

**INDEPENDENT AUDITOR'S REPORT**

To the Members of Zuari Agri Sciences Limited

**Report on the Ind AS Financial Statements**

We have audited the accompanying Ind AS financial statements of Zuari Agri Sciences 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 Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (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 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 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 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 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 Ind AS financial statements.



## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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 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 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.



# **S.R. BATLIBOI & Co. LLP**

Chartered Accountants

- iv. The Company has provided requisite disclosures in Note 36 to these Ind AS financial statements as to the holding 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 Company and as produced to us by the Management.

**For S.R. Batliboi & CO. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005



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**per Anil Gupta**

Partner

Membership Number: 87921

Place of Signature: New Delhi

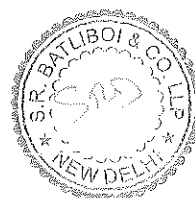
Date: May 17, 2017



**Annexure 1 referred to in paragraph 'Report on Other Legal and Regulatory Requirements' of our report of even date**

Re: Zuari Agri Sciences 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 the 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 the management the title deeds of immovable properties included in property, plant and equipment are held in the name of the company except for immovable property aggregating Rs. 3,859,396 as at March 31, 2017 acquired as part of amalgamation of Green Tech Seeds International Private Limited with the Company in an earlier year, for which transfer of title deed is in progress.
- (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) 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, investment, guarantees, and securities granted in respect of which provisions of Section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the products/services of the Company.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a large number of cases.
- (b) According to the information and explanations given to us, undisputed dues in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues which



were outstanding, at the year end, for a period of more than six months from the date they became payable, are as follows:

Name of the Statute	Nature of the Dues	Amount (Rs.)	Period to which the amount relates	Due Date	Date of Payment
Chhatisgarh VAT Act	Value added tax	15,12,494	May- Sep'16	10 <sup>th</sup> of Subsequent month	-
Goa VAT Act	Value added tax	1,0913	May-July'16	20 <sup>th</sup> of Subsequent month	-

(c) According to the information and explanations given to us, there are no dues of income tax, sales-tax, , service tax, customs duty, excise duty, value added tax and cess which have not been deposited on account of any dispute.

- (viii) In our opinion and according to the information and explanations given by the management, 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) In our opinion and according to the information and explanations given by the management, the Company has not raised any money way of initial public offer / further public offer / 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 the management, we report that no fraud on or 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 the management, the Company has not paid any managerial remuneration, hence reporting under clause (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(xii) of the Order are not applicable to the Company and hence not commented upon.
- (xiii) 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



**ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF ZUARI AGRI SCIENCES 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 Agri Sciences Limited

We have audited the internal financial controls over financial reporting of Zuari Agri Sciences Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the 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**

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. 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



# **S.R. BATLIBOI & CO. LLP**

Chartered Accountants

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.

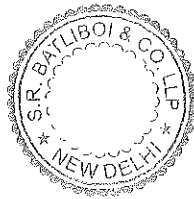
## **Opinion**

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 17, 2017



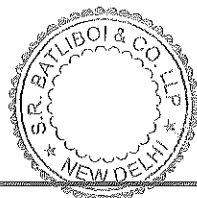
Zuari Agri Sciences Limited  
CIN: U01122GA1995PLC001751  
Balance Sheet as at 31 March 2017  
(Amount in Rupees, unless otherwise stated)

Particulars	Notes	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
<b>I ASSETS</b>				
<b>(1) Non-current assets</b>				
(a) Property, Plant and Equipment	3	1,45,71,126	1,70,61,713	1,86,11,905
(b) Intangible Assets	4	3,74,77,353	4,03,60,226	4,27,18,764
(c) Financial Assets				
(i) Loans	5	18,82,023	18,70,080	21,15,580
(ii) Others	5	2,50,000	2,50,000	12,47,417
(d) Current Tax Assets (Net)		1,56,67,238	1,87,24,513	1,83,767
<b>Sub Total (A)</b>		<b>6,98,47,740</b>	<b>7,82,66,532</b>	<b>6,48,77,433</b>
<b>(2) Current assets</b>				
(a) Inventories	7	58,42,65,212	47,44,37,541	25,86,09,953
(b) Financial Assets				
(i) Trade Receivables	8	64,57,73,611	39,27,97,881	15,88,15,231
(ii) Cash and cash equivalents	9	4,87,370	9,41,841	4,50,06,314
(iii) Others	5	24,647	8,633	47,491
(c) Other current assets	6	1,72,91,952	3,83,08,805	96,27,607
<b>Sub Total (B)</b>		<b>1,24,78,42,792</b>	<b>90,64,94,701</b>	<b>47,21,06,596</b>
<b>Total Assets (A+B)</b>		<b>1,31,76,90,532</b>	<b>98,47,61,233</b>	<b>53,69,84,029</b>
<b>II EQUITY AND LIABILITIES</b>				
<b>(1) Equity</b>				
(a) Equity Share capital	10	30,42,41,620	30,42,41,620	20,67,41,620
(b) Other Equity	11	(22,20,11,757)	(23,10,41,804)	(21,39,36,170)
<b>Sub Total (C)</b>		<b>8,22,29,863</b>	<b>7,31,99,816</b>	<b>(71,94,550)</b>
<b>LIABILITIES</b>				
<b>(1) Non-current liabilities</b>				
(a) Financial Liabilities				
(i) Borrowings	12a	3,27,80,757	2,91,25,278	2,58,77,432
(b) Provisions	16	83,52,463	79,16,269	-
<b>Sub Total (D)</b>		<b>4,11,33,220</b>	<b>3,70,41,547</b>	<b>2,58,77,432</b>
<b>(2) Current liabilities</b>				
(a) Financial Liabilities				
(i) Borrowings	12b	52,18,73,201	38,61,83,831	14,81,23,828
(ii) Trade Payables	13	52,86,72,006	30,22,08,886	11,21,01,616
(iii) Other financial liabilities	14	2,16,64,435	2,19,84,435	11,86,24,970
(b) Other current liabilities	15	9,55,94,820	15,31,03,419	13,10,67,446
(c) Provisions	16	2,65,22,987	1,10,39,299	83,83,287
<b>Sub Total (E)</b>		<b>1,19,43,27,449</b>	<b>87,45,19,870</b>	<b>51,83,01,147</b>
<b>Total Equity and Liabilities (C+D+E)</b>		<b>1,31,76,90,532</b>	<b>98,47,61,233</b>	<b>53,69,84,029</b>

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  
Firm Registration Number : 301003E/E300005  
Chartered Accountants

per Anil Gupta  
Partner  
Membership No. 87921  
Place: New Delhi  
Date: 17/05/2017



For and on behalf of the Board of Directors of  
Zuari Agri Sciences Limited

V Seshadri  
Director  
DIN: 06499916  
Place: Gurgaon  
Date: 17 May 2017

Naveen Kapoor  
Director  
DIN: 01680157



Zuari Agri Sciences Limited  
CIN: U01122GA1995PLC001751  
Statement of Profit and Loss for the year ended 31 March 2017  
(Amount in Rupees, unless otherwise stated)

Particulars	Notes	Year ended 31 March 2017	Year ended 31 March 2016
<b>I REVENUE</b>			
Revenue From Operations	18	1,55,33,65,538	1,32,01,39,030
Other Income	19	4,12,119	5,69,100
<b>Total Revenue (I)</b>		<b>1,55,37,77,657</b>	<b>1,32,07,08,130</b>
<b>II EXPENSES</b>			
Cost of Material Consumed	20	25,83,56,310	32,71,70,587
Purchases of Stock in trade	21	1,06,75,15,160	87,65,52,008
Changes in inventories of finished goods, stock-in-trade and work in progress	22	(11,08,27,559)	(18,78,44,573)
Employee Benefits Expense	23	7,79,10,614	7,29,47,753
Finance Costs	24	5,61,07,488	3,89,37,788
Depreciation and amortization expense	25	67,39,234	59,89,373
Other Expenses	26	18,24,60,823	20,37,25,548
<b>Total expenses (II)</b>		<b>1,53,82,62,069</b>	<b>1,33,74,78,484</b>
<b>III Profit before exceptional items and tax (I-II)</b>		<b>1,55,15,588</b>	<b>(1,67,70,354)</b>
<b>IV Exceptional Items</b>		-	-
<b>V Profit/(loss) before tax (III-IV)</b>		<b>1,55,15,588</b>	<b>(1,67,70,354)</b>
<b>VI Tax expense:</b>			
Current Tax (under MAT)	17	69,35,169	-
<b>VII Profit (Loss) for the year (V-VI)</b>		<b>85,80,419</b>	<b>(1,67,70,354)</b>
<b>VIII Other Comprehensive Income</b>			
<b>A Items that will be reclassified to profit or loss</b>		-	-
<b>B Items that will not be reclassified to profit or loss</b>			
Actuarial (gains)/ losses on defined benefit plans		(4,49,629)	3,35,281
<b>Total Other Comprehensive Income</b>		<b>(4,49,629)</b>	<b>3,35,281</b>
<b>IX Total Comprehensive Income for the year (VII - VIII)</b> (Comprising Profit (Loss) and Other Comprehensive Income for the year)		<b>90,30,048</b>	<b>(1,71,05,635)</b>
<b>X Earnings per equity share: (nominal value of share of Rs. 10/-)</b> (31 March 2016: Rs. 10/-)	27		
(1) Basic (Rs.)		0.30	(0.56)
(2) Diluted (Rs.)		0.30	(0.56)
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  
Firm Registration Number : 301003E/E300005  
Chartered Accountants

per Anil Gupta  
Partner  
Membership No. 87921  
Place: New Delhi  
Date: 17/05/2017



For and on behalf of the Board of Directors of  
Zuari Agri Sciences Limited

V Seshadri  
Director  
DIN: 06499916  
Place: Gurgaon  
Date: 17 May 2017

Naveen Kapoor  
Director  
DIN: 01680157

Zuari Agri Sciences Limited  
CIN: U01122GA1995PLC001751  
Statement of Cash Flows for the year ended 31 March 2017  
(Amount in Rupees, unless otherwise stated)

Particulars	Notes	Year ended 31 March 2017	Year ended 31 March 2016
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>			
Profit/ (Loss) before tax		1,55,15,588	(1,67,70,354)
Adjustments for:			
Depreciation and amortization expense	25	67,39,234	59,89,373
Provision for doubtful debts/advances	26	77,94,796	78,14,554
Provisions no longer required written back	19	(3,81,483)	-
Foreign exchange restatement loss	26	1,58,998	2,37,220
Interest income	19	(30,636)	(1,11,929)
Finance costs (including fair value change in financial instruments)	24	5,41,40,733	3,71,76,375
Operating profit before working capital changes		8,39,37,230	3,43,35,240
Movements in working capital			
(Increase) in inventories	7	(10,98,27,671)	(21,58,27,587)
(Increase) in trade receivables	8	(26,09,29,524)	(24,20,34,424)
(Increase)/ Decrease in other assets	6	2,10,16,853	(2,86,81,198)
(Increase)/ Decrease in loans	5	(11,943)	2,45,500
Increase in trade payables	13	22,68,44,603	19,01,07,273
Increase/ (Decrease) in other financial liabilities	14	(3,20,000)	13,95,000
Increase/ (Decrease) in other current liabilities	15	(5,75,08,599)	2,20,35,973
Increase in provisions	16	1,63,69,511	1,02,36,998
Cash used in operations		(8,04,29,541)	(22,81,87,227)
Direct Taxes Paid (net)		(38,77,894)	(1,85,40,746)
Net Cash (used in) Operating Activities (A)		(8,43,07,435)	(24,67,27,973)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant and Equipment	3	(13,65,774)	(20,80,643)
Proceeds from fixed deposits		-	9,97,417
Interest received		14,622	1,50,788
Net Cash (used in) Investing Activities (B)		(13,51,152)	(9,32,438)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of Share Capital	10	-	9,75,00,000
Repayment of long term loan	12	-	(7,50,00,000)
Proceeds from short term borrowings from Holding Company	12	3,90,00,000	2,25,00,000
Repayment of short term borrowings from Holding Company	12	-	(2,25,00,000)
Repayment of short term borrowings from banks	12	-	(7,50,00,000)
Proceeds from/ (Repayment of) Short term borrowings (Cash Credit) (net)	12	9,66,89,370	31,30,60,003
Interest paid		(5,04,85,254)	(5,69,64,065)
Net Cash generated from Financing Activities (C)		8,52,04,116	20,35,95,938
<b>NET (DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)</b>		(4,54,471)	(4,40,64,473)
Cash and cash equivalents at the beginning of the year	9	9,41,841	4,50,06,314
Cash and cash equivalents at the end of the year	9	4,87,370	9,41,841
Components of cash and cash equivalents:			
Cash in hand		4,297	25,013
With scheduled banks - on current accounts		4,83,073	9,16,828
Cash and cash equivalents as per balance sheet		4,87,370	9,41,841
Cash and cash equivalents considered for cash flows (refer note 9)		4,87,370	9,41,841

Summary of significant accounting policies

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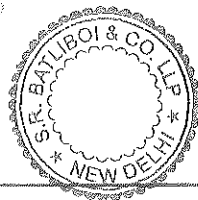
The accompanying notes are an integral part of the financial statements.

As per our report of even date  
For S.R. BATLIBOI & Co. LLP  
Firm Registration Number : 301003E/E300005  
Chartered Accountants

For and on behalf of the Board of Directors of  
Zuari Agri Sciences Limited

per Anil Gupta  
Partner

Membership No. 87921  
Place: New Delhi  
Date: 17/05/2017



V Seshadri  
Director  
DIN: 06499916  
Place: Gurgaon  
Date: 17 May 2017

Naveen Kapoor  
Director  
DIN: 01680157

Zuari Agri Sciences Limited  
 CIN: U01122GA1995PLC001751  
 Statement of Changes in Equity for the year ended 31 March 2017  
 (Amount in Rupees, unless otherwise stated)

(a) Equity Share Capital

Particulars	Number	Amount
30,424,162 (March 31, 2016: 30,424,162; March 31, 2015: 20,674,162) equity shares of Rs. 10 each issued, subscribed and fully paid		
At 1 April 2015	2,06,74,162	20,67,41,620
Issue of share capital	97,50,000	9,75,00,000
At 31 March 2016	3,04,24,162	30,42,41,620
Issue of share capital	-	-
At 31 March 2017	3,04,24,162	30,42,41,620

(b) Other equity

For the year ended 31 March 2017:

Description	Equity Component of preference shares	Reserves & Surplus		Total
		Retained Earnings	Other Comprehensive Income (Being Actuarial Gains/ (losses) on defined benefit plans)	
As at 1 April 2016	5,20,08,237	(28,30,50,041)	-	(23,10,41,804)
Profit for the year	-	85,80,419	-	85,80,419
Other comprehensive income	-	-	4,49,629	4,49,629
Transfer of gain/ (loss) on defined benefit plans from OCI to retained	-	4,49,629	(4,49,629)	-
Total comprehensive income	5,20,08,237	(27,40,19,994)	-	(22,20,11,757)
Transfer from general reserve	-	-	-	-
Appropriation towards general reserve	-	-	-	-
Change during the year	-	-	-	-
At 31 March 2017	5,20,08,237	(27,40,19,994)	-	(22,20,11,757)

For the year ended 31 March 2016:

Description	Equity Component of preference shares	Reserves & Surplus		Total
		Retained Earnings	Other Comprehensive Income (Being Actuarial Gains/ (losses) on defined benefit plans)	
As at 1 April 2015	5,20,08,237	(26,59,44,407)	-	(21,39,36,170)
Profit for the year	-	(1,67,70,354)	-	(1,67,70,354)
Other comprehensive income	-	-	(3,35,281)	(3,35,281)
Transfer of gain/ (loss) on defined benefit plans from OCI to retained	-	(3,35,281)	3,35,281	-
Total comprehensive income	5,20,08,237	(28,30,50,041)	-	(23,10,41,804)
Transfer from general reserve	-	-	-	-
Appropriation towards general reserve	-	-	-	-
At 31 March 2016	5,20,08,237	(28,30,50,041)	-	(23,10,41,804)

As per our report of even date  
 For S.R. BATLIBOI & Co. LLP  
 Firm Registration Number : 301003E/E300005  
 Chartered Accountants

For and on behalf of the Board of Directors of  
 Zuari Agri Sciences Limited

per Anil Gupta  
 Partner  
 Membership No. 87921  
 Place: New Delhi  
 Date: 17/05/2017



V Seshadri  
 Director  
 DIN: 06499916

Naveen Kapoor  
 Director  
 DIN: 01680157

Place: Gurgaon  
 Date: 17 May 2017

#### 1. Corporate Information

The financial statements of "Zuari Agri Sciences Limited" ("the Company" or "ZASL") are for the year ended 31 March 2017.

Zuari Agri Sciences Limited ("the Company") is a public limited company domiciled in India and is incorporated under the provisions of the Companies Act, 1956. The Company is engaged in trading, processing, sale of agricultural seeds, trading of pesticides and providing business support services. The registered office of the Company is located at Jai Kisan Bhawan, Zuari Nagar, Goa - 403726. The processing facilities are located at Hyderabad and Bangalore. The Company serves its customers throughout India and exports mainly to Bangladesh. The Company also renders market development and promotional services relating to agricultural seeds. The Company has changed its name from Zuari Seeds Limited to Zuari Agri Sciences Limited with effect from September 11, 2014.

The Company is a wholly owned subsidiary of Zuari Agro Chemicals Limited. Information on related party relationship of the Company is provided in note 33.

The financial statements were approved for issuance in accordance with the resolution of the directors on May 17, 2017.

#### 2. Basis of Preparation

The 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 as amended.

For all periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with the accounting standards notified under the 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 31 March 2017 are the first, the Company has prepared in accordance with Ind AS. Refer note 38 for information on how the Company adopted Ind AS.

The stand-alone financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Certain financial assets and financial liabilities measured at fair value (refer accounting policy regarding financial instruments).

The financial statements are presented in INR, except when otherwise indicated.

#### 2.1 Summary of significant accounting policies

##### a) Basis of classification of Current and Non Current

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.

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.

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



**b) Property, Plant and Equipment (PPE)**

Plant and Equipment are stated at acquisition cost less accumulated depreciation and cumulative impairment. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met i.e. (a) it is probable that future economic benefits associated with the item will flow to the entity; and (b) the cost of the item can be measured reliably. Spare parts are capitalized when they meet the definition of PPE, i.e., when the Company intends to use these during more than a period of 12 months.

When significant parts of plant and equipment are required to be replaced at intervals, 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 statement of profit and loss as incurred.

Gains or losses arising from de-recognition of tangible assets are measured as the difference between the net disposable proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is derecognized.

On transition to Ind AS i.e. 1 April 2015, the Company has elected to continue with the carrying value of all its Property, Plant and Equipment (PPE) recognized as at 1 April 2015 reduced as per Indian GAAP and use the carrying value as deemed cost of the PPE.

**c) Intangible assets**

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

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 recognised in the statement of profit or loss when the asset is derecognised.

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 is amortized over a period of twenty years, subject to available surplus for the year before amortization of goodwill, based on the order of Honorable High Court of Bombay at Panaji (Goa).

On transition to Ind AS i.e. 1 April 2015, the Company has elected to continue with the carrying value of all its Intangibles recognized as at 1 April 2015 reduced as per Indian GAAP and use the carrying value as deemed cost of the Intangibles.

**d) Depreciation on Property, Plant & Equipment**

Depreciation on Property, Plant & Equipment is calculated on a straight line basis using the rates arrived at based on the useful lives estimated by the management which are equal to the lives prescribed under the schedule II to the Companies Act, 2013.

The residual values, useful lives and methods of depreciation of Property, Plant and Equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

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**e) Inventories**

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Raw materials (raw seeds), packing materials, chemicals, stores and spares are valued Lower of cost and net realizable value. However, materials and other items held for use in the processing 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 is determined on a moving weighted average basis.

Work-in-process (foundation seeds) and finished goods is valued at lower of cost and net realizable value. Cost includes Purchase price and a proportion of overheads based on actual quantity processed. Cost is determined on a moving weighted average basis.



Traded goods is valued at lower of cost and net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on moving weighted average basis.

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

**f) 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.

**g) Operating 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 fulfillment 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 1 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**

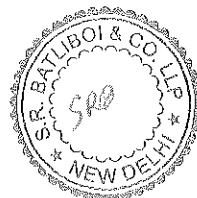
Leases where the lessor does not transfer substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Lease rentals are recognized as expense or income on a straight line basis with reference to lease terms and other considerations except where-

- (i) Another systematic basis is more representative of the time pattern of the benefit derived from the asset taken or given on lease.; or
- (ii) The payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases

**h) Borrowing costs**

Borrowing costs includes interest and amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

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 capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.



**i) Foreign currency translation**

**Functional and presentation currency**

The Company's financial statements are presented in Indian Rupee (Rs.), which is also its functional currency.

**Initial recognition**

Transactions in foreign currencies are recorded in the functional currency, by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction.

**Conversion**

Foreign currency monetary items are translated using the exchange rate prevailing 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.

**Exchange differences**

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

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).

**j) 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 recognized 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 recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

**k) Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that 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. When the Company expects some or all of a provision to be reimbursed, reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. 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.

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.

**l) 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 principle in all of its revenue arrangements. The following specific criterias are also met before revenue is recognized.

**Sale of Goods:**

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of goods. Sales tax/ value added tax (VAT) is not received by the Company on its own account, rather it is collected on value added to the commodity by the seller on behalf of the government. Accordingly it is excluded from the revenue.

**Sale of services:**

Revenue in respect of services rendered is recognized as per the terms of contracts with customer when the related services are performed.



#### Interest Income

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 amortized cost of a financial liability. When calculating the EIR, the company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in Other Income in the statement of profit and loss.

#### Insurance Claims

Insurance claims are accounted for the extent the Company is reasonably certain of their ultimate collections.

#### m) Income tax

Tax expense comprises 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. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in India.

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. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretations and establishes provisions where appropriate.

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

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 utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized 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 realized 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 assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities.

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.

#### n) Retirement and other Employee Benefits

##### *Short term employee benefits*

All employee benefits payable/available within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages and bonus etc., are recognised in the statement of profit and loss in the period in which the employee renders the related service.

##### *Provident Fund*

Retirement benefit in the form of provident fund is a defined contribution scheme. The contributions to the provident fund are charged to the statement of profit and loss when the employee renders the related service. The Company has no obligation, other than the contribution payable to the provident fund. 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.





**Gratuity**

The Company operates a defined benefit scheme for its employees, viz., gratuity scheme. The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method. The effect of changes to the asset ceiling and the return on plan assets is reflected immediately in the Statement of Comprehensive Income. All other expenses related to defined benefit plans are recognised in the Statement of Profit and Loss.

The present value of the defined benefit obligation denominated in INR 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.

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. They are included in retained earnings in the statement of changes in equity and in the balance sheet. Remeasurements are not reclassified to profit or loss in subsequent periods.

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 benefit expense in the statement of profit and loss.

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.

**Leave encashment**

The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

**Superannuation**

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.

**Remeasurements**

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 immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment, and the date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.



**o) Cash & cash equivalents**

Cash and cash equivalent 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.

**p) Earnings per share**

Basic Earnings per Share (EPS) is calculated by dividing the net profit or loss for the year attributable to the equity shareholders (after deducting attributable taxes) by the weighted average number of 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 and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive Potential Equity Shares.

**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.

**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.

**Subsequent measurement**

For purposes of subsequent measurement, the Company has financial assets which are classified as 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.

**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 (i.e. removed from the balance sheet) 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.

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognise the transferred asset to the extent of the company's continuing involvement. In that case, the company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

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Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.



**Impairment of financial assets**

In accordance with Ind AS 109, the company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial asset and credit risk exposure:

- Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance

As a practical expedient, the company uses a provision matrix to determine impairment loss allowance on portfolio of its trade and other receivables. The provision matrix is based on its historically observed default rates over the expected life of the receivables and is adjusted for management estimates for its recovery.

The impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L.

**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 or payables, as appropriate.

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 mainly trade and other payables, loans and borrowings.

**Subsequent measurement**

**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 and loss.

**Other payable**

After initial recognition, trade and other payables 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. As the trade and other payables are payable within a reasonable time (less than one year) there is no significant impact of amortization using EIR method.

**Derecognition**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

**r) Fair value measurement**

For the purpose of disclosure of fair values of financial instruments at each balance sheet date the Company measures fair value of the financial instruments following below principles:

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.



Zuari Agri Sciences Limited  
CIN: U01122GA1995PLC001751

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

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.

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

The management, in conjunction with the Company's external valuers (if appointed), 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.

**s) Segment Reporting**

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.

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.

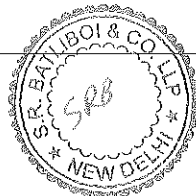
**Recent Accounting pronouncements**

**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 April 01, 2017.

The amendment to Ind AS 7 requires the Company 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.



Zuari Agri Sciences Limited

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Notes to financial statements for the year ended 31 March 2017

(Amount in Rupees, unless otherwise stated)

3. Property, plant and equipment

Particulars	Freehold Land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Total
<b>Deemed Cost</b>						
As at 01.04.2015	5,17,724	37,57,783	1,32,27,358	4,39,814	6,69,226	1,86,11,905
Additions	-	-	7,25,232	1,07,346	12,48,065	20,80,643
Disposals	-	-	-	-	-	-
<b>As at 31.03.2016</b>	<b>5,17,724</b>	<b>37,57,783</b>	<b>1,39,52,590</b>	<b>5,47,160</b>	<b>19,17,291</b>	<b>2,06,92,548</b>
						-
Additions	-	-	13,65,773	-	-	13,65,773
Disposals	-	-	-	-	-	-
<b>As at 31.03.2017</b>	<b>5,17,724</b>	<b>37,57,783</b>	<b>1,53,18,363</b>	<b>5,47,160</b>	<b>19,17,291</b>	<b>2,20,58,321</b>
						-
<b>Depreciation</b>						
Charge for the year	-	2,08,024	30,22,153	2,43,654	1,57,004	36,30,835
Disposals	-	-	-	-	-	-
<b>As at 31.03.2016</b>	<b>-</b>	<b>2,08,024</b>	<b>30,22,153</b>	<b>2,43,654</b>	<b>1,57,004</b>	<b>36,30,835</b>
						-
Charge for the year	-	2,08,023	30,81,288	1,28,833	4,38,216	38,56,360
Disposals	-	-	-	-	-	-
<b>As at 31.03.2017</b>	<b>-</b>	<b>4,16,047</b>	<b>61,03,441</b>	<b>3,72,487</b>	<b>5,95,220</b>	<b>74,87,195</b>
<b>Net block</b>						
As at 31.03.2017	5,17,724	33,41,736	92,14,922	1,74,673	13,22,071	1,45,71,126
As at 31.03.2016	5,17,724	35,49,759	1,09,30,437	3,03,506	17,60,287	1,70,61,713



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Notes to financial statements for the year ended 31 March 2017

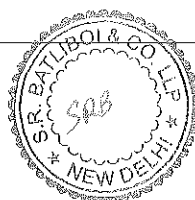
(Amount in Rupees, unless otherwise stated)

#### 4. Intangible Assets

Amount in Rs.

Particulars	Goodwill (as per scheme of amalgamation)*	BT Cotton (Internally generated)	Bajra (Externally generated)	Total
<b>Deemed Cost</b>				
As at 1.04.2015	4,03,60,226	15,31,707	8,26,831	4,27,18,764
Additions	-	-	-	-
Disposals	-	-	-	-
As at 31.03.2016	4,03,60,226	15,31,707	8,26,831	4,27,18,764
Additions	-	-	-	-
Disposals	-	-	-	-
As at 31.03.2017	4,03,60,226	15,31,707	8,26,831	4,27,18,764
<b>Amortization</b>				
Charge for the year	-	15,31,707	8,26,831	23,58,538
Disposals	-	-	-	-
As at 31.03.2016	-	15,31,707	8,26,831	23,58,538
Charge for the year	28,82,873	-	-	28,82,873
Disposals	-	-	-	-
As at 31.03.2017	28,82,873	15,31,707	8,26,831	52,41,411
<b>Net block</b>				
As at 31.03.2017	3,74,77,353	-	-	3,74,77,353
As at 31.03.2016	4,03,60,226	-	-	4,03,60,226

\* Goodwill, which arose on account of merger with Greentech Seeds International Pvt Limited with the Company, has been amortized during the year, pursuant to the scheme of Amalgamation approved by High Court of Bombay at Panaji(Goa). 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.



Zuari Agri Sciences Limited

CIN: U01122GA1995PLC001751

Notes to financial statements for the year ended 31 March 2017

(Amount in Rupees, unless otherwise stated)

5. Financial assets (at amortized cost)

Amount in Rs.

	Non Current			Current		
	31-Mar-17	31-Mar-16	01-Apr-15	31-Mar-17	31-Mar-16	01-Apr-15
<b>Loans</b>						
<b>Security Deposits</b>						
- Unsecured, considered good	18,82,023	18,70,080	21,15,580	-	-	-
	<b>18,82,023</b>	<b>18,70,080</b>	<b>21,15,580</b>	-	-	-
<b>Other Financial assets</b>						
I Margin Money Deposits	2,50,000	2,50,000	12,47,417	-	-	-
II Interest accrued but not due				24,647	8,633	47,491
<b>TOTAL</b>	<b>2,50,000</b>	<b>2,50,000</b>	<b>12,47,417</b>	<b>24,647</b>	<b>8,633</b>	<b>47,491</b>

6. Other assets

Amount in Rs.

	Non Current			Current		
	31-Mar-17	31-Mar-16	01-Apr-15	31-Mar-17	31-Mar-16	01-Apr-15
<b>Advances (other than capital advances):</b>						
<b>Unsecured, considered good</b>						
Advance to employees	-	-	-	26,69,944	28,35,290	10,46,070
Advance to vendors	-	-	-	73,76,479	3,40,03,980	74,54,210
Advance to related parties	-	-	-	2,95,550	83,000	-
Prepaid expenses	-	-	-	29,07,204	13,66,404	11,27,327
Balances with statutory authorities	-	-	-	40,42,776	20,131	-
<b>Subtotal</b>	-	-	-	<b>1,72,91,952</b>	<b>3,83,08,805</b>	<b>96,27,607</b>
<b>Unsecured, considered doubtful</b>						
Advance to employees	-	-	-	17,18,269	-	-
Advance to vendors	-	-	-	19,83,457	-	-
Balances with statutory authorities	-	-	-	18,75,955	-	-
Less: Provision for doubtful advances	-	-	-	(55,77,681)	-	-
<b>Subtotal</b>	-	-	-	-	-	-
<b>Total other assets</b>	-	-	-	<b>1,72,91,952</b>	<b>3,83,08,805</b>	<b>96,27,607</b>

7. Inventories

Amount in Rs.

	31-Mar-17	31-Mar-16	01-Apr-15
Raw seeds	7,73,38,041	7,54,43,620	4,41,08,213
Packing materials	1,66,70,939	1,95,61,443	2,56,11,660
Chemicals	38,85,734	38,89,539	11,91,714
Finished seeds	3,90,30,803	3,11,32,344	4,15,78,459
Traded seeds	1,81,07,135	-	-
Traded Pesticides	21,89,14,731	15,85,62,115	-
Work in process of seeds	21,03,17,830	18,58,48,480	14,61,19,907
<b>Total</b>	<b>58,42,65,212</b>	<b>47,44,37,541</b>	<b>25,86,09,953</b>



8. Trade receivables

	31-Mar-17	31-Mar-16	Amount in Rs. 01-Apr-15
Trade receivables - Related parties (Refer Note 33)	39,53,574	15,00,000	2,07,41,298
Trade receivables - others	64,18,20,037	39,12,97,881	13,80,73,933
<b>Total Trade Receivables</b>	<b>64,57,73,611</b>	<b>39,27,97,881</b>	<b>15,88,15,231</b>

Break-up for Trade Receivables:

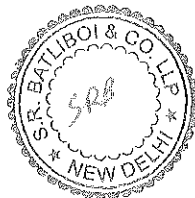
Particulars	31-Mar-17	31-Mar-16	01-Apr-15
Secured, considered good	1,39,22,442	1,22,80,839	2,01,74,435
Unsecured, considered good	63,18,51,169	38,05,17,042	13,86,40,796
Unsecured, considered doubtful	4,57,08,009	4,34,90,895	3,56,76,341
Less: Allowance for credit losses	(4,57,08,009)	(4,34,90,895)	(3,56,76,341)
<b>Total</b>	<b>64,57,73,611</b>	<b>39,27,97,881</b>	<b>15,88,15,231</b>

No trade or other receivable are due from directors or other officers of the 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 are non-interest bearing and are generally on terms of 60 to 90 days.

9. Cash and Cash Equivalent

	31-Mar-17	31-Mar-16	Amount in Rs. 01-Apr-15
Balances with bank:			
-On current accounts	4,83,073	9,16,828	4,49,32,088
Cash on hand	4,297	25,013	74,226
<b>TOTAL</b>	<b>4,87,370</b>	<b>9,41,841</b>	<b>4,50,06,314</b>





10. Share Capital

Particulars	Amount in Rs.		
	31-Mar-17	31-Mar-16	1-Apr-15
<b>Authorised :</b>			
30,500,000 (March 31, 2016: 30,500,000; March 31, 2015: 22,500,000) equity shares of Rs. 10 each	30,50,00,000	30,50,00,000	22,50,00,000
14,500,000 (March 31, 2016: 14,500,000; March 31, 2015 : 7,500,000) 12% redeemable preference shares of Rs. 10 each	14,50,00,000	14,50,00,000	7,50,00,000
	<b>45,00,00,000</b>	<b>45,00,00,000</b>	<b>30,00,00,000</b>

Issued, subscribed and fully paid-up shares

30,424,162 (March 31, 2016: 30,424,162; March 31, 2015: 20,674,162 ) equity shares of Rs. 10 each	30,42,41,620	30,42,41,620	20,67,41,620
7,500,000 (March 31, 2016: 7,500,000; March 31, 2015: 7,500,000 ) 12% redeemable preference shares of Rs. 10 each (reclassified to other equity and loans being compound financial instrument. Refer Note 11 and Note 12)			
	<b>30,42,41,620</b>	<b>30,42,41,620</b>	<b>20,67,41,620</b>

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

Equity Shares:	31-Mar-17		31-Mar-16		1-Apr-15	
	Nos.	Amount	Nos.	Amount	Nos.	Amount
At the beginning of the year	3,04,24,162	30,42,41,620	2,06,74,162	20,67,41,620	2,06,74,162	20,67,41,620
Equity shares issued during the year	-	-	97,50,000	9,75,00,000	-	-
Outstanding at the end of the year	<b>3,04,24,162</b>	<b>30,42,41,620</b>	<b>3,04,24,162</b>	<b>30,42,41,620</b>	<b>2,06,74,162</b>	<b>20,67,41,620</b>

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. Each holder of equity shares is entitled to one vote 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) Terms of redemption of redeemable preference shares

The Company has only one class of preference shares having a par value of Rs. 10 per share. 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 shareholder to redeem the same any time earlier. In the event of liquidation of the Company, the holder of preference shares will have priority over equity shares in the payment of dividend and repayment of capital.

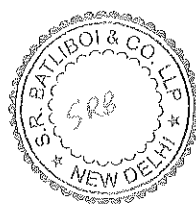
d) Shares held by holding company

Out of equity shares and preference shares issued by the Company, shares held by its holding company along with nominees are as below:

	31-Mar-17	31-Mar-16	1-Apr-15
Zuari Agro Chemicals Limited , the Holding Company			
30,424,162 (March 31, 2016: 30,424,162; March 31, 2015: 20,674,162) Equity shares of Rs 10 each fully paid	30,42,41,620	30,42,41,620	20,67,41,620
75,00,000 (March 31, 2016: 75,00,000; March 31, 2015: 7,500,000 ) Redeemable Preference shares of Rs.10 each	7,50,00,000	7,50,00,000	7,50,00,000

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

Name of Shareholder	31-Mar-17		31-Mar-16		1-Apr-15	
	Nos.	%	Nos.	%	Nos.	%
Zuari Agro Chemicals Limited , the Holding Company						
Equity shares of Rs. 10 each fully paid	3,04,24,162	99.99%	3,04,24,162	99.99%	2,06,74,081	99.99%



11. Other Equity

	Amount in Rs.		
	31-Mar-17	31-Mar-16	01-Apr-15
Equity portion of compound financial instrument (preference shares)			
7,500,000 (March 31, 2016: 7,500,000; March 31, 2015: 7,500,000 ) 12% redeemable preference shares of Rs. 10 each	5,20,08,237	5,20,08,237	5,20,08,237
Reserves & Surplus			
Balance as per last financial statements	(28,30,50,041)	(26,59,44,407)	(26,32,59,191)
Less: Adjustment for Carrying value of fixed assets having NIL useful life as per Schedule II of Companies Act, 2013	-	-	(11,49,100)
Profit (Loss) for the year	85,80,419	(1,67,70,354)	(15,36,116)
Other Comprehensive Income for the year	4,49,629	(3,35,281)	-
Net Deficit in the statement of profit and loss	(27,40,19,994)	(28,30,50,041)	(26,59,44,407)
<b>Total Other Equity</b>	<b>(22,20,11,757)</b>	<b>(23,10,41,804)</b>	<b>(21,39,36,170)</b>

12a Long Term Borrowings (at amortised cost)

	Amount in Rs.					
	Non Current			Current Portion		
	31-Mar-17	31-Mar-16	1-Apr-15	31-Mar-17	31-Mar-16	1-Apr-15
<u>Unsecured</u>						
Loans from related parties	-	-	-	-	-	7,50,00,000
<u>Liability component of compound financial instrument</u>						
Redeemable Preference Shares	3,27,80,757	2,91,25,278	2,58,77,432	-	-	-
Less: Current Maturity of long term borrowings (Disclosed under Other Financial Liabilities - Note 14)	-	-	-	-	-	(7,50,00,000)
<b>Total</b>	<b>3,27,80,757</b>	<b>2,91,25,278</b>	<b>2,58,77,432</b>	<b>-</b>	<b>-</b>	<b>-</b>

Terms of redemption of redeemable preference shares

The Company has only one class of preference shares having a par value of Rs. 10 per share. 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 shareholder to redeem the same any time earlier. In the event of liquidation of the Company, the holder of preference shares will have priority over equity shares in the payment of dividend and repayment of capital.

	Amount in Rs.		
	31-Mar-17	31-Mar-16	1-Apr-15
12b Short Term Borrowings			
<u>From Banks:</u>			
<u>i) Secured</u>			
Cash credits from banks	48,28,73,201	38,61,83,831	7,31,23,828
<u>ii) Unsecured</u>			
Short term loan from bank	-	-	7,50,00,000
Loan from related party	3,90,00,000	-	-
<b>Total</b>	<b>52,18,73,201</b>	<b>38,61,83,831</b>	<b>14,81,23,828</b>

Cash credits from bank 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%). These cash credits are also secured by corporate guarantee provided by Zuari Agro Chemicals Limited.

13. Trade payables (at amortised cost)

	Amount in Rs.		
	31-Mar-17	31-Mar-16	1-Apr-15
<u>Sundry Creditors:</u>			
Dues to related parties	1,22,41,788	1,78,51,818	1,55,46,984
Dues to others	51,64,30,218	28,43,57,068	9,65,54,632
(Refer Note 35 for details of dues to Micro and Small Enterprises)			
<b>Total</b>	<b>52,86,72,006</b>	<b>30,22,08,886</b>	<b>11,21,01,616</b>

Terms and conditions of the above financial liabilities:

Trade payables are non-interest bearing and are normally settled during 60 to 90 days terms

For explanations on the Company's credit risk management processes, refer Note 31



14. Other Financial Liabilities (at amortised cost)

	Non Current			Current		
	31-Mar-17	31-Mar-16	1-Apr-15	31-Mar-17	31-Mar-16	1-Apr-15
<b>Other financial liabilities at amortised cost</b>						
Trade deposits	-	-	-	2,16,64,435	2,19,84,435	2,05,89,435
Current maturities of long-term debt (Refer Note 12)	-	-	-	-	-	7,50,00,000
Interest accrued and due on borrowings	-	-	-	-	-	2,23,18,925
Interest accrued but not due on borrowings	-	-	-	-	-	7,16,610
<b>Total other financial liabilities at amortised cost</b>	-	-	-	<b>2,16,64,435</b>	<b>2,19,84,435</b>	<b>11,86,24,970</b>
<b>Total other financial liabilities</b>	-	-	-	<b>2,16,64,435</b>	<b>2,19,84,435</b>	<b>11,86,24,970</b>

15. Other Liabilities

	Amount in Rs.		
	31-Mar-17	Current 31-Mar-16	1-Apr-15
Advance from customers	8,86,23,400	15,10,66,650	12,87,31,115
Other payable	-	-	50,938
Statutory dues payable	69,71,420	20,36,769	22,85,392
<b>Total</b>	<b>9,55,94,820</b>	<b>15,31,03,419</b>	<b>13,10,67,446</b>

16. Provisions (Current and Non-Current)

	Amount in Rs.		
	31-Mar-17	Current 31-Mar-16	1-Apr-15
Provision for employee benefits			
Gratuity [Refer Note 32]	85,49,796	82,70,186	20,03,189
Compensated Absences	1,57,46,303	1,06,85,382	63,80,098
Provision for loss on expected sales return*	1,05,79,351	-	-
<b>Total</b>	<b>3,48,75,450</b>	<b>1,89,55,568</b>	<b>83,83,287</b>
<b>Current</b>	<b>2,65,22,987</b>	<b>1,10,39,299</b>	<b>83,83,287</b>
<b>Non-Current</b>	<b>83,52,463</b>	<b>79,16,269</b>	<b>-</b>

\* 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	31-Mar-17	31-Mar-16	1-Apr-15
Opening	-	-	-
Addition	1,05,79,351	-	-
Reversal/ Utilization	-	-	-
<b>Closing</b>	<b>1,05,79,351</b>	<b>-</b>	<b>-</b>



Zuari Agri Sciences Limited

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Notes to financial statements for the year ended 31 March 2017

(Amount in Rupees, unless otherwise stated)

**Note 17: Income Tax**

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

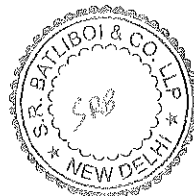
<b>Profit or loss section</b>	<b>Year Ended</b>	<b>Year Ended</b>
<b>Particulars</b>	<b>31-Mar-17</b>	<b>31-Mar-16</b>
<b>Current income tax:</b>		
Current income tax charge	69,35,169	-
Adjustments in respect of current income tax of previous year	-	-
<b>Income tax expense reported in the statement of profit or loss</b>	<b>69,35,169</b>	<b>-</b>

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

<b>Particulars</b>	<b>As at</b>	<b>As at</b>
	<b>31-Mar-17</b>	<b>31-Mar-16</b>
Accounting profit/(loss) before Income tax	1,55,15,588	(1,67,70,354)
At India's statutory income tax rate of 20.389% (31 March 2016: 0%) *	31,63,473	-
Adjustments in respect of current income tax of previous years	-	-
<b>Tax effects of Non-deductible expenses for tax purposes:</b>		
Interest on income tax	25,442	-
Provision for doubtful debts and advances	15,89,242	-
Provision for loss on expected sales return	21,57,012	-
<b>Income tax expense reported in the statement of profit and loss at the effective income tax rate of 20.389% (31 March 2016: 0%)</b>	<b>69,35,169</b>	<b>-</b>

**Deferred Tax:**

Deferred tax asset in respect of unabsorbed depreciation and business losses has not been created in the absence of sufficient estimated taxable profits which will be available for set off against these business losses in future years, in terms of the recognition criteria prescribed under Ind AS-12 (Income Taxes).



18. Revenue From Operations

	Year Ended 31-Mar-17	Amount in Rs. Year Ended 31-Mar-16
<b>Revenue from Sales</b>		
Sale of Seeds		
- Finished Product	40,16,60,284	52,21,79,209
- Traded Product	5,56,16,520	-
Less: Discount on Sales	(3,28,39,260)	(6,56,28,782)
Sale Of Pesticide (Traded)	1,24,95,53,093	94,62,97,052
Less: Discount on Pesticide Sales	(13,10,25,223)	(9,33,32,685)
<b>Other operating revenue</b>		
Sale of Scrap	1,04,00,124	53,88,641
Business Support Services	-	52,35,595
<b>Total</b>	<b>1,55,33,65,538</b>	<b>1,32,01,39,030</b>

19. Other income

	Year Ended 31-Mar-17	Year Ended 31-Mar-16
Interest Income on bank deposits	30,636	1,11,929
Insurance claim	-	4,57,171
Liabilities written back	3,81,483	-
<b>Total</b>	<b>4,12,119</b>	<b>5,69,100</b>

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

	Year Ended 31-Mar-17	Year Ended 31-Mar-16
In relation to Financial assets classified at amortised cost	30,636	1,11,929
<b>Total</b>	<b>30,636</b>	<b>1,11,929</b>

20. Cost of Materials consumed

	Year Ended 31-Mar-17	Year Ended 31-Mar-16
<b>Cost of raw materials consumed</b>		
Raw materials at the beginning of the year	9,88,94,602	7,09,11,587
Add: Purchases	25,73,56,421	35,51,53,602
	<b>35,62,51,023</b>	<b>42,60,65,189</b>
Less: Raw materials at the end of the year	9,78,94,713	9,88,94,602
<b>Cost of raw materials consumed</b>	<b>25,83,56,310</b>	<b>32,71,70,587</b>

	Year Ended 31-Mar-17	Year Ended 31-Mar-16
<b>Details of raw materials consumed</b>		
Raw seeds	23,37,03,168	30,03,96,609
Packing materials	2,12,27,723	2,33,59,488
Chemicals	34,25,419	34,14,488
	<b>25,83,56,310</b>	<b>32,71,70,586</b>

	31-Mar-17	31-Mar-16
<b>Details of raw materials at the end of the year</b>		
Raw seeds	7,73,38,041	7,54,43,620
Packing materials	1,66,70,939	1,95,61,443
Chemicals	38,85,734	38,89,539
	<b>9,78,94,713</b>	<b>9,88,94,602</b>



21. Purchases of stock in trade	Year Ended 31-Mar-17	Year Ended 31-Mar-16
Purchases of Traded Seeds	6,22,35,624	-
Purchases of Traded Pesticides	1,00,52,79,536	87,65,52,008
<b>Total</b>	<b>1,06,75,15,160</b>	<b>87,65,52,008</b>

22. Changes in inventories of finished goods, Stock-in-Trade and work-in-progress	Year Ended 31-Mar-17	Year Ended 31-Mar-16
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**Inventories at the end of the year**

Work in process of seeds	21,03,17,830	18,58,48,480
Finished Seeds	3,90,30,803	3,11,32,344
Seeds Traded	1,81,07,135	-
Pesticides	21,89,14,731	15,85,62,115
<b>Total</b>	<b>48,63,70,499</b>	<b>37,55,42,939</b>

**Inventories at the beginning of the year**

Work in process of seeds	18,58,48,480	14,61,19,908
Finished Seeds	3,11,32,344	4,15,78,459
Seeds Traded	-	-
Pesticides	15,85,62,115	-
<b>Total</b>	<b>37,55,42,939</b>	<b>18,76,98,367</b>
	<b>(11,08,27,559)</b>	<b>(18,78,44,573)</b>

23. Employee Benefits Expense	Year Ended 31-Mar-17	Year Ended 31-Mar-16
Salaries, bonus and allowances	6,95,22,638	6,50,74,356
Contribution to provident and other funds	51,52,649	36,99,070
Gratuity expenses (refer note 32)	16,88,193	7,95,559
Staff welfare expenses	15,47,134	33,78,768
<b>Total</b>	<b>7,79,10,614</b>	<b>7,29,47,753</b>

24. Finance Costs	Year Ended 31-Mar-17	Year Ended 31-Mar-16
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**Interest Expense:**

On term loans	31,99,603	66,83,072
On cash credits	4,71,60,866	2,72,37,222
On liability component of preference shares	36,55,479	32,47,846
On income tax	1,24,785	-

Bank Charges	19,66,755	17,69,649
Others	-	-
Unwinding of discount and effect of changes in discount rate on provisions	-	-
<b>Total</b>	<b>5,61,07,488</b>	<b>3,89,37,788</b>

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

In relation to Financial liabilities classified at amortised cost	Year Ended 31-Mar-17	Year Ended 31-Mar-16
	5,03,60,469	3,39,20,293
	<b>5,03,60,469</b>	<b>3,39,20,293</b>



	Year Ended 31-Mar-17	Year Ended 31-Mar-16
<b>25. Depreciation and Amortization expense</b>		
Depreciation of property, plant and equipment	38,56,361	36,30,835
Amortisation of intangible assets	28,82,873	23,58,538
	<b>67,39,234</b>	<b>59,89,373</b>

	Year Ended 31-Mar-17	Year Ended 31-Mar-16
<b>26. Other expenses</b>		
Process expenses	1,16,56,797	1,18,19,362
Foundation Seed expenses	-	9,720
Rent	2,43,11,860	3,16,52,038
Rates and Taxes	37,09,648	20,83,014
Insurance	24,24,146	19,21,606
Power, fuel and Water	15,94,177	18,58,771
Repairs and maintenance		
Plant and machinery	3,10,886	3,19,962
Building	2,470	-
Others	2,76,187	8,82,204
Communication expenses	16,41,530	22,98,766
Travelling expenses	2,02,09,953	2,67,29,873
Legal and professional charges	36,76,492	71,91,742
Payment to auditor (refer note below)	5,01,038	6,85,943
Sales promotion expenses	1,82,09,683	2,01,61,250
Royalty on Sales	53,89,853	2,87,14,472
Outward freight and handling	6,18,85,086	4,46,81,135
Bad debts and advances written off	24,000	16,26,285
Provision for doubtful debts and advances	77,94,796	78,14,554
Loss on foreign exchange fluctuation	1,58,998	2,37,220
Research and development expenses (refer note 37)	65,64,266	56,88,428
Miscellaneous expenses	1,21,18,957	73,49,203
<b>Total</b>	<b>18,24,60,823</b>	<b>20,37,25,548</b>

	Year Ended 31-Mar-17	Year Ended 31-Mar-16
<b>Payment to auditor (including service tax)</b>		
As auditor:		
Statutory Audit Fees	4,43,538	4,00,750
Audit of interim financial statements	-	2,27,943
Tax Audit Fees	57,500	57,250
	<b>5,01,038</b>	<b>6,85,943</b>



**27. 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 31-Mar-2017	Year ended 31-Mar-2016
Profit/ (Loss) after tax	85,80,419	(1,67,70,354)
Net Loss for calculation of basic and diluted EPS	85,80,419	(1,67,70,354)
<b>Considered for calculation of basic and diluted EPS</b>		
Weighted average number of equity shares - Basic and diluted EPS (No's)	3,04,24,162	2,48,41,285
Earnings per share - Basic and Diluted	0.28	(0.68)

**28. Commitments and Contingencies**

**Contingent Liabilities**

The Company has outstanding bank guarantee of Rs. 5,00,000/- (March 31, 2016: Rs. 19,39,150/-).

**29. Significant accounting judgments, estimates and assumptions**

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and 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.

**JUDGEMENTS**

In the process of applying the company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the financial statements:

**Contingencies**

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Company, including legal, contractor, land access and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgment and the use of estimates regarding the outcome of future events.

**ESTIMATES AND ASSUMPTIONS**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the company. Such changes are reflected in the assumptions when they occur.

**Defined benefit plans (gratuity benefits)**

The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of the gratuity obligation 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 plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables for the country. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the country.

Further details about gratuity obligations are given in Note 32.





**Taxes**

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

The Company recognizes Minimum Alternate Tax (MAT) Credit for the amount of tax calculated by it under the provisions of MAT under Income Tax Act, 1961. For the purpose of determination of its eligibility to use the available MAT credit in future years the management estimates the future taxable profits and its computation of tax under MAT provisions and normal tax provisions under the Income Tax Act, 1961. It also takes into account the provisions of the Income Tax Act, 1961 in respect of the eligibility to carry forward such MAT Credit. Accordingly it recognizes or derecognizes the MAT Credit basis the analysis, as above, of usability of the MAT Credit in future.

**30. Capital management**

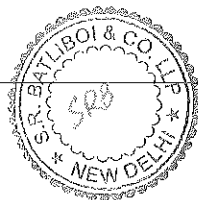
For the purpose of the Company's capital management, capital includes issued equity share capital, redeemable preference share capital, short term borrowings and inter corporate loans from the parent. The primary objective of the Company's capital management is to maintain liquidity in the business in order to maximise the shareholder value in long term.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions, the requirements of the financial covenants and requirement of working capital in the business. To maintain or adjust the capital structure, the Company plans its working capital requirement and accordingly observes its drawing power of the cash credit limit and thereby plans any requirement of inter corporate loan. In order to have a better capital management the management observes the financial covenants to have a better credit rating which impacts cost of borrowing of the company. 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.

	Amount in Rs.		
	31-Mar-17	31-Mar-16	1-Apr-15
Borrowings	52,18,73,201	38,61,83,831	14,81,23,828
Trade & other payables	55,03,36,441	32,41,93,321	23,07,26,586
Less: Cash and cash equivalents	4,87,370	9,41,841	4,50,06,314
<b>Net debts</b>	<b>1,07,17,22,271</b>	<b>70,94,35,311</b>	<b>33,38,44,101</b>
Equity share capital	35,62,49,857	35,62,49,857	25,87,49,857
Redeemable preference shares (loan component)	3,27,80,757	2,91,25,278	2,58,77,432
<b>Total Capital</b>	<b>38,90,30,614</b>	<b>38,53,75,135</b>	<b>28,46,27,289</b>
<b>Capital and net debt</b>	<b>1,46,07,52,885</b>	<b>1,09,48,10,446</b>	<b>61,84,71,390</b>
<b>Gearing ratio (%)</b>	<b>73.4%</b>	<b>64.8%</b>	<b>54.0%</b>

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 31 March 2017 and 31 March 2016.



### 31. Financial risk management objectives and policies

The Company's principal financial liabilities comprise loans and borrowings, trade and other payables, security deposits, employee liabilities. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade and other receivables, and cash and short-term deposits that derive directly from its operations.

The Company is exposed to credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The management reviews the credit eligibility of the customers on the basis of their past behaviour with regard to making timely payments of dues. The management also regularly monitors fund availability with the company and makes plans and budgets for inflows and outflows of cash in order to control liquidity risk.

#### 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 and other financial instruments.

#### Trade receivables

Customer credit risk is managed by each business unit subject to transactions in past with the customer and their individual credit performance. Credit quality of a customer is reviewed and their individual credit limits are defined in accordance with their individual assessment. 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 across several jurisdictions and operate in largely independent markets. The Company has also taken security deposits from its customers, which mitigates the credit risk to some extent.

An impairment analysis is performed at each reporting date on an individual basis for major customers. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in the balance sheet.

#### Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by respective division heads in consultation with the CFO. Investments of surplus funds (if any) are made in the form of fixed deposits with banks or mutual funds with good rating. There are no significant surplus funds at the year end.

The Company's maximum exposure to credit risk for the components of the balance sheet at 31 March 2017 and 31 March 2016 is their carrying amounts.

#### Liquidity risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash credit facility from banks and inter company loans from the holding company. The cash credit facility is backed by corporate guarantee of holding company. The working capital fund requirements are met through short term borrowings in the nature of the cash credit facility and inter corporate loans. The Company does not have any long term borrowings. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Company has access to a sufficient variety of sources of funding and with the holding company support the cash credit limit is being rolled over with the existing lenders.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

	0 to 1 years	1 to 5 years	> 5 years	Total
	INR	INR	INR	INR
<b>Year ended</b>				
<b>31-Mar-17</b>				
Borrowings	52,18,73,201	-	-	52,18,73,201
Trade payables	52,86,72,006	-	-	52,86,72,006
Other financial liabilities	2,16,64,435	-	-	2,16,64,435
	<b>1,07,22,09,642</b>	<b>-</b>	<b>-</b>	<b>1,07,22,09,642</b>
<b>Year ended</b>				
<b>31-Mar-16</b>				
Borrowings	38,61,83,831	-	-	38,61,83,831
Trade payables	30,22,08,886	-	-	30,22,08,886
Other financial liabilities	2,19,84,435	-	-	2,19,84,435
	<b>71,03,77,152</b>	<b>-</b>	<b>-</b>	<b>71,03,77,152</b>
<b>As at 1 April 2015</b>				
Borrowings	14,81,23,828	-	-	14,81,23,828
Trade payables	11,21,01,616	-	-	11,21,01,616
Other financial liabilities	11,86,24,970	-	-	11,86,24,970
	<b>37,88,50,414</b>	<b>-</b>	<b>-</b>	<b>37,88,50,414</b>

#### Risk concentration

The trade receivables of the Company are diversified across the country and in a foreign country. Being a diversified portfolio the credit risk concentration vis-a-vis geography is low.

In order to avoid excessive concentrations of risk with respect to the industry, the management plans its business by looking the monsoon forecasts and prediction of agriculture activities in different geographies.

#### Collateral

The Company has not pledged any financial assets as a collateral to a financial liability.



32. Gratuity and other post-employment benefit plans

	31-Mar-17	31-Mar-16	Amount in Rs. 01-Apr-15
Plans			
- Gratuity	85,49,796	82,70,186	20,03,189
<b>Total</b>	<b>85,49,796</b>	<b>82,70,186</b>	<b>20,03,189</b>

Gratuity

The Company has a defined benefit gratuity plan for its employees. Under the plan, every employee who has completed five years or more of service gets a gratuity on departure at 15 day's last drawn basic salary for each completed year of service or part thereof in excess of six months. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

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

Particulars	Amount in Rs. Gratuity	
	2016-17	2015-16
Current service cost	10,64,940	6,53,585
Interest cost on benefit obligation	6,23,253	1,41,973

Amount recognised in Other Comprehensive Income for the year ended 31st March 2017

Particulars	Amount in Rs. Gratuity	
	2016-17	2015-16
Actuarial (gain)/ loss on obligations	(4,37,146)	2,75,807
Return on plan assets (excluding amounts included in net interest expense)	(12,483)	59,474

Changes in the present value of the defined benefit obligation for the year ended 31st March 2017 are as follows:

Particulars	Amount in Rs. Gratuity:	
	2016-17	2015-16
Opening defined benefit obligation	90,52,159	26,43,584
Interest cost	6,98,567	2,01,447
Current service cost	10,64,940	6,53,585
Benefits paid	(6,40,136)	(2,51,005)
Transfer In*		55,28,741
Actuarial (gains) / losses on obligation	(4,37,146)	2,75,807
<b>Closing defined benefit obligation</b>	<b>97,38,384</b>	<b>90,52,159</b>

Changes in the fair value of plan assets are as follows:

Particulars	Amount in Rs. Gratuity:	
	2016-17	2015-16
Opening fair value of plan assets	7,81,973	6,40,395
Adjustment of Opening balance		64,470
Expected return on plan assets	12,483	(59,474)
Interest income	75,314	59,474
Contributions	9,59,044	3,28,113
Benefits paid	(6,40,136)	(2,51,005)
<b>Closing fair value of plan assets</b>	<b>11,88,678</b>	<b>7,81,973</b>

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	2016-17	2015-16
Investment with insurer (Life Insurance Corporation of India)	100%	100%



The principal assumptions used in determining gratuity obligation for the Company's plans are shown below:

Particulars	Gratuity	
	31-Mar-17	31-Mar-16
Discount rate	7.50%	8.00%
Increase in compensation cost	9.00%	9.00%
Expected rate of return on plan assets	8.00%	8.00%
Employee turnover	3.00%	8.00%

A quantitative sensitivity analysis for significant assumption as at 31 March 2017 is as shown below:

Amount in Rs.

**Gratuity Plan**

**Assumptions**

**Sensitivity Level**

Impact on defined benefit obligation

**Discount rate**

1% increase      1% decrease

(6,50,071)      7,43,470

**Salary Escalation Rate**

1% increase      1% decrease

4,70,563      (4,45,541)

**Attrition rate**

1% increase      1% decrease

(41,480)      46,219

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.

The following payments are expected contributions to the defined benefit plan in future years:

Amount in Rs.

	Gratuity	
	31-Mar-17	31-Mar-16
Within the next 12 months (next annual reporting period)	13,85,921	9,49,794
Between 1 and 2 years	5,44,701	17,68,606
Between 2 and 3 years	4,59,115	9,47,234
Between 3 and 4 years	32,14,162	8,68,348
Between 4 and 5 years	5,04,088	35,27,175
Between 5 and 10 years	64,16,993	85,48,592
<b>Total expected payments</b>	<b>1,25,24,980</b>	<b>1,66,09,749</b>

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 7.34 years (31 March 2016: 8.06 years).



Zuari Agri Sciences Limited  
 CIN: U01122GA1995PLC001751  
 Notes to financial statements for the year ended 31 March 2017  
 (Amount in Rupees, unless otherwise stated)

3.3. Related party disclosures

A. Names of related parties and description of relationship where control exists:

Nature of Relationship	Name of the related party
Holding Company	Zuari Agro Chemicals Limited

B. Other related parties and description of relationship with whom transactions have taken place during the year:

Nature of Relationship	Name of the related party
Fellow Subsidiary	Zuari Speciality Fertilisers Limited Zuari Fertilisers and Chemical Limited Mangalore Chemicals & Fertilisers Limited (w.e.f. May 19, 2015)

Party having significant influence over the Holding Company	Zuari Global Limited
Subsidiary of Zuari Global Limited	Zuari Investments Limited
Joint Venture of Holding Company	Paradeep Phosphates Limited
Key managerial personnel	Mr. Kaushal Jaiswal ( CEO & Whole Time director) upto 11th July, 2016 Mr. Shailesh Chitale - CFO Mr. Siddhesh Zantye - Company Secretary up to 15th Feb, 2017 Mr. Nageshwar Rao - Manager upto June 30, 2015 Mr. B. S. Ravi Shankar - Manager w.e.f. 1st January, 2017
Directors	Bhaskar Chatterjee - Independent Director Kapil Mehan - Non- Executive Director L.M. Chandrasekaran - Independent Director Naveen Kapoor - Non- Executive Director V. Seshadri - Non- Executive Director

C. Summary of transactions with the related parties is as follows:

	Year ended 31-Mar-2017	Year ended 31-Mar-2016
<b>Zuari Agro Chemicals Limited</b>		
Purchase of seeds	10,97,800	3,35,24,881
Sale of seeds (net of sales returns and discounts)	1,89,784	-
Sale of Pesticide (net of sales returns and discounts)	3,02,00,157	1,69,79,902
Interest Expense	31,99,603	62,89,483
Expense reimbursements (receivable)	32,500	12,42,545
Income from Business Support Services	-	59,78,089
Expense reimbursements (payable)	1,07,19,316	11,90,114
Inter Corporate Loan (Short Term) received	3,90,00,000	-
Repayment of Loan and ICD	-	9,75,00,000
Allotment of equity share capital	-	9,75,00,000
Gratuity and leave provision of employees transferred to ZACL		73,16,890
Director Appointment Fees Reimbursement		3,00,000
<b>Paradeep Phosphates Limited</b>		
Expense reimbursements (receivable)	32,500	43,12,006
Expense reimbursements (payable)	31,14,218	92,22,257
<b>Zuari Investments Limited</b>		
Expense reimbursements (payable)	23,000	22,472
<b>Zuari Speciality Fertilisers Limited</b>		
Expense reimbursements (payable)	-	15,859



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Notes to financial statements for the year ended 31 March 2017  
(Amount in Rupees, unless otherwise stated)

	Year ended 31-Mar-2017	Year ended 31-Mar-2016
<b>Key managerial persons</b>		
Salary and other employment benefits *		
Mr.Kaushal Jaiswal	19,08,805	50,52,500
Mr. B. S. Ravi Shankar	29,85,511	-
Mr.Shaillesh Chitale	8,51,526	9,00,000
Mr.Siddhesh Zantye	2,96,949	3,64,000
Mr. Nageshwar Rao (upto June 30, 2015)	-	7,30,305
* Gratuity and other long term employment benefits are computed for the Company as a whole hence separate information for these benefits to the related parties is not disclosed		
Expense reimbursements (payable)		
Mr.Kaushal Jaiswal	3,53,333	3,88,086
Mr. B. S. Ravi Shankar	9,24,619	2,88,258
Mr.Shaillesh Chitale	26,737	2,35,491
Mr.Siddhesh Zantye	10,644	39,887
<b>Directors</b>		
Bhaskar Chatterjee	67,500	1,05,000
L.M. Chandrasekaran	82,500	1,05,000

**C. Related party balances at year end**

Particulars	31-Mar-17	31-Mar-16	1-Apr-15
<b>Zuari Agro Chemicals Limited</b>			
Trade receivables	31,06,680	-	1,92,41,298
Other receivables	2,12,550	-	-
Trade Payable	-	1,28,83,162	60,82,150
Unsecured loan (including interest)	3,90,00,000	-	9,75,18,925
<b>Zuari Investments Limited</b>			
Trade Payable	20,700	-	-
<b>Paradeep Phosphate Limited</b>			
Trade Receivable	8,46,893	15,00,000	15,00,000
Trade Payable	1,21,96,906	49,44,474	34,223
<b>Gobind Sugar Mills Limited</b>			
Trade Payable	24,182	24,182	-
<b>Zuari Management Services Limited</b>			
Other receivables	83,000	83,000	-
<b>Zuari Global Limited</b>			
Trade Payable	-	-	94,30,611
<b>Key managerial persons * - Balance Receivable/ (Payable)</b>			
Mr.Kaushal Jaiswal	(25,113)	1,08,450	
Mr. B. S. Ravi Shankar	1,44,404	-	
Mr.Shaillesh Chitale	(58,549)	(12,974)	
Mr.Siddhesh Zantye	-	6,198	

\* The year-end balances of KMPs do not include liability towards variable pay as the same is determined after completion of appraisal process.

Note: The Company has received a corporate guarantee for Rs. 50,00,00,000 (March 31, 2016: Rs.50,00,00,000) from Zuari Agro Chemicals Limited in respect of borrowings from banks



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Notes to financial statements for the year ended 31 March 2017

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**34. Segment Information**

The Company is in the business of Trading, Processing and Sale of Hybrid Seeds and Trading of Pesticides. Looking the nature of business and risks involved, the operations of the Company falls into single business segment i.e. Manufacturing and Trading of Agriculture Products. Further majority of its customers and assets are located into single geographical segment which is in India. Accordingly no segment information is provided. The revenue of the Company is diversified across large number of customers and none of the single customer of the Company contributes more than a significant amount in the revenue of the Company.

**35. Details of dues to Micro and Small Enterprises as defined under the MSMED Act, 2006**

The identification of micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006 is based on the Management's knowledge of the status. As per information available with the Management, trade payables do not include any amount due to micro and small enterprises registered under the Micro, Small and Medium Enterprises Development Act, 2006 as at 31 March 2017 and 31 March 2016.

Particulars	31 March 2017 Amount in Rs	31 March 2016 Amount in Rs	1 April 2015 Amount in Rs
(i) Principal amount remaining unpaid to any supplier at the end of accounting period (including retention money against performance).	NIL	NIL	NIL
(ii) Interest due on above.	NIL	NIL	NIL
Total of (i) & (ii)	NIL	NIL	NIL
(iii) Amount of interest paid by the Company to the suppliers in terms of section 16 of the Act.	NIL	NIL	NIL
(iv) Amount paid to the suppliers beyond the respective due date.	NIL	NIL	NIL
(v) Amount of interest due and payable for the period of delay in payments (which have been paid but beyond the due date during the year) but without adding the interest specified under the Act.	NIL	NIL	NIL
(vi) Amount of interest accrued and remaining unpaid at the end of accounting period.	NIL	NIL	NIL
(vii) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of this Act.	NIL	NIL	NIL

**36. 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:-**

Particulars	SBNs	Other denomination notes	(Amount in Rs.)
			Total
Closing cash in hand as on 08.11.2016	-	52,433	52,433
(+) Permitted receipts	-	-	-
(-) Permitted payments	-	(1,95,273)	(1,95,273)
(+) Amount withdrawn from Banks	-	2,02,000	2,02,000
Closing cash in hand as on 30.12.2016	-	59,160	59,160

**37. The details of Research & Development Expenses are given below:**

	(Amount in Rs.)	
	Year ended 31-Mar-2017	Year ended 31-Mar-2016
Repairs and Maintenance- Plant and Machinery	1,29,497	95,235
Farm Maintenance	34,45,743	15,19,606
Testing expenses	14,38,966	21,77,891
Consumables	3,58,645	4,17,025
Miscellaneous expenses	11,91,415	14,78,671
	65,64,266	56,88,428



### 38. First Time Adoption of Ind AS

These financial statements, for the year ended 31 March 2017, are the first, the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31 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 31 March 2017, together with the comparative period data as at and for the year ended 31 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 1 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 1 April 2015 and the financial statements as at and for the year ended 31 March 2016 and 31 March 2017.

#### Exemptions applied:-

##### Mandatory exemptions:

###### i) Estimates

The estimates at 1 April 2015 and at 31 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). The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at 1 April 2015, the date of transition to Ind AS and as of 31 March 2016. The Company made estimates for impairment of financial assets based on expected credit loss model in accordance with Ind AS at the date of transition, as these were not required under Indian GAAP.

###### ii) Classification and measurement of Financial Instruments:

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 AS. 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.

###### iii) Impairment of financial assets:

At the date of transition to Ind AS, 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).

##### Optional exemptions:

###### i) Business combinations:

Ind AS 103 Business Combinations has not been applied to past business combinations, which are considered businesses under Ind AS that occurred before 1 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 Company's 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.

###### ii) Fair value measurement of financial assets or financial liabilities

The Company has not retrospectively restated the transactions occurred prior to the date of transition to Ind AS in respect of fair valuation of financial assets or financial liabilities and accounting for corresponding day-one gain or losses and has applied the provisions prospectively to such transactions occurring on or after the date of transition to Ind AS.

###### iii) Deemed cost-Previous GAAP carrying amount: (PPE and Intangible Assets)

The Company has elected to continue with the carrying value for all of its PPE and intangible assets as recognised in its Indian GAAP financial as deemed cost at the transition date.





38. First Time Adoption of Ind AS

The effect of Ind AS adoption on the equity and profit has been presented below:  
Reconciliation of Equity

Particulars	Notes	As at 31/3/2016 (end of last period presented under previous GAAP)	As at 01/04/2015 (Date of Transition)
<b>Equity as reported under previous GAAP</b>			
Equity Share Capital	A)	30,42,41,620	20,67,41,620
Preference Share Capital	B)	7,50,00,000	7,50,00,000
Reserves & Surplus	C)	(27,47,39,386)	(26,08,81,595)
<b>Total</b>		<b>10,45,02,234</b>	<b>2,08,60,025</b>
<b>Ind AS: Adjustments increase (decrease):</b>			
Opening adjustment to retained earnings		(2,80,54,575)	-
Equity component of compound financial instrument D)	i)	-	(2,29,91,760)
Interest expense recognised on liability component of compound financial instrument E)	i)	(32,47,843)	(28,85,669)
Taxes in respect of earlier years adjusted in opening retained earnings	ii)	-	(21,77,146)
<b>Equity as reported under IND AS</b>			
Equity Share Capital	A)	30,42,41,620	20,67,41,620
Other Equity	B)+C)+D)+E)	(23,10,41,804)	(21,39,36,170)
<b>Total</b>		<b>7,31,99,816</b>	<b>(71,94,550)</b>

Reconciliation of Profit

PARTICULARS	Notes	Year ended 31/3/2016 (latest period presented under previous GAAP)
Previous GAAP		(1,38,57,791)
<b>Ind AS: Adjustments increase (decrease):</b>		
Interest expense recognised on liability component of compound financial instrument	i)	(32,47,843)
Actuarial (gain)/ loss on defined benefit plans recognized under OCI	iii)	3,35,281
<b>Total adjustment to profit or loss</b>		<b>(29,12,562)</b>
<b>Profit or loss under Ind AS</b>		<b>(1,67,70,353)</b>
Other comprehensive income		(3,35,281)
<b>Total comprehensive income under Ind ASs</b>		<b>(1,71,05,634)</b>

Note: No statement of comprehensive income was produced under previous GAAP. Therefore the above reconciliation starts with profit under previous GAAP.

Footnotes to the reconciliation of equity as at 1 April 2015 and 31 March 2016 and profit or loss for the year ended 31 March 2016

i) Financial Liabilities

12% Redeemable Preference Shares issued by the Company to Zuari Agro Chemicals Limited (ZACL or the Holding Company). Under Ind-AS such issue of preference shares has been recognised as financial liability at amortised cost using effective interest method. Initial measurement has been done at fair value. The difference between transaction price and fair value needs to be accounted for as Equity Component of compound financial instrument in books of the Company.

ii) Taxes in respect of earlier years

Impact of tax assessments in respect of earlier financial years have been adjusted with the opening balance of retained earnings.

iii) Actuarial (gain)/ loss on defined benefit plans recognized under OCI

Both under Indian GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under 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 31 March 2016, the employee benefit cost is decreased and remeasurement loss on defined benefit plans has been recognized in the OCI.



### 39. Fair values

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments.

	Carrying value			Fair value			Amount in Rs.
	As at	As at	As at	As at	As at	As at	
	31-Mar-17	31-Mar-16	01-Apr-15	31-Mar-17	31-Mar-16	01-Apr-15	
<b>Financial assets</b>							
<b>Amortised Cost:</b>							
Security deposits	18,82,023	18,70,080	21,15,580	18,82,023	18,70,080	21,15,580	
Margin Money Deposits	2,50,000	2,50,000	12,47,417	2,50,000	2,50,000	12,47,417	
<b>Total</b>	<b>21,32,023</b>	<b>21,20,080</b>	<b>33,62,997</b>	<b>21,32,023</b>	<b>21,20,080</b>	<b>33,62,997</b>	
<b>Financial liabilities</b>							
<b>Borrowings:</b>							
Liability component Preference shares	3,27,80,757	2,91,25,278	2,58,77,432	3,27,80,757	2,91,25,278	2,58,77,432	
Trade Deposits	2,16,64,435	2,19,84,435	2,05,89,435	2,16,64,435	2,19,84,435	2,05,89,435	
<b>Total</b>	<b>5,44,45,192</b>	<b>5,11,09,713</b>	<b>4,64,66,867</b>	<b>5,44,45,192</b>	<b>5,11,09,713</b>	<b>4,64,66,867</b>	

The management assessed that cash and cash equivalents, other bank balances, trade receivables, interest payable, current maturities of long term borrowings and trade payables approximate their carrying amounts 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. The fair value of security deposits, Margin money deposits, Interest accrued and Trade Deposits are approximates the carrying value and hence, the valuation technique and inputs have not been given.

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 31 March 2017, 31 March 2016 and 1 April 2015 are as shown below:

Description	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
<b>As on March 31, 2017</b>				
Liability component Preference shares	DCF method	Long-term growth rate for cash flows for	12%	Increase (decrease) in risk adjusted discount rate by 0.50% would result in decrease (increase) in fair value by Rs.10.94 lacs and Rs.(11.33 lacs) respectively.
<b>As on March 31, 2016</b>				
Liability component Preference shares	DCF method	Long-term growth rate for cash flows for subsequent years	12%	Increase (decrease) in risk adjusted discount rate by 0.50% would result in decrease (increase) in fair value by Rs.11.08 lacs and Rs.(11.54 lacs) respectively.
<b>As on April 01, 2015</b>				
Liability component Preference shares	DCF method	Long-term growth rate for cash flows for subsequent years	12%	Increase (decrease) in risk adjusted discount rate by 0.50% would result in decrease (increase) in fair value by Rs.11.05 lacs and Rs.(11.56 lacs) respectively.



#### 40. Fair 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 31 March 2017:

	Date of valuation	Total	Fair value measurement using			(Amount in Rs.)
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
<b>Fair value of assets measured at amortized cost:</b>						
Security deposits	31-Mar-17	18,82,023	-	18,82,023	-	
Margin Money Deposits	31-Mar-17	2,50,000	-	2,50,000	-	

There have been no transfers between Level 1 and Level 2 during the period.

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

	Date of valuation	Total	Fair value measurement using			(Amount in Rs.)
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
<b>Fair value of liabilities measured at amortized cost:</b>						
Liability component Preference shares	31-Mar-17	3,27,80,757	-	-	3,27,80,757	
Trade Deposits	31-Mar-17	2,16,64,435	-	2,16,64,435	-	

There have been no transfers between Level 1 and Level 2 during the period.

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

	Date of valuation	Total	Fair value measurement using			(Amount in Rs.)
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
<b>Fair value of assets measured at amortized cost:</b>						
Security deposits	31-Mar-16	18,70,080	-	18,70,080	-	
Margin Money Deposits	31-Mar-16	2,50,000	-	2,50,000	-	

There have been no transfers between Level 1 and Level 2 during the year ended 31 March 2016.

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

	Date of valuation	Total	Fair value measurement using			(Amount in Rs.)
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
<b>Fair value of liabilities measured at amortized cost:</b>						
Liability component Preference shares	31-Mar-16	2,91,25,278	-	-	2,91,25,278	
Trade Deposits	31-Mar-16	2,19,84,435	-	2,19,84,435	-	

There have been no transfers between Level 1 and Level 2 during year ended 31 March 2016.

Quantitative disclosures fair value measurement hierarchy for assets as at 1 April 2015:

	Date of valuation	Total	Fair value measurement using			(Amount in Rs.)
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
<b>Fair value of assets measured at amortized cost:</b>						
Security deposits	01-Apr-15	21,15,580	-	21,15,580	-	
Margin Money Deposits	01-Apr-15	12,47,417	-	12,47,417	-	

Quantitative disclosures fair value measurement hierarchy for liabilities as at 1 April 2015:

	Date of valuation	Total	Fair value measurement using			(Amount in Rs.)
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
<b>Fair value of liabilities measured at amortized cost:</b>						
Liability component Preference shares	01-Apr-15	2,58,77,432	-	-	2,58,77,432	
Trade Deposits	01-Apr-15	2,05,89,435	-	2,05,89,435	-	



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Notes to financial statements for the year ended 31 March 2017

(Amount in Rupees, unless otherwise stated)

41. Derivative instruments and other un-hedged foreign currency exposure

There are no derivative contracts outstanding as at 31 March 2017 (31 March 2016: NIL). The details of unhedged foreign currency exposure is as below:

	(Amount in Rs.)	
	Year ended 31-Mar-2017	Year ended 31-Mar-2016
Trade receivables		
- Foreign Currency (USD)	53,268	-
- Conversion Rate	64.84	-
- Reporting Currency (INR)	34,53,823	-

42. The Company is in the process of identifying name of the customers from whom it has received money and such collections of Rs. 3,32,61,632/- 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/ reconcilled.

As per our report of even date

For S.R. BATLIBOI & Co. LLP

Firm Registration Number : 301003E/E300005

Chartered Accountants

per Anil Gupta

Partner

Membership No. 87921

Place: New Delhi

Date: 17/05/2017



For and on behalf of the Board of Directors of  
Zuari Agri Sciences Limited

V Seshadri

Director

DIN: 06499916

Place: Gurgaon

Date: 17 May 2017

Maveen Kapoor

Director

DIN: 01680157