



V. SANKAR AIYAR & CO.
CHARTERED ACCOUNTANTS

Satyam Cinema Complex, Ranjit Nagar Community Centre, New Delhi – 110 008
Flat No. 202, 203 & 301 Tel. (011) 25702691, 25704639, 43702919
Tel. (011) 25705233, 25705232
E-mail : newdelhi@vsa.co.in

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF Zuari Fertilisers & Chemicals Limited

Report on the Ind AS Standalone Financial Statements

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

Management's Responsibility for the Standalone 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 standalone financial statements that give a true and fair view of the financial position, financial performance (including Other Comprehensive Income and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS standalone 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 standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS standalone financial statements in accordance with the Standards on Auditing 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 standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS standalone 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 standalone 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 the 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 standalone 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 standalone financial statements.



Opinion


In our opinion and to the best of our information and knowledge and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2017, and of its loss (including Other Comprehensive Income), its cash flows and 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 Government of India in terms of sub-section (11) of section 143 of the Act, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in "Annexure A" a statement on the matters specified in the paragraphs 3 and 4 of the said Order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 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 B";
 - (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. There are no material pending litigations against the Company, which could impact its financial position in its Ind AS standalone financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts during the year and therefore the question of making provisions for material losses in such contracts does not arise; and
 - iii. There were no amounts, which were required to be transferred during the year to the Investor Education and Protection Fund by the Company.
 - iv. The Company has provided requisite disclosures in its Ind AS standalone financial statements (Refer note 2.10) as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of accounts maintained by the Company.

Place : New Delhi
Dated: 18.05.2017

For V. Sankar Aiyar & Co.
Chartered Accountants
ICAI Firm Regn. No. 109208W


V. Rethinam
(Partner)
Membership No. 010412



"Annexure A" referred to in the Independent Auditors' report to the shareholders of Zuari Fertilisers & Chemicals Limited on the accounts for the year ended 31st March, 2017.

- i a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) The management has physically verified most of the fixed assets at the year end, the frequency of which, in our opinion, is reasonable. No material discrepancies were noticed on such verification.
- c) The title deeds of immovable properties are held in the name of the Company.
- ii a) The inventories consisting of stores, spares and accessories have been physically verified by the management at reasonable intervals during the year and no material discrepancies were noticed on physical verification.
- iii The Company has not granted any loans during the year, secured or unsecured, to companies, firms, limited liability partnerships or other parties required to be covered in the register maintained under section 189 of the Act. Therefore, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable.
- iv In our opinion and according to the information and explanations given to us and the representation obtained from the management (i) the Company has not granted any loans to any of its directors or any other person to whom director is interested or given guarantee or provided any security in connection with any loan taken by him or such other person within the meaning of section 185 of the Act and (ii) the Company has not given any loan, given any guarantee or provided any security and acquired securities within the meaning of section 186 of the Act.
- v The Company has not accepted deposits during the year from the public within the provisions of section 73 or any other provisions of the Companies Act, 2013 and the Rules framed thereunder.
- vi The Central Government has specified maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013 and such accounts and records have been so made and maintained.
- vii a) According to the records of the Company, the Company has been generally regular in depositing undisputed statutory dues including provident fund, income-tax, service tax, value added tax, duty of excise, duty of custom, cess and any other statutory dues with the appropriate authorities. There were slight delay in payment of TDS, value added tax for which interest has been paid. There were no arrears of undisputed statutory dues as at 31st March, 2017, which were outstanding for a period of more than six months from the date they became payable. We are informed that there is no liability towards Employee State Insurance for the year under audit.
- b) There are no disputed dues which have remained unpaid as on 31st March, 2017 on account of Income-tax, sales-tax, value added tax, service tax, duty of customs or duty of excise except as follows:

<u>Nature of dues</u>	<u>Assessment Year</u>	<u>Amount (Rs.)</u>	<u>Forum where pending</u>
Income Tax	2012-13, 2013-14 & 2014-15	1,11,25,000	CIT (Appeals)

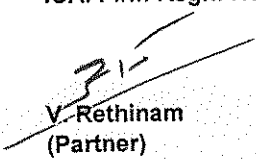
- viii The Company has not taken any loans or borrowings from government or debenture holders. The company has not defaulted in repayment of loans and borrowings taken from financial institutions and banks.
- ix According to the information and explanations given to us, the Company has not raised money by way of initial / further public offer during the year. The term loans taken during the year have been applied for the purpose for which they are raised.
- x Based on the audit procedure performed and the representation obtained from the management, we report that no case of fraud by the Company or by its officers or employees on the Company has been noticed or reported during the year under audit.
- xi The managerial remuneration has been paid or 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. Therefore, the provisions of clause 3(xii) of the Order are not applicable.
- xiii According to the information and explanations given to us and the representation obtained from the management, the Company has complied with section 177 and 188 of the Act in respect of transactions with related parties.
- xiv During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures. Therefore, the provisions of clause 3(xiv) of the Order are not applicable.



- xv According to the information and explanations given to us and the representation obtained from the management, the Company has not entered into any non-cash transactions with directors or persons connected with him. Therefore, the provisions of clause 3(xv) of the Order are not applicable.
- xvi In our opinion and according to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For V. Sankar Aiyar & Co.
Chartered Accountants
ICAI Firm Regn. No. 109208W

Place : New Delhi
Dated: 18.05.2017


V. Rethinam
(Partner)
Membership No. 010412



"Annexure B" referred to in the Independent Auditors' report to the shareholders of Zuari Fertilisers and Chemicals Limited on the accounts for the year ended 31st March, 2017.

We have audited the internal financial controls over financial reporting of 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 (the "Guidance Note") issued by the Institute of Chartered Accountants of India (ICAI). 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 Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' 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 and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and issued by ICAI. 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 Company's 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 31st March 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 issued by the ICAI.

**For V. Sankar Aiyar & Co.
Chartered Accountants
ICAI Firm Regn. No. 109208W**

**Place : New Delhi
Dated: 18.05.2017**


**V. Rethinam
(Partner)
Membership No. 010412**



Zuari Fertilisers and Chemicals Limited
Balance Sheet as at 31 March 2017

(Amount in Rupees)

Particulars	Notes	As at 31 Mar 2017	As at 31 Mar 2016	As at 1 Apr 2015
I. ASSETS				
(1) Non-current assets				
(a) Property, Plant and Equipment	3	7517,69,749	7812,65,309	391,68,196
(b) Capital work-in-progress		-	-	6793,73,402
(c) Investment property	4	362,28,730	362,28,730	362,28,730
(d) Financial Assets				
(i) Investments	5	53521,45,446	53521,45,446	16938,33,515
(ii) Loans	6	5,91,427	6,85,727	4,74,790
(e) Other non-current assets	7	3759,66,083	3709,62,586	4592,38,671
(f) Advance Tax	7A	136,72,087	81,05,612	44,83,478
TOTAL		65303.73.522	65493.93.410	29128.00.782
(2) Current assets				
(a) Inventories	8	1177,40,843	1801,97,513	1831,82,566
(b) Financial Assets				
(i) Trade receivables	9	2419,68,556	2801,00,164	266,77,182
(ii) Cash and cash equivalents	10	449,99,289	417,66,798	130,25,245
(iii) Bank Balance Others	10A	45,300	-	405,00,000
(iv) Loans	11	2243,22,194	2053,38,027	2027,79,931
(c) Other current assets	12	107,08,198	237,56,402	101,10,672
TOTAL		6397,84,380	7311,58,904	4762,75,596
GRAND TOTAL		71701,57,902	72805,52,314	33890,76,378
II. EQUITY AND LIABILITIES				
Equity				
(a) Equity Share capital	13	1535,00,000	1535,00,000	1535,00,000
(b) Other Equity	14	(22127,70,647)	(10769,19,041)	3190,62,807
TOTAL		(20592.70.647)	(9234.19.041)	4725.62.807
LIABILITIES				
(1) Non-current liabilities				
(a) Financial Liabilities				
Borrowings	15	49009,15,996	57399,11,596	21697,73,456
(b) Provisions	16	13,59,162	14,56,989	26,29,158
TOTAL		49022.75.158	57413.68.585	21724.02.614
(2) Current liabilities				
(a) Financial Liabilities				
(i) Borrowings	17	3195,42,001	1701,30,727	1712,00,000
(ii) Trade payables	18	2008,16,252	2070,32,609	2377,98,525
(iii) Other financial liabilities	15	37244,00,000	20168,75,000	2725,00,000
(b) Other current liabilities	19	791,63,305	645,05,730	564,95,164
(c) Provisions	20	32,31,833	40,58,704	61,17,268
TOTAL		43271.53.391	24626.02.770	7441.10.957
TOTAL		71701,57,902	72805,52,314	33890,76,378

Significant accounting policies

Other notes forming part of the financial statements

As per our report of even date

For V.Sankar Aiyar & Co.

Chartered Accountants

FRN 109208 W

V. Rethinam

Partner

M No.10412

Place: New Delhi

Date: 18-05-2017



For and on behalf of the Board

Sandeep Kumar Agrawal

Director

DIN:

Bijay Kumar Biswal

Chief Financial Officer

Place: Gurgaon

Date:

Naveen Kapoor

Director

DIN: 01680157

Zuari Fertilisers and Chemicals Limited
Profit & Loss Account for the year ended on 31 March 2017

Particulars	Notes	(Amount in Rupees)	
		Year ended 31.03.2017	Year ended 31.03.2016
I Revenue From Operations			
Sales of Fertilisers	21	4532,73,100	4499,25,513
Other Income	22	381,39,895	771,03,188
Total Revenue (I)		4914,12,995	5270,28,701
II EXPENSES			
Cost of Material consumed	23	2888,43,038	2231,58,464
Changes in inventories of finished goods & work in progress	24	90,23,293	1387,09,008
Excise duty on sale of goods		33,61,543	28,57,781
Employee benefits expense	25	265,14,130	273,68,984
Finance costs	26	10432,95,021	9293,80,014
Depreciation and amortization expenses	3	307,15,021	241,63,800
Other expenses	27	2252,01,521	1723,35,024
Total expenses (II)		16269,53,567	15179,73,075
III Profit before exceptional items and tax (I-II)		(11355,40,572)	(9909,44,374)
IV Exceptional Items		-	-
V Profit/(loss) before tax (III-IV)		(11355,40,572)	(9909,44,374)
VI Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		-	-
VII Profit (Loss) for the period from continuing operations (V-VI)		(11355,40,572)	(9909,44,374)
VIII Profit/(loss) from discontinued operations		-	-
IX Tax expense of discontinued operations		-	-
X Profit/(loss) from Discontinued operations (after tax) (VIII-IX)		-	-
XI Profit/(loss) for the period (VII+ X)		(11355,40,572)	(9909,44,374)
XII Other Comprehensive Income		(3,11,034)	(4050,37,474)
A Items that will be reclassified to profit or loss		-	-
B Items that will not be reclassified to profit or loss		(3,11,034)	(4050,37,474)
Re-measurement gains (losses) on defined benefit plans		(3,11,034)	18,33,826
Revaluation of investments		-	(4068,71,300)
XIII Total Comprehensive Income for the period (XI + XII)		(11358,51,606)	(13959,81,848)
(Comprising Profit (Loss) and Other Comprehensive Income for the period)			
XIV Earnings per equity share (for continuing operation):	2.9		
(1) Basic		(73.98)	(64.56)
(2) Diluted		(73.98)	(64.56)

Significant accounting policies

1

Other notes forming part of the financial statements

2

As per our report of even date

For and on behalf of the Board

For V.Sankar Aiyar & Co.

Chartered Accountants

FRN 109208 W

Sandeep Kumar Agrawal

Director

DIN:

Naveen Kapoor

Director

DIN: 01680157

V. Rethinam

Partner

M No.10412

Place: New Delhi

Date:

18-05-2017

Bijay Kumar Biswal
Chief Financial Officer

Place: Gurgaon

Date:



Zuari Fertilisers and Chemicals Limited

STATEMENT OF CHANGES IN EQUITY
for the year ended March 31, 2017

a. Equity share capital

Particulars	Amount
Balance at April 1, 2015	1535,00,000
Changes in equity share capital during the year	-
Balance at March 31, 2016	1535,00,000
Changes in equity share capital during the year	-
Balance at March 31, 2017	1535,00,000

b. Other equity

Particulars	Reserves and Surplus	Components of other comprehensive income		Total
		Items that will not be reclassified to profit or loss		
	Retained earnings	Actuarial Gain / (Loss)	Equity instruments through OCI	
Balance at the beginning of the reporting period i.e. April 1, 2015	(3625,97,258)	-	6816,60,065	3190,62,807
Total comprehensive income for the FY 2015-16	(9909,44,374)	18,33,826	(4068,71,300)	(13959,81,848)
Reclassification of Fair Value gain on investment (Refer Note b of Annexure B)	2747,88,765		(2747,88,765)	-
Balance at the end of the reporting period March 31, 2016	(10787,52,867)	18,33,826	-	(10769,19,041)
Total comprehensive income for the FY 2016-17	(11355,40,572)	(3,11,034)	-	(11358,51,606)
Balance at the end of the reporting period March 31, 2017	(22142,93,439)	15,22,792	-	(22127,70,647)

As per our report of even date

For V.Sankar Aiyar & Co.
Chartered Accountants
FRN 109208 W

V. Rethinam
Partner

M No.10412

Place: New Delhi

Date: 18 05 2017



For and on behalf of the Board

Sandeep Kumar Agrawal
Director
DIN:

Bijay Kumar Biswal
Chief Financial Officer

Place: Gurgaon

Date:

Naveen Kapoor
Director
DIN: 01680157

Zuari Fertilisers and Chemicals Limited

Statement of Cash Flows for the year ended 31 March 2017

	Particulars	For the year ended 31.03.2017	For the year ended 31.03.2016
A	Cash Flow from Operating Activities		
	Profit / (loss) before tax	(11355,40,572)	(9909,44,374)
	Adjustments:		
	Depreciation / amortisation	307,15,021	241,63,800
	Actuarial Gain/ Loss	(3,11,034)	18,33,826
	Finance income (including fair value change in financial instruments)	(359,99,998)	(361,18,931)
	Finance costs (including fair value change in financial instruments)	10432,95,021	9293,80,014
	Dividend income	-	(377,05,927)
	Operating Profit before Working Capital changes	(978,41,562)	(1093,91,592)
	Movements in working capital :		
	(Decrease) in trade payable	(62,16,357)	(307,65,921)
	(Decrease) in provisions	(9,24,698)	(32,30,733)
	Increase / (Decrease) in other current liabilities	146,57,575	80,10,566
	(Increase)/Decrease in trade receivables	381,31,608	(2534,22,982)
	Decrease in Inventories	624,56,670	29,85,053
	Decrease / (increase) in loans and advances	(48,97,197)	880,78,148
	(Increase) in other current assets (Operating)	130,48,204	(136,45,730)
	Net Cash Flow from Operating Activities (A)	184,14,243	(3113,83,191)
B	Cash Flow from Investing Activities:		
	Purchase of fixed assets, including intangible assets, CWIP and capital advances	(12,19,461)	(868,87,511)
	Purchase of non-current investments		(40651,83,230)
	Interest received	170,03,831	335,47,835
	Tax Deducted on Interest Income	(55,66,475)	(36,22,134)
	Dividend received	-	377,05,927
	Net cash flow (used in) investing activities (B)	102,17,895	(40844,39,113)
C	Net Cash Flow From Financing Activities:		
	Proceeds/ (Repayment) of short term borrowings	1494,11,274	(10,69,273)
	Proceeds from long term borrowings	10985,29,400	62645,13,140
	Repayment of long term borrowings	(2300,00,000)	(9500,00,000)
	Interest paid	(10432,95,021)	(9293,80,010)
	Net cash flow (used in) in financing activities (C)	(253,54,347)	43840,63,857
D	Net (decrease) / In cash and cash equivalents (A + B + C)	32,77,791	(117,58,447)
	Cash and cash equivalents (Opening)	417,66,798	535,25,245
	Cash and cash equivalents (Closing)	450,44,589	417,66,798

As per our report of even date

 For V.Sankar Aiyar & Co.
Chartered Accountants
FRN 109208 W

V. Rethinam

Partner

M No.10412

Place: New Delhi

Date: 18.05.2017

For and on behalf of the Board

 Sandeep Kumar Agrawal
Director
DIN:

 Naveen Kapoor
Director
DIN: 01680157

 Bijay Kumar Biswal
Chief Financial Officer

Place: Gurgaon

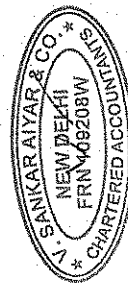
Date:



3. Property, Plant and Equipment

Tangible Assets

	Computers	Office & Lab Equipments	Plant & Machinery	Furniture & Fixtures	Building	Land Leasehold	Total
Cost							
At 1 April 2015							
Additions	2,20,771	75,377	-	46,698	-	3,88,25,350	3,91,68,196
Less: EIR Adjustment	17,45,084	7,95,820	35,43,96,223	1,09,360	41,16,07,815	-	76,86,54,302
			(12,03,542)		(11,89,847)		(23,93,389)
At 31 March 2016							
Additions	19,65,855	8,71,197	35,31,92,681	1,56,058	41,04,17,968	3,88,25,350	80,54,29,109
	-	-	5,35,750	1,85,113	4,98,598	-	12,19,461
At 31 March 2017							
	19,65,855	8,71,197	35,37,28,431	3,41,171	41,09,16,566	3,88,25,350	80,66,48,570
Depreciation and impairment							
At 1 April 2015							
Charge for the year	6,08,369	54,787	1,49,26,695	22,828	76,76,166	11,74,699	2,44,63,544
Add: EIR Adjustment	-	-	(2,00,590)	-	(99,154)	-	(2,99,744)
At 31 March 2016							
Charge for the year	6,08,369	54,787	1,47,26,105	22,828	75,77,012	11,74,699	2,41,63,800
Add: EIR Adjustment	6,55,280	66,365	1,79,75,340	40,625	1,19,40,371	3,96,733	3,10,74,714
	-	-	(2,40,708)		(1,18,985)	-	(3,59,693)
At 31 March 2017							
	12,63,649	1,21,152	3,24,60,737	63,453	1,93,98,398	15,71,432	5,48,78,821
Net Block							
At 31 March 2016	13,57,486	8,16,410	33,84,66,576	1,33,230	40,28,40,956	3,76,50,651	78,12,65,309
At 31 March 2017	7,02,206	7,50,045	32,12,67,694	2,77,718	39,15,18,168	3,72,53,918	75,17,69,749



ZUARI FERTILISERS AND CHEMICALS LIMITED
Notes to financial statements for the year ended March 31, 2017

1. SIGNIFICANT ACCOUNTING POLICIES.

1.1 Basis of Preparation of Accounts

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 and Companies (Indian Accounting Standards) Amendment Rules, 2016. These are separate financial statement of the Company and the company has availed exemption from preparing consolidated financial statements (CFS) in accordance with section 129(3) of the Companies Act 2013 read with paragraph 4(a) of IND AS 110 i.e. Consolidated Financial Statement. Zuari Agro Chemicals Limited (ZACL) which is 100% holding company of ZFCL has prepared its CFS as per IND AS and it is available for public use at their registered office i.e. Jai Kisaan Bhawan, Zuarinagar, Goa- 403726. The parent Company is engaged in the business of manufacturing and marketing of fertiliser in India.

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. Adjustments pertaining to transition to Ind AS is detailed in Note 2.8 of financial statements.

The stand-alone financial statements have been prepared on a historical cost basis, except for the certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

1.2 Basis of classification of Current and Non-Current

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

An asset has been classified as current if

- it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle; or
- it is held primarily for the purpose of being traded; or
- it is expected to be realized within twelve months after the reporting date; or
- 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

- it is expected to be settled in the Company's normal operating cycle; or
- it is held primarily for the purpose of being traded; or
- it is due to be settled within twelve months after the reporting date; or
- 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.

An operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalents.



1.3 Fair Value Measurement

The Company measures certain financial instruments at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

1.4 Estimates and assumptions

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amount reported in the financial statements and notes thereto. Difference between the actual results and estimates are recognized in the period in which the results are known or materialized. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances that are beyond the control of the company. Such changes are reflected in the assumptions when they occur.

1.5 Provisions, Contingent Liabilities and Contingent Assets

The Company creates a provision when there is a present obligation as a result of past event that probably requires an outflow of resources and reliable estimates can be made of the amount of obligation. A disclosure of contingent liability is made when there is possible obligation or a present obligation that will probably not require outflow of resources or where a reliable estimate of the obligation cannot be made. Contingent assets are not recognized but disclosed in the financial statements, where economic inflow is probable.

1.6 Fixed Assets

On transition to Ind AS i.e. April 01, 2015, the Company has elected to continue with the carrying value of all of its property, plant and equipment (PPE) recognised as at April 01, 2015 measured as per the Indian GAAP and use that carrying value as the deemed cost of the PPE.

Fixed assets are stated as per cost model i.e. cost of acquisition less accumulated depreciation/amortisation and impairment. All significant costs incidental to the acquisition of assets are capitalized.

Recognition:

The cost of an item of property, plant and equipment is recognised as an asset if, and only if:

- (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.

Subsequent expenditure related to item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on the existing fixed assets, including day to day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss in the year when such expenses are 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.



1.7 Depreciation on tangible fixed assets

The company is providing depreciation in accordance with the estimates of useful life done by the management. The company follows straight line method of depreciation. In respect of additions to Fixed Assets, depreciation is calculated on pro-rata basis from the date on which asset is put to use.

The Company has adopted life of assets based on technical advice, which are different from the life prescribed in schedule II of the Companies Act, 2013. The life adopted (years) for different assets are as under

Office Equipments – 5/10/25
Computers – 3/7
Building – 10/15/30/60
Plant & Machinery – ranging between 5 to 40
Furniture & Fixture – 5/10

The Company has adopted component accounting as required under Schedule II to the Companies Act, 2013. Due to application of Schedule II to the Companies Act, 2013, and Ind AS 16, 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 life; the remaining components are depreciated over the life of the principal asset.

1.8 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangibles representing computer software are amortized using the straight line method over their estimated useful lives of three years.

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

1.9 Inventories

Raw materials, components, stores and spares are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected



ZUARI FERTILISERS AND CHEMICALS LIMITED
Notes to financial statements for the year ended March 31, 2017

to be sold at or above cost. Cost of raw materials, components and stores and spares is determined on a weighted average basis.

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

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

1.10 Revenue Recognition

Revenue from sale of goods is recognized when the significant risk and rewards of ownership of the goods have passed to the customers. 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 (VAT/ Sales tax) collected on behalf of the government. Since the recovery of excise duty flows to the Company on its own account, revenue includes excise duty.

Subsidy for Phosphatic and Potassic (P&K) fertilisers are recognized based on the sales effected by ZFCL as per the rates notified by the Government of India in accordance with Nutrient Based Subsidy Policy from time to time. 85% of the claim subsidy is paid by Govt. of India "on account" payment on 1st point sale. The balance 15% claim is released subject to State Government Certification of quantity and quality in m-FMS as well as fertilizer receipt confirmation by retail dealers. However, claims for the period beginning April 01, 2016 are yet to be filed.

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

Dividend income is accounted for, when right to receive the payment is established.

1.11 Staff Benefits

Regular contributions towards government providend fund, family pension are charged to revenue. Provisions for gratuity and leave encashment are made on basis of actuarial valuation of projected unit credit method made at the year end of each financial year.

Re-measurements

Re-measurements gains and losses arising from experience adjustment and changes in actuarial assumptions 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. Re-measurements are not reclassified to profit or loss in subsequent periods.

1.12 Leases – Operating Lease

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



ZUARI FERTILISERS AND CHEMICALS LIMITED
Notes to financial statements for the year ended March 31, 2017

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.

The Company has held warehouses and other premises on operating lease. Lease payments are recognised as an expense in the statement of profit & loss.

1.13 Foreign currency translations

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

Transactions in foreign currencies are initially 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. Foreign currency monetary items are translated using the exchange rate prevailing at the reporting date.

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

1.14 Income Taxes

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

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

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

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

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 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 taxes relate to the income tax levied by the same taxation authority.



1.15 Cash and Cash Equivalents

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

1.16 Borrowing Costs

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

1.17 Earnings per share

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

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

1.18 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.

a) Financial Assets

i) Initial Recognition and Measurements

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.

ii) Subsequent Measurement

Debt Instruments

a) Debt instruments at amortised cost

A 'financial asset' is measured at the amortised cost using the Effective Interest Rate (EIR) method 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.

b) Debt instrument at FVTOCI

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



ZUARI FERTILISERS AND CHEMICALS LIMITED
Notes to financial statements for the year ended March 31, 2017

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

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the profit and loss.

c) Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

Equity Instruments

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

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

iii) Derecognition

The Company derecognizes a financial asset when the contractual right to the cash flow from the financial asset end or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109.

b) Financial Liabilities

i) Initial recognition and measurement

All financial liabilities are recognised initially at fair value and fees of recurring nature are directly recognized in profit or loss as finance cost. The Company's financial liabilities include trade and other payables.

ii) Subsequent measurement

Financial Liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to short maturity of these instruments.

iii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired or it transfers the financial liability and the transfer qualifies for derecognition under Ind AS 109.



c) Offsetting of financial instruments

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



ZUARI FERTILISERS AND CHEMICALS LIMITED

Notes on Accounts as at 31.03.2017

2. Other notes forming part of accounts**2.1 - Corporate Information**

The stand-alone financial statements of "Zuari Fertilisers and Chemicals Limited" ("the Company" or "ZFCL") are for the year ended 31 March 2017. The Company is a public company domiciled in India and is incorporated on 11 August, 2009 under the provisions of the Companies Act 1956. Address of registered office of the Company is Jai Kissan Bhawan, Goa - 403726. The Company is engaged in the business of manufacturing of fertilisers (SSP). The stand-alone financial statements were approved for issue in accordance with a resolution of the Board of directors on 18 May, 2017.

2.2 - Contingent Liabilities

- a) Claims against the Company, not acknowledged as debts – Rs. NIL (previous year Rs. 86,79,452).
b) Disputed income tax demands relating to A.Y. 2012-13, 2013-14 & 2014-15 under appeal - Rs.1,39,74,963 (previous year Rs. 61,18,433).

2.3 Related party disclosures as per Ind AS 24

Refer Annexure A

2.4 Going Concern Basis

The net worth of the Company is fully eroded as the accumulated loss of the Company as at the reporting date stands at Rs.2,21,50,70,649 (previous year Rs.1,07,69,19,042) as against the shareholder's fund of Rs.15,35,00,000. The Company has also incurred a net loss of Rs. 1,13,58,51,607 during the year. Further, based on the future profitability projections and financial support from the holding company, the management does not foresee any uncertainty relating to future outcome in terms of the negative networth turning positive. Considering the above, these financial statements have been drawn up on going concern assumption, which, in the opinion of the management, is considered appropriate.

2.5 Un-hedged foreign currency exposures as at the Balance Sheet date

The details of foreign currency exposures that have not been hedged by a derivative instrument or otherwise are as follows:

Particulars	As at March 31, 2017		As at March 31, 2016	
	In Foreign Currency (USD)	In Rupees	In foreign Currency	In Rupees
Trade Payables	69,850	45,29,773	Nil	Nil

2.6 Employee benefits (Ind AS-19)

The Company has obtained valuation report from Actuary. The following data is given from report of the Actuary.

(i) Economic Assumptions:

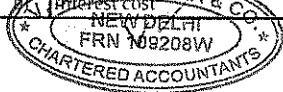
Particulars	2016-17	2015-16
Discount Rate	7.50%	8.00%
Future salary increase	9% for first two years and 7.50% thereafter	9% for first two years and 7.50% thereafter

(ii) Changes in the present value of the defined benefit obligation:

	Gratuity		Earned Leave		Sick Leave	
	31-03-2017	31-03-2016	31-03-2017	31-03-2016	31-03-2017	31-03-2016
a) Present value of obligation as at the beginning of the period	14,74,817	26,47,443	7,92,890	43,14,035	4,88,223	13,75,938
b) Acquisition adjustment	-628,726		-400,229		-402,642	
c) Interest cost	1,17,901	2,12,247	63,386	3,45,859	39,030	1,10,310
d) Past service cost						
e) Current service cost	2,81,228	4,48,953	2,05,942	48,336	84,684	27,149
f) Curtailment cost/(Credit)						
g) Settlement cost/(Credit)						
h) Benefits paid	-171,617		-234,395	-169,872		
i) Actuarial (gain)/loss on obligation	3,11,034	-18,33,826	2,43,378	-37,45,468	2,37,798	-10,25,174
Present value of obligation as at the end of closing period	13,84,637	14,74,817	6,70,972	7,92,890	4,47,093	4,88,223

(iii) Expenses recognized in statement of profit and loss account:

	Gratuity		Earned Leave		Sick Leave	
	31-03-2017	31-03-2016	31-03-2017	31-03-2016	31-03-2017	31-03-2016
a) Current service cost	2,81,228	4,48,953	2,05,942	48,336	84,684	27,149
b) Interest cost	1,17,901	2,12,247	63,386	3,45,859	39,030	1,10,310



ZUARI FERTILISERS AND CHEMICALS LIMITED
Notes on Accounts as at 31.03.2017

c)	Remeasurements			2,43,378	-37,45,468	2,37,798	-10,25,174
	Expenses recognized in the statement of profit & losses	3,99,129	6,61,200	5,12,706	-33,51,273	3,61,512	-8,87,715

(iv) Remeasurements:

		Gratuity		Earned Leave		Sick Leave	
		31-03-2017	31-03-2016	31-03-2017	31-03-2016	31-03-2017	31-03-2016
a)	Actuarial (gains)/losses arising from changes in financial assumptions	1,23,338	-2,82,054				
b)	Actuarial (gains)/losses arising from experience adjustments	1,87,696	-15,51,772				
	Components of defined benefit costs recognised in other comprehensive income	3,11,034	-18,33,826	0	0	0	0

(v) Sensitivity Analysis

		Gratuity		Earned Leave		Sick Leave	
		31-03-2017	31-03-2016	31-03-2017	31-03-2016	31-03-2017	31-03-2016
a)	Decrease in Defined benefit obligation due to 1% increase in discount rate	11,75,028	12,70,749	5,68,573		4,04,724	
b)	Increase in Defined benefit obligation due to 1% decrease in discount rate	16,44,986	17,24,590	7,98,565		4,96,751	
c)	Increase in Defined benefit obligation due to 1% increase in Expected Salary Escalation rate	15,57,744	16,92,390	7,97,053		4,96,134	
d)	Decrease in Defined benefit obligation due to 1% decrease in Expected Salary Escalation rate	11,98,730	12,68,479	5,67,857		4,04,457	

(vi) Details of Defined Contribution Plan in respect of the Company:

	2016-17	2015-16
Contribution to Provident Fund	6,68,854	7,35,145
Contribution to NPS Fund	4,10,031	5,29,264
Contribution to Contributory pension fund	3,92,818	4,06,326
Total	14,71,703	16,70,735

2.7 Deferred Tax Disclosure

Particulars	31.03.2017
Book/ Tax Depreciation difference	-23,19,08,336
Provision for Leave Encashment/Gratuity	7,73,335
Carry Forward Tax Loss	62,65,59,714
Net Deferred Tax (Liability)/Asset for the year	39,54,24,713

The net deferred tax asset has not been considered as a matter of prudence.

2.8 Fair Value Hierarchy, Capital Management and Financial Risk

Refer Annexure-B

2.9 Earnings Per Share

Basic and Diluted EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the parent by the

Particulars	31-03-2017	31-03-2016
Net Profit / (Loss) after current and deferred tax	-1,13,55,40,572	-99,09,44,374
Weighted Average number of equity shares used for computing Earning Per Share (Basic & Diluted)	15350000	15350000
Earning Per Share (Basic and Diluted) (Rs)	(73.98)	(64.56)
Face value per share (Rs)	10	10

2.10 Disclosure on Specified Bank Notes (SBNs)

Details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December, 30 2016 , the denomination wise SBNs and other notes as per the notification is given below:



ZUARI FERTILISERS AND CHEMICALS LIMITED

Notes on Accounts as at 31.03.2017

Particulars	SBNs	Other denomination notes	Total
	(in Rs.)	(in Rs.)	(in Rs.)
Closing cash in hand as on November 8, 2016	28,000	11,875	39,875
(+) Permitted receipts	-	1,10,000	1,10,000
(-) Permitted payments	-	54,585	54,585
(-) Amount deposited in Banks	28,000		28,000
Closing cash in hand as on December 30, 2016	-	67,290	67,290

2.11 Proposed Merger with Zuari Agro Chemicals Limited (ZACL)

The Board of Directors have passed a resolution in the meeting held on 29.12.2015 for amalgamation of the Company with its holding Company ZACL, which is a listed company. The appointed date for the purpose of proposed amalgamation is April 01, 2015. The necessary approval is pending at National Company Law Tribunal (NCLT).

2.12 FIRST TIME IND AS ADOPTION RECONCILIATIONS

Refer Annexure-C

2.13 Previous year figures have been re-grouped wherever necessary to correspond to current year figures.



Zuari Fertilisers and Chemicals Limited
Notes forming part of the financial statements as at 31 March 2017

(Amount in Rupees)	31-Mar-17	31-Mar-16	1-Apr-15
Note 4: Investment Property			
Freehold land at Karaikal	2,65,45,280	2,65,45,280	2,65,45,280
Freehold land at Panankudi	96,83,450	96,83,450	96,83,450
	3,62,28,730	3,62,28,730	3,62,28,730

Note: The Fair value of above investment property as on 31st Mar 2017 is Rs. 4,30,00,000 (as per annex D)

Note 5: Non-Current investments

Non-Trade - Quoted

Equity Instruments - 62843211 equity shares of Rs.10 each fully paid up of Mangalore Chemicals & Fertilisers Limited (previous year 62843211) (a subsidiary company)	5,35,21,45,446	5,35,21,45,446	1,69,38,33,515
	5,35,21,45,446	5,35,21,45,446	1,69,38,33,515
MV of quoted investments	3,63,86,21,917	2,52,94,39,243	1,69,38,33,515

Note 6: Loans

Security deposits	5,91,427	6,85,727	4,74,790
	5,91,427	6,85,727	4,74,790

Note 7: Other Non Current assets

Capital Advances	6,04,51,563	6,04,51,563	8,18,27,940
Expenses on second open offer relating to acquisition of MCFL equity shares	-	-	3,97,76,048
Expenditure on proposed project at Ras-Al-Khaimah (pending adjustment). Refer note below	31,55,14,520	31,05,11,023	33,76,34,683
	37,59,66,083	37,09,62,586	45,92,38,671

Note: The Company is planning to set up a Phosphatic fertilizer plant in Ras-Al-Khaimah (RAK) in United Arab Emirates in collaboration with Ras Al Khaimah Maritime City Free Zone Authority. Expenditure on feasibility study and related expenditure amounting to Rs. 31,55,14,520/- have been carried forward, pending decision on issue of shares to the Company in the proposed Joint Venture project. The JV company has been incorporated and definitive agreement between the shareholders' have been completed. The JV company has reached an agreement on key commercial terms for supply of beneficiated rock phosphates. The company has discussed with various EPC contractor with regard to the implementation of the project. Discussion have been held and proposals received from various market leaders for the feasibility study.

Note 7A: Income Tax

Income tax deducted at source - recoverable or adjustable	1,36,72,087	81,05,612	44,83,478
	1,36,72,087	81,05,612	44,83,478

Note 8: Inventories

Closing Stock

- Raw Materials	6,88,88,928	12,47,46,169	3,00,07,201
- Packing Materials	24,99,411	29,18,306	2,05,222
- Stock in Process	2,78,42,930	3,14,16,876	9,37,40,212
- Finished Stock	1,35,64,687	1,90,14,034	5,70,38,233
- Stores & Consumables	49,44,887	21,02,128	21,91,698
	11,77,40,843	18,01,97,513	18,31,82,566

Note 9: Trade and other receivables

(Unsecured - Considered Good)

Trade Receivable- Related Party	5,92,18,411	9,97,81,906	1,32,36,354
Subsidy claims on sale	18,27,50,145	18,03,18,258	1,34,40,828
	24,19,68,556	28,01,00,164	2,66,77,182

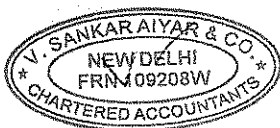
Note 10: Cash and cash equivalents

Cash on Hand	2,092	21,675	-
Balances with banks-current account	4,49,97,197	4,17,45,123	1,28,50,245
Balances with banks-In deposit account	-	-	1,75,000
	4,49,99,289	4,17,66,798	1,30,25,245

Note 10A: Bank Balance Others

Balances with banks-current account- escrow account	45,300	-	4,05,00,000
	45,300	-	4,05,00,000





Zuari Fertilisers and Chemicals Limited
Notes forming part of the financial statements as at 31 March 2017

(Amount in Rupees)

31-Mar-17

31-Mar-16

1-Apr-15

Note 14: Other Equity

Surplus in the statement of profit and loss

Balance as per last financial statements

(1,07,87,52,867)

(36,25,97,258)

-12,45,48,088

Net profit for the year

(1,13,55,40,572)

(99,09,44,374)

(23,80,49,170)

Add: Fair Value gain on investment reclassified from

27,47,88,765

FVTOCI Reserve:

Net surplus in the statement of profit and loss

(2,21,42,93,439) (1,07,87,52,867) (36,25,97,258)

FVTOCI reserve

Balance brought forward from last year

18,33,826

68,16,60,065

Add/ Less: Movement during the year

(3,11,034)

(40,50,37,474)

68,16,60,065

Less: Fair Value gain on investment reclassified to reserves & surplus:

(27,47,88,765)

Balance carried forward to next year

15,22,792

18,33,826

68,16,60,065

Total

(2,21,27,70,647) -1,07,69,19,041 31,90,62,807

Note 15: Borrowings

Non - current

TERM LOANS

From Banks

Secured

Term Loan - Corporation Bank

11,55,37,236

16,53,71,871

21,23,48,456

Term Loan - HDFC Ltd*

83,89,08,638

72,44,21,443

-

Term Loan - IL&FS Financial Services Limited*

83,94,74,707

96,84,47,867

-

Total

1,79,39,20,581 1,85,82,41,181 21,23,48,456

Others- Related Party

Unsecured

Inter Corporate Deposit from Zuari Agro Chemicals Ltd.
(the Holding Company)

3,10,69,95,415

3,88,16,70,415

1,95,74,25,000

Total

4,90,09,15,996 5,73,99,11,596 2,16,97,73,456

Current Maturities

TERM LOANS

From Banks

Secured

Term Loan - Corporation Bank

5,00,00,000

5,00,00,000

5,00,00,000

Term Loan - HDFC Ltd*

5,62,50,000

16,87,50,000

-

Term Loan - IL&FS Financial Services Limited*

35,62,50,000

22,50,00,000

-

Total

46,25,00,000 44,37,50,000 5,00,00,000

Others- Related Party

Unsecured

Inter Corporate Deposit from Zuari Agro Chemicals Ltd.
(the Holding Company)

3,26,19,00,000

1,57,31,25,000

22,25,00,000

Total

3,72,44,00,000 2,01,68,75,000 27,25,00,000

Terms: Inter Corporate Deposits

Interest - Rs.96.36 Crores, 12.00 Crores, 2.25 Crores, 524.63 Crores & Rs.1.65 Crores @ 11.25%, 14.25%, 14.00%, 13.25% & 15.00% p.a. respectively

Maturity - Repayable in 26 months

Term Loan from Corporation Bank- Rs. 30.00 Crores (Sanctioned)

Mortgaged by Land at Mahad and construction thereon including Plant & Machinery.

Interest @ 11.4% per annum currently

Maturity - Repayable in 24 quarterly installments commencing from December, 2014

* Secured by 100% unconditional and irrevocable corporate guarantee of Zuari Agro Chemicals Ltd (ZACL) and equitable mortgage of specific unencumbered land parcel (at Zuari Nagar in Goa) owned by ZACL, further secured by way of pledge of 1,27,79,640 shares of Mangalore Chemicals and Fertilisers Ltd (MCFL).

Term Loan - Rs. 150.00 Crores each (Sanctioned)

Interest @ 12.50% per annum for ILFS and 12.15% per annum for HDFC

Maturity - Repayable in 16 quarterly installments after a moratorium period of one year from the date of first disbursement.



Zuari Fertilisers and Chemicals Limited
Notes forming part of the financial statements as at 31 March 2017

(Amount in Rupees)

31-Mar-17

31-Mar-16

1-Apr-15

Note 16: Provisions

Provision for employee benefits - Gratuity

13,59,162

14,56,989

26,29,158

13,59,162

14,56,989

26,29,158

Note 17: Borrowings

Secured

Cash Credit - Canara Bank (Against hypothecation of inventories and book debts)

16,95,67,152

17,01,30,727

17,12,00,000

Working Capital Demand Loan - Tata Capital Financial Services Ltd.*

14,99,74,849

-

-

31,95,42,001

17,01,30,727

17,12,00,000

* Hypothecated against all present & future current assets including book debts, claims and bills outstanding receivables, stock in trade and movable assets. Rate of Interest @11% per annum - refer note 3, 6, 8 & 9

Note 18: Trade and other payables

Related party

11,39,25,806

12,26,37,794

54,01,206

Others

8,68,90,446

8,43,94,815

23,23,97,319

20,08,16,252

20,70,32,609

23,77,98,525

Note 19: Other current liabilities

Statutory dues

7,91,63,305

6,45,05,730

2,64,95,164

Penalty Payable to Competition Commission of India

-

-

3,00,00,000

7,91,63,305

6,45,05,730

5,64,95,164

Note 20: Provisions

Employee benefits

Gratuity

25,475

17,828

18,285

Leave benefits

6,70,972

7,92,890

43,14,035

Sick Leave

4,47,093

4,88,223

13,75,938

Bonus

19,74,885

26,10,323

-

Excise duty on closing stock

1,13,408

1,49,440

4,09,010

32,31,833

40,58,704

61,17,268



Zuari Fertilisers and Chemicals Limited
Notes forming part of the financial statements as at 31 March 2017

(Amount in Rupees)

31-Mar-17

31-Mar-16

Note 21: Revenue From Operations

Sale of products

- SSP Fertiliser	31,73,36,836	28,30,48,083
- Subsidy on sale of fertiliser	13,59,36,264	16,68,77,430
	<u>45,32,73,100</u>	<u>44,99,25,513</u>

Note 22: Other income

Excess provision written back	13,74,596	50,260
Dividend income	-	3,77,05,927
Foreign Exchange gain (net)	-	10,09,355
Scrap Sale	62,048	1,19,317
Miscellaneous income	-	20,99,398
Interest Income on ICD	3,59,99,998	3,61,18,931
Interest on Sales tax refund	7,03,253	-
	<u>3,81,39,895</u>	<u>7,71,03,188</u>

Note 23: Cost of raw material consumed

Cost of raw material consumed	28,88,43,038	22,31,58,464
	<u>28,88,43,038</u>	<u>22,31,58,464</u>

Cost of Raw Materials consumed

Stock as on 01.04.2016	12,47,46,169	14,26,06,514
Add: Purchases	23,29,85,797	20,52,98,119
Less: Closing Stock	6,88,88,928	12,47,46,169
Total	<u>28,88,43,038</u>	<u>22,31,58,464</u>

Note 24: (Increase) / Decrease in Inventories

Stock as on 01.04.2016

Finished goods

- SSP (Powder/Granulated)	1,90,14,034	9,38,05,308
---------------------------	-------------	-------------

Work in progress

- SSP (Green)	3,14,16,876	9,53,34,610
	<u>5,04,30,910</u>	<u>18,91,39,918</u>

Less :Closing Stock

Finished goods

- SSP (Powder/Granulated)	1,35,64,687	1,90,14,034
---------------------------	-------------	-------------

Work in progress

- SSP (Green)	2,78,42,930	3,14,16,876
	<u>4,14,07,617</u>	<u>5,04,30,910</u>

(Increase) / Decrease In Stocks

	<u>90,23,293</u>	<u>13,87,09,008</u>
--	------------------	---------------------

Note 25: Employee benefits expense

Salaries, wages and bonus	2,41,70,508	2,51,85,948
Contribution to provident and other fund	15,79,375	12,47,482
Gratuity Expenses	3,99,129	6,61,200
Staff Welfare Expenses	3,65,118	2,74,354
	<u>2,65,14,130</u>	<u>2,73,68,984</u>



Zuari Fertilisers and Chemicals Limited
Notes forming part of the financial statements as at 31 March 2017

(Amount in Rupees)

31-Mar-17

31-Mar-16

Note 26: Finance costs

Interest

- Term Loans	28,85,37,298	28,22,27,293
- Working capital borrowings	2,64,80,958	2,07,84,333
- Inter-corporate deposits	72,82,76,765	53,53,77,488
- Shareholders of MCFL	-	9,09,90,900

1,04,32,95,021

92,93,80,014

Note 27: Other expenses

Transportation on finished goods	7,62,15,897	7,32,96,422
Packing Materials Consumed	1,91,38,715	1,49,89,973
Consumption of Stores & Spares	1,42,88,005	1,07,52,381
Power & Fuel	2,57,16,171	1,79,67,690
Contract Labour charges	2,74,28,320	1,97,42,889
Insurance	15,33,316	7,27,315
Project Expenses written off (shelved Projects)	-	3,050
Rent, Rates & Taxes	53,34,753	45,78,451
Legal and Professional charges	3,41,02,197	1,28,20,314
Security Charges	22,83,031	23,63,422
Unloading/ Loading Charges	29,05,131	28,19,558
JCB Hire Charges	17,17,025	13,51,748
Forex Charges	28,47,057	-
Travelling & Conveyance	53,29,054	44,01,276
Payment to Auditors	9,77,125	5,02,720
Interest on late payment of statutory dues	3,78,064	5,87,997
Miscellaneous expenses	50,07,660	54,29,818
	22,52,01,521	17,23,35,024

Payment to the auditors (includes service tax paid during the year)

Audit Fees (incl. Rs 2,30,000 (PY Rs 1,43,125) for special purpose audit)

Tax Audit Fees	6,60,875	4,16,845
Certification Fees	46,000	45,800
	2,70,250	40,075
	9,77,125	5,02,720

Note 3: Depreciation and amortisation expense

31-Mar-17

31-Mar-16

Depreciation of tangible assets

3,07,15,021

2,41,63,800

3,07,15,021

2,41,63,800



Zuari Fertilisers and Chemicals Limited
Related Party disclosures as per IND AS as at 31.03.2017

Annexure A

- A. Holding Company:
 Zuari Agro Chemicals Limited
- B. Subsidiary Company:
 Mangalore Chemicals & Fertilisers Limited Total ownership interest of 53.03% in the subsidiary
- C. Fellow Subsidiary:
 Zuari Agri Sciences Limited
- D. Joint Venture of Holding Company:
 Paradeep Phosphates Limited

Related Party Transaction for Zuari Fertilisers and Chemicals Limited
 Following transactions were carried out with related parties in the ordinary course of business for the Year ended 31st March 2017.

S.no.	Transaction details	Year ended 31st March 2017		Year ended 31st March 2016			
		Holding Company	Joint Venture of Holding Company	Holding Company	Subsidiary	Fellow Subsidiary	Joint Venture of Holding Company
1	Payment made on their behalf:						
	-Zuari Agro Chemicals Limited						
	-Zuari Agri Sciences Limited					83,000	
2	Payment made on our behalf:						
	-Zuari Agro Chemicals Limited	12,66,243		4,06,165			
3	Receipt of Inter-corporate Deposits / loans						
	-Zuari Agro Chemicals Limited	1,09,41,00,000		3,27,48,70,415			
4	Repayment of Inter-corporate Deposits / loans						
	-Zuari Agro Chemical Limited	18,00,00,000					
5	Interest Expenses						
	-Zuari Agro Chemical Limited	72,82,76,765		54,68,11,075			
6	Sale of Fertilisers						
	-Zuari Agro Chemical Limited (excl Sales Tax)	31,46,56,976		27,93,59,571			
	-Paradeep Phosphates Limited (excl. Sales Tax)		26,79,860				36,86,423
7	Purchase of Raw Materials						
	-Zuari Agro Chemical Limited	8,24,87,984		10,26,86,511			
8	Professional & Technical Services Received						
	-Zuari Agro Chemical Limited	45,40,510		1,74,68,892			
9	Transfer of Employee benefits						
	-Zuari Agro Chemical Limited	3,44,357					
	-Paradeep Phosphates Limited		10,87,240				
10	Dividend Received						
	-Mangalore Chemicals & Fertilisers Limited				3,77,05,927		

Closing Balances as at March 31, 2017

Sr.No.	Name of Company	31.03.2017		31.03.2016	
		Dr. Amt Rs.	Cr. Amt Rs.	Dr. Amt Rs.	Cr. Amt Rs.
1	Zuari Agro Chemicals Limited		2,72,30,943		2,20,19,017
2	Zuari Agro Chemicals Limited (Sales)	5,63,85,083		9,59,11,156	
3	Zuari Agro Chemicals Limited - ICD		6,36,88,95,415		5,45,47,95,415
4	Zuari Agro Chemicals Limited - Purchase		8,60,87,498		10,05,35,777
5	Zuari Agri Sciences Limited		NIL		83,000
6	Mangalore Chemicals & Fertilisers Limited	NIL	NIL	NIL	NIL
7	Paradeep Phosphates Limited (Sales)	28,33,328		38,70,750	
8	Paradeep Phosphates Limited		6,07,365		



Annexure - B

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

Particulars	Carrying value		Fair value	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Financial assets				
Investments:				
Investment in equity share of subsidiary	5,35,21,45,446	5,35,21,45,446	3,63,86,21,917	2,52,94,39,243
Others:				
Trade Receivable	24,19,68,556	28,01,00,164	24,19,68,556	28,01,00,164
Cash and cash equivalents (incl amt kept in escrow)	4,50,44,589	4,17,66,798	4,50,44,589	4,17,66,798
Inter corporate loans (incl accrued interest thereon)	22,43,22,194	20,53,26,027	22,43,22,194	20,53,26,027
Security deposits	5,91,427	6,97,727	5,91,427	6,97,727
Total financial assets	5,86,40,72,212	5,89,00,36,162	4,15,05,48,683	3,05,73,29,959
Financial Liabilities				
Borrowings				
Long term borrowings	8,62,53,15,996	7,75,67,86,596	8,62,53,15,996	7,75,67,86,596
Short term borrowings	31,95,42,001	17,01,30,727	31,95,42,001	17,01,30,727
Others:				
Trade Payables	20,08,16,252	20,70,32,609	20,08,16,252	20,70,32,609
Total financial liabilities	9,14,56,74,249	8,13,39,49,932	9,14,56,74,249	8,13,39,49,932

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.

1. The management assessed that fair values of cash and cash equivalents, trade receivables, security deposits, inter corporate loan, borrowings and trade payables approximate their carrying value.
2. The fair value of investment in MCFL has been done with reference to quoted market price as on the balance sheet date (Level I valuation).

Financial instruments by category

	March 31, 2017		March 31, 2016		April 01, 2015	
	FVTPL	FVOCI	FVTPL	FVOCI	FVTPL	FVOCI
Financial assets						
Investments-						
Investment in equity share of subsidiary	-	5,35,21,45,446	-	5,35,21,45,446	1,69,38,33,515	20,27,54,931
Inter Corporate Loans (incl. interest thereon)	-	22,43,22,194	-	20,53,26,027	-	4,99,790
Security deposits	-	5,91,427	-	6,97,727	-	2,66,77,182
Trade receivables	-	24,19,68,556	-	28,01,00,164	-	1,30,25,245
Cash and cash equivalents	-	4,49,99,289	-	4,17,66,798	-	4,05,00,000
Bank balances other than above	-	45,300	-	5,88,00,36,162	-	28,34,57,148
Total financial assets	-	5,86,40,72,212	-	5,88,00,36,162	-	1,69,38,33,515
Financial liabilities						
Borrowings	-	8,94,48,57,997	-	7,92,69,17,323	-	2,61,34,73,456
Trade payables	-	20,08,16,252	-	20,70,32,609	-	23,77,98,525
Total financial liabilities	-	9,14,56,74,249	-	8,13,39,49,932	-	2,85,12,71,981



Capital management

For the purpose of the Company's capital management, capital includes issued equity share capital, long and 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 equity plus net debt. The Company includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents.

	Amount in Rs.		
	31-Mar-17	31-Mar-16	1-Apr-15
Borrowings	8,94,48,57,997	7,92,69,17,323	2,61,34,73,456
Less: Cash and cash equivalents (excl amount held in escrow)	4,49,99,289	4,17,66,798	1,30,25,245
Net debts	8,89,98,58,708	7,88,51,50,525	2,60,04,48,211
Equity share capital	15,35,00,000	15,35,00,000	15,35,00,000
Other Equity	-2,21,27,70,647	-1,07,69,19,041	31,90,62,807
Total Equity	-2,05,92,70,647	-92,34,19,041	47,25,62,807
Equity and net debt	6,84,05,88,061	6,96,17,31,484	3,07,30,11,018
Gearing ratio (%)	130.1%	113.3%	84.6%

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.



Financial risk management objectives and policies

The Company's principal financial liabilities comprise loans, borrowings and trade payables. The main purpose of these financial liabilities is to finance the Company's operations and investments in MCFL (subsidiary). The Company's principal financial assets include trade receivables, cash and cash equivalents, security deposit that derive directly from its operations. Besides the company has major investment in MCFL and has given interest bearing loan to McDowells Holdings Ltd.

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 not exposed to credit risk in relation to its revenue as the sales is to group companies only and subsidy is receivable from DOF, GOI. For credit risk on loan to McDowells Holdings Ltd. refer note 11 of Financials.

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 company has taken long term borrowings from various banks to finance plant at Mahad and investment in MCFL.

The table below summarises the maturity profile of the Company's financial liabilities.

	0 to 1 years	1 to 3 years	3 to 5 years	> 5 years	Total
	INR		INR	INR	INR
Year ended					
31-Mar-17					
Borrowings	4,04,39,42,001	4,70,69,95,415	19,39,20,581	-	8,94,48,57,997
Trade payables	20,08,16,252		-	-	20,08,16,252
	4,24,47,58,253	4,70,69,95,415	19,39,20,581	-	9,14,56,74,249
Year ended					
31-Mar-16					
Borrowings	2,18,70,05,727	4,75,04,20,415	98,94,91,181	-	7,92,69,17,323
Trade payables	20,70,32,609		-	-	20,70,32,609
	2,39,40,38,336	4,75,04,20,415	98,94,91,181	-	8,13,39,49,932
As at 1 April 2015					
Borrowings	44,37,00,000	2,05,74,25,000	10,00,00,000	1,23,48,456	2,61,34,73,456
Trade payables	23,77,98,525		-	-	23,77,98,525
	68,14,98,525	2,05,74,25,000	10,00,00,000	1,23,48,456	2,85,12,71,981

Collateral

The Company has pledged 4,27,79,640 shares of MCFL as collateral to borrowings from HDFC and IL&FS.



ZUARI FERTILISERS AND CHEMICALS LIMITED

Notes to Financial Statements for the year ended 31 March 2017

Annexure - C

FIRST TIME IND AS ADOPTION RECONCILIATIONS

Effect of Ind AS adoption on the balance sheet as at 31 March, 2016 and 1 April, 2015

Note no.	As at 31.03.2016 (End of last period presented under previous GAAP)				As at 01.04.2015 (Date of transition)		
	Previous GAAP	Effect of transition to Ind-AS	IND AS 8 Adj	As per Ind-AS	Previous GAAP	Effect of transition to Ind-AS	As per Ind-AS
	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.
I. ASSETS							
1 Non-current assets							
Property, plant and equipment	78,33,58,954	(20,93,645)		78,12,65,309	3,91,68,196		3,91,68,196
Capital work in progress					68,19,24,946	(25,51,544)	67,93,73,402
Investment property	3,62,28,730			3,62,28,730	3,62,28,730		3,62,28,730
Financial assets							
(i) Investments	5,18,52,01,560	25,79,34,766	(9,09,90,900)	5,35,21,45,446	1,01,21,73,450	68,16,60,065	1,69,38,33,515
(ii) Loans	6,95,727			6,95,727	4,74,790		4,74,790
Advance Tax	81,05,612			81,05,612	44,83,478		44,83,478
Other non-current assets	37,09,62,586			37,09,62,586	45,92,38,671		45,92,38,671
Total non-current assets	6,38,45,43,189	25,58,41,121	(9,09,90,900)	6,54,93,93,410	2,23,36,92,261	67,91,08,521	2,91,28,00,782
2 Current assets							
Inventories	18,01,97,513			18,01,97,513	18,31,82,566		18,31,82,566
Financial assets							
(i) Trade receivables	28,01,00,164			28,01,00,164	2,66,77,182		2,66,77,182
(ii) Cash and cash equivalents	4,17,66,798			4,17,66,798	1,30,25,245		1,30,25,245
(iii) Other Bank Balances					4,05,00,000		4,05,00,000
(iv) Loans	20,53,38,027			20,53,38,027	20,27,79,931		20,27,79,931
Other current assets	2,37,56,402			2,37,56,402	1,01,10,672		1,01,10,672
Total current assets	73,11,58,904	-	-	73,11,58,904	47,62,75,596	-	47,62,75,596
Total assets	7,11,57,02,093	25,58,41,121	(9,09,90,900)	7,28,05,52,314	2,70,99,67,857	67,91,08,521	3,38,90,76,378
II. EQUITY AND LIABILITIES							
1 Equity							
Equity share capital	15,35,00,000			15,35,00,000	15,35,00,000		15,35,00,000
Other equity							
Retained earnings	(1,25,69,21,337)	26,91,59,370	(9,09,90,900)	(1,07,87,52,867)	(36,25,97,258)		(36,25,97,258)
Other Comprehensive Income		18,33,828		18,33,828	68,16,60,065		68,16,60,065
Total equity	(1,10,34,21,337)	27,09,93,196	(9,09,90,900)	(92,34,19,041)	(20,90,97,258)	68,16,60,065	47,25,62,807
Liabilities							
2 Non-current liabilities							
Financial liabilities							
Borrowings	5,75,50,63,672	(1,51,52,075)		5,73,99,11,597	2,17,23,25,000	(25,51,544)	2,16,97,73,456
Provisions	14,56,988			14,56,988	26,29,158		26,29,158
Total non-current liabilities	5,75,65,20,660	(1,51,52,075)	-	5,74,13,68,585	2,17,49,54,158	(25,51,544)	2,17,24,02,614
3 Current liabilities							
Financial Liabilities							
(i) Borrowings	17,01,30,727			17,01,30,727	17,12,00,000		17,12,00,000
(ii) Trade payables	20,70,32,809			20,70,32,809	23,77,98,525		23,77,98,525
(iii) Other financial liabilities	2,01,68,75,000			2,01,68,75,000	27,25,00,000		27,25,00,000
Other current liabilities	6,45,05,730			6,45,05,730	5,64,95,164		5,64,95,164
Provisions	40,58,704			40,58,704	61,17,268		61,17,268
Total current liabilities	2,46,26,02,770	-	-	2,46,26,02,770	74,41,10,957	-	74,41,10,957
Total equity and liabilities	7,11,57,02,093	25,58,41,121	(9,09,90,900)	7,28,05,52,314	2,70,99,67,857	67,91,08,521	3,38,90,76,378

Note: The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.



ZUARI FERTILISERS AND CHEMICALS LIMITED
Notes to Financial Statements for the year ended 31 March 2017

Effect of Ind AS adoption on statement of profit and loss for the year ended 31 March, 2016

Year ended 31.03.2016 (Presented under previous GAAP)					
	Note no.	Previous GAAP Rs./Lacs	Effect of transition to Ind-AS Rs./Lacs	IND AS 8 Adj	As per Ind-AS Rs./Lacs
INCOME					
1	Revenue from operations	44,99,25,512			44,99,25,512
2	Other income	7,71,03,189			7,71,03,189
	Total income	52,70,28,701	-	-	52,70,28,701
EXPENSES					
3	Cost of materials consumed	22,31,58,464	-		22,31,58,464
4	Changes in inventories of finished goods, stock-in-trade and work-in-progress	13,87,09,008	-		13,87,09,008
5	Excise duty on sale of goods	28,57,781	-		28,57,781
6	Employee benefits expense	2,55,35,158	18,33,826		2,73,68,984
7	Depreciation and amortisation expense	2,44,63,544	(2,99,744)		2,41,63,800
8	Finance costs	83,42,93,801	40,95,313	9,09,90,900	92,93,80,014
9	Other expenses	17,23,35,024			17,23,35,024
10	Total	1,42,13,52,780	56,29,395	9,09,90,900	1,51,79,73,075
PROFIT/(LOSS) BEFORE TAX		(89,43,24,079)	(56,29,395)	(9,09,90,900)	(99,09,44,374)
11	Tax expense:				
	(i) Current tax	-	-	-	-
	(ii) Deferred tax	-	-	-	-
PROFIT/(LOSS) FOR THE YEAR		(89,43,24,079)	(56,29,395)	(9,09,90,900)	(99,09,44,374)
12	Other comprehensive income				
	(i) Items that will not be reclassified to profit and loss				
	-Remeasurement of defined benefit obligation	-	18,33,826		18,33,826
	-Net (loss)/gain on FVTOCI on investments	-	-40,68,71,300		-40,68,71,300
TOTAL OTHER COMPREHENSIVE INCOME		-	(40,50,37,474)	-	(40,50,37,474)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(89,43,24,079)	(41,06,66,869)	(9,09,90,900)	(1,39,59,81,848)

Note- The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.



ZUARI FERTILISERS AND CHEMICALS LIMITED
Notes to Financial Statements for the year ended 31 March 2017
Reconciliation of total comprehensive income for the year ended 31 March, 2016

	Note no.	Period ended 31.03.2016
Profit as per previous GAAP		(89,43,24,079)
Reduction in depreciation due to non capitalisation of interest cost	a	2,99,744
Increase in finance cost due to adjustment of upfront fees	a, c	(40,95,313)
Increase in finance cost due to prior period error	d	(9,09,90,900)
Remeasurement of defined benefit obligation recognised in other comprehensive income under Ind AS (net of tax)	e	(18,33,826)
Profit for the period as per Ind AS		(99,09,44,374)
Remeasurement of defined benefit obligation recognised in other comprehensive income under Ind AS (net of tax)	e	18,33,826
Fair valuation of Investment in MCFL through OCI	f	(40,66,71,300)
Total comprehensive income under Ind AS		(1,39,59,81,848)

Effect of Ind AS adoption on the statement of cash flows for the year ended 31 March, 2016

	Note no.	Previous GAAP Rs./Lacs	Effect of transition to Ind AS Rs./Lacs	As per Ind AS Rs./Lacs
Net cash flows/(used in) from operating activities		(31,13,83,191)		(31,13,83,191)
Net cash flows/(used in) from investing activities	a, c, d	(4,19,21,25,859)	10,76,86,745	(4,08,44,39,114)
Net cash flows/(used in) from financing activities	a, c, d	4,49,17,50,603	(10,76,86,745)	4,38,40,63,858
Net increase / (decrease) in cash and cash equivalents		(1,17,58,447)		(1,17,58,447)
Cash and cash equivalents at the beginning of period		5,35,25,245	-	5,35,25,245
Cash and cash equivalents at the end of period		4,17,66,798	-	4,17,66,798

Reconciliation of total equity as on 31 March, 2016 and 1 April, 2015

	As at 31.03.2016 (End of last period presented under previous GAAP)	As at 01.04.2015 (Date of transition)
Total equity (shareholder's funds) under previous GAAP	(1,10,34,21,337)	(20,90,97,258)
ADJUSTMENTS UNDER IND AS		
Fair valuation of Investment in MCFL through OCI	27,47,88,765	68,16,60,065
Reduction in depreciation due to non capitalisation of interest cost	2,99,744	
Increase in finance cost due to adjustment of upfront fees	(40,95,313)	
Increase in finance cost due to prior period error	(9,09,90,900)	
Total adjustments to equity	18,00,02,296	68,16,60,065
Total equity under Ind AS	(92,34,19,041)	47,25,62,807



Particulars	Rs
Opening balance at 1 April 2015	3,62,28,730
Additions (subsequent expenditure)	-
Closing balance at 31 March 2016	3,62,28,730
Additions (subsequent expenditure)	-
Closing balance at 31 March 2017	3,62,28,730
Depreciation and impairment	
Opening balance at 1 April 2015	-
Depreciation (Note 25)	-
Closing balance at 31 March 2016	-
Depreciation for the year	-
Closing balance at 31 March 2017	-
Net Block	
at 31 March 2016	3,62,28,730
at 31 March 2017	3,62,28,730

(Rs)

Information regarding income and expenditure of investment property	At 31 March 2017	At 31 March 2016
Rental income derived from investment properties	Nil	Nil
Direct operating expenses (including repairs and maintenance) generating rental income	Nil	Nil
Direct operating expenses (including repairs and maintenance) that did not generate rental income	Nil	Nil
Profit arising from investment properties before depreciation and indirect expenses	Nil	Nil
Less – Depreciation	Nil	Nil
Profit arising from investment properties before indirect expenses	Nil	Nil

Investment property consist of freehold land owned by the Company.

As at 31 March 2017, 31 March 2016 & 01 April 2015, the fair values of the properties are Rs. 430.00 lakhs, Rs. 403.20 lakhs & Rs. 376.30 lakhs respectively. These valuations are based on valuations performed by Vr. Er. R. Aruljothi, an accredited independent valuer. Vr. Er. R. Aruljothi is a specialist in valuing these types of investment properties. A valuation model in accordance with that recommended by the International Valuation Standards Committee has been applied.

The Company has no restrictions on the reliability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

Fair value hierarchy disclosures for investment properties have been provided in Note _.

Reconciliation of fair value:

(Rs)

	Investment properties		
	Property 1	Property 2	Total
Opening balance as at 1 April 2015	3,76,30,000	-	3,76,30,000
Fair value difference	26,90,000	-	26,90,000
Purchases	-	-	-
Opening balance as at 1 April 2016	4,03,20,000	-	4,03,20,000
Fair value difference	26,80,000	-	26,80,000
Purchases	-	-	-
Closing balance as at 31 March 2017	4,30,00,000	-	4,30,00,000

Description of valuation techniques used and key inputs to valuation on investment properties:

Investment properties	Valuation technique	Significant unobservable Inputs	Range (weighted average)	
			31-Mar-17	31-Mar-16
Property 1	As per the Market Rate	Nil	Nil	Nil



NOTES TO THE RECONCILIATIONS

Transition to Ind AS

These financial statements, for the year ended 31 March 2017, are the first financial statement 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).

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:

a. Deemed cost

The company has elected the option to continue with the carrying value for all its property, plant & equipment as recognised in the financial statement as at the date of transition to Ind AS, measured as per previous GAAP and used as it the deemed cost as at the date of transition. However, upfront fees of Rs 25.5 lacs on loan from Corporation Bank had been capitalised under previous GAAP. The same has been adjusted from borrowings under IND AS with corresponding effect to Capital WIP/ Fixed Assets. The same has also resulted in increase in interest cost and decrease in depreciation charge subsequently due to application of Expected Interest Rate (EIR) method.

b. Investments

The investment in MCFL has been fair valued as on 1st April 2015. The management has opted to make an irrevocable election on initial recognition, to present changes in fair value in other comprehensive income (OCI) rather than profit and loss.

However, MCFL became subsidiary as on 18th May 2015. The management has opted to show investment in subsidiary at cost. The management has further taken a view that cost of previously held investment is fair value of shares as on 18th May 2015. The resultant gain of Rs 27.48 crs is appearing in Other Comprehensive Income. The same has been transferred from Other Comprehensive Income to Retained Earnings.

c. 'Upfront Fees on Borrowings:

The company has paid upfront fees of Rs 168.54 lacs on loans from HDFC and ILFS which was added to the cost of investment in MCFL under previous GAAP. The same has been adjusted from borrowings under IND AS with corresponding effect to Investment in MCFL. The same has also resulted in increase in interest cost subsequently due to application of Expected Interest Rate (EIR) method.

d. 'IND AS 8 Adjustment of Capitalised Interest:

In previous year, the company had added interest on delayed payment to shareholders of approx Rs 9.1 crs to cost of investment in MCFL. The management now believes that this should have been expensed off. The same has been appropriately adjusted in current year by restating previous year figures in accordance with IND AS 8.

e. Actuarial Gain and Loss

Under previous GAAP, actuarial gains and losses were recognised in statement of profit and loss. Under Ind AS, the actuarial gains and losses form part of remeasurement of the net defined benefit liability recognised in other comprehensive income.

As per our report of even date

For V.Sankar Aiyar & Co.

Chartered Accountants

FRN 109208 W

V. Rethinam

Partner

M No.10412

Place: New Delhi

Date: 18.05.2017



For and on behalf of the Board

Sandeep Kumar Agrawal

Director

DIN:

Bijay Kumar Biswal

Chief Financial Officer

Place: Gurgaon

Date:

Naveen Kapoor

Director

DIN: 01680157