/ long term expansion needs. The Group monitors rolling forecasts of its liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

(₹ in lakhs)

Particulars	Less than 1 Year	1-3 Years	3-5 years	> 5 years	Total
Year ended 31st March 2017					
Borrowings	3,80,373.84	43,490.92	4,717.39	1,094.67	4,29,676.82
Other financial liabilities	16,650.63	80.06	26.31	-	16,757.00
Trade and other payables	1,08,702.81	-	-	-	1,08,702.81
Derivatives and embedded derivatives	8,684.38	586.09	134.86	-	9,405.33
	5,14,411.66	**44,157.07**	**4,878.56**	**1,094.67**	**5,64,541.96**
Year ended 31st March 2016					
Borrowings	4,50,829.56	32,917.46	19,577.86	1,395.56	5,04,720.44
Other financial liabilities	16,713.57	102.90	49.49	1.68	16,867.64
Trade and other payables	87,351.46	-	-	-	87,351.46
Derivatives and embedded derivatives	4,818.18	787.39	368.44	9.32	5,983.33
	5,59,712.77	**33,807.75**	**19,995.79**	**1,406.56**	**6,14,922.87**
Year ended 1st April 2015					
Borrowings	2,41,894.24	1,000.00	1,000.00	123.49	2,44,017.73
Other financial liabilities	8,983.99	32.54	4.03	-	9,020.56
Trade and other payables	97,031.78	-	-	-	97,031.78
Derivatives and embedded derivatives	1,330.77	-	-	-	1,330.77
	3,49,240.78	**1,032.54**	**1,004.03**	**123.49**	**3,51,400.84**

Notes to Financial Statements of the group as at and for the year ended 31st March 2017

42 Capital management

For the purpose of the Group's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents.

(₹ in lakhs)

Particulars	At 31st March 2017	At 31st March 2016	At 1st April 2015
Total Borrowings (Refer Note 12 A & Note 12B)	4,29,676.82	5,04,720.44	2,44,017.73
Trade payables (Refer Note 13)	1,08,702.82	8,7351.47	97,031.77
Less: Cash and cash equivalents (Refer Note 10)	(6,564.80)	(1,174.47)	(659.95)
Net debts	**5,31,814.84**	**59,0897.44**	**3,40,389.55**
Equity	1,30,649.17	1,34,731.84	1,27,401.11
Total Capital	1,30,649.17	1,34,731.84	1,27,401.11
Capital and net debt	**6,62,464.01**	**7,25,629.28**	**4,67,790.66**
Gearing ratio (%)	**80%**	**81%**	**73%**

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31st March 2017 and 31st March 2016.

43. In respect of Parent Company and subsidiary of subsidiary, based on the circulars received for revision in uniform freight relating to secondary freight and direct road movement, the Group has, during the year, accrued additional freight subsidy income of ₹ 559.03 lakhs (upto Previous year ₹ 4,244.84 lakhs) relating to Urea and ₹ Nil (upto Previous year ₹ 4,047.27 lakhs) for Phosphoric and Potassic Fertilisers, for which the claims are yet to be submitted.

Further, during the year, Ministry has issued notification for revised freight rates for the period from 2008-09 onwards. The Parent Company has accrued a liability of ₹ 365.90 lakhs towards freight subsidy.

Since the performa/ format for raising the bills is still awaited, the amount of ₹ 8, 485.24 lakhs is still pending for collection. The Group is hopeful to realize the above entire amount of ₹ 8,485.24 lakhs.

44. The Parent Company is carrying receivable of ₹ 2577.95 lakhs (31st March 2016: ₹ 2712.87 lakhs) on account of claim raised on a product supplier for loss suffered on purchase of material which did not meet the specified standards. During the current year, the Parent Company has entered into a Memorandum of Understanding (MOU) with the supplier whereby the supplier has agreed to give rebate for adverse market condition during the earlier period. However, the supplier has not confirmed the receivable amount.

45. Department of Fertilizers (DOF), Government of India, issued an office memorandum dated July 8, 2013, whereby Imported Phosphatic and Potassic (P&K) fertilizers dispatched by the Fertiliser companies to their warehouse for onward sale during the month of February and March 2013 without having any supply plan issued by DOF was regularized as per Nutrient Based Subsidy (NBS) rates applicable for the year 2013-14. However, these NBS rates, as per the Government of India's policy, are notified after approval by Cabinet Committee for Economic Affairs (CCEA) before the start of financial year and therefore, cannot be changed before next financial year. Accordingly, the Parent Company had recognized ₹1,949.03 lakhs in the earlier year's being the difference between the applicable NBS rates of 2012-13 and 2013-14 for the dispatches made to its warehouse during February and March 2013 but sold in 2012-13 and 2013-14 respectively. The Parent Company is in discussions with the Department of Fertilisers for receiving the short amount of subsidy and, if required, take appropriate legal steps to recover the aforesaid differential subsidy amount. The Parent Company is hopeful to realise the aforesaid subsidy amount, hence no provision for aforesaid amount of ₹1,949.03 lakhs has been made in the accounts.

Notes to Financial Statements of the group as at and for the year ended 31st March 2017

46. In case of a subsidiary company (joint venture upto 10th December 2015) has been granted Eligibility Certificate by the Directorate of Industries, Government of Maharashtra vide letter No JDI/PUNE/PSI-2007/EC-12/2012/732 dated 19-7-2012. As per the Eligibility Certificate, the Joint Venture is entitled to:
    (a) Electricity Duty Exemption for a period of 15 years from date of Commercial production.
    (b) 25% refund of annual VAT and CST liability (after set-off) on sale of manufactured goods.

    In terms of the Indian Accounting Standards (Ind AS 20) "Accounting for Government Grants", the eligible incentive is considered as a capital grant and has been set-up as deferred income, being recognised in the statement of profit and loss over the life of the eligible fixed assets.

    Incentive receivable in respect of VAT and CST liability aggregating to ₹136.45 lakhs as at 31st March 2017 has been set up as deferred income and is being recognised in the statement of profit and loss on systematic basis over the life of the eligible fixed assets. During the year, ₹17.06 lakhs (31st March 2016: ₹5.27 lakhs (being proportionate share of Group) has been credited to the statement of profit and loss. The subsidiary company received an amount of ₹Nil [31st March 2016: ₹11.87 lakhs from the sales tax department as refund claims.

    Incentive in respect of electricity duty exemption is accounted for during the year as a reduction from the electricity charges i.e. the electricity charges recognised in note 26 are considered net of electricity duty as per payments made to the electricity board.

47. In respect of one of the subsidiary company, the company is planning to set up a Phosphatic fertilizer plant in Ras-Al-Khaimah (RAK) in United Arab Emirates in collaboration with Ras Al Khaimah Maritime City Free Zone Authority. Expenditure on feasibility study and related expenditure amounting to ₹ 3,155.15 lakhs (31st March 2016: ₹ 3,105.11 lakhs, 31st March 2015: ₹3,376.35 lakhs) have been carried forward, pending decision on issue of shares to the company in the proposed Joint Venture project. The JV company has been incorporated and definitive agreement between the shareholders' have been completed. The JV company has reached an agreement on key commercial terms for supply of beneficiated rock phosphates. The JV company has discussed with various EPC contractor with regard to the implementation of the project. Discussion have been held and proposals received from various market leaders for the feasibility study.

48. In respect of the Parent Company's investment of ₹ 11,828.71 lakhs in a rock phosphate mining project (which is under development) through its joint venture company, the Parent Company is not expecting any impairment loss based on a fair valuation of the said investment done by an independent valuer. The joint venture company has provided for diminution in the value of said investment, which the Parent Company is not in agreement to since the same is not in accordance with the shareholders agreement with the joint venture company.

49. In respect of Parent Company, during the financial year 2013-14, the Parent Company had sold part of freehold land at a consideration of ₹ 16,359.32 lacs. The possession of the said parcel of land was handed over on 28th March, 2014; however the transfer of title is under progress. The Parent Company had received full consideration from the buyer during the earlier year.

50. In respect of Parent Company, in terms of Demerger of fertilizer undertaking from Zuari Global Limited in an earlier year, the title deeds of Immovable properties are in the process of being transferred in the name of the Parent Company.

51. In respect of one of the subsidiary Company, the subsidiary company is in the process of identifying name of the customers from whom it has received money and such collections of ₹ 332.62 lakhs are lying under unadjusted credits, although adjusted from the overall balance of the customers. Further, the balance of individual customers and vendors are subject to confirmation/ reconciliation. The adjustments, if any, which in the opinion of the management, would not be material, would be made once these accounts are confirmed/ reconciled.

52. Zuari Global Limited (ZGL) had demerged its fertilizer undertaking to the Parent Company with effect from 1st July'2011. ZGL has during the year, based on Hon'ble High Court order on demerger of fertilizer undertaking, identified amount of income tax paid under protest pertaining to fertilizer undertaking demerged into the Parent Company. The Parent Company has exchanged letter of mutual understanding with ZGL wherein the Parent Company has paid such amount of income tax paid under protest. During the year, the Parent Company has paid ₹ 2,533.85 lakhs to ZGL on this account pending completion of final assessment/litigation in respect of such financial years. Also, the Parent Company has, during the year, paid ₹3,209.13 lakhs as advance to ZGL on account of purchase of land and buildings in Solapur district.

Notes to Financial Statements of the group as at and for the year ended 31st March 2017

53. The Board of Directors of the Parent Company at its meeting held on December 29, 2015, had considered and approved, the scheme of amalgamation of Zuari Fertilisers and Chemicals Limited (ZFCL), Zuari Speciality Fertilizers Limited (formerly known as Zuari Rotem Speciality Fertilizers Limited) (ZSFL) and Zuari Agri Sciences Limited (ZASL) with the Parent Company under the provisions of Sections 391 to 394 of the Companies Act, 1956 and other applicable provisions of Companies Act, 1956/ Companies Act, 2013 ("Scheme" and such amalgamation referred to as "Amalgamation"), as recommended by the Audit Committee of the Company.

    The Amalgamation shall be subject to the approval/ sanction of the Scheme of Amalgamation by the National Company Law Tribunal, and such other authority, as may be necessary.

    The appointed date of the Amalgamation is 01st April 2015. It is pertinent to note that as a consequence of Amalgamation, there will be no change in the shareholding pattern of the Company, given that the Company is not required to issue any shares pursuant to the Amalgamation as all the Transferor Companies, i.e., ZFCL, ZRSFL and ZASL are wholly-owned subsidiaries of the Company. Further, upon the scheme becoming effective, the Transferor Companies i.e. ZFCL, ZRSFL and ZASL will be dissolved without winding up and the shares held by the parent company in the Transferor Companies shall be cancelled and extinguished without any act or deed.

54. During the year, the Parent Company has paid remuneration to Managing Director as per the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013. However the approval of the Central Government for excess remuneration paid to Managing Director of the parent Company amounting to ₹ 149.82 lakhs for the year ended 31st March 2016 is awaited.

55. (a) In case of a subsidiary company, United Breweries Limited, KingFisher Finvest India Limited, McDowell Holdings Limited instituted arbitration proceedings against the Parent Company and its subsidiary, Zuari Fertilizer and Chemicals Limited alleging breach of the Share Holders Agreement (SHA) dated 12th May 2014 executed between the parties. The arbitration was instituted before the, former Chief Justice of India. The Award was passed on 8th May 2017 wherein the Arbitrator has held that the SHA cannot be specifically enforced and the claims raised by the Claimants stand dismissed.

    (b) A subsidiary company had engaged M/s Ernst & Young LLP (EY) to carry out a forensic investigation into transactions in relation to the investment in the preference shares of Bangalore Beverages Limited (BBL) and advances made to United Beverages Holding Limited (UBHL) aggregating to ₹21,668 lakhs which had duly been provided for in the books of the subsidiary company. Based on their report, the holding company of the subsidiary company has approached the National Company Law Tribunal in Bangalore to obtain accountability of the UB Group for the irregularities. Since UBHL has been declared to be wound up by the High Court of Karnataka vide order dated 7th February 2017, the company made an application before the High Court of Karnataka. The subsidiary company's application for permission to proceed against UBHL in the NCLT proceedings has been allowed by the High Court on 20th April 2017. Matter has been posted for 13th June 2017 for the subsidiary company's rejoinder to their reply and arguments on interim reliefs.

56. In respect of one of the subsidiary company, while confirming the balance due from Mcdowells Holdings Limited (MHL), aggregating to ₹2,243.22 lakhs, they have sought to adjust a sum of ₹1,160.41 lakhs said to be due to them from one of the subsidiaries i.e. Mangalore Chemicals & Fertilisers Ltd (MCFL). The subsidiary company has replied that MHL has no right to unilaterally assign any liability of MFCL on the basis that MCFL is a subsidiary of the company and have refuted the stand taken by MHL. The subsidiary company has instituted proceedings against MHL under the various provisions of the Companies Act, 2013 before the National Company Law Tribunal, Bengaluru questioning among others MCFL's purported liability. The subsidiary company is hopeful of recovering the outstanding balance and hence considered good and recoverable.

Notes to Financial Statements of the group as at and for the year ended 31st March 2017

57. Disclosure relating to Corporate Social Responsibility (CSR) Expenditure

In light of Section 135 of the Companies Act 2013, the Group has incurred expenses on corporate social responsibility (CSR) aggregating to ₹103.30 lakhs (31st March 2016 : ₹ 165.42 lakhs) for CSR activities carried out during the current year.

Details of CSR expenditure: (₹ in lakhs)

		31st March 2017	31st March 2016
(a)	Gross amount required to be spent by the group during the year	43.20	120.57

		In cash	Yet to be paid in cash	Total
(b)	Amount spent during the year ending on 31st March, 2017:			
i)	Construction/acquisition of any asset	-	-	-
ii)	On purposes other than (i) above	84.69	18.61	103.30

		In cash	Yet to be paid in cash	Total
(c)	Amount spent during the year ending on 31st March, 2016:			
i)	Construction/acquisition of any asset	-	-	-
ii)	On purposes other than (i) above	161.53	3.89	165.42

58. Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November,2016 to 30th December, 2016 are provided in the table below:-

(₹ in lakhs)

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	68.24	23.76	92.00
(+) Permitted receipts	-	416.39	416.39
(-) Permitted payments	-	3.00	3.00
(-) Amount deposited in Banks	68.24	395.55	463.79
(+) Amount withdrawn from Banks	-	2.02	2.02
Closing cash in hand as on 30.12.2016	-	43.62	43.62

59. First Time Adoption of Ind AS

These financial statements, for the year ended 31st March 2017, are the first the Group has prepared in accordance with Ind-AS. For periods up to and including the year ended 31st March 2016, the Group prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the Group has prepared financial statements which comply with Ind-AS applicable for periods ending on or after 31st March 2017, together with the comparative period data as at and for the year ended 31st March 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Group's opening balance sheet was prepared as at 1st April 2015, the Group's date of transition to Ind-AS. This note explains the principal adjustments made by the Group in restating its Indian GAAP financial statements, including the balance sheet as at 1st April 2015 and the financial statements as at and for the year ended 31st March 2016.

Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS.

Notes to Financial Statements of the group as at and for the year ended 31st March 2017

The following exemptions are available to the Group:

Mandatory exemptions:

Classification and measurement of financial assets:

Financial Instruments: (Loan to employees and security deposits paid) :

Financial assets like loan to employees and security deposits paid, has been classified and measured at amortised cost on the basis of the facts and circumstances that exist at the date of transition to Ind ASs. Since, it is impracticable for the Group to apply retrospectively the effective interest method in Ind AS 109, the fair value of the financial asset or the financial liability at the date of transition to Ind As by applying amortised cost method, has been considered as the new gross carrying amount of that financial asset or the financial liability at the date of transition to Ind AS.

Impairment of financial assets: (Trade receivables and other financial assets)

At the date of transition to Ind ASs, the Group has determined that there significant increase in credit risk since the initial recognition of a financial instrument would require undue cost or effort, the Group has recognised a loss allowance at an amount equal to lifetime expected credit losses at each reporting date until that financial instrument is derecognised (unless that financial instrument is low credit risk at a reporting date).

Estimates

The estimates at 1st April 2015 and at 31st March 2016 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Indian GAAP did not require estimation:

- FVTOCI – unquoted equity shares
- FVTOCI – debt securities
- Impairment of financial assets based on expected credit loss model

The estimates used by the Group to present these amounts in accordance with Ind AS reflect conditions at 1st April 2015, the date of transition to Ind AS and as of 31st March 2016.

Optional exemptions:

Fair value measurement of financial assets or financial liabilities

First-time adopters may apply Ind AS 109 to day one gain or loss provisions prospectively to transactions occurring on or after the date of transition to Ind AS. Therefore, unless a first-time adopter elects to apply Ind AS 109 retrospectively to day one gain or loss transactions, transactions that occurred prior to the date of transition to Ind AS do not need to be retrospectively restated.

Deemed cost-Previous GAAP carrying amount: (PPE and Intangible)

Since there is no change in the functional currency, the Group has elected to continue with the carrying value for all of Property, Plant and Equipment and Intangible Assets, as recognised in its Indian GAAP financial as deemed cost at the transition date.

Business combinations:

Ind AS 103 Business Combinations has not been applied to acquisitions of subsidiaries, which are considered businesses under Ind AS that occurred before 1st April 2015. Use of this exemption means that the Indian GAAP carrying amounts of assets and liabilities, that are required to be recognised under Ind AS, is their deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with respective Ind AS. The Group recognises all assets acquired and liabilities assumed in a past business combination, except (i) certain financial assets and liabilities that were derecognised and that fall under the derecognition exception, and (ii) assets and liabilities that were not recognised in the acquirer's consolidated balance sheet under its previous GAAP and that would not qualify for recognition under Ind AS in the individual balance sheet of the acquiree. Assets and liabilities that do not qualify for recognition under Ind AS are excluded from the opening Ind AS balance sheet. The Group did not recognise or exclude any previously recognised amounts as a result of Ind AS recognition requirements.

The Group has not applied Ind AS 21, The Effects of Changes in Foreign Exchange Rates retrospectively to fair value adjustments that occurred before the date of transition to Ind AS. Such fair value adjustments are treated as assets and liabilities of the parent rather than as assets and liabilities of the acquiree. Therefore, those assets and liabilities are already expressed in the functional currency of the parent or are non-monetary foreign currency items and no further translation differences occur.

Notes to Financial Statements of the group as at and for the year ended 31st March 2017

60. First time Adoption of Ind AS

Reconciliation of Equity

(₹ in lakhs)

Particulars	Notes	As at 31st March 2016 (end of last period presented under previous GAAP)	As at 01st April 2015 (Date of Transition)
Equity as reported under previous GAAP		87,281.37	96,474.73
Ind AS: Adjustments increase (decrease):			
Opening adjustment to retained earnings		26,720.58	-
Reversal of proposed dividend created under previous GAAP	1	(1,012.40)	1,012.40
Adjustment of rent equilisation expense	2	28.55	18.41
Unwinding of accrued service income to related party	3	37.78	(64.48)
Adjustment of depreciation/finance cost on loan processing fee capitalised/amortised under previous GAAP and considered at effective interest rate now	4	(331.43)	-
Impact on accounting for business combination	5	22,366.72	-
Fair Valuation of equity instrument	6	(3,344.46)	6,816.60
Unwinding of provision for voluntary retirement scheme & interest expense on amortisation of provision for voluntary retirement scheme	7	38.85	9.71
Incremental deferred tax impact recognised	8	234.04	390.64
Adjustment on account of non-consolidation of joint ventores and consolidation as equity accounting	9	162.51	19,095.37
Effect of spares capitalised as Property, plant and equipment and consumption of spares	10	(241.46)	(732.70)
Mark to Market gain (loss) on foreign currency forward/ option contracts	11	220.65	(148.73)
Amortisation of Trademark	5	(249.19)	-
Depreciation charged related to earlier years		(40.41)	(104.21)
Actualisation of deferred tax	8	1,008.26	-
Rectification of interest paid to shareholders of subsidiary on business acquisition	5	(909.91)	-
Adjustment of transaction cost on acquisition of shares of subsidiary company	5	(823.82)	-
Corporate Dividend Tax (CDT) payment of subsidiary company	12	(144.74)	-
Others		(475.48)	427.57
Equity as reported under IND AS		130,526.01	123,195.31

Notes to Financial Statements of the group as at and for the year ended 31st March 2017

Reconciliation of Profit / loss

(₹ in lakhs)

PARTICULARS	Notes	Year ended 31st March 2016 (latest period presented under previous GAAP)
(Loss) as reported under previous GAAP		(9,100.84)
Ind AS: Adjustments increase /(decrease):		
Adjustment of rent equilisation expense	2	28.55
Unwinding of accrued service income to related party	3	37.78
Adjustment of depreciation/finance cost on loan processing fee capitalised/amortised under previous GAAP and considered at effective interest rate now	4	(331.43)
Unwinding of provision for voluntary retirement scheme & interest expense on amortisation of provision for voluntary retirement scheme	7	38.85
Incremental deferred tax impact recognised	8	228.18
Adjustment on account of non-consolidation of joint ventores and consolidation as equity accounting	9	(842.62)
Effect of spares capitalised as Property, plant and equipment and consumption of spares	10	(241.46)
Mark to Market gain (loss) on foreign currency forward/ option contracts	11	220.65
Amortisation of Trademark	5	(249.19)
Depreciation charged related to earlier years		(40.41)
Actualisation of deferred tax	8	1,008.26
Rectification of interest paid to shareholders of subsidiary on business acquisition	5	(909.91)
Adjustment of transaction cost on acquisition of shares of subsidiary company	5	(823.82)
Others		(474.89)
Reclassification of remeasurement gain/ (losses) on gratuity to employee benefit expense and OCI		(72.11)
Total adjustment to profit or loss		**(2,423.58)**
Profit or loss under Ind AS		**(11,524.42)**
Other comprehensive income (net of tax)		-
FVTOCI Reserve	6	(3,240.66)
Foreign Currency Transaction Reserve		631.44
Re classification of remeasurement of gain / losses on gratutity to employee benefit expense and OCI		254.78
Total comprehensive income under Ind ASs		**(13,878.86)**

Note: No statement of comprehensive income was produced under previous GAAP. Therefore the above reconciliation starts with profit under previous GAAP.

Footnote to the reconciliation of equity as at 1st April 2015 and 31st March 2016 and profit or loss for the year ended 31st March 2016

1) **Financial liability**

As per the requirements of previous Indian GAAP, AS 4 the Parent Company has made provision for the proposed dividends. As per Ind AS 10, if dividends to holders of equity instruments are proposed or declared after the balance sheet date, an entity should not recognise those dividends as a liability at the balance sheet date. Accordingly the Parent Company has reversed the provision created under the previous Indian GAAP for proposed dividend.

2) Rent straight lining

Rent straight lining was mandatory under previous Indian GAAP. However, Ind-AS 17 requires the Parent Company to avoid straight-lining of rentals in case escalation reflects expected inflationary cost increases. The same has been reversed by the Parent Company as the increase in rent is within 5-7% p.a. which is within the inflation rate.

3) Accrued service income from related party

In earlier year, the Parent Company had entered into an deferred payment agreement (without charging interest) in respect of service provided to a related party. In previous GAAP, service income was accounted for on principal amount only. As per the requirement of Ind AS, financial assest should be recongnised at amortised cost or at fair value. Now, the Parent Company has amortised the deferred payment receivable over the period of realisation of amount.

4) Amortisation of loan processing fee

As per the requirment of Ind AS, loan processing fee should be amortised over the period of repayment of loan as per Effective Interest Rate (EIR) method. In previous GAAP, processing fee were capitalised (depreciated over the life of specific fixed assets) / charged to Profit & Loss on straight line basis. The same has been reversed and now amortised over the period of lona according to Effective Interest Rate (EIR) method.

5) Business Combinationn

As per the requirement of Ind AS 103, bargain purchase/ Goodwill should be caluculated after considering fair value impact on net assets of acquired entity. In previoius GAAP, goodwill/ capital reserve were calculated on the basis of book value of acquired entity. The change has resulted into Bargain Purchase on acquisition of subsidiary subsequent to transition date.

While fair valuing assets and liabilities of acquired entity, trademark was considered as internal generated intangible asset. Further, in consolidated financial statement, Group has depreciated the same over the useful life of 40 years.

Interest expense had been capitalised by a subsidiary company in investment made in step down subsidiary under previous GAAP. But in Ind AS, the Group has reversed the same and charged to statement of profit and loss.

Under previous GAAP, transaction cost incurred to acquire stake in step down subsidiary company were included as part of investment cost. As per Ind AS 103, transaction cost are required to charged to statement of proft and loss of consolidated financial statements. Accordingly, same has been expensed off.

6) Fair value of equity instruments

As per the requirement of Ind AS 109, equity instruments should be valued at fair value. In previous GAAP, non current investment made in equity instruments were valued at cost only.

7) Amortisation of provision for voluntary retirement scheme

As per the requirment of previous GAAP, there was no discounting of provision made for voluntary retirement scheme. As per the requirement of Ind AS, all financial liabilities should be at amortised cost or at fair value. Now the Parent Company has amortised the provision made for voluntary retirement scheme at the rate of borrowings of the Parent Company.

8) Deferred taxes

Previous Indian GAAP required deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under previous Indian GAAP.

In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the Group has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity. On the date of transition, the Group has recognised incremental deferred tax with a corresponding credit to retained earnings.

Notes to Financial Statements of the group as at and for the year ended 31st March 2017

9) **Adjustment on account of non-consolidation of joint ventores and consolidation as equity accounting**

Under previous GAAP group has proportionately consolidated its interest in joint venture in the Consolidated Financial Statement. As per Ind AS 28 "Investments in Associates and Joint Ventures" required consolidation using equity method. For the application of equity method, the initial investment is measured as the aggregate of Ind AS amount of assets and liabilities that the Group had previously proportionately consolidated.

10) **Spares**

As per the requirements of Ind-AS items such as spare parts, stand-by equipment and servicing equipment are capitalized when they meet the definition of PPE, i.e., if the Group intends to use these for more than a period of 12 months. The Group has capitalised such items of spares as property, plant and equipment which are intended to be used for more than 12 months and provided depreciation on the same.

11) **Financial assets**

The Group has taken forward covers to hedge its underlying creditors/ buyers credit in books. Under previous Indian GAAP, the Group has not early adopted AS 30 and the existing forward contracts were in scope of AS 11. The difference between forward rate and spot rate at inception of forward exchange contract (i.e. Premium) is amortised over the life of the forward exchange contract. The same adjustment has been reversed under Ind-AS. The Group has done marked to market valuation for all outstating derivative contracts at balance sheet date and recorded the impact (gain/loss) in the statement of profit or loss.

12) **Corporate Dividend Tax (CDT) payment of subsidiary company**

As per the requirements of previous GAAP, AS 4 the subsidiary company has made provision for the proposed dividends. As per Ind AS 10, if dividends to holders of equity instruments are proposed or declared after the balance sheet date, an entity should not recognise those dividends as a liability at the balance sheet date.

Accordingly, one of the subsidiary company had recognised dividend tax as at 31st March 2015 under previous GAAP which reversed under Ind AS and recognised during the year ended 31st March 2016. The said subsidiary has acquired on May 18, 2015 and accordingly, Dividend and Corporate Dividend Tax was recognised subsequent to requisition under Ind AS, whereas in previous GAAP, since the dividend and corporate dividend tax was recognised before the date of acquisition, the same was considered for the purpose of computation of Good will.

61. Statutory Group Information

Name of the entity in the Group	Net Assets, i.e., total assets minus total liabilities		Share in profit and loss		Share in other Comprehensive income		Share in total Comprehensive income	
	As % of consolidated net assets	Amount in ₹ Lakhs	As % of consolidated profit and loss	Amount in ₹ Lakhs	As % of consolidated other comprehensive income	Amount in ₹ Lakhs	As % of total comprehensive income	Amount in ₹ Lakhs
Parent								
Zuari Agro Chemicals Limited								
Balance as at 31st March, 2017	63%	82,277.22	-37%	1,959.37	114%	1,387.31	-82%	3,346.68
Balance as at 31st March, 2016	59%	78,930.53	8%	(903.18)	-6%	146.48	5%	-756.69
Balance as at 01st April, 2015	63%	80,699.63	-	-	-	-	-	-
Subsidiaries								
1 Zuari Agri Sciences Limited								
Balance as at 31st March, 2017	1%	822.30	-2%	85.80	0%	4.50	-2%	90.30
Balance as at 31st March, 2016	1%	732.00	1%	(167.70)	0%	(3.35)	1%	(171.05)
Balance as at 01st April, 2015	0%	-71.95	-	-	-	-	-	-

Notes to Financial Statements of the group as at and for the year ended 31st March 2017

Name of the entity in the Group		Net Assets, i.e., total assets minus total liabilities		Share in profit and loss		Share in other Comprehensive income		Share in total Comprehensive income	
		As % of consolidated net assets	Amount in ₹ Lakhs	As % of consolidated profit and loss	Amount in ₹ Lakhs	As % of consolidated other comprehensive income	Amount in ₹ Lakhs	As % of total comprehensive income	Amount in ₹ Lakhs
2	Zuari Speciality Fertilisers Limited								
	Balance as at 31st March, 2017	1%	889.87	-1%	56.73	-	(0.11)	-1%	56.62
	Balance as at 31st March, 2016	1%	833.25	-1%	65.64	-	0.12	-	65.76
	Balance as at 01st April, 2015	-	-	-	-	-	-	-	-
3	Zuari Fertilisers & Chemicals Limited								
	Balance as at 31st March, 2017	-16%	(20,592.71)	214%	(11,355.41)	-	(3.11)	278%	(11,358.52)
	Balance as at 31st March, 2016	-7%	(9,234.19)	86%	(9,909.44)	172%	(4,050.37)	101%	(13,959.81)
	Balance as at 01st April, 2015	4%	4,725.63	-	-	-	-	-	-
Subsidiary of Subsidiary									
1	Mangalore Chemicals & Fertilisers Limited								
	Balance as at 31st March, 2017	32%	42,403.48	-37%	1,941.47	1%	10.64	-48%	1,952.11
	Balance as at 31st March, 2016	30%	40,451.35	18%	(2,041.00)	7%	(157.68)	16%	(2,198.68)
	Balance as at 01st April, 2015			-	-	-	-	-	-
Non-controlling interests in all subsidiaries									
	Balance as at 31st March, 2017	-28%	(36,442.91)	17%	(912.00)	-	(5.00)	22%	(916.99)
	Balance as at 31st March, 2016	-26%	(35,525.92)	-7%	781.63	-3%	74.06	-6%	855.70
	Balance as at 01st April, 2015	-	-	-	-	-	-	-	-
Joint Venture									
	Balance as at 31st March, 2017			-61%	3,251.78	-15%	(179.89)	-75%	3,071.90
	Balance as at 31st March, 2016			-16%	1,827.00	-39%	912.04	-20%	2,739.05
Eliminations and adjustments due to Consolidation									
	Balance as at 31st March, 2017	47%	61,291.93	6%	(324.77)	-	-	8%	(324.77)
	Balance as at 31st March, 2016	43%	58,544.81	10%	(1,177.35)	-31%	724.26	3%	(453.09)
	Balance as at 01st April, 2015	33%	42,047.80						
Total	**Balance as at 31st March, 2017**	**100%**	**130,649.17**	**100%**	**(5,297.01)**	**100%**	**1,214.34**	**100%**	**(4,082.67)**
	Balance as at 31st March, 2016	**100%**	**134,731.84**	**100%**	**(11,524.39)**	**100%**	**(2,354.44)**	**100%**	**(13,878.83)**
	Balance as at 01st April, 2015	**100%**	**127,401.11**		**-**		**-**		**-**

Zuari Agro Chemicals Limited

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