

**INDEPENDENT AUDITOR'S REPORT****To the Members of Zuari Agri Sciences Limited****Report on the Financial Statements**

We have audited the accompanying financial statements of Zuari Agri Sciences Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility 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 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 financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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



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

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, of its loss and its cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - (e) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of section 164 (2) of the Act;
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report dated May 7, 2016 in "Annexure A" 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;



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

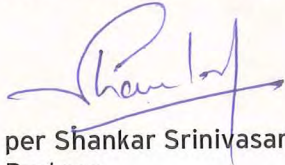
Chartered Accountants

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

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

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004



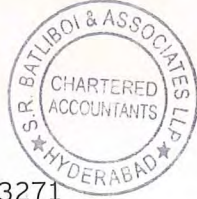
per **Shankar Srinivasan**

Partner

Membership Number: 213271

Place of Signature: *Hyderabad*

Date: May 7, 2016



Annexure referred to in paragraph 1 under the heading "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) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to information and explanations given by the management, the registration of title deed of immovable property in the name of the Company aggregating Rs. 4,067,483/- (net book value), included in fixed assets, acquired as part of amalgamation of Green Tech Seeds International Private Limited with the Company in an earlier year, is in progress.
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year. 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) The Company has not granted any loans or made any investments or given any guarantees or securities. Accordingly the provisions of section 185 and 186 of the Companies Act, 2013 being not applicable to the Company, clause 3(iv) of the Order is not applicable to the Company and hence not commented upon.
- (v) The Company has not accepted any deposits from the public. Accordingly, the provisions of clause 3(v) of the Order are not applicable to the Company and hence not commented upon.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under clause 148(1) of the Companies Act, 2013, for the products of the Company.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been slight delay in a large number of cases.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of income tax, sales-tax, service tax, customs duty, excise duty and value added tax which have not been deposited on account of any dispute.



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

Chartered Accountants

- (viii) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a bank. The Company did not have any outstanding dues in respect of a financial institution, Government or debenture holders during the year.
- (ix) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) or term loans during the year. Accordingly, the provisions of clause 3(ix) of the Order are not applicable to the Company and hence not commented upon.
- (x) Based on the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud by the Company or on the Company by its officers or employees 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, we report that the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and accordingly the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
- (xiii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year and accordingly the provisions of clause 3(xiv) of the Order are not applicable to the Company and hence not commented upon.
- (xv) The Company has not entered into any non-cash transactions with directors or persons connected with them as specified under the provisions of section 192 of the Companies Act, 2013 and accordingly the provisions of clause 3(xv) of the Order are not applicable to the Company and hence not commented upon.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and accordingly the provisions of clause 3(xvi) of the Order are not applicable to the Company and hence not commented upon.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004



per Shankar Srinivasan

Partner

Membership Number: 213271

Place of Signature: Hyderabad

Date: May 7, 2016



**ANNEXURE "A" 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, 2016 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

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

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

  
per Shankar Srinivasan  
Partner

Membership Number: 213271

Place of Signature: Hyderabad

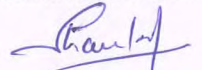
Date: May 7, 2016



Zuari Agri Sciences Limited  
CIN - U01122GA1995PLC001751  
Balance Sheet as at March 31, 2016  
(All amounts are in Indian Rupees except as otherwise stated)

	Notes	As at March 31, 2016	As at March 31, 2015
<b>Equity and Liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	3	3792,41,620	2817,41,620
Reserves and surplus	4	(2747,39,386)	(2608,81,595)
		<b>1045,02,234</b>	<b>208,60,025</b>
<b>Non-current liabilities</b>			
Borrowings	5	-	-
Other liabilities	6	219,84,435	205,89,436
Provisions	9	79,16,269	-
		<b>299,00,704</b>	<b>205,89,436</b>
<b>Current liabilities</b>			
Borrowings	7	3861,83,831	1481,23,828
Trade payables	8	3022,08,889	1121,01,616
Other liabilities	8.1	1531,03,419	2291,02,980
Provisions	9	110,42,299	83,86,289
		<b>8525,38,438</b>	<b>4977,14,713</b>
<b>Total</b>		<b>9869,41,376</b>	<b>5391,64,174</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets	10		
Tangible assets		170,61,713	186,11,905
Intangible assets		403,60,226	427,18,764
Loans and advances	11	227,74,737	44,79,491
Other assets	12.2	2,50,000	12,47,417
Deferred tax assets (net)	37	-	-
		<b>804,46,676</b>	<b>670,57,577</b>
<b>Current assets</b>			
Inventories	13	4744,37,541	2586,09,954
Trade receivables	12.1	3927,97,881	1588,15,231
Cash and bank balances	14	9,41,841	450,06,314
Loans and advances	11	383,08,805	96,27,607
Other assets	12.2	8,632	47,491
		<b>9064,94,700</b>	<b>4721,06,597</b>
<b>Total</b>		<b>9869,41,376</b>	<b>5391,64,174</b>
Summary of significant accounting policies	2.1		

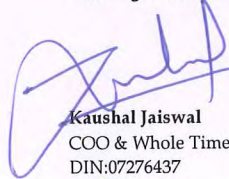
For S.R. BATLIBOI & ASSOCIATES LLP  
Firm Registration Number : 101049W/E300004  
Chartered Accountants



per Shanker Srinivasan  
Partner  
Membership No. 213271



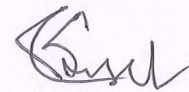
For and on behalf of the Board of Directors of  
Zuari Agri Sciences Limited



Kaushal Jaiswal  
COO & Whole Time director  
DIN:07276437



Shailesh Chitale  
Chief Financial Officer



V Seshadri  
Director  
DIN:06499916



Siddhesh Zantye  
Company Secretary

Place: Hyderabad  
Date: May 7, 2016

Place: Gurgaon  
Date: May 7, 2016





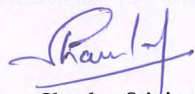
Zuari Agri Sciences Limited  
CIN - U01122GA1995PLC001751

Statement of Profit and loss for the year ended March 31, 2016  
(All amounts are in Indian Rupees except as otherwise stated)

	Notes	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>Income</b>			
Revenue from operations	15	13263,39,030	4917,26,587
Other Income	16	5,69,100	123,66,817
<b>Total revenue ( I )</b>		<b>13269,08,130</b>	<b>5040,93,404</b>
<b>Expenses</b>			
Purchase of traded goods	17	8765,52,008	-
Cost of raw materials consumed	18	3271,70,587	3121,35,534
(Increase) in inventories of finished seeds and work-in-progress	19	(1878,44,573)	(372,16,790)
Employee benefits expense	20	732,83,034	471,72,073
Other expenses	21	2099,25,549	1453,44,364
<b>Total Expenses ( II )</b>		<b>12990,86,605</b>	<b>4674,35,181</b>
<b>Earnings before interest, tax, depreciation and amortization (EBITDA) ( I - II )</b>		<b>278,21,525</b>	<b>366,58,223</b>
Depreciation and amortization expense	22	59,89,373	69,45,931
Finance costs	23	356,89,943	312,48,411
<b>Loss before tax</b>		<b>(138,57,791)</b>	<b>(15,36,119)</b>
Tax expenses		-	-
<b>Loss for the year</b>		<b>(138,57,791)</b>	<b>(15,36,119)</b>
<b>Earnings per equity share - Basic and Diluted</b>	24	(0.56)	(0.07)
<b>Nominal value of share (Rs)</b>		10.00	10.00
<b>Summary of significant accounting policies</b>	2.1		

The accompanying notes are an integral part of the financial statements

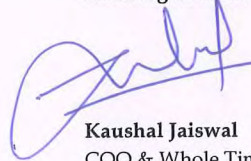
For S.R. BATLIBOI & ASSOCIATES LLP  
Firm Registration Number : 101049W/E300004  
Chartered Accountants



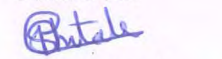
per Shanker Srinivasan  
Partner  
Membership No. 213271

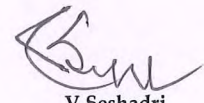


For and on behalf of the Board of Directors of  
Zuari Agri Sciences Limited




Kaushal Jaiswal  
COO & Whole Time director  
DIN:07276437

  
Shailesh Chitale  
Chief Financial Officer



V Seshadri  
Director  
DIN:06499916

  
Siddhesh Zantye  
Company Secretary

Place: *Hyderabad*  
Date: May 7, 2016

Place: Gurgaon  
Date: May 7, 2016



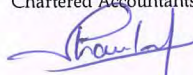
	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Loss before tax	(138,57,791)	(15,36,119)
Non-cash adjustment to reconcile profit before tax to net cash flows:		
Depreciation and amortization expense	59,89,373	69,45,931
Provision for doubtful receivable/advances (net)	78,14,554	124,17,631
Provisions no longer required written back	-	(103,86,812)
Interest income	(1,11,929)	(1,08,828)
Interest expense	339,20,294	302,98,569
<b>Operating profit before working capital changes</b>	<b>337,54,501</b>	<b>376,30,372</b>
Movements in working capital		
Increase/(Decrease) in trade payables	1901,07,273	(538,52,995)
Increase/(Decrease) in other long-term liabilities	13,95,000	12,95,000
Increase/(Decrease) in other current liabilities	220,35,973	398,55,426
Increase/(Decrease) in provisions	105,72,279	13,05,702
(Increase)/Decrease in inventories	(2158,27,587)	(194,77,028)
(Increase)/Decrease in trade receivables	(2417,97,204)	(486,90,127)
(Increase)/Decrease in loans and advances	(284,35,698)	101,06,623
<b>Cash used in operations</b>	<b>(2281,95,463)</b>	<b>(318,27,027)</b>
Direct Taxes Paid (net)	185,40,746	22,63,432
<b>Net Cash used in Operating Activities (A)</b>	<b>(2467,36,209)</b>	<b>(340,90,459)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Tangible Assets	(20,80,643)	(5,71,366)
Proceeds from fixed deposits	9,97,417	-
Interest received	1,50,788	1,08,828
<b>Net Cash used in Investing Activities (B)</b>	<b>(9,32,438)</b>	<b>(4,62,538)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from short term borrowings from banks	-	750,00,000
Proceeds from issue of Share Capital	975,00,000	-
Proceeds from short term borrowings from Holding Company	225,00,000	-
Repayment from short term borrowings from Holding Company	(225,00,000)	-
Repayment of long term loan	(750,00,000)	(240,13,187)
Repayment of short term borrowings from banks	(750,00,000)	-
Short term borrowings (net)	3130,60,003	18,36,735
Interest paid	(569,55,829)	(214,66,661)
<b>Net Cash generated from Financing Activities (C)</b>	<b>2036,04,174</b>	<b>313,56,887</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)</b>	<b>(440,64,473)</b>	<b>(31,96,110)</b>
Cash and cash equivalents at the beginning of the year	450,06,314	482,02,424
Cash and cash equivalents at the end of the year	9,41,841	450,06,314
<b>Components of cash and cash equivalents:</b>		
Cash on hand	25,013	74,226
With banks - on current accounts	9,16,828	449,32,088
Cash and cash equivalents as per balance sheet	9,41,841	450,06,314
<b>Cash and cash equivalents considered for cash flows (refer note 14)</b>	<b>9,41,841</b>	<b>450,06,314</b>

Summary of significant accounting policies

2.1

As per our report of even date

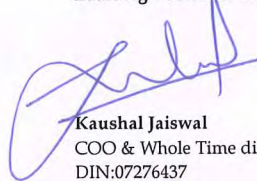
For S.R. BATLIBOI & ASSOCIATES LLP  
Firm Registration Number : 101049W/E300004  
Chartered Accountants



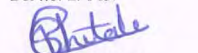
per Shankar Srinivasan  
Partner  
Membership No. 213271



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




Kaushal Jaiswal  
COO & Whole Time director  
DIN:07276437

  
Shailesh Chitale  
Chief Financial Officer



V Seshadri  
Director  
DIN:06499916

  
Siddhesh Zantye  
Company Secretary

Place: Hyderabad  
Date: May 7, 2016

Place: Gurgaon  
Date: May 7, 2016



## Zuari Agri Sciences Limited

CIN: U01122GA1995PLC00175

Notes to financial statements for the year ended 31 March 2016

### 1. Corporate information

Zuari Agri Sciences Limited ("the Company") is engaged in trading, processing, sale of agricultural seeds, trading of pesticides and providing business support services. 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.

### 2. Basis of preparation

The financial statements of the company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention.

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

#### 2.1 Summary of significant accounting policies

##### (a) Change in accounting policy

###### Component accounting:

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

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

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

##### (b) Use of Estimates

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

##### (c) Tangible Fixed assets

Fixed assets are stated at cost, less accumulated depreciation, impairment losses and capital investment subsidy for applicable assets, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for



**Zuari Agri Sciences Limited**

CIN: U01122GA1995PLC00175

Notes to financial statements for the year ended 31 March 2016

its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

**(d) Depreciation on tangible fixed assets**

(i) Depreciation on fixed assets is calculated on a straight line basis using the rates arrived at based on the useful lives estimated by the management which are equal to the lives prescribed under the schedule II to the Companies Act, 2013.

(ii) Leasehold Improvements are depreciated over the primary period of lease or useful lives of the assets, whichever is shorter.

**(e) Intangible assets**

(i) Expenditure incurred on development of new products as covered under AS-26 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.

(ii) 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).

**(f) Impairment of tangible and intangible assets**

(i) The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. 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 risk specific to the asset.

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

**(g) Inventories**

Raw materials (raw seeds), stores and spares	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	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.

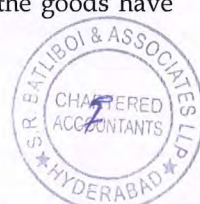
Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

**(h) Revenue Recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

*Sale of Goods*

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, which usually occurs on delivery of goods.



*Sale of Services*

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

*Interest*

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

**(i) Foreign currency translation**

(i) Initial recognition:

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

(ii) Conversion:

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

(iii) Exchange differences:

Exchange differences arising on the settlement of monetary items not covered above, or on reporting such monetary items of company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

**(j) Retirement and other employee benefits**

(i) 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.

(ii) Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation on the projected unit credit method made at the end of each reporting year. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

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

(iv) The Company has approved Superannuation Fund and contributory pension fund which are defined contribution scheme and the contributions paid to Life Insurance Corporation of India (LIC) against the insurance policy taken with them are charged to Statement of Profit and Loss. The Company does not have any other obligation other than the contributions paid/payable to LIC.



**(k) Income taxes**

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 enacted in India. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet 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 and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

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

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

**(l) Leases**

Leases, where the lessor effectively retains substantially all the risks and rewards incidental to ownership are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of profit and loss on a straight-line basis over the lease term.

**(m) Earnings per share**

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

**(n) Provisions**

A provision is recognized when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

**(o) 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



**Zuari Agri Sciences Limited**

CIN: U01122GA1995PLC00175

Notes to financial statements for the year ended 31 March 2016

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

**(p) Cash and cash equivalents**

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

**(q) Segment reporting policies**

The Company's operating businesses are organised and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products. The analysis of geographical segment is based on the areas in which major operating divisions of the Company operate.

**Allocation of common costs**

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

**Unallocated items**

These include general income and expense items which are not allocated to any business segment.

**Segment policies**

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

**(r) Measurement of EBITDA**

The Company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The Company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the Company does not include depreciation and amortization expense, finance costs and tax expense.



3 Share Capital

	March 31, 2016	March 31, 2015
<b>Authorised Shares</b>		
30,500,000 (March 31, 2015 : 22,500,000) equity shares of Rs. 10 each	305,000,000	225,000,000
14,500,000 (March 31, 2015 : 7,500,000) 12% redeemable preference shares of Rs. 10 each	145,000,000	75,000,000
<b>Issued, subscribed and fully paid-up shares</b>		
30,424,162 (March 31, 2015: 20,674,162) equity shares of Rs. 10 each*	304,241,620	206,741,620
7,500,000 (March 31, 2015: 7,500,000) 12% redeemable preference shares of Rs. 10 each	75,000,000	75,000,000
<b>Total issued, subscribed and fully paid-up share capital</b>	<b>379,241,620</b>	<b>281,741,620</b>

\* The Company has allotted 97,50,000 equity shares of Rs. 10 each aggregating to Rs. 97,50,000 to Zuari Agro Chemicals Limited on right basis on October 28, 2015.

a) Reconciliation of the shares outstanding at the beginning and at the end of the period

Equity Shares

	March 31, 2016		March 31, 2015	
	No	Rs	No	Rs
At the beginning of the year	20,674,162	206,741,620	20,674,162	206,741,620
Equity shares issued during the year	9,750,000	97,500,000	-	-
Outstanding at the end of the year	<b>30,424,162</b>	<b>304,241,620</b>	<b>20,674,162</b>	<b>206,741,620</b>

Redeemable preference shares

	March 31, 2016		March 31, 2015	
	No	Rs	No	Rs
At the beginning of the year	7,500,000	75,000,000	7,500,000	75,000,000
Preference shares issued during the year	-	-	-	-
Outstanding at the end of the year	<b>7,500,000</b>	<b>75,000,000</b>	<b>7,500,000</b>	<b>75,000,000</b>

b) Terms/right 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:

	March 31, 2016	March 31, 2015
Zuari Agro Chemicals Limited, the Holding Company		
30,424,162 (March 31, 2015: 20,674,162) Equity shares of Rs 10 each fully paid	304,241,620	206,741,620
75,00,000 (March 31, 2015: 7,500,000) Redeemable Preference shares of Rs.10 each	75,000,000	75,000,000

e) Details of shareholders holding more than 5% shares in the Company

Name of the shareholder	March 31, 2016		March 31, 2015	
	No	% holding in the class	No	% holding in the class
Equity shares of Rs. 10 each fully paid				
Zuari Agro Chemicals Limited *	30,424,162	99.99%	20,674,081	99.99%
Preference shares of Rs.10 each fully paid				
Zuari Agro Chemicals Limited	7,500,000	100.00%	7,500,000	100.00%

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

\* It includes 81 shares (31 March 2015 : 81 shares) jointly held by Zuari Agro Chemicals Limited with others.

4 Reserves and surplus

	March 31, 2016	March 31, 2015
<b>Deficit in the statement of profit and loss</b>		
Balance as per last financial statements	(260,881,595)	(258,196,376)
Less: Adjustment for Carrying value of fixed assets having nil useful life as per Schedule II of Companies Act, 2013	-	(1,149,100)
Net loss for the year	(13,857,791)	(1,536,119)
<b>Net Deficit in the statement of profit and loss</b>	<b>(274,739,386)</b>	<b>(260,881,595)</b>
<b>Total reserves and surplus</b>	<b>(274,739,386)</b>	<b>(260,881,595)</b>





5 Long-term borrowings

	Non-current portion		Current maturities	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
<b>Term Loans</b>				
Unsecured loan	-	-	-	75,000,000
	-	-	-	75,000,000
<b>Amount disclosed under the head</b>				
Other current liabilities (refer note 8.1)	-	-	-	(75,000,000)
	-	-	-	-

Pursuant to the amendment to loan agreement entered into between the the Company and Zuari Agro Chemicals Limited on September 1, 2013, the unsecured loan from Zuari Agro Chemicals Limited was repayable in 2 instalments, to the extent of Rs. 25,000,000/- in June 2015, and Rs. 50,000,000/- in September 2015. The loan carried interest @ SBI base rate plus 3.5% per annum. The entire loan has been repaid in current year.

6 Other long-term liabilities

	March 31, 2016	March 31, 2015
Trade deposits	21,984,435	20,589,436
	21,984,435	20,589,436

7 Short-term borrowings

	March 31, 2016	March 31, 2015
Cash credits from bank (secured)	386,183,831	73,123,828
Short term loan from bank (unsecured)	-	75,000,000
	386,183,831	148,123,828

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 1.75% - 2.10% (2014-15 : 2.5%). These cash credits are also secured by corporate guarantee provided by Zuari Agro Chemicals Limited.

Short term loan from HDFC Bank was unsecured and carried an interest rate of 11.25%, the loan has been repaid during the current year.

8 Trade payables

	March 31, 2016	March 31, 2015
Trade Payables (also refer note 33)	302,208,889	112,101,616
	302,208,889	112,101,616

8.1 Other current liabilities

Current maturities of long-term borrowings (refer note 5)	-	75,000,000
Interest accrued and not due on borrowings	-	716,610
Interest accrued and due on borrowings	-	22,318,925
Advances from customers	151,066,650	128,731,115
Other Liabilities		
Statutory Dues Payable	2,036,769	2,285,392
Others	-	50,938
	153,103,419	229,102,980

9 Provisions

	Non-current		Current	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
<b>Provision for employee benefits</b>				
Provision for gratuity (refer note 25)	7,916,269	-	353,917	2,003,189
Provision for leave benefits	-	-	10,685,384	6,380,102
(A)	7,916,269	-	11,039,301	8,383,291
<b>Other provisions</b>				
Provision for taxation	-	-	2,998	2,998
(B)	-	-	2,998	2,998
(A)+(B)	7,916,269	-	11,042,299	8,386,289



11 Loans and advances

	Non-current		Current	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Advances recoverable in cash or kind				
Unsecured				
- considered good	-	-	36,947,270	8,500,280
- considered doubtful	250,000	250,000	-	-
Less: Provision for doubtful advances	(250,000)	(250,000)	-	-
(A)	-	-	36,947,270	8,500,280
Other loans and advances				
Advance taxes	20,904,657	2,363,911	-	-
Deposits - Others	1,870,080	2,115,580	-	-
VAT Credit Receivable	-	-	(4,869)	-
Prepaid insurance and expense	-	-	1,366,404	1,127,327
(B)	22,774,737	4,479,491	1,361,535	1,127,327
(A+B)	22,774,737	4,479,491	38,308,805	9,627,607

12.1 Trade receivables (Unsecured, considered good unless stated otherwise)

	March 31, 2016	March 31, 2015
Outstanding for a period exceeding six months from the date they are due for payment		
Secured, considered good	7,506,523	6,762,516
Unsecured, considered good	58,867,667	48,276,345
Considered Doubtful	43,490,895	35,676,341
	109,865,085	90,715,202
Less: Provision for doubtful receivables	43,490,895	35,676,341
(A)	66,374,190	55,038,861
Other receivables		
Secured, considered good	4,774,316	13,411,919
Unsecured, considered good	321,649,375	90,364,451
(B)	326,423,691	103,776,370
(A+B)	392,797,881	158,815,231

12.2 Other assets (Unsecured, considered good unless stated otherwise)

	Non-current		Current	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Non-current bank balances (refer note 14)	250,000	1,247,417	-	-
Interest accrued on deposits	-	-	8,632	47,491
	250,000	1,247,417	8,632	47,491

13 Inventories

	March 31, 2016	March 31, 2015
Raw seeds including foundation seeds (refer note 18)	75,443,620	44,108,213
Work in process of seeds (refer note 19)	185,848,480	146,119,908
Finished seeds (refer note 19)	31,132,344	41,578,459
Packing materials and chemicals (refer note 18)	23,450,982	26,803,374
Pesticides (refer note 19)	158,562,115	-
	474,437,541	258,609,954

14 Cash and bank balances

	Non-current		Current	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Cash and Cash equivalents				
Balance with banks:				
On current accounts	-	-	916,828	44,932,088
Cash on hand	-	-	25,013	74,226
	-	-	941,841	45,006,314
Other bank balances				
Margin money deposit	250,000	1,247,417	-	-
	250,000	1,247,417	-	-
Amount disclosed under Other assets- non-current (refer note 12.2)	(250,000)	(1,247,417)	-	-
	-	-	941,841	45,006,314



15 Revenue from operations		
	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>1 Revenue from Sales</b>		
A Sale of Seeds	522,179,209	581,514,493
Less: Discount on Sales	65,628,782	113,259,841
	<u>456,550,427</u>	<u>468,254,652</u>
B Sale Of Pesticide	946,297,052	-
Less: Discount on Sales	87,132,685	-
	<u>859,164,367</u>	<u>-</u>
<b>Total Sales (A+B)</b>	<u><u>1,315,714,794</u></u>	<u><u>468,254,652</u></u>
<b>2 Other operating revenue</b>		
Sale of Scrap	5,388,641	3,327,470
Business Support Services	5,235,595	20,144,465
	<u>10,624,236</u>	<u>23,471,935</u>
<b>Total Revenue from operations (1+2)</b>	<u><u>1,326,339,030</u></u>	<u><u>491,726,587</u></u>
<b>Details of Products Sold</b>		
	For the year ended March 31, 2016	For the year ended March 31, 2015
Seeds	456,550,427	468,254,652
Pesticides	859,164,367	-
	<u>1,315,714,794</u>	<u>468,254,652</u>
<b>16 Other income</b>		
	For the year ended March 31, 2016	For the year ended March 31, 2015
Interest Income on bank deposits	111,929	108,828
Gain on foreign exchange fluctuation(net)	-	192,064
Insurance claim	457,171	-
Miscellaneous Income	-	1,679,113
Liabilities/Unclaimed balances no longer required written back	-	10,386,812
	<u>569,100</u>	<u>12,366,817</u>
<b>17 Purchase of traded goods</b>		
	For the year ended March 31, 2016	For the year ended March 31, 2015
Purchases of Traded Pesticides	876,552,008	-
	<u>876,552,008</u>	<u>-</u>
<b>18 Cost of raw materials consumed</b>		
	For the year ended March 31, 2016	For the year ended March 31, 2015
Raw materials at the beginning of the year	70,911,587	88,651,349
Add: Purchases	355,153,602	294,395,772
	<u>426,065,189</u>	<u>383,047,121</u>
Less: Raw materials at the end of the year	98,894,602	70,911,587
<b>Cost of raw materials consumed</b>	<u><u>327,170,587</u></u>	<u><u>312,135,534</u></u>
<b>Details of raw materials consumed</b>		
	For the year ended March 31, 2016	For the year ended March 31, 2015
Raw seeds	300,396,609	289,135,636
Packing materials	23,359,488	18,910,952
Chemicals	3,414,488	4,088,946
	<u>327,170,587</u>	<u>312,135,534</u>
<b>Details of raw materials at the end of the year</b>		
	For the year ended March 31, 2016	For the year ended March 31, 2015
Raw seeds	75,443,620	44,108,213
Packing materials	19,561,443	25,611,660
Chemicals	3,889,539	1,191,714
	<u>98,894,602</u>	<u>70,911,588</u>



19 Increase in inventories of pesticides, finished seeds and work-in-process of seeds

	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>Inventories at the end of the year</b>		
Work in process of seeds	185,848,480	146,119,908
Finished Seeds	31,132,344	41,578,459
Pesticides	158,562,115	-
	<b>375,542,939</b>	<b>187,698,367</b>
<b>Inventories at the beginning of the year</b>		
Work in process of seeds	146,119,908	95,013,913
Finished Seeds	41,578,459	55,467,664
Pesticides	-	-
	<b>187,698,367</b>	<b>150,481,577</b>
	<b>(187,844,573)</b>	<b>(37,216,790)</b>

20 Employee benefits expense

	For the year ended March 31, 2016	For the year ended March 31, 2015
Salaries, bonus and allowances	65,074,356	43,467,691
Contribution to provident and other funds	3,699,070	2,381,221
Gratuity expenses (refer note 25)	1,130,840	494,680
Staff welfare expenses	3,378,768	828,481
	<b>73,283,034</b>	<b>47,172,073</b>

21 Other Expenses

	For the year ended March 31, 2016	For the year ended March 31, 2015
Process expenses	13,274,923	15,789,396
Foundation Seed expenses	9,720	34,848
Rent (refer note 27)	29,396,386	12,328,109
Rates and Taxes	2,083,014	1,310,880
Insurance	1,921,606	974,688
Power and fuel	1,858,771	2,806,458
Repairs and maintenance		
Plant and machinery	319,962	294,290
Others	882,204	948,294
Communication expenses	2,298,766	1,533,896
Travelling expenses	26,729,873	14,565,550
Legal and professional charges	7,191,742	4,099,362
Payment to auditor (refer note below)	685,943	393,260
Sales promotion expenses	26,361,250	10,491,059
Royalty on Sales (net)	28,714,472	29,224,581
Outward freight and handling	46,936,787	31,456,644
Bad debts and advances written off	1,626,285	8,071,103
Less adjusted against provision		(8,071,103)
Provision for doubtful receivable/advances (net)	7,814,554	12,417,631
Loss on foreign exchange fluctuation	237,220	-
Research and development expenses (refer note 26)	4,232,867	4,090,176
Miscellaneous expenses	7,349,204	2,585,242
	<b>209,925,549</b>	<b>145,344,364</b>
<b>Payment to auditor (including service tax)</b>		
	For the year ended March 31, 2016	For the year ended March 31, 2015
As auditor:		
Statutory Audit Fees	400,750	337,080
Audit of interim financial statements	227,943	-
Tax Audit Fees	57,250	56,180
	<b>685,943</b>	<b>393,260</b>

22 Depreciation and amortization expense

	For the year ended March 31, 2016	For the year ended March 31, 2015
Depreciation of tangible assets	3,630,835	4,448,146
Amortization of intangible assets	2,358,538	2,497,785
	<b>5,989,373</b>	<b>6,945,931</b>

23 Finance costs

	For the year ended March 31, 2016	For the year ended March 31, 2015
Interest		
On term loans	6,683,072	16,200,282
On cash credits	27,237,222	9,372,906
Others	-	4,725,381
Bank Charges	1,769,649	949,842
	<b>35,689,943</b>	<b>31,248,411</b>



24 Earnings per share (EPS)

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

	For the year ended March 31, 2016	For the year ended March 31, 2015
Loss after tax	(13,857,791)	(1,536,119)
Net Loss for calculation of basic and diluted EPS	(13,857,791)	(1,536,119)
<b>Considered for calculation of basic and diluted EPS</b>		
Weighted average number of equity shares - Basic and diluted EPS (No's)	24,841,285	20,674,162
Earnings per share - Basic and Diluted	(0.56)	(0.07)

25 Gratuity and other post employment benefit plans

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 and loss and the funded status and amounts recognised in the Balance Sheet for the gratuity plans.

Statement of Profit and Loss

Net employee benefit expense (recognised in employee benefits expenses/gratuity written back) in the statement of Profit and Loss

	March 31, 2016	March 31, 2015
Current service cost	653,585	744,232
Interest cost on benefit obligation	201,447	176,854
Expected return on plan assets	(59,474)	(45,598)
Net actuarial (gain) / loss	335,282	(380,808)
<b>Net benefit expense</b>	<b>1,130,840</b>	<b>494,680</b>
Actual Return on Plan Assets	-	-

Balance sheet

Benefit asset/liability

	March 31, 2016	March 31, 2015
Present value of defined benefit obligation	9,052,159	2,643,584
Fair value of plan assets	(781,973)	(640,395)
<b>Plan liability</b>	<b>8,270,186</b>	<b>2,003,189</b>

Changes in the present value of the defined benefit obligation are as follows:

	March 31, 2016	March 31, 2015
Opening defined benefit obligation	2,643,584	2,317,493
Interest cost	201,447	176,854
Current service cost	653,585	744,232
Benefits paid	(251,005)	(213,638)
Transfer In*	5,528,741	-
Actuarial (gains) / losses on obligation	275,807	(381,357)
<b>Closing defined benefit obligation</b>	<b>9,052,159</b>	<b>2,643,584</b>

\* Transfer In is related to transfer of employees from Zuari Agro Chemicals Limited and Paradeep Phosphates Limited during the current year.

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

	March 31, 2016	March 31, 2015
Opening fair value of plan assets	640,395	417,936
Adjustment of Opening balance	64,470	-
Expected return on plan assets	59,474	45,598
Actuarial gains / (losses)	(59,474)	-549
Contributions	328,113	391,048
Benefits paid	(251,005)	(213,638)
<b>Closing fair value of plan assets</b>	<b>781,973</b>	<b>640,395</b>

The Company expects to contribute Rs. 8,020,496 to gratuity fund in the next year (March 31, 2015: Rs.2,003,189).

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

	March 31, 2016	March 31, 2015
Investment with insurer (Life Insurance Corporation of India)	100.00%	100%

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

	March 31, 2016	March 31, 2015
Discount rate	8.00%	8.00%
Increase in compensation cost	9.00%	8.00%
Expected rate of return on plan assets	8.00%	9.00%
Employee turnover	8.00%	0.50%

- a) The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
- b) The overall expected rate of return is determined based on the market price prevailing on that date, applicable to the period over which the obligation is to be settled. These rates are different from the actual return during the current period.
- c) Information relating to experience adjustment in the actuarial valuation of gratuity as required by Paragraph 120(n)(ii) of the Accounting Standard 15 (Revised) on Employee Benefits is as follows:

Particulars	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
Defined benefit obligation	9,052,159	2,643,584	2,317,493	3,087,937	2,882,697
Plan assets	(781,973)	(640,395)	(417,936)	(625,520)	(1,183,562)
Surplus / (deficit)	(8,270,186)	(2,003,189)	(1,899,557)	(2,462,417)	(1,699,135)
Experience adjustments on plan liabilities	275,807	(381,357)	(1,132,995)	(170,694)	55,211
Experience adjustments on plan assets	59,474	549	(35,233)	(87,058)	(136,583)



**Defined Contribution Plan**

	March 31, 2016	March 31, 2015
Contribution to provident and pension fund	3,187,310	1,987,656
Contribution to superannuation fund	511,760	268,533
	<b>3,699,070</b>	<b>2,256,189</b>

26 The details of Research and Development expenses are given below

	March 31, 2016	March 31, 2015
Repairs and Maintenance- Plant and Machinery	95,235	30,880
Farm Maintenance	64,045	216,051
Testing expenses	2,177,891	2,271,222
Consumables	417,025	183,344
Miscellaneous expenses	1,478,671	99,654
	<b>4,232,867</b>	<b>4,090,176</b>

27 Lease

Operating leases are mainly in the nature of lease of office premises and godowns with no restrictions and are renewable/cancellable at the option of either of the parties. There are no sub-leases. The aggregate amount of operating lease payments recognized in the Statement of Profit and Loss Rs. 2,93,96,386 (March 31, 2015 Rs. 1,23,28,109).

28 Segment Information

a Business Segment

In accordance with the Accounting Standard 17 on "Segment Reporting", the Company has identified two reportable Business Segments i.e. "Trading, Processing and Sale of Hybrid Seeds" and "Pesticides Trading", which are regularly evaluated by the Management, in deciding the allocation of resources and assessment of performance. Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common cost.

Particulars	2015-2016			
	Trading, Processing and Sale of Hybrid Seeds	Pesticides Trading	Unallocable	Total
Segment revenue	456,550,427	859,164,367	-	1,315,714,794
Segment results (EBIT)	(13,881,656)	24,520,472	11,081,407	21,720,223
Less : Finance cost	-	-	35,689,943	35,689,943
Add : Interest Income	-	-	111,929	111,929
<b>Profit / (loss) before tax</b>	<b>(13,881,656)</b>	<b>24,520,472</b>	<b>(24,496,607)</b>	<b>(13,857,791)</b>
Less: Tax expense	-	-	-	-
<b>Net profit / (loss)</b>	<b>(13,881,656)</b>	<b>24,520,472</b>	<b>(24,496,607)</b>	<b>(13,857,791)</b>
Segment assets	575,001,856	383,691,926	-	958,693,782
Common assets	-	-	28,247,594	28,247,594
<b>Total assets</b>	<b>575,001,856</b>	<b>383,691,926</b>	<b>28,247,594</b>	<b>986,941,376</b>
Segment Liabilities	180,430,562	244,034,662	-	424,465,224
Common Liabilities	-	-	457,973,918	457,973,918
<b>Total Liabilities</b>	<b>180,430,562</b>	<b>244,034,662</b>	<b>457,973,918</b>	<b>882,439,142</b>
Capital expenditure incurred	108,060	1,972,583	-	2,080,643
Depreciation	5,867,350	122,023	-	5,989,373

Note :

In the previous year there was only one segment i.e. Trading, Processing and Sale of Hybrid Seeds, hence segment disclosure were not separately given and therefore comparative figures have not been provided in the above table.

b Geographical segments

The Company's secondary segments are the geographic distribution of activities. Revenue and receivables are specified by location of customers while the other geographic information is specified by the location of the assets.

	March 31, 2016	March 31, 2015
<b>i. Segment revenue</b>		
Domestic Market	1,310,786,218	458,951,652
Overseas Market	4,928,576	9,303,000
	<b>1,315,714,794</b>	<b>468,254,652</b>
<b>ii Segment assets</b>		
Domestic Market	958,693,782	488,301,046
Overseas Market	-	-
	<b>958,693,782</b>	<b>488,301,046</b>
<b>ii Capital expenditure</b>		
Domestic Market	2,080,643	571,366
Overseas Market	-	-
	<b>2,080,643</b>	<b>571,366</b>



29 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 (Formerly known as Zuari Rotem Speciality Fertilizers Limited)
Associate of Holding company	Zuari Global Limited
Joint Venture of Holding Company	Paradeep Phosphates Limited
Key managerial personnel	Mr. Kaushal Jaiswal (CEO & Whole Time director)** Mr. Shailesh Chitale - CFO Mr. Siddhesh Zantye - Company Secretary Mr. Nageshwar Rao - Manager (upto June 30, 2015) ** appointed as Whole Time Director w.e.f. 1 September 2015

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

	March 31, 2016	March 31, 2015
<b>Zuari Agro Chemicals Limited</b>		
Purchase of seeds	33,524,881	-
Sale of seeds (net of sales returns and discounts)	-	(2,064,107)
Sale of Pesticide	16,979,902	-
Interest Expense	6,289,483	10,125,000
Expense reimbursements (receivable)	1,242,545	935,021
Income from Business Support Services	5,978,089	20,144,465
Expense reimbursements (payable)	1,190,114	112,456
Repayment of Loan and ICD	97,500,000	-
Allotment of equity share capital	97,500,000	-
Gratuity and leave provision of employees transferred to ZACL	7,316,890	-
Director Appointment Fees Reimbursement	300,000	-
<b>Zuari Global Limited</b>		
Management Fees	-	995,971
Credit note towards expense reimbursements	-	7,362
<b>Paradeep Phosphates Limited</b>		
Expense reimbursements (receivable)	4,312,006	34,223
Expense reimbursements (payable)	9,222,257	-
<b>Zuari Speciality Fertilisers Limited (Formerly known as Zuari Rotem Speciality Fertilizers Limited)</b>		
Expense reimbursements (payable)	15,859	59,596
<b>Key managerial persons</b>		
Mr. V.L. Nageshware Rao (upto June 30, 2015)	730,305	2,678,790
Mr. Kaushal Jaiswal	5,052,500	3,756,822
Mr. Shailesh Chitale	900,000	-
Mr. Siddhesh Zantye	364,000	-

C. Related party balances at year end

Particulars	March 31, 2016	March 31, 2015
<b>Zuari Global Limited</b>		
Trade Payable	-	9,430,661
<b>Zuari Agro Chemicals Limited</b>		
Trade and other receivable	-	19,241,298
Trade Payable	12,883,162	6,082,150
Unsecured loan (including interest)	-	97,518,925
<b>Paradeep Phosphate Limited</b>		
Trade Receivable	1,500,000	1,500,000
Trade Payable	4,944,474	34,223
<b>Zuari Speciality Fertilisers Limited (Formerly known as Zuari Rotem Speciality Fertilizers Limited)</b>		
Trade Payable	-	59,596
<b>Zuari Management Services Limited</b>		
Trade Payable	83,000	-

Note: The Company has received a corporate guarantee for Rs. 500,000,000 (March 31, 2015: Rs.110,000,000) from Zuari Agro Chemicals Limited in respect of borrowings from banks



10 Tangible Assets <span style="float: right;">(Amount in Rs.)</span>							
	Freehold Land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Leasehold improvements	Total
<b>Cost</b>							
As at April 1, 2014	517,724	6,248,911	38,166,609	2,469,849	6,314,322	627,498	54,344,913
Additions	-	-	71,366	-	500,000	-	571,366
Disposals	-	-	-	-	-	-	-
As at March 31, 2015	517,724	6,248,911	38,237,975	2,469,849	6,814,322	627,498	54,916,279
Additions	-	-	725,232	107,346	1,248,065	-	2,080,643
Disposals	-	-	-	-	-	-	-
As at March 31, 2016	517,724	6,248,911	38,963,207	2,577,195	8,062,387	627,498	56,996,922
<b>Depreciation</b>							
As at April 1, 2014	-	2,283,041	20,378,944	1,584,402	5,833,243	627,498	30,707,128
Charge for the year	-	208,087	3,569,403	370,996	299,660	-	4,448,146
Adjusted against retained earnings	-	-	1,062,270	74,637	12,193	-	1,149,100
Disposals	-	-	-	-	-	-	-
As at March 31, 2015	-	2,491,128	25,010,617	2,030,035	6,145,096	627,498	36,304,374
Charge for the year	-	208,024	3,022,153	243,654	157,004	-	3,630,835
Adjusted against retained earnings	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
As at March 31, 2016	-	2,699,152	28,032,770	2,273,689	6,302,100	627,498	39,935,209
<b>Net Block</b>							
As at March 31, 2015	517,724	3,757,783	13,227,358	439,814	669,226	-	18,611,905
As at March 31, 2016	517,724	3,549,759	10,930,437	303,506	1,760,287	-	17,061,713

Intangible Assets <span style="float: right;">(Amount in Rs.)</span>				
	Goodwill (as per scheme of amalgamation)*	BT Cotton (Internally generated)	Bajra (Externally generated)	Total
Gross block	57,657,464	23,170,139	4,134,167	84,961,770
As at April 1, 2014	-	-	-	-
Addition	-	-	-	-
As at March 31, 2015	57,657,464	23,170,139	4,134,167	84,961,770
Additions	-	-	-	-
As at March 31, 2016	57,657,464	23,170,139	4,134,167	84,961,770
<b>Amortization</b>				
As at April 1, 2014	17,297,238	19,967,481	2,480,502	39,745,221
Charge for the year	-	1,670,951	826,834	2,497,785
As at March 31, 2015	17,297,238	21,638,432	3,307,336	42,243,006
Charge for the year	-	1,531,707	826,831	2,358,538
As at March 31, 2016	17,297,238	23,170,139	4,134,167	44,601,544
<b>Net block</b>				
As at March 31, 2015	40,360,226	1,531,707	826,831	42,718,764
As at March 31, 2016	40,360,226	-	-	40,360,226

\* 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.





30 Capital and other commitments

- a Estimated amount of contracts remaining to be executed on capital account and not provided for and other commitments are Rs. Nil ( March 31, 2015: Rs. Nil).  
b For commitments relating to lease arrangements, refer note 27

31 Derivative instruments and other un-hedged foreign currency exposure

There are no derivative contracts outstanding and unhedged foreign currency exposure as at Balance sheet date.

32 Contingent liabilities

The Company has outstanding bank guarantee for Rs.19,39,150 (March 31, 2015: Rs. 11,28,253).

33 Details of dues to micro and small enterprises as defined under the MSMED ACT, 2006

The identification of micro, medium and small enterprises as defined under the 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, medium and small enterprises registered under the The Micro, Small and Medium Enterprises Development Act, 2006 as at March 31, 2016 and March 31, 2015.

34 Imported and indigenous raw materials consumed

	% of total Consumption		% of total Consumption	
	March 31, 2016	Rs March 31, 2016	March 31, 2015	Rs March 31, 2015
<b>Raw materials</b>				
Imported	0.79	23,72,690	1.04	30,02,400
Indigenous	99.21	2980,23,919	98.96	2861,33,236
	<b>100.00</b>	<b>3003,96,609</b>	<b>100.00</b>	<b>2891,35,636</b>
<b>Packing Materials</b>				
Imported	-	-	-	-
Indigenous	100.00	233,59,488	100.00	189,10,952
	<b>100.00</b>	<b>233,59,488</b>	<b>100.00</b>	<b>189,10,952</b>
<b>Chemicals</b>				
Imported	-	-	-	-
Indigenous	100.00	34,14,488	100.00	40,88,946
	<b>100.00</b>	<b>34,14,488</b>	<b>100.00</b>	<b>40,88,946</b>
<b>Pesticides</b>				
Imported	-	-	-	-
Indigenous	100.00	8765,52,008	-	-
	<b>100.00</b>	<b>8765,52,008</b>	<b>-</b>	<b>-</b>

35 Earnings in foreign currency (accrual basis)

	March 31, 2016	March 31, 2015
Export of seeds	49,28,576	93,03,000
	<b>49,28,576</b>	<b>93,03,000</b>

36 Value of imports calculated on CIF basis

	March 31, 2016	March 31, 2015
Raw seeds	23,72,690	30,02,400
	<b>23,72,690</b>	<b>30,02,400</b>

37 The Company has recognised deferred tax assets on unabsorbed depreciation and tax losses to the extent of deferred tax liability on prudence. Accordingly, there is no impact on Statement of Profit and Loss in the current year.

38 The Company has reclassified and regrouped previous year figures to conform to the current year classification.

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP  
Firm Registration Number : 101049W/E300004  
Chartered Accountants

per Shanker Srinivasan  
Partner  
Membership No. 213271



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

Kaushal Jaiswal  
COO & Whole Time director  
DIN:07276437  
Shailesh Chitale  
Chief Financial Officer

V Seshadri  
Director  
DIN:06499916  
Siddhesh Zantye  
Company Secretary

Place: Hyderabad  
Date: May 7, 2016

Place: Gurgaon  
Date: May 7, 2016

