

INDEPENDENT AUDITOR'S REPORT

To the Members of Zuari Speciality Fertilisers Limited (Formerly known as Zuari Rotem Speciality Fertilizers Limited)

Report on the Financial Statements

We have audited the accompanying standalone financial statements of Zuari Speciality Fertilisers Limited (Formerly known as Zuari Rotem Speciality Fertilizers Limited) (the "Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and the Cash Flow Statement 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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company 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. 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 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone 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 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 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 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 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 financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner



so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2016, its loss and its cash flows 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 purposes of our audit;
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, 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 of 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 does not have any pending litigations which would impact its financial position;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there 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.

For SRBC & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Paul Alvares
Partner
Membership Number: 105754
Place of Signature: Pune
Date: May 5, 2016



Annexure 1 referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date

Re: Zuari Speciality Fertilisers Limited (formerly known as Zuari Rotem Speciality Fertilizers Limited) (the "Company")

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) All fixed assets have not been physically verified by management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
 - (c) According to the information and explanations given by management, the title deeds of immovable properties included in fixed assets are held in the name of the company.
- (ii) The inventory has been physically verified by management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a),(b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and security granted by the company. Accordingly the provisions of section 185 and 186 of the Companies Act, 2013 being not applicable to the Company, clause 3(iv) of the Order is not applicable to the Company and hence not commented upon.
- (v) The Company has not accepted any deposits from the public. Accordingly, the provisions of clause 3 (v) of the Order are not applicable to the Company and hence not commented upon.
- (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 Act, relating to the manufacture of fertilisers, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income-tax, sales-tax, service tax, customs duty, excise duty, value added tax, and other material statutory dues applicable to it. The provisions relating to employees' state insurance and cess are not applicable to the Company and hence not commented upon. None of these dues were outstanding as at the year end for a period of more than six months from the date they became payable.



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

Name of the statute	Nature of the dues	Amount (Rs)	Period to which amount relates	Forum where the dispute is pending
MVAT Act, 2002	Vat Payable	586,790	2010-11	Jt. Com. Appeals

- (viii) 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 management, we are of the opinion that the Company has not defaulted in repayment of dues in the nature of loans to a financial institution, bank, debenture holders or government.
- (ix) 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 management, the Company has not raised any money by way of initial public offer, further public offer (including debt instruments) and term loans. Hence, reporting under clause 3 (ix) is not applicable to the Company and hence not commented upon.
- (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 management, we report that no fraud by the Company or on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) 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 management, the Company has not paid any managerial remuneration as per section 197 read with Schedule V of the Companies Act, 2013. Accordingly reporting under clause 3 (xi) is not applicable to the Company and hence not commented upon.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xi) of the Order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by 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 audit and hence clause 3(xiv) of the Order are not applicable to the Company and hence not commented upon.




SRBC & CO LLP

Chartered Accountants

- (xv) 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 management, the Company has not entered into any non-cash transactions with directors or persons connected with them as specified under the provisions of section 192 of the Companies Act, 2013 and accordingly the provisions of clause 3(xv) of the Order are not applicable to the Company and hence not commented upon.
- (xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and accordingly the provisions of clause 3(xvi) are not applicable to the Company, and hence not commented upon.

For SRBC & Co LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E /E300003


per Paul Alvares
Partner
Membership Number: 105754
Place of Signature: Pune
Date: May 5, 2016



ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF ZUARI SPECIALITY FERTILISERS LIMITED (FORMERLY KNOWN AS ZUARI ROTEM SPECIALITY FERTILIZERS 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 Speciality Fertilisers Limited (Formerly known as Zuari Rotem Speciality Fertilizers Limited)

We have audited the internal financial controls over financial reporting of Zuari Speciality Fertilisers Limited (Formerly known as Zuari Rotem Speciality Fertilizers Limited) ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for 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, 2016, 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.

Explanatory paragraph

We also have audited, 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, the standalone financial statements of Zuari Speciality Fertilisers Limited (Formerly known as Zuari Rotem Speciality Fertilizers Limited) Company, which comprise the Balance Sheet as at March 31, 2016, and the related Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, and our report dated May 5, 2016 expressed an unqualified opinion thereon.

For SRBC & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003


per Paul Alvares
Partner
Membership Number: 105754
Place of Signature: Pune
Date: May 5, 2016



Zuari Speciality Fertilisers Limited
(Formerly known as Zuari Rotem Speciality Fertilizers Limited)
Balance sheet as at March 31, 2016

All amounts in Rupees unless otherwise stated

Particulars	Notes	31 March 2016	31 March 2015
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	69,150,020	69,150,020
Reserves and surplus	4	14,242,371	18,450,571
		83,392,391	87,600,591
Non-current liabilities			
Deferred tax liabilities (net)	5	6,057,917	19,191,211
Other long-term liabilities	6	13,668,042	14,351,421
Long-term provisions	7	13,870	44,225
		19,739,829	33,586,857
Current liabilities			
Short-term borrowings	8	231,033,274	161,987,475
Trade payables	9	110,244,855	84,164,592
Other current liabilities	6	7,555,562	7,840,941
Short-term provisions	7	697,797	627,103
		349,531,488	254,620,111
TOTAL		452,663,708	375,807,559
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	10	135,741,871	147,505,405
Intangible assets	11	1,754	9,130
		135,743,625	147,514,535
Loans and advances	12	4,765,336	8,035,754
Other non-current assets	13	10,386,970	7,493,762
		150,895,932	163,044,051
Current assets			
Inventories	14	109,348,034	72,003,897
Trade receivables	15	166,167,116	125,373,910
Cash and bank balances	16	10,922,379	3,103,137
Loans and advances	12	11,076,455	9,531,863
Other current assets	13	4,253,793	2,750,701
		301,767,777	212,763,508
TOTAL		452,663,708	375,807,559
Summary of significant accounting policies	2.1		

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

As per our report of even date
For **S R B C & CO LLP**
Chartered Accountants
Firm registration number: 324982E/E300003

per **Paul Alvares**
Partner
Membership No: 105754



Place: Pune
Date: May 5, 2016

For and on behalf of the board of directors of
Zuari Speciality Fertilisers Limited (Formerly known as Zuari Rotem Speciality Fertilizers Limited)

Naveen Kapoor
Director
DIN: 01680157

Kapil Mehan
Director
DIN: 01215092

V Seshadri
Director
DIN: 06499916

Place: Gurgaon
Date: May 5, 2016

Place: Gurgaon
Date: May 5, 2016

Place: Gurgaon
Date: May 5, 2016

Zuari Speciality Fertilisers Limited
(Formerly known as Zuari Rotem Speciality Fertilizers Limited)
Statement of profit and loss for the year ended March 31, 2016
All amounts in Rupees unless otherwise stated

Particulars	Notes	31 March 2016	31 March 2015
Income			
Revenue from operations (gross)	17	435,008,902	660,373,802
Less: excise duty	17	3,532,244	4,636,044
Revenue from operations (net)		431,476,658	655,737,758
Other income	18	2,000,832	1,870,067
Total revenue (I)		433,477,490	657,607,825
Expenses			
Cost of raw materials consumed	20	265,995,470	323,177,333
Purchase of traded goods	21	93,836,926	187,479,078
Decrease in inventories of finished goods and traded goods	22	288,209	23,627,866
Employee benefits expense	23	4,660,952	5,028,214
Other expenses	24	66,090,110	80,339,445
Total expenses (II)		430,871,667	619,651,936
Earnings before interest, tax, depreciation and amortisation (EBITDA) (I-II)		2,605,823	37,955,889
Depreciation and amortisation	25	11,415,740	11,885,390
Earnings / (loss) before interest and tax (EBIT)		(8,809,917)	26,070,499
Finance costs	26	13,380,321	13,787,548
Finance income	19	3,647,939	1,263,518
Profit / (loss) before tax		(18,542,299)	13,546,469
Tax expenses			
Current tax		-	1,017,941
Current tax of earlier years		1,692,403	-
MAT credit entitlement		(2,893,208)	(1,017,941)
Deferred tax		(13,133,294)	(810,380)
Total tax expense		(14,334,099)	(810,380)
Profit / (loss) for the period		(4,208,200)	14,356,849
Basic and diluted earnings per share	27	(0.61)	2.08
[Nominal value of share Rs. 10 (March 31, 2015 - Rs. 10)]			
Summary of significant accounting policies	2.1		

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

As per our report of even date

For **SRBC & CO LLP**
Chartered Accountants
Firm registration number: 324982E/E300003

per **Paul Alvarez**
Partner
Membership No: 105754



Place: Pune
Date: May 5, 2016

For and on behalf of board of directors of
Zuari Speciality Fertilisers Limited (Formerly known as Zuari Rotem Speciality Fertilizers Limited)


Naveen Kapoor
Director
DIN: 01680157


Kapil Mehan
Director
DIN: 01215092


V Seshadri
Director
DIN: 06499916

Place: Gurgaon
Date: May 5, 2016

Place: Gurgaon
Date: May 5, 2016

Place: Gurgaon
Date: May 5, 2016

Zuari Speciality Fertilisers Limited (Formerly known as Zuari Rotem Speciality Fertilizers Limited)
Cash flow statement for the year ended March 31, 2016
 All amounts in Rupees unless otherwise stated

Particulars	31 March 2016	31 March 2015
Cash flow from operating activities		
Profit / (loss) before tax	(18,542,299)	13,546,469
Adjustments to reconcile (loss) / profit before tax to net cash flow		
Depreciation and amortisation	11,415,740	11,885,390
Loss on sale of assets	315,844	1,043,671
Finance costs	13,380,321	13,430,031
Finance income	(3,647,939)	(1,263,518)
Incentive under PSI scheme	(1,682,942)	(1,528,869)
Excess provisions written back	196,355	(105,658)
Provision for slow and non moving inventories	3,213,167	-
Unrealised foreign exchange (gain)/ loss	(84,745)	255,847
Operating profit before working capital changes	4,563,502	37,263,363
Movements in working capital		
(Increase) in trade receivables	(40,793,206)	(101,965,956)
Decrease / (increase) in other current assets	452,152	(1,487,183)
Decrease / (increase) in inventories	(40,557,304)	9,812,494
Decrease / (increase) in long term loans and advances	-	(4,056,381)
Decrease / (increase) in short term loans and advances	(532,173)	10,088,230
Decrease / (increase) in other non-current assets	-	-
(Decrease) in long-term provisions	(30,355)	(350,199)
Increase in short-term provisions	70,694	238,378
(Decrease) / increase in trade payables	25,950,525	(7,601,269)
(Decrease) / increase in other long-term liabilities	-	5,147,886
Increase in other current liabilities	(1,690,889)	6,683,664
Cash used in operations	(52,567,054)	(46,226,973)
Direct taxes paid	(653,768)	(2,200,906)
Net cash used in operating activities (A)	(53,220,822)	(48,427,879)
Cash flow from investing activities		
Purchase of fixed assets	(218,451)	(308,100)
Proceeds from sale of fixed assets	257,777	911,846
PSI claim received	2,373,000	-
Net cash flow from investing activities (B)	2,412,326	603,746
Cash flow from financing activities		
Repayment of long term borrowing	-	(31,290,000)
Interest paid	(13,164,697)	(13,555,269)
Interest received	1,692,695	3,014,804
Proceeds from/ repayment of short-term borrowings (net)	70,099,740	91,214,097
Net cash flow from financing activities (C)	58,627,738	49,383,632
Net Increase in cash and cash equivalents (A+B+C)	7,819,242	1,559,499
Cash and cash equivalents at the beginning of the period	3,103,137	1,543,638
Cash and cash equivalents at the end of the period	10,922,379	3,103,137
Components of cash and cash equivalents	31 March 2016	31 March 2015
Cash on hand	788	16,500
Balances with scheduled banks		
On current accounts	10,921,591	3,086,637
	10,922,379	3,103,137

Notes

- The figures in brackets represent outflows.
- Previous periods' figures have been regrouped / reclassified, wherever necessary, to confirm to current year presentation.

As per our report of even date

For **S R B C & CO LLP**
 Chartered Accountants
 Firm registration number: 324982E/E300003

per Paul Alvarez
 Partner
 Membership No: 105754



Place: Pune
 Date: May 5, 2016

For and on behalf of board of directors of
**Zuari Speciality Fertilisers Limited (Formerly known as
 Zuari Rotem Speciality Fertilizers Limited)**

Naveen Kapoor
 Director
 DIN: 01680157

Place: Gurgaon
 Date: May 5, 2016

Kapil Mehan
 Director
 DIN: 01215092

Place: Gurgaon
 Date: May 5, 2016

V Seshadri
 Director
 DIN: 06499916

Place: Gurgaon
 Date: May 5, 2016

1 Corporate information

Zuari Speciality Fertilisers Limited (Formerly known as Zuari Rotem Speciality Fertilizers Limited) ("the Company") was formed as a joint venture pursuant to the agreement between Rotem Amfert Negev Limited ("Rotem") and Zuari Agro Chemicals Limited ("Zuari") dated August 3, 2007 with both Rotem and Zuari holding 50% each in the equity share capital of the Company.

The joint venture was entered into for conducting business in manufacturing, trading and marketing of fertilizer products for mutual benefit of both the parties.

The joint venture agreement is terminated w.e.f. December 11, 2015. and the Company is now a wholly owned subsidiary of Zuari Agro Chemicals Limited.

2 Basis of preparation

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). 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, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention, except for derivative financial instruments which have been measured at fair value.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below.

2.1 Summary of significant accounting policies

a Change in accounting policy

i. Component Accounting

The company has adopted component accounting as required under Schedule II to the Companies Act, 2013, from April 1, 2015. The company was previously not identifying components of fixed assets separately for depreciation purposes; rather, a single useful life/ depreciation rate was used to depreciate each item of fixed assets.

Due to application of Schedule II to the Companies Act, 2013, the company has changed the manner of depreciation for its fixed assets. Now, the company identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset. These components are depreciated separately over their useful lives; the remaining components are depreciated over the life of the principal asset.

Based on the above policy, the Company on internal evaluation has determined that there are no components required to be identified and hence there is no impact of the change on the statement of profit or loss during the year.

b. Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

c. Fixed assets

Fixed assets and capital work in progress are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met, 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. 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.

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

The company identifies and determines cost of each component/part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

Fixed assets held for sale are valued at lower of their carrying amount and net realizable value. Any write-down is recognized in the statement of profit and loss.

d. Depreciation on Fixed assets

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at, based on the useful lives estimated by the management. The identified components are depreciated separately over their useful lives; the remaining components are depreciated over the life of the principal asset. The company has used the following rates to provide depreciation on its fixed assets:

	Useful life considered	Useful life as per Schedule II
Factory building	30 years	30 years
Plant and machinery	15 years	15 years
Plant and machinery - Electrical Equipments	10 years	10 years
Lab equipment	10 years	10 years
Office equipment	5 years	5 years
Computer	3 - 6 years	3 - 6 years
Furniture and fixtures	10 years	10 years
Vehicles	8 years	8 years

Leasehold land is amortised on a straight-line basis over the lease tenure i.e. 95 years.



e. Intangible assets

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. Internally generated intangible assets, excluding capitalized development costs, are not capitalised and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Intangible assets are amortised on a straight line basis over useful life. The company uses a rebuttable presumption that the useful life of an intangible asset will not exceed three years from the date when the asset is available for use. If persuasive evidence exists to the effect that useful life of an intangible asset exceeds three years, the company amortises the intangible asset over the best estimate of its useful life. Such intangible assets and intangible assets not yet available for use are tested for impairment annually, either individually or at the cash-generating unit level. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

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

Computer software is amortised on a straight-line basis over its useful life of 3 years (as per management estimate).

f. Leases

Where the Company is lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

g. Borrowing costs

Borrowing cost includes interest costs and amortisation of ancillary costs incurred in connection with the arrangement of borrowings.

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 respective asset. All other borrowing costs are expensed in the period they occur.

h. Government grant and subsidies

Grants and subsidies from the government are recognised when there is reasonable assurance that (i) the Company will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

When the grant or subsidy relates to revenue, it is recognised as income on a systematic basis in the statement of profit and loss over the years necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognised as deferred income and released to income in equal amounts over the expected useful life of the related asset.

i. Inventories

Raw materials and packing materials are valued at lower of cost and net realizable value. However, 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 of raw materials and packing materials is determined on a weighted average basis.

Traded goods are valued at lower of cost and net realisable value. Cost includes cost of purchase and other costs incurred in bringing the inventory to their present location and condition. Cost of traded goods is determined on a weighted average basis.

Work-in-progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty and is determined on a weighted average basis.

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

j. Revenue recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue from sale of goods is recognised when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. The Company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

Interest

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

k. Foreign currency transactions and balances

(i) Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

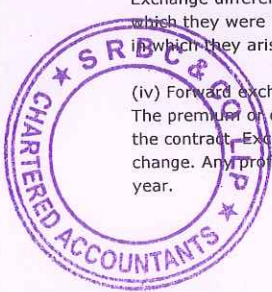
Foreign currency monetary items are restated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

(iii) Exchange differences

Exchange differences arising on the settlement of monetary items, or on reporting such monetary items of Company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

(iv) Forward exchange contracts entered into to hedge foreign currency risk of an existing asset/ liability

The premium or discount arising at the inception of forward exchange contract is amortised and recognised as an expense/ income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognised as income or as expense for the year.



l. Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. Contributions to the provident fund are charged to the statement of profit and loss for the year when the contributions are due. The Company has no obligation other than the contribution payable to the provident fund.

The Company has a defined benefit gratuity plan ("Gratuity Scheme"). Every employee who has completed one year of service is eligible to receive gratuity on resignation/ retirement at 15 days salary (last drawn salary) for each completed year of service. The Gratuity Scheme is unfunded. The Company has not performed any separate actuarial valuation for determining its liability under the Gratuity Scheme as at March 31, 2016 since the number of employees of the Company are below 50 and the Company estimates the impact of actuarial valuation to be negligible. The liability as at March 31, 2016, as reflected in the financial statements, has been determined on gross undiscounted basis.

The Company has a leave encashment plan ("Leave Plan") which is in the nature of a long-term employee benefit. The Leave Plan is unfunded. The Company has not performed any separate actuarial valuation for determining its liability under the Leave Plan as at March 31, 2016 since the number of employees of the Company are below 50 and the Company estimates the impact of actuarial valuation to be negligible. The liability as at March 31, 2016 as reflected in the financial statements, has been determined on gross undiscounted basis. The Company presents its entire liability under the Leave Plan as a current liability in the balance sheet as it does not have an unconditional right to defer settlement in 12 months after the reporting date.

m. Income taxes

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

Deferred income taxes reflects the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted, at the reporting date.

Deferred tax liabilities are recognised for all taxable timing differences. Deferred tax assets are recognised for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each reporting date, the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

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 and the deferred tax assets and deferred tax liabilities relate to the same taxable entity and the same taxation authority.

Minimum alternate tax ("MAT") paid during the period is charged to the statement of profit and loss as current tax. The Company recognises MAT credit available as an asset only to the extent 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 recognises 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". The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the assets to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

n. Segment reporting

The Company's operations predominantly comprise of only one segment, i.e. manufacture and trading of fertilizers. In view of the same, separate segmental information is not required to be disclosed as per the requirements of Accounting Standard (AS) 17: Segment Reporting.

o. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

p. Provisions

A provision is recognised when the Company has a present obligation 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. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

q. Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

r. Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

s. Measurement of EBITDA

The Company has elected to present earnings before interest, tax, depreciation and amortisation ("EBITDA") as a separate line item on the face of the statement of profit and loss. In measurement of EBITDA, the Company does not include depreciation and amortisation expense, finance costs, finance income, exceptional and extraordinary items and tax expenses.



3 Share capital

	31 March 2016	31 March 2015
Authorised shares		
7,000,000 (March 31, 2015: 7,000,000) equity shares of Rs. 10 each	70,000,000	70,000,000
Issued, subscribed and fully paid-up shares		
6,915,002 (March 31, 2015: 6,915,002) equity shares of Rs. 10 each fully paid up.	69,150,020	69,150,020
Of the above 6,915,002 (March 31, 2015: 6,915,002) equity shares were held equally by Zuari Agro Chemicals Limited and Rotem Amfert Negev Limited, joint venturer till 11.12.2015 and thereafter wholly by Zuari Agro Chemicals Ltd.		
Total issued, subscribed and fully paid-up share capital	69,150,020	69,150,020

a. Reconciliation of the shares outstanding at the beginning and at the end of reporting year

Equity shares	31 March 2016 Nos.	31 March 2015 Nos.
At the beginning of the year	6,915,002	6,915,002
Issued during the year	-	-
Outstanding at the end of the year	6,915,002	6,915,002

b. Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10 per share.

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

	31 March 2016		31 March 2015	
	No	% holding	No	% holding
Rotem Amfert Negev Limited	-	0%	3,457,501	50%
Zuari Agro Chemicals Limited	6,915,002	100%	3,457,501	50%

As per records of the company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

d. Shares held by holding/ ultimate holding company and/ or their subsidiaries/ associates

	31 March 2016	
	No	% holding
Zuari Agro Chemicals Limited	6,915,002	100%

In the previous year, the company was a joint venture company and it did not have a holding / ultimate holding company.

e. Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date

As the company has not issued any bonus shares / shares for consideration other than cash / has not bought back shares during the period of five years immediately preceding the reporting date, aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back have not been disclosed.

4 Reserves and surplus

	31 March 2016	31 March 2015
Surplus in the statement of profit and loss		
Balance as per last accounts	18,450,571	4,093,722
Add: profit / (loss) for the year	(4,208,200)	14,356,849
Net surplus in the statement of profit and loss	14,242,371	18,450,571

5 Deferred tax liabilities (net)

Deferred tax liability	31 March 2016	31 March 2015
Fixed assets: Impact of difference between tax	20,955,120	19,398,651
PSI grant receivable {Refer sub-note (a) to note 6}	1,504,669	-
	22,459,789	19,398,651

Deferred tax assets

Deferred income {Refer sub-note (a) to note 6}	3,432,990	-
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purpose on payment basis / actual write-off	1,212,774	207,440
Brought forward losses and unabsorbed depreciation as per income tax returns#	11,756,108	-
	16,401,872	207,440

Net deferred tax liabilities

	6,057,917	19,191,211
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#The Company has recognised deferred tax assets amounting to Rs. 11,756,108 (March 31, 2015: Rs. Nil) as the Company is in the process of amalgamating with its holding company effective from April 1, 2015. The scheme of amalgamation has been approved by the Board of Directors. The management is of the opinion that after amalgamation there would be sufficient taxable profits in future which will enable the amalgamated company to utilize the above tax losses.

6 Other liabilities

	Non-current		Current	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
Deferred income {Refer note (a) below}	13,668,042	14,351,421	1,682,942	1,528,869
Interest accrued but not due on borrowings	-	-	406,086	198,333
Employee balances	-	-	467,361	294,251
Statutory dues	-	-	2,330,511	4,394,995
Derivative liabilities - forward contracts payable	-	-	2,668,662	1,424,493
	13,668,042	14,351,421	7,555,562	7,840,941



a) Industrial Promotion Subsidy (IPS) under Package Scheme of Incentives (PSI) 2007

The Company 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 July 19, 2012. As per the Eligibility Certificate, the Company is entitled to:

- Electricity Duty exemption for a period of 15 years from the date of commercial production.
- 25% refund of annual VAT and CST liability (after set-off) on sale of manufactured goods.

In terms of the Accounting Standard (AS 12) "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 Rs. 15,350,983 as at March 31, 2016 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, Rs. 1,682,942 (March 31, 2015: Rs. 1,528,869) has been credited to the statement of profit and loss. The Company received an amount of Rs. 2,373,000 (March 31, 2015: Rs. 2,924,000) 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 24 are considered net of electricity duty as per payments made to the electricity board).

7 Provisions

	Long-term		Short-term	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
Provision for employee benefits				
Provision for gratuity	13,870	44,225	356,977	276,076
Provision for leave benefits	-	-	340,820	351,027
	13,870	44,225	697,797	627,103

8 Short-term borrowings

	31 March 2016	31 March 2015
Cash credit from banks (secured) {Refer (a) below}	117,118,378	66,417,510
Buyers' credit (unsecured) {Refer (b) below}	53,748,886	45,577,995
Bills discounting (unsecured) {Refer (c) below}	60,166,010	49,991,970
	231,033,274	161,987,475

a) Cash credit is availed from Corporation Bank and carries floating rate of interest at Base rate plus 2%. Cash credit from bank is repayable on demand and is secured by hypothecation of inventory, book debts and all current assets.

b) Buyers' credit is obtained from Corporation Bank, carries interest rate ranging from 1.4% to 1.7% and has a tenure upto 6 months.

c) Bill discounting facility of Rs. 10,00,00,000 has been availed during the year from HDFC Bank. The facility availed has a maturity of 90 days.

9 Trade payables

	31 March 2016	31 March 2015
Total outstanding dues of micro enterprises and small enterprises (Refer note 34 for details of dues to micro and small enterprises)	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	110,244,855	84,164,592
	110,244,855	84,164,592



Zuari Speciality Fertilisers Limited (Formerly known as Zuari Rotem Speciality Fertilizers Limited)
Notes to financial statements for the year ended March 31, 2016

All amounts in Rupees unless otherwise stated

10 Tangible assets

Particulars	Land - leasehold	Buildings	Plant and machinery	Electrical equipments	Laboratory equipment	Office equipments	Computers	Furniture and fixtures	Vehicles	Total
Cost										
At March 31, 2014	2,498,807	89,439,030	71,228,215	20,120,329	2,804,704	1,651,528	1,153,749	2,570,708	1,417,837	192,884,907
Additions	-	19,759	228,111	-	-	399,112	161,193	1,680,470	-	247,870
Disposals	-	-	229,644	-	-	-	-	890,238	-	2,470,419
At March 31, 2015	2,498,807	89,458,789	71,226,682	20,120,329	2,804,704	1,252,416	992,556	890,238	1,417,837	190,662,358
Additions	-	-	209,304	-	-	9,147	38,500	890,238	1,417,837	218,451
Disposals	-	-	-	-	-	-	-	-	-	1,456,337
At March 31, 2016	2,498,807	89,458,789	71,435,986	20,120,329	2,804,704	1,261,563	954,056	890,238	-	189,424,472
Depreciation										
At March 31, 2014	153,058	11,835,131	13,128,221	3,798,025	517,997	474,026	905,281	369,846	617,796	31,799,381
Charge for the year	26,285	2,980,089	4,910,475	2,695,276	372,321	385,543	86,448	202,489	213,548	11,872,474
Disposals	-	-	29,215	-	-	127,443	108,462	249,782	-	514,902
At March 31, 2015	179,343	14,815,220	18,009,481	6,493,301	890,318	732,126	883,267	322,553	831,344	43,156,953
Charge for the year	26,357	2,988,253	4,940,416	2,688,324	373,563	219,300	52,403	106,876	12,871	11,408,363
Disposals	-	-	-	-	-	-	38,500	429,429	844,215	882,715
At March 31, 2016	205,700	17,803,473	22,949,897	9,181,625	1,263,881	951,426	897,170	429,429	-	53,682,601
Net block										
At March 31, 2015	2,319,464	74,643,569	53,217,201	13,627,028	1,914,386	520,290	109,289	567,685	586,493	147,505,405
At March 31, 2016	2,293,107	71,655,316	48,486,089	10,938,704	1,540,823	310,137	56,886	460,809	-	135,741,871



11. Intangible assets

Particulars	Computer software	Total
Cost		
At March 31 2014	97,686	97,686
Additions	-	-
Disposals	-	-
At March 31 2015	97,686	97,686
Additions	-	-
Disposals	-	-
At March 31 2016	97,686	97,686
Amortization		
At March 31 2014	75,640	75,640
Charge for the year	12,916	12,916
Disposals	-	-
At March 31 2015	88,556	88,556
Charge for the year	7,376	7,376
Disposals	-	-
At March 31 2016	95,932	95,932
Net block		
At March 31 2015	9,130	9,130
At March 31 2016	1,754	1,754



Zuari Speciality Fertilisers Limited (Formerly known as Zuari Rotem Speciality Fertilizers Limited)

Notes to financial statements for the year ended March 31, 2016

All amounts in Rupees unless otherwise stated

12 Loans and advances (unsecured, considered good, unless otherwise stated)

	Non-current		Current	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
Security deposits	414,851	414,851	-	-
PSI grant receivable (Refer sub-note (a) to note 6)	4,350,485	7,620,903	4,760,004	2,708,950
Advances recoverable in cash or kind	-	-	-	1,176,596
Balance with statutory/government authorities	-	-	329,128	319,901
Prepaid expenses	-	-	3,452,644	1,750,245
Advances to employees	-	-	-	2,857
Advance income tax (net of provision for tax)	-	-	2,534,679	3,573,314
	4,765,336	8,035,754	11,076,455	9,531,863

13 Other assets (unsecured, considered good, unless otherwise stated)

	Non-current		Current	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
MAT credit entitlement (Refer note a below)	10,386,970	7,493,762	-	-
Interest receivable	-	-	3,218,762	1,263,518
Unamortised premium on forward contracts	-	-	1,035,031	1,487,183
	10,386,970	7,493,762	4,253,793	2,750,701

a) MAT credit entitlement

The Company has recognised MAT credit amounting to Rs. 10,386,970 (March 31, 2015: Rs. 7,493,762) as the Company is in the process of amalgamating with its holding company effective from April 1, 2015. The scheme of amalgamation has been approved by the Board of Directors. The management is of the opinion that after amalgamation there would be sufficient taxable profits in future which will enable the amalgamated company to utilize the above MAT credit entitlement.

14 Inventories (valued at lower of cost and net realisable value)

	31 March 2016	31 March 2015
Raw materials [including material in transit Rs. 7,52,19,917 (March 31, 2015: Nil)]	106,003,479	63,786,678
Finished goods	3,066,494	1,404,485
Traded goods	-	1,950,218
Packing material	3,491,228	4,862,516
	112,561,201	72,003,897
Less: Provision for slow and non moving inventories	3,213,167	-
	109,348,034	72,003,897

15 Trade receivables

	31 March 2016	31 March 2015
Unsecured, considered good		
Outstanding for a period exceeding six months from the date they are due for payment	-	1,747,075
Other receivables	166,167,116	123,626,835
	166,167,116	125,373,910

16 Cash and bank balances

	31 March 2016	31 March 2015
Cash and cash equivalents		
Cash on hand	788	16,500
Balances with scheduled banks - on current accounts	10,921,591	3,086,637
	10,922,379	3,103,137

17 Revenue from operations

	31 March 2016	31 March 2015
Sale of products		
Finished goods	332,677,054	444,454,967
Traded goods	102,331,848	215,918,835
	435,008,902	660,373,802
Less: excise duty #	3,532,244	4,636,044
	431,476,658	655,737,758

Excise duty on sales amounting to Rs.35,32,244 (March 31, 2015:Rs. 46,36,044) has been reduced from sales in the statement of profit and loss and excise duty on (increase) / decrease in stock amounting to Rs. 19,529 [March 31, 2015: (Rs. 164,017)] has been considered as expense/income in note 24.

Details of products sold (net of excise duty)

	31 March 2016	31 March 2015
Finished goods sold		
Poorna	267,616,099	371,843,345
Satej	3,783,390	-
Uttam Recharge	3,312,000	17,791,511
Chetna	8,581,026	12,738,534
Avishkar	37,882,167	37,445,533
NPK	7,970,128	-
	329,144,810	439,818,923
Traded goods sold		
Boost	61,539,407	121,341,904
Atom	38,922,828	79,058,362
Uttam Recharge	-	15,518,569
MKP	1,865,073	-
A.S.	4,540	-
	102,331,848	215,918,835
	431,476,658	655,737,758



Zuari Speciality Fertilisers Limited (Formerly known as Zuari Rotem Speciality Fertilizers Limited)

Notes to financial statements for the year ended March 31, 2016

All amounts in Rupees unless otherwise stated

	31 March 2016	31 March 2015
18 Other income		
Provisions no longer required written back	196,355	105,658
Incentive under PSI scheme [Refer sub-note (a) to note 6]	1,682,942	1,528,869
Scrap sale	121,535	235,540
	2,000,832	1,870,067
19 Finance income		
Interest income from others	3,647,939	1,263,518
	3,647,939	1,263,518
20 Cost of raw materials consumed		
Inventory at the beginning of the year	63,786,678	48,390,940
Add: Purchases	328,162,734	385,249,313
	391,949,412	433,640,253
Less: Inventory at the end of the year	106,003,479	63,786,678
Less: Transferred to traded goods	19,950,463	46,676,242
Cost of raw materials consumed	265,995,470	323,177,333
Details of raw materials consumed	31 March 2016	31 March 2015
KNO ₃	95,896,499	112,979,725
MKP	57,452,896	76,038,371
MAP	65,171,594	76,712,433
Urea	26,924,269	33,270,629
AS	13,811,998	16,369,100
Others	6,738,214	7,807,075
	265,995,470	323,177,333
21 Purchase of traded goods		
Purchase of traded goods	73,886,463	140,802,836
Transferred from raw materials	19,950,463	46,676,242
	93,836,926	187,479,078
Details of purchase of traded goods	31 March 2016	31 March 2015
Atom	35,812,352	68,247,746
Uttam Recharge	-	6,631,725
Boost	58,020,225	111,491,059
Others	4,349	1,108,548
	93,836,926	187,479,078
Details of inventory of traded goods		
Uttam Recharge	-	20,796
Dumdaar	-	-
Atom	-	897,568
Boost	-	1,031,854
Others	-	-
	-	1,950,218
22 Decrease/(increase) in inventories of finished goods and traded goods		
Inventory at the end of the year	31 March 2016	31 March 2015
Finished goods	3,066,494	1,404,485
Traded goods	-	1,950,218
	3,066,494	3,354,703
Inventory at the beginning of the year		
Finished goods	1,404,485	15,544,795
Traded goods	1,950,218	11,437,774
	3,354,703	26,982,569
	288,209	23,627,866
Details of inventory of finished goods	31 March 2016	31 March 2015
Poorna 19 (Manufactured)	3,060,709	239,052
Satej	-	190,710
Chetna	5,785	8,486
Avishkar	-	966,237
	3,066,494	1,404,485
Details of inventory of traded goods		
MAP (Atom)	-	897,568
MKP (Boost)	-	1,031,854
UK MAP	-	20,796
	-	1,950,218



Zuari Speciality Fertilisers Limited (Formerly known as Zuari Rotem Speciality Fertilizers Limited)

Notes to financial statements for the year ended March 31, 2016

All amounts in Rupees unless otherwise stated

	31 March 2016	31 March 2015
23 Employee benefits expense		
Salaries, wages and bonus	4,243,449	4,768,331
Contribution to statutory funds	209,858	263,715
Gratuity and compensated absences	207,645	(3,832)
Total	4,660,952	5,028,214
24 Other expenses	31 March 2016	31 March 2015
Packing material consumed	9,932,147	14,972,938
Repairs and maintenance	1,122,527	1,184,945
Power and fuel [Refer sub-note (a) to note 6]	2,188,661	2,309,286
Factory expenses	1,469,341	1,671,684
Security charges	1,150,601	1,322,529
Labour charges	2,961,107	3,584,470
Increase/ (decrease) in excise duty on closing stock of finished goods (refer note 17)	19,529	(164,017)
Insurance	957,155	797,626
Rent	694,970	1,342,569
Printing and stationery	40,628	42,778
Communication expenses	283,352	435,817
Auditors' remuneration	1,199,960	710,295
Rates and taxes	424,054	313,928
Legal and professional charges	5,983,357	6,270,087
Advertisement and sales promotion	20,000	89,957
Packing and forwarding	912,322	1,415,135
Carriage outward	22,896,478	19,473,692
Travelling and conveyance	1,239,207	1,841,817
Royalty	-	9,043,725
Exchange differences (net)	8,346,199	11,331,405
Loss on sale of assets	315,844	1,043,671
Provision for slow and non moving inventories	3,213,167	-
Miscellaneous expenses	719,504	1,305,108
	66,090,110	80,339,445
Payments to auditor		
As auditor:		
Audit fee	1,030,500	561,800
Tax audit fee	114,500	112,360
Reimbursement of expenses (includes service tax)	54,960	36,135
	1,199,960	710,295
25 Depreciation and amortisation expense	31 March 2016	31 March 2015
Depreciation of tangible assets	11,408,364	11,872,474
Amortisation of intangible assets	7,376	12,916
	11,415,740	11,885,390
26 Finance costs	31 March 2016	31 March 2015
Interest expense on borrowings	12,791,096	13,430,031
Bank charges and other finance costs	589,225	357,517
	13,380,321	13,787,548
27 Earnings per share	31 March 2016	31 March 2015
The following reflects the profit and share data used in basic and diluted EPS computations:		
Profit / (loss) after tax	(4,208,200)	14,356,849
Weighted average number of equity shares in calculating basic and diluted EPS	6,915,002	6,915,002
Earnings / (Loss) per share (basic and diluted)	(0.61)	2.08
28 Leases		

Where the company is a lessee:

During the year, the Company has taken vehicles on operating leases. The leases have a life of between 4 years. There are no restrictions placed upon the company by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases are as follows:

	31 March 2016	31 March 2015
Within one year	338,286	676,572
After one year but not more than five years	-	363,448
More than five years	-	-



29 Related party disclosures

As per Accounting Standard – 18 (AS 18) – 'Related Party Disclosures', as notified by the Rules, the disclosures of transactions with the related parties as defined in the accounting standard are given below:

I Related parties where control exists

Holding company

II Related parties with whom transactions have taken place during the year:

Name of Company	Nature of Relationship
Zuari Agro Chemicals Limited	Holding Company from 11.12.2015 (Joint venturer till 10.12.2015)
Rotem Amfert Negev Limited, Israel	Joint venturer
Zuari Agri Sciences Limited	Fellow subsidiary from 11.12.2015 (Subsidiary of venturer till 10.12.2015)
Mr. Kaushal Jaiswal	Key Management Personnel*

* Resigned w.e.f July 1, 2014

III Transactions during the year between the Company and related parties:

Nature of Transaction	Holding Company	Joint venturer	Fellow Subsidiary	KMP	Total
Sale of goods	418,324,917 (615,956,764)	-	-	-	418,324,917 (615,956,764)
Sale of fixed assets	-	-	(25,824)	-	(25,824)
Interest charged on pre-payments	(1,202,431)	-	-	-	(1,202,431)
Reimbursement of expenses paid	23,516 (22,238)	-	-	-	23,516 (22,238)
Reimbursement of expenses received	-	-	15,859 (37,370)	-	15,859 (37,370)
Purchase of goods	(19,200,000)	78,756,773 (146,878,614)	-	-	78,756,773 (166,078,614)
Payment of royalty	-	(9,043,725)	-	-	(9,043,725)
Interest income	3,566,538 (1,263,518)	-	-	-	3,566,538 (1,263,518)
Managerial remuneration	-	-	-	(809,202)	(809,202)

IV Outstanding balances:

Particulars	Holding Company	Joint venturer	Fellow Subsidiary	Total
Trade receivables (Zuari Agro Chemicals Limited)	161,210,967 (123,864,438)	-	-	161,210,967 (123,864,438)
Trade payables (Zuari Agro Chemicals Limited)	108,606 (20,245,090)	-	-	108,606 (20,245,090)
Other current assets (Zuari Agri Sciences Ltd)	-	-	(59,596)	(59,596)
Interest receivable (Zuari Agro Chemicals Limited)	3,218,762 (1,263,518)	-	-	3,218,762 (1,263,518)
Royalty payable (Rotem Amfert Negev Limited)	-	(12,154,918)	-	(12,154,918)

V Material transactions during the year with related parties:

Nature of transaction	Relation with related party	Name of related party	31 March 2016	31 March 2015
Sale of goods	Holding Company	Zuari Agro Chemicals	418,324,917	615,956,764
Interest charged on pre-payments	Holding Company	Zuari Agro Chemicals	-	1,202,431
Reimbursement of expenses paid	Holding Company	Zuari Agro Chemicals	23,516	22,238
Reimbursement of expenses received	Fellow Subsidiary	Zuari Agri Sciences Limited	15,859	37,370
Purchase of goods	Holding Company	Zuari Agro Chemicals	-	19,200,000
Purchase of goods	Joint venturer	Rotem Amfert Negev	78,756,773	146,878,614
Payment of royalty	Joint venturer	Rotem Amfert Negev	-	9,043,725
Interest income	Holding Company	Zuari Agro Chemicals	3,566,538	1,263,518
Sale of assets	Fellow Subsidiary	Zuari Agri Sciences Limited	-	25,824
Managerial remuneration	KMP	Kaushal Jaiswal	-	809,202

Notes:

- a) Amounts in brackets pertain to previous year.
b) Related party transactions which were shown in the last year and which are not related parties for any part of the current year are not shown separately.

39 Capital and other commitments

There are no capital commitments as at March 31, 2016 (March 31, 2015 : Rs. Nil). There are no other commitments as at March 31, 2016 (March 31, 2015 : Rs. Nil).



Zuari Speciality Fertilisers Limited (Formerly known as Zuari Rotem Speciality Fertilizers Limited)
Notes to financial statements for the year ended March 31, 2016
All amounts in Rupees unless otherwise stated

31 Contingent liabilities

	31 March 2016	31 March 2015
Claims against the Company not acknowledged as debts	122,514	122,514
Sales tax demand	286,790	-
	<u>409,304</u>	<u>122,514</u>

32 Segment information

The Company's operations predominantly comprise of only one segment i.e. manufacturing and trading of fertilizers. In view of the same, separate segmental information is not required to be disclosed as per the requirements of Accounting Standard 17 on Segment Reporting. The company has only one geographical segment based on location of asset and based on location of customers. Hence, additional information regarding geographical segment has also not been disclosed.

33 Derivative instruments and unhedged foreign currency exposure

a) Derivative instruments

The following are the outstanding derivative instruments entered into by the company as on March 31, 2016 :

Purpose	Amount 31.3.2016	Amount 31.3.2015
Forward contracts for hedge of liabilities payable towards buyers credit availed (for purchase of USD)	USD 810,240 Rs. 53,745,569	USD 728,190 Rs. 45,577,412
Forward contracts for hedge of liabilities payable towards amount payable to suppliers (for purchase of USD)	-	USD 375,000 Rs. 23,471,250

b) Unhedged foreign currency exposure

	31 March 2016	31 March 2015
Import trade payables	USD 39,960 Rs. 2,650,663	Nil
Interest accrued but not due on borrowings	USD 6,122 Rs. 406,090	Nil

34 Details of dues to Micro and Small Enterprises as per MSMED Act, 2006

Based upon the confirmations received as at March 31, 2016 and the supplier profile available with the Company, the management believes that there are no dues to Micro, Small and Medium suppliers. Consequently, information pursuant to principal amount and interest thereon has not been determined.

35 Value of imports calculated on CIF basis

	31 March 2016	31 March 2015
Raw materials and traded goods	277,333,542	449,304,413

36 Expenditure in foreign currency (accrual basis)

	31 March 2016	31 March 2015
Interest on buyers' credit	622,447	508,753
Royalty	-	9,043,725
	<u>622,447</u>	<u>9,552,478</u>

37 Earnings in foreign currency (accrual basis)

There are no earnings in foreign currency for the year ended March 31, 2016 (March 31, 2015: Rs. Nil).

38 Imported and indigenous raw materials and traded goods consumed

	31 March 2016		31 March 2015	
	% of total	Value (Rs)	% of total	Value (Rs)
Raw materials				
Imported	93%	247,748,604	90%	291,914,375
Indigenous	7%	18,246,866	10%	31,262,958
	<u>100%</u>	<u>265,995,470</u>	<u>100%</u>	<u>323,177,333</u>
Traded goods				
Imported	100%	95,787,144	100%	196,966,634
Indigenous	0%	-	0%	-
	<u>100%</u>	<u>95,787,144</u>	<u>100%</u>	<u>196,966,634</u>
Packing material				
Imported	0%	-	0%	-
Indigenous	100%	9,932,147	100%	14,972,938
	<u>100%</u>	<u>9,932,147</u>	<u>100%</u>	<u>14,972,938</u>

39 Previous year figures

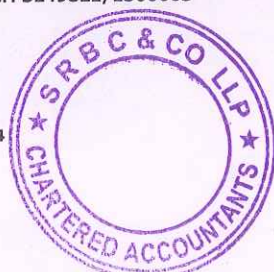
Previous year figures have been regrouped / reclassified, where necessary, to conform to current year presentation. Figures in the brackets are in respect of the previous year.

As per our report of even date

For **S R B C & CO LLP**
Chartered Accountants
Firm registration number: 324982E/E300003

per Paul Awares
Partner
Membership No: 105754

Place: Pune
Date: May 5, 2016



For and on behalf of board of directors of
Zuari Speciality Fertilisers Limited (Formerly known as Zuari Rotem Speciality Fertilizers Limited)

Naveen Kapoor
Director
DIN: 01680157

Kapil Mehan
Director
DIN: 01215092

V Seshadri
Director
DIN: 06499916

Place: Gurgaon
Date: May 5, 2016

Place: Gurgaon
Date: May 5, 2016

Place: Gurgaon
Date: May 5, 2016