

INDEPENDENT AUDITOR'S REPORT

To the Members of Zuari Speciality Fertilisers Limited

Report on the Ind AS Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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



Opinion

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 28 to the Ind AS financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.



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- iv. As the Company has provided requisite disclosures in Note 40 to these Ind AS financial statements as to the holding of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on our enquiries, test check of the books of account and other details maintained by the Company and relying on the management representation regarding the holding and nature of cash transactions, including Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by the Company.

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

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005



per Anil Gupta

Partner.

Membership Number: 87921

Place of Signature: New Delhi

Date: May 17, 2017



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

Re: Zuari Speciality Fertilisers Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets..
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investment, guarantees, and securities granted in respect of which provisions of Section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits from the public.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 148(1) of the Companies Act, 2013, related to the manufacture of fertilisers and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues applicable to it. The provisions relating to employees' state insurance are not applicable to the Company.



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

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

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

- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of dues to banks. The Company did not have any outstanding debentures and loan from financial institution during the year.
- (ix) In our opinion and according to the information and explanations given by the management, the Company has not raised any money way of initial public offer / further public offer / debt instruments and term loans hence, reporting under clause 3 (ix) is not applicable to the Company and hence not commented upon.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud on or by the officers and employees of the Company has been noticed or reported during the year.
- (xi) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, the Company has not paid any managerial remuneration, hence reporting under clause (xi) is not applicable to the Company and hence not commented upon.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with Section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence not commented upon.



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

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

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

Chartered Accountants

ICAI Firm Registration Number: 301003E//E300005



per Anil Gupta

Partner

Membership Number: 87921

Place: New Delhi

Date: May 17, 2017



ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF ZUARI SPECIALITY FERTILISERS LIMITED

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

To the Members of Zuari Speciality Fertilisers Limited

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

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the



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Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

For S.R. Batliboi & CO. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

Anil Gupta

per Anil Gupta

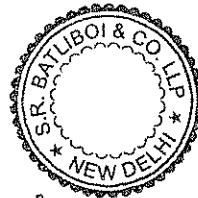
Partner

Membership Number: 87921

Place of Signature: ~~May 17, 2017~~

Date:

17/3/2017



New Delhi

Zuari Speciality Fertilisers Limited
(Formerly known as Zuari Rotem Speciality Fertilisers Limited)
Balance Sheet as at 31 March 2017
(Amount in Rupees, unless otherwise stated)

Particulars	Notes	As at	As at	As at
		31 March 2017	31 March 2016	31 March 2015
I ASSETS				
(1) Non-current assets				
Property, Plant and Equipment	3	124,427,628	135,741,871	147,505,405
Other Intangible Assets	4	-	1,754	9,130
Financial Assets				
(i) Loans	5	414,850	414,851	414,851
(ii) Others	5	4,350,485	4,350,485	7,620,903
Deferred tax assets(net)	16	3,698,836	4,359,223	-
(2) Current assets				
Inventories	7	49,972,613	109,348,034	72,003,897
Financial Assets				
(i) Trade Receivables	8	194,621,074	166,167,116	125,373,910
(ii) Cash and cash equivalents	9	1,021,924	10,922,379	3,103,137
(iii) Others	5	4,760,004	7,978,766	5,151,921
Current Tax Assets (Net)	16	3,490,878	2,534,679	1,880,910
Other current assets	6	1,660,310	3,781,772	2,070,146
Total Assets		388,418,601	445,600,931	365,134,210
II EQUITY AND LIABILITIES				
EQUITY				
Equity Share capital	10	69,150,020	69,150,020	69,150,020
Other Equity		19,837,120	14,174,904	26,996,499
LIABILITIES				
(1) Non-current liabilities				
Provisions	15	455,416	342,070	293,951
Deferred tax liabilities(Net)	16	-	-	1,278,370
Other non-current liabilities	14	11,939,654	13,668,042	14,351,420
(2) Current liabilities				
Financial Liabilities				
(i) Borrowings	11	193,912,001	231,033,274	161,987,475
(ii) Trade Payables	12	88,579,085	109,250,856	83,489,822
(iii) Other financial liabilities	13	1,214,351	3,276,252	1,307,766
Other current liabilities	14	2,848,297	4,348,008	5,938,891
Provisions	15	482,657	357,505	339,997
Total Equity and Liabilities		388,418,601	445,600,931	365,134,210

Summary of significant accounting policies

2.1

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S. R. Batliboi & Co. LLP
Chartered Accountants
Firm registration number: 301003E/E300005

per Anil Gupta
Partner
Membership No: 87921

Place: New Delhi
Date: 12/07/2017



For and on behalf of the board of directors of
Zuari Speciality Fertilisers Limited

Naveen Kapoor
Director
DIN: 01680157

V Seshadri
Director
DIN: 06499916

Zuari Speciality Fertilisers Limited
(Formerly known as Zuari Rotem Speciality Fertilisers Limited)
Statement of Profit and Loss for the year 31 March 2017
(Amount in Rupees, unless otherwise stated)

Particulars	Notes	For the year ended 31 Mar 2017	For the year ended 31 Mar 2016
I REVENUE			
Revenue From Operations	17	338,637,242	435,008,902
Other Income	18	3,301,347	5,648,771
Total Revenue (I)		341,938,589	440,657,673
II EXPENSES			
Cost of raw materials consumed	19	207,078,020	265,995,470
Purchases of traded goods	20	66,612,073	93,836,926
Changes in inventories of finished goods and traded goods	21	(19,027,544)	288,209
Excise duty on sale of goods		2,784,897	3,532,244
Employee Benefits Expense	22	4,801,869	4,704,321
Finance Costs	23	20,511,621	14,069,793
Depreciation and amortization expense	24	11,353,938	11,415,740
Other Expenses	25	40,638,905	65,292,239
Total expenses (II)		334,753,779	459,134,942
III Profit/(loss) before exceptional items and tax (I-II)		7,184,810	(18,477,269)
IV Exceptional Items			-
V Profit/(loss) before tax (III-IV)		7,184,810	(18,477,269)
VI Tax expense:			
(1) Current Tax		860,538	-
(2) Taxes for earlier years		(14,317)	-
(3) MAT Credit Entitlement		(860,538)	-
(4) Deferred Tax charge/(credit)	16	1,525,865	(5,643,180)
Tax expense:		1,511,548	(5,643,180)
VII Profit/(loss) for the year (V-VI)		5,673,262	(12,834,089)
VIII Other Comprehensive Income			
A Items that will be reclassified to profit or loss in subsequent periods			
Net (loss)/gain on FVTOCI financial instruments		-	-
Income tax effect		-	-
B Items that will not be reclassified to profit or loss in subsequent periods			
Re-measurement gains (losses) on defined benefit plans		(15,986)	18,082
Income tax effect		4,940	(5,587)
Other Comprehensive Income for the year, net of tax		(11,046)	12,495
IX Total Comprehensive Income for the year (VII + VIII)		5,662,216	(12,821,594)
X Earnings per equity share (nominal value of share of Rs. 10/- (31 March 2016: Rs. 10/-))			
(1) Basic (Rs.)	26	0.82	-1.86
(2) Diluted (Rs.)	26	0.82	-1.86

Summary of significant accounting policies

2.1

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S. R. Batliboi & Co. LLP
Chartered Accountants
Firm registration number: 301003E/E300005

per Anil Gupta
Partner
Membership No: 87921

Place: New Delhi
Date: 17/3/2017



For and on behalf of the board of directors of
Zuari Speciality Fertilisers Limited

Naveen Kapoor
Director
DIN: 01680157

V Seshadri
Director
DIN: 06499916

Zuari Speciality Fertilisers Limited
(Formerly known as Zuari Rotem Speciality Fertilisers Limited)
Statement of Cash Flows for the year ended 31 March 2017
(Amount in Rupees, unless otherwise stated)

Particulars	Notes	31-Mar-17	31-Mar-16
A Cash Flow from Operating Activities			
Profit/(loss) before tax		7,184,810	(18,477,269)
Adjustments to reconcile profit before tax to net cash flows			
Depreciation and amortisation	24	11,353,938	11,415,740
(Profit)/(loss) on sale of property plant and equipment	18	(1,887)	315,844
Interest expense	23	19,639,542	12,791,096
Interest Income	18	(222,085)	(3,647,939)
Incentive under PSI scheme	18	(1,705,665)	(1,682,942)
Excess provisions written back	18	(599,425)	(196,355)
Unrealised foreign exchange (gain)/loss		(4,744,672)	1,503,177
Operating Profit before Working Capital changes		30,904,556	2,021,352
Movements in working capital :			
(Increase) in trade receivables	8	(28,453,958)	(40,793,206)
Decrease in other financial assets	5	-	2,398,817
Decrease/(increase) in inventories	7	59,375,421	(37,344,137)
Decrease/(increase) in other current assets	6	2,121,462	(1,711,626)
Increase in provisions	15	222,513	83,709
(Decrease)/increase in other financial liabilities	13	87,546	172,810
(Decrease)/increase in trade payables	12	(17,071,035)	26,042,135
(Decrease)/Increase in other liabilities	14	(1,522,434)	(591,319)
Cash from /(used in) operations		45,664,071	(49,721,465)
Less : Direct Tax paid		(1,802,421)	(653,769)
Net Cash Flow from/(used in) Operating Activities (A)		43,861,649	(50,375,234)
B Cash Flow from Investing Activities:			
Purchase of fixed assets		(37,937)	(218,451)
Proceeds from sale of fixed assets		1,887	257,777
Interest received		3,440,847	1,692,695
Net cash flow from investing activities (B)		3,404,797	1,732,021
C Net Cash Flow From Financing Activities:			
Interest paid		(20,045,628)	(12,583,343)
Proceeds from Buyers credit	11	45,886,383	54,799,510
Repayment of Buyers credit	11	(99,635,269)	(46,628,619)
Proceeds from/(repayment) of short-term borrowings (net)	11	16,627,613	60,874,908
Net cash flow from/(used in) in financing activities (C)		(57,166,901)	56,462,456
D Net (decrease) / Increase in cash and cash equivalents (A + B + C)		(9,900,455)	7,819,243
Cash and cash equivalents at the beginning of the period	9	10,922,379	3,103,137
Cash and cash equivalents at the end of the period	9	1,021,924	10,922,379
Components of cash and cash equivalents		42,825	42,460
Cash on hand		4,271	788
Balances with scheduled banks - on current accounts		1,017,653	10,921,591
Total cash and cash equivalents		1,021,924	10,922,379

Notes:

The figures in brackets represent outflows.

Summary of significant accounting policies 2.1

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S. R. Batliboi & Co. LLP
Chartered Accountants
Firm registration number: 301003E/E300005

per Anil Gupta
Partner
Membership No: 87921

Place: New Delhi
Date: 12/7/2017



For and on behalf of the board of directors of
Zuari Speciality Fertilisers Limited

Naveen Kapoor
Director
DIN: 01680157

V Seshadri
Director
DIN: 06499916

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

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

(a) Equity Share Capital

Particulars	Number	Amount
Equity shares of Rs. 10 each issued, subscribed and fully paid		
At 1 April 2015	6,915,002	69,150,020
At 31 March 2016	6,915,002	69,150,020
Issue of share capital	-	-
At 31 March 2017	6,915,002	69,150,020

(b) Other equity

For the year ended 31 March 2017:

Particulars	Surplus in the statement of profit and loss
As at 1 April 2016	14,174,904
Profit for the year	5,673,262
Other comprehensive income	(11,046)
Total comprehensive income	19,837,120
Appropriation towards general reserve	-
At 31 March 2017	19,837,120

For the year ended 31 March 2016:

Particulars	Surplus in the statement of profit and loss
As at 1 April 2015	26,996,499
(Loss) for the year	(12,834,089)
Other comprehensive income	12,495
Total comprehensive income	14,174,904
Appropriation towards general reserve	-
At 31 March 2016	14,174,904

As per our report of even date

For S. R. Batliboi & Co. LLP
Chartered Accountants
Firm registration number: 301003E/E300005

Anil Gupta

per Anil Gupta
Partner
Membership No: 87921

Place: New Delhi
Date: 17/3/2017



For and on behalf of the board of directors of
Zuari Speciality Fertilisers Limited

Naveen Kapoor

Naveen Kapoor
Director
DIN: 01680157

V Seshadri

V Seshadri
Director
DIN: 06499916

3. Property, plant and equipment

Particulars	(Amount in Rs)										Total
	Land - leasehold	Buildings	Plant and machinery	Electrical equipments	Laboratory equipments	Office equipments	Computers	Furniture and fixtures	Vehicles		
Deemed Cost	23,19,464	7,46,43,569	5,32,17,201	1,36,27,028	19,14,386	5,20,290	1,09,289	5,67,685	5,86,493	14,75,05,405	
As at 01.04.2015	-	-	-	-	-	-	-	-	-	-	
Additions	-	-	2,09,304	-	-	9,147	-	-	-	2,18,451	
Disposals	-	-	-	-	-	-	-	-	5,86,493	5,86,493	
Adjustments	-	-	-	-	-	-	-	-	-	-	
As at 31.03.2016	23,19,464	7,46,43,569	5,34,26,505	1,36,27,028	19,14,386	5,29,437	1,09,289	5,67,685	-	14,71,37,363	
Additions	-	-	-	-	-	-	17,491	20,446	-	37,937	
Disposals	-	-	-	-	-	-	-	-	-	-	
As at 31.03.2017	23,19,464	7,46,43,569	5,34,26,505	1,36,27,028	19,14,386	5,29,437	1,26,780	5,88,131	-	14,71,75,300	
Depreciation											
Charge for the year	26,357	29,88,253	49,40,416	26,88,324	3,73,563	2,19,300	52,403	1,06,876	12,871	1,14,08,363	
Disposals	-	-	-	-	-	-	-	-	12,871	12,871	
As at 31.03.2016	26,357	29,88,253	49,40,416	26,88,324	3,73,563	2,19,300	52,403	1,06,876	-	1,13,95,492	
Charge for the year	26,357	29,88,253	49,46,029	26,88,324	3,73,563	2,02,747	19,467	1,07,441	-	1,13,52,180	
Disposals	-	-	-	-	-	-	-	-	-	-	
As at 31.03.2017	52,714	59,76,506	98,86,445	53,76,648	7,47,126	4,22,047	71,869	2,14,317	-	2,27,47,672	
Net block											
As at 31.03.2017	22,66,750	6,86,67,063	4,35,40,060	82,50,380	11,67,260	1,07,390	54,911	3,73,814	-	12,44,27,628	
As at 31.03.2016	22,93,107	7,16,55,316	4,84,86,089	1,09,38,704	15,40,823	3,10,137	56,886	4,60,809	-	13,57,41,871	

4. Intangible Assets

Particulars	(Amount in Rs)	
	Computer Software	Total
Deemed Cost		
As at 1.04.2015	9,130	9,130
Additions	-	-
Disposals	-	-
As at 31.03.2016	9,130	9,130
Additions	-	-
Disposals	-	-
As at 31.03.2017	9,130	9,130
Amortization		
Charge for the year	7,376	7,376
Disposals	-	-
As at 31.03.2016	7,376	7,376
Charge for the year	1,754	1,754
Deductions	-	-
As at 31.03.2017	9,130	9,130
Net block		
As at 31.03.2017	-	-
As at 31.03.2016	1,754	1,754



5. Financial assets

Loans (at amortised cost)

	31-Mar-17	Non Current 31-Mar-16	01-Apr-15	31-Mar-17	Current 31-Mar-16	01-Apr-15
Security deposits						
Unsecured, considered good	4,14,850	4,14,851	4,14,851	-	-	-
	4,14,850	4,14,851	4,14,851	-	-	-

Other Financial assets (at amortised cost)

	31-Mar-17	Non Current 31-Mar-16	01-Apr-15	31-Mar-17	Current 31-Mar-16	01-Apr-15
PSI grant receivable	43,50,485	43,50,485	76,20,903	47,60,004	47,60,004	27,08,950
Interest receivable (Refer Note no. 36)	-	-	-	-	32,18,762	12,63,518
Advances to employees	-	-	-	-	-	2,857
Insurance claim receivable	-	-	-	-	-	11,76,596
Total financial assets	43,50,485	43,50,485	76,20,903	47,60,004	79,78,766	51,51,921

6. Other current assets

	31-Mar-17	31-Mar-16	01-Apr-15
Advances (other than capital advances):			
Balance with statutory/government authorities	-	3,29,128	3,19,901
Prepaid expenses	12,50,982	34,52,644	17,50,245
Advances recoverable in cash or kind	4,09,328	-	-
	16,60,310	37,81,772	20,70,146

7. Inventories

	At 31 March 2017	At 31 March 2016	At 1 April 2015
Raw materials (including material in transit Rs. Nil (31 March 2016 :: Rs. 75,219,917))	2,67,15,019	10,60,03,479	6,37,86,678
Packing materials	11,63,556	2,78,061	48,62,516
Finished goods	2,04,44,778	30,66,494	14,04,485
Traded goods	16,49,260	-	19,50,218
	4,99,72,613	10,93,48,034	7,20,03,897

During the year ended 31 March 2017, Rs. Nil (31 March 2016: 3,213,167) was recognised as an expense for inventories carried at net realisable value.

8. Trade receivables

	At 31 March 2017	At 31 March 2016	At 1 April 2015
Trade receivables	46,97,591	49,56,149	15,09,472
Receivable from Related Parties (Refer Note no. 36)	18,99,23,483	16,12,10,967	12,38,64,438
	19,46,21,074	16,61,67,116	12,53,73,910

Break-up for security details:

	At 31 March 2017	At 31 March 2016	At 1 April 2015
Trade Receivable			
Secured, considered good	-	-	-
Unsecured, considered good	19,46,21,074	16,61,67,116	12,53,73,910
Total	19,46,21,074	16,61,67,116	12,53,73,910

No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

For terms and conditions relating to related party receivables, refer Note 36. Trade receivables are non-interest bearing and are generally on terms of 90 days.

9. Cash and Cash Equivalent

	At 31 March 2017	At 31 March 2016	At 1 April 2015
a. Balances with banks			
- On Current accounts	10,17,653	1,09,21,591	30,86,637
b. Cash on hand	4,271	788	16,500
	10,21,924	1,09,22,379	31,03,137



10. Share Capital

Particulars	31 March 2017	31 March 2016	1 April 2015
Authorised :			
7,000,000 (31st March 2016: 7,000,000) Equity Shares of Rs.10/- Each	7,00,00,000	7,00,00,000	7,00,00,000
	7,00,00,000	7,00,00,000	7,00,00,000

Issued, subscribed and paid-up :

6,915,002 (31st March 2016: 6,915,002) Equity Shares of Rs.10/- Each Fully paid	6,91,50,020	6,91,50,020	6,91,50,020
	6,91,50,020	6,91,50,020	6,91,50,020

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

Equity Shares	31 March 2017		31 March 2016		1 April 2015	
	In Numbers	Amount in Rs	In Numbers	Amount in Rs	In Numbers	Amount in Rs
At the beginning of the year	69,15,002	6,91,50,020	69,15,002	6,91,50,020	69,15,002	6,91,50,020
Issued during the year	-	-	-	-	-	-
Outstanding at the end of the year	69,15,002	6,91,50,020	69,15,002	6,91,50,020	69,15,002	6,91,50,020

b. Terms/Rights Attached to equity Shares

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

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

Name of Shareholder	31 March 2017		31 March 2016		1 April 2015	
	No. of Shares held	% Holding in Class	No. of Shares held	% Holding in Class	No. of Shares held	% Holding in Class
Rotem Amfert Negev Limited	-	-	-	0%	34,57,501	50%
Zuari Agro Chemicals Limited	69,15,002	100%	69,15,002	100%	34,57,501	50%

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

d. Shares held by holding/ultimate holding Company

Name of Shareholder	31 March 2017		31 March 2016	
	No. of Shares held	% Holding in Class	No. of Shares held	% Holding in Class
Zuari Agro Chemicals Limited	69,15,002	100%	69,15,002	100%

In the year ended March 31, 2015, the Company was a joint venture company and it did not have a holding/ultimate holding company.

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

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

11. Short term Borrowings

	Current		
	31 March 2017	31 March 2016	1 April 2015
From Banks			
Secured			
a. Cash credit from banks	12,25,57,732	11,71,18,378	6,64,17,510
Unsecured			
b. Buyers' credit	-	5,37,48,886	4,55,77,995
c. Bills discounting	7,13,54,269	6,01,66,010	4,99,91,970
	19,39,12,001	23,10,33,274	16,19,87,475

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

b. Buyers' credit was obtained from Corporation Bank, carried interest rate ranging from 1.4% to 1.7% and had a tenure upto 6 months.

c. Bill discounting facility of Rs. 100,000,000 has been availed during the year from HDFC Bank. The facility availed has a maturity of 3 months and rate of discounting 10.60% p.a.



12. Trade payables

Particulars	31 March 2017	31 March 2016	1 April 2015
Trade Payable (Refer note 39 for details of dues to micro and small enterprises)	8,84,54,533	10,91,28,304	5,10,74,318
Trade Payable to related parties (Refer Note 36)	1,24,552	1,24,552	3,24,15,504
	8,85,79,085	10,92,50,856	8,34,89,822

Trade payables are non-interest bearing and are normally settled on 60-day terms. For explanations on the Company's credit risk management processes, refer to Note 30

13. Other Financial Liabilities (at amortised cost)

Particulars	Current		
	31 March 2017	31 March 2016	1 April 2015
Financial liabilities at fair value through profit or loss			
Derivatives not designated as hedges			
Foreign Exchange Forward contracts	-	17,43,361	1,55,439
Total financial liabilities at fair value through profit or loss	-	17,43,361	1,55,439
Financial liabilities at amortised cost			
Employee related payables	5,54,907	4,67,361	2,94,251
Creditors for fixed assets	6,59,444	6,59,444	6,59,744
Interest accrued but not due on borrowings	-	4,06,086	1,98,332
Total other financial liabilities at amortised cost	12,14,351	15,32,891	11,52,327
Total other financial liabilities	12,14,351	32,76,252	13,07,766

14. Other Liabilities

Particulars	Non Current			Current		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
Deferred income [Refer note (a) below]	1,19,39,654	1,36,68,042	1,43,51,420	17,05,665	16,82,942	15,28,870
Statutory dues payable	-	-	-	11,42,632	26,65,066	44,10,021
Total	1,19,39,654	1,36,68,042	1,43,51,420	28,48,297	43,48,008	59,38,891

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

The Company has been granted Eligibility Certificate by the Directorate of Industries, Government of Maharashtra vide letter No JDI/PUNE/PSI-2007/EC-12/2012/732 dated July '19, 2012. As per the Eligibility Certificate, the Company is entitled to:

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

In terms of the Indian Accounting Standard (Ind AS 20) "Accounting for Government Grants", the eligible incentive is considered as a capital grant and has been set-up as deferred income, 'being recognised in the statement of profit and loss over the life of the eligible fixed assets.

Incentive receivable in respect of VAT and CST liability aggregating Rs. 1,36,45,319 as at March 31, 2017 has been set up as deferred income and is being recognised in the statement of profit and loss on systematic basis over the life of the eligible fixed assets. During the year, Rs. 17,05,665 (March 31, 2016: Rs. 16,82,942) has been credited to the statement of profit and loss. The Company received an amount of Rs. Nil (March 31, 2016: Rs. 23,73,000) from the sales tax department as refund claims.

Incentive in respect of electricity duty exemption is accounted for during the year as a reduction from the electricity charges (i.e. the electricity charges recognised in note 25 are considered net of electricity duty as per payments made to the electricity board).

15. Provisions

Particulars	Long-term			Short-term		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
Provision for employee benefits						
Gratuity [Refer note 35]	4,55,416	3,42,070	2,93,951	9,253	8,554	6,097
Compensated Absences	-	-	-	4,73,404	3,48,951	3,33,900
Total	4,55,416	3,42,070	2,93,951	4,82,657	3,57,505	3,39,997



16. Income Tax

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

Profit or loss section	Mar 31, 2017	Mar 31, 2016
Particulars		
Current income tax:		
Current income tax charge	8,60,538	-
Adjustments in respect of current income tax of earlier years	(14,317)	-
Deferred tax:		
MAT Credit Entitlement	(8,60,538)	-
MAT Credit Entitlement for earlier years	-	-
Relating to origination and reversal of temporary differences	15,25,865	(56,43,180)
Income tax expense reported in the statement of profit or loss	15,11,548	(56,43,180)
OCI section		
Deferred tax related to items recognised in OCI during the year:		
Particulars	Mar 31, 2017	Mar 31, 2016
Net loss/(gain) on remeasurements of defined benefit plans	15,986	(18,082)
Deferred tax charged/(credit) to OCI	(4,940)	5,587
Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2017 and March 31, 2016		
Particulars	As at Mar 31, 2017	As at Mar 31, 2016
Accounting profit/(loss) before Income tax	71,84,810	(1,84,77,269)
At India's statutory income tax rate of 30.90% (March 31, 2016: 30.90%)	22,20,106	(57,09,476)
Adjustments in respect of current income tax of earlier years	(14,317)	-
Tax effects of Non-deductible expenses for tax purposes:		
Interest on income tax	1,79,202	23,911
Penalty on Statutory payments	1,963	92,700
Depreciation on Leasehold Land	8,144	8,144
Other items	33,578	(58,460)
Impact of change in tax rate, Deferred tax calculated March 31, 2017:27.5525% (March 31, 2016: 30.9%)	(9,17,128)	-
MAT credit recognised for earlier years	-	-
Income tax expense reported in the statement of profit and loss at the effective income tax rate of 30.90% (March 31, 2016: 30.90%)	15,11,548	(56,43,180)

Deferred tax:

	As at 01-Apr-15	Provided during the year	As at 31-Mar-16	Provided during the year	As at 31-Mar-17
Deferred tax liability:					
Fixed assets Impact of difference between tax depreciation and depreciation/amortisation charged for the financial reporting	1,93,98,651	15,56,469	2,09,55,120	(32,30,357)	1,77,24,763
Deferred income	-	15,04,669	15,04,669	3,06,948	18,11,617
Total deferred tax liability (A)	1,93,98,651	30,61,138	2,24,59,789	(29,23,409)	1,95,36,380
Deferred tax assets:					
PSI grant receivable	-	34,32,990	34,32,990	(3,71,914)	30,61,076
Expenses allowable in Income tax on payment basis and deposition of Statutory dues	1,95,890	20,278	2,16,168	42,295	2,58,463
Provision for slow and non moving inventory	-	9,92,869	9,92,869	(9,92,869)	-
MAT credit entitlement	1,03,86,970	-	1,03,86,970	8,60,538	1,12,47,508
Brought forward losses and unabsorbed depreciation as per income tax returns	74,70,020	42,86,089	1,17,56,108	(30,87,939)	86,68,169
Others	67,402	(33,495)	33,907	(33,907)	-
Total deferred tax assets (B)	1,81,20,281	86,98,730	2,68,19,012	(35,83,796)	2,32,35,216
Deferred Tax Liability (Net) (A - B)	12,78,370	(56,37,593)	(43,59,223)	6,60,387	(36,98,836)

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

Reconciliation of deferred tax liabilities (net):

Particulars	Mar 31, 2017	Mar 31, 2016
Opening Balance	(43,59,223)	12,78,370
Tax (income)/expense during the year recognised in profit or loss	6,65,327	(56,43,180)
Tax (income)/expense during the year recognised in OCI	(4,940)	5,587
Closing balance	(36,98,836)	(43,59,223)



17. Revenue From Operations

	31-Mar-17	31-Mar-16
Sale of products* (including excise duty)		
Finished products	26,33,69,246	33,26,77,054
Traded products	7,52,67,996	10,23,31,848
Revenue from operations	33,86,37,242	43,50,08,902

Details of products sold**Finished Products sold:**

	31-Mar-17	31-Mar-16
Poorna	21,21,91,824	27,04,97,647
Satej	-	38,24,083
Ultam Recharge	-	33,45,120
Chetna	2,43,48,768	86,75,225
Avishkar	2,68,28,654	3,82,85,150
NPK	-	80,49,829
	26,33,69,246	33,26,77,054

Traded Products sold:

Boost	2,40,92,961	6,15,39,407
Atom	2,23,85,121	3,89,22,828
MKP	-	18,65,073
Boon (KNO3)	2,87,89,914	-
A.S.	-	4,540
	7,52,67,996	10,23,31,848
	33,86,37,242	43,50,08,902

Sale of goods includes excise duty collected from customers of INR 27,84,897 (31 March 2016: INR 35,32,244).

18. Other income**Interest Income**

	31-Mar-17	31-Mar-16
Others	2,22,085	36,47,939
Scrap sale	91,508	1,21,535
Incentive under PSI scheme	17,05,665	16,82,942
Profit on sale of Property, Plant & Equipment	1,887	-
Exchange differences (net)	6,80,777	-
Provisions no longer required written back	5,99,425	1,96,355
	33,01,347	56,48,771

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

	31-Mar-17	31-Mar-16
In relation to Financial assets classified at amortised cost	-	36,47,939
	-	36,47,939

19. Cost of raw materials consumed

	31-Mar-17	31-Mar-16
Inventory at the beginning of the year	10,60,03,479	6,37,86,678
Add: Purchases	17,90,16,304	32,81,62,734
	28,50,19,783	39,19,49,412
Less: Inventory at the end of the year	2,67,15,019	10,60,03,479
Less: Transferred to traded goods	5,12,26,744	1,99,50,463
Cost of raw materials consumed	20,70,78,020	26,59,95,470

Details of raw materials consumed

	31-Mar-17	31-Mar-16
KNO3	8,10,14,698	9,58,96,499
MKP	4,53,07,603	5,74,52,896
MAP	4,88,28,945	6,51,71,594
Urea	1,99,95,128	2,69,24,269
AS	76,30,149	1,38,11,998
Others	43,01,496	67,38,214
	20,70,78,020	26,59,95,470



20. Purchase of traded products

Purchase of traded goods
 Transferred from raw materials
Total

	31-Mar-17	31-Mar-16
	1,53,85,329	7,38,86,463
	5,12,26,744	1,99,50,463
	6,66,12,073	9,38,36,926

Details of purchase of traded goods

Atom
 KNO3
 Boost
 Others

	1,86,18,648	3,58,12,352
	2,69,70,520	-
	2,10,22,906	5,80,20,225
	-	4,349
	6,66,12,074	9,38,36,926

Details of Inventory of traded goods

Atom
 Boost
 KNO3 (Boon)

	4,66,413	-
	5,98,287	-
	5,84,560	-
	16,49,260	-

21. Changes in inventories of finished goods, Stock-in -Trade and work-in- progress**Inventories at the end of the year**

Finished goods
 Traded goods

	31-Mar-17	31-Mar-16
	2,04,44,778	30,66,494
	16,49,260	-
	2,20,94,038	30,66,494

Inventories at the beginning of the year

Finished goods
 Traded goods

	30,66,494	14,04,485
	-	19,50,218
	30,66,494	33,54,703
	(1,90,27,544)	2,88,209

Details of Inventory of finished goods

Poorna 19 (Manufactured)
 Chetna
 Avishkar

	1,43,43,793	30,60,709
	18,53,368	5,785
	42,47,616	0
	2,04,44,778	30,66,494

Details of inventory of traded goods

MAP (Atom)
 MKP (Boost)
 KNO3 (Boon)

	4,66,413	-
	5,98,287	-
	5,84,560	-
	16,49,260	-

22. Employee Benefits Expense

Salaries, wages and bonus
 Contribution to provident and other funds
 Gratuity and compensated absences

	31-Mar-17	31-Mar-16
	43,36,739	42,43,449
	2,28,178	2,09,858
	2,36,952	2,51,014
	48,01,869	47,04,321

23. Finance Costs

Interest to income tax authorities
 Other Interest expense
 Exchange difference regarded as an adjustment to borrowing cost
 Bank Charges

	31-Mar-17	31-Mar-16
	5,79,938	77,328
	1,90,59,604	1,27,13,768
	7,44,942	11,16,697
	1,27,137	1,62,000
	2,05,11,621	1,40,69,793

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

In relation to Financial liabilities classified at amortised cost

	31-Mar-17	31-Mar-16
	1,90,59,604	1,27,13,768
	1,90,59,604	1,27,13,768

24. Depreciation and amortization expense

Depreciation of tangible assets
 Amortisation of intangible assets

	31-Mar-17	31-Mar-16
	1,13,52,184	1,14,08,364
	1,754	7,376
	1,13,53,938	1,14,15,740



25. Other expenses

	<u>31-Mar-17</u>	<u>31-Mar-16</u>
Packing material consumed	74,87,183	1,31,45,314
Repairs and maintenance		
- Buildings	21,950	26,992
- Plant & Machinery	9,03,462	10,45,655
- Others	56,520	49,880
Power, fuel and water	20,05,326	23,93,248
Consumables stores	2,41,337	3,40,432
Security charges	11,60,508	11,50,601
Labour charges	25,88,532	29,61,107
Increase/ (decrease) in excise duty on closing stock of finished goods	2,31,579	19,529
Insurance	6,79,672	9,57,155
Bank Charges	2,40,873	4,27,225
Rent	5,77,438	6,94,970
Printing and stationary	28,754	40,628
Communication expenses	3,63,038	2,83,352
Auditors' remuneration	8,81,473	11,99,960
Rates and taxes	10,62,057	6,98,330
Legal and professional charges	32,58,509	59,83,357
Advertisement and sales promotion	76,186	20,000
Forwarding expenses	13,60,846	15,62,368
Carriage outward	1,59,54,881	2,28,96,478
Travelling and conveyance	11,00,559	12,39,207
Mark to market loss on forward contracts	-	15,87,922
Exchange differences (net)	-	55,33,181
Loss on sale of Property, plant and equipment	-	3,15,844
Miscellaneous expenses	3,58,222	7,19,504
Total	<u>4,06,38,905</u>	<u>6,52,92,239</u>

Payments to statutory auditors as

As auditor:-		
Audit fees	6,90,000	10,30,500
Tax audit fee	1,15,000	1,14,500
other expenses	76,473	54,960
Total	<u>8,81,473</u>	<u>11,99,960</u>

26. Earnings Per Share (EPS)

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

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

	<u>31-Mar-17</u>	<u>31-Mar-16</u>
Profit / (loss) after tax	56,73,262	(1,28,34,089)
Weighted average number of equity shares in calculating basic and diluted EPS	69,15,002	69,15,002
Earnings / (Loss) per share (Basic and diluted)	0.82	-1.86

27. Leases**Operating lease — as lessee**

Future minimum rentals payable under noncancellable operating leases are as follows:

	<u>31-Mar-17</u>	<u>31-Mar-16</u>	<u>01-Apr-15</u>
Lease Obligations			
- Within one year	2,09,646	3,38,286	6,76,572
- After one year but not more than five years	-	-	3,63,448
- More than five years	-	-	-

During the year, the Company has taken vehicle on operating leases. The lease has a life of 1 year. There are no restrictions placed upon the company by entering into these leases.

28. Contingent Liabilities

Contingent liabilities not provided for:

	<u>31-Mar-17</u>	<u>31-Mar-16</u>	<u>01-Apr-15</u>
Claims against the Company not acknowledged as debts	1,22,514	1,22,514	1,22,514
Sales tax demand	2,86,790	2,86,790	-
	<u>4,09,304</u>	<u>4,09,304</u>	<u>1,22,514</u>



29. Significant accounting judgements, estimates and assumptions

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

Judgements

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

Contingencies

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

Estimates and Assumptions

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

Taxes

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

Defined benefit plans (gratuity benefits)

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

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds.

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

Further details about gratuity obligations are given in Note 35.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 32 and 33 for further disclosures.

MAT credit utilisation

The Company has recognized Rs. 11,247,508 (Previous Year - Rs. 10,386,970) as Minimum Alternate Tax (MAT) credit entitlement which represent that portion of the MAT Liability, the credit of which would be available based on the provision of Section 115JA of the Income Tax Act, 1961. The management based on the profitability projections and also profit earned during the current year is confident that there would be sufficient taxable profit in future which will enable the Company to utilize the above MAT credit entitlement.



30. Financial risk management objectives and policies

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

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's risk management is carried out by Group treasury department under the policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits.

The sensitivity analyses in the following sections relate to the position as at 31 March 2017 and 31 March 2016.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and the proportion of financial instruments in foreign currencies are all constant and on the basis of hedge designations in place at 31 March 2017.

The analyses exclude the impact of movements in market variables on: the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets and liabilities.

The following assumptions have been made in calculating the sensitivity analyses:

- The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2017 and 31 March 2016.

Interest rate risk

Since the Company is only having short term borrowings, so risk associated with variation in interest rates is not considered to be material.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activity in relation to imported purchases.

The Company manages its foreign currency risk by hedging payables in foreign currency. Based on the judgement of forex market, the Company avails forward cover booking from banks for its liabilities payable in foreign currency if adverse movement is anticipated.

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in exchange rates of USD with INR, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities.

	(Amount in Rs.)	
	Change in USD rate	Effect on profit before tax
31-Mar-17	+5%	(32,58,632)
	-5%	32,58,632
31-Mar-16	+5%	(1,52,838)
	-5%	1,52,838

The movement in the pre-tax effect is a result of a change in the fair value of derivative financial instruments not designated in a hedge relationship and monetary assets and liabilities denominated in INR, where the functional currency of the entity is a currency other than INR. Although the derivatives have not been designated in a hedge relationship, they act as an economic hedge and will offset the underlying transactions when they occur.

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, foreign exchange transactions and other financial instruments.

Trade receivables

Major portion of company's sales and consequently, Trade Receivables is to Zuari Agro Chemicals Ltd., which is holding company. In current year, 96% sales were made to Holding Company (Previous year 97%). In case of other customers, the Company uses established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored. Therefore, credit risk is not considered material.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Company's policy. The Company does not maintain the significant amount of cash and deposits other than those required for its day to day operations.

Liquidity risk

The Company's objective is to maintain optimum levels of liquidity to meet its cash and collateral requirements at all times. The Company monitors rolling forecasts of its liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom.

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

	Less than 1 year	1 to 5 years	> 5 years	Total
Year ended				
31-Mar-17				
Borrowings	19,39,12,001	-	-	19,39,12,001
Trade payables	8,85,79,085	-	-	8,85,79,085
Other financial liabilities	12,14,351	-	-	12,14,351
	28,37,05,437	-	-	28,37,05,437
Year ended				
31-Mar-16				
Borrowings	23,10,33,274	-	-	23,10,33,274
Trade payables	10,92,50,856	-	-	10,92,50,856
Other financial liabilities	32,76,252	-	-	32,76,252
	34,35,60,382	-	-	34,35,60,382
As at 1 April 2015				
Borrowings	16,19,87,475	-	-	16,19,87,475
Trade payables	8,34,89,822	-	-	8,34,89,822
Other financial liabilities	13,07,766	-	-	13,07,766
	24,67,85,063	-	-	24,67,85,063



31. Capital management

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

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital keeping in view the adequate interest and debt service cover ratio.

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 year.

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

32. Fair values

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

	Carrying value			Fair value		
	As at 31-Mar-17	As at 31-Mar-16	As at 01-Apr-15	As at 31-Mar-17	As at 31-Mar-16	As at 01-Apr-15
Financial assets						
Amortised cost						
Security deposits	4,14,850	4,14,851	4,14,851	4,14,850	4,14,851	4,14,851
Advance to employees	-	-	2,857	-	-	2,857
PSI grant receivable	91,10,489	91,10,489	1,03,29,853	91,10,489	91,10,489	1,03,29,853
Interest receivable	-	32,18,762	12,63,518	-	32,18,762	12,63,518
Insurance claim receivable	-	-	11,76,596	-	-	11,76,596
Total	95,25,339	1,27,44,102	1,31,87,675	95,25,339	1,27,44,102	1,31,87,675
Financial liabilities						
<i>Other financial liabilities</i>	12,14,351	15,32,891	11,52,327	12,14,351	15,32,891	11,52,327
Total	12,14,351	15,32,891	11,52,327	12,14,351	15,32,891	11,52,327

The management assessed that cash and cash equivalents, other bank balances, cash credits, short-term borrowings, trade receivables and trade payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The fair value of security deposits, advances PSI Grant receivable, Interest Receivable, Insurance claim receivable and other financial liabilities are approximates the carrying value and hence, the valuation technique and inputs have not been given.



33. Fair value hierarchy

Financial instruments by category

Particulars	March 31, 2017			March 31, 2016			April 01, 2015		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets	-	-	19,46,21,074	-	-	16,61,67,116	-	-	12,53,73,910
Trade receivables	-	-	10,21,924	-	-	1,09,22,379	-	-	31,03,137
Cash & cash equivalent	-	-	4,14,850	-	-	4,14,851	-	-	4,14,851
Security deposit	-	-	-	-	-	-	-	-	2,857
Advance to employees	-	-	91,10,489	-	-	91,10,489	-	-	1,03,29,853
PSI grant receivable	-	-	-	-	-	32,18,762	-	-	12,63,518
Interest receivable	-	-	-	-	-	-	-	-	11,76,596
Insurance claim receivable	-	-	-	-	-	-	-	-	-
Total Financial assets	-	-	20,51,68,337	-	-	18,98,33,597	-	-	14,16,64,721
Financial liabilities	-	-	19,39,12,001	-	-	23,10,33,274	-	-	16,19,87,475
Borrowings	-	-	8,85,79,885	-	-	10,92,50,856	-	-	8,34,89,822
Trade payables	-	-	12,14,351	17,43,361	-	15,32,891	1,55,439	-	11,52,327
Other financial liabilities	-	-	-	-	-	-	-	-	-
Total Financial liabilities	-	-	28,37,05,437	17,43,361	-	34,18,17,021	1,55,439	-	24,66,29,625

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

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

Particulars	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
			(Level 1)	(Level 2)	(Level 3)
Assets which are measured at amortised cost for which fair values are disclosed (Note no. 32)					
Security deposits	31-Mar-17	4,14,850	-	4,14,850	-
PSI grant receivable	31-Mar-17	91,10,489	-	91,10,489	-
Total		95,25,339	-	95,25,339	-

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

Particulars	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
			(Level 1)	(Level 2)	(Level 3)
Liabilities which are measured at amortised cost for which fair values are disclosed (Note no. 32)					
Other financial liabilities	31-Mar-17	12,14,351	-	12,14,351	-
Total		12,14,351	-	12,14,351	-

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

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

Particulars	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
			(Level 1)	(Level 2)	(Level 3)
Assets which are measured at amortised cost for which fair values are disclosed (Note no. 32)					
Security deposits	31-Mar-16	4,14,851	-	4,14,851	-
PSI grant receivable	31-Mar-16	91,10,489	-	91,10,489	-
Interest receivable	31-Mar-16	32,18,762	-	32,18,762	-
Total		1,27,44,102	-	1,27,44,102	-

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

Particulars	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
			(Level 1)	(Level 2)	(Level 3)
Liabilities which are measured at amortised cost for which fair values are disclosed (Note no. 32)					
Other financial liabilities	31-Mar-16	15,32,891	-	15,32,891	-
Total		15,32,891	-	15,32,891	-

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

Quantitative disclosures fair value measurement hierarchy for assets as at 01 April 2015:

Particulars	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
			(Level 1)	(Level 2)	(Level 3)
Assets which are measured at amortised cost for which fair values are disclosed (Note no. 32)					
Security deposits	01-Apr-15	4,14,851	-	4,14,851	-
Advance to employees	01-Apr-15	2,857	-	2,857	-
PSI grant receivable	01-Apr-15	1,03,29,853	-	1,03,29,853	-
Interest receivable	01-Apr-15	12,63,518	-	12,63,518	-
Insurance claim receivable	01-Apr-15	11,76,596	-	11,76,596	-
Total		1,31,87,675	-	1,31,87,675	-

Quantitative disclosures fair value measurement hierarchy for financial liabilities as at 01 April 2015:

Particulars	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
			(Level 1)	(Level 2)	(Level 3)
Liabilities which are measured at amortised cost for which fair values are disclosed (Note no. 32)					
Other financial liabilities	01-Apr-15	11,52,327	-	11,52,327	-
Total		11,52,327	-	11,52,327	-



34. First Time Adoption of Ind AS

These are the Company's first financial statement prepared in accordance with Ind AS. The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended March 31,2017, the comparative information presented in these financial statements for the year ended March 31,2016 and in the preparation of an opening Ind AS balance sheet as at April 01, 2015 (the date of transition). In preparing its opening Ind AS balance sheet, the Company has adjusted the amount reported previously in financial statement prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP on Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS.

The following exemptions are available to the Company:

a. Mandatory exemptions:

(i) Classification and measurement of financial assets:

Financial Instruments: (Loan to employees, Security deposits received and security deposits paid) :

Financial assets like loan to employees, security deposits received and security deposits paid, has been classified and measured at amortised cost on the basis of the facts and circumstances that exist at the date of transition to Ind ASs. Since, it is impracticable for the Company to apply retrospectively the effective interest method in Ind AS 109, the fair value of the financial asset or the financial liability at the date of transition to Ind AS by applying amortised cost method, has been considered as the new gross carrying amount of that financial asset or the financial liability at the date of transition to Ind AS.

(ii) Impairment of financial assets: (Trade receivables and other financial assets)

At the date of transition to Ind ASs, the Company has determined that there is significant increase in credit risk since the initial recognition of a financial instrument would require undue cost or effort, the Company has recognised a loss allowance at an amount equal to lifetime expected credit losses at each reporting date until that financial instrument is derecognised (unless that financial instrument is low credit risk at a reporting date).

(iii) Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1 April 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

- Impairment of financial assets based on expected credit loss model

b. Optional exemptions:

(i) Fair value measurement of financial assets or financial liabilities

First-time adopters may apply Ind AS 109 to day one gain or loss provisions prospectively to transactions occurring on or after the date of transition to Ind AS. Therefore, unless a first-time adopter elects to apply Ind AS 109 retrospectively to day one gain or loss transactions, transactions that occurred prior to the date of transition to Ind AS do not need to be retrospectively restated.

(ii) Deemed cost

Since there is no change in the functional currency, the Company has elected to continue with the carrying value for all of Property, Plant and Equipment and intangible assets, as recognised in its Indian GAAP financial as deemed cost at the transition date.



c. Reconciliation of total equity as at March 31,2016

Particulars	Notes	Local GAAP	Adjustments	Ind AS
I ASSETS				
(1) Non-current assets				
Property, Plant and Equipment		13,57,41,871	-	13,57,41,871
Other Intangible Assets		1,754	-	1,754
Financial Assets				
(i) Loans		4,14,851	-	4,14,851
(ii) Others		43,50,485	-	43,50,485
Deferred tax assets(net)	(iii)	-	43,59,223	43,59,223
Other non current assets	(iii)	1,03,86,970	(1,03,86,970)	-
(2) Current assets				
Inventories		10,93,48,034	-	10,93,48,034
Financial Assets				
(i) Trade Receivables		16,61,67,116	-	16,61,67,116
(ii) Cash and cash equivalents		1,09,22,379	-	1,09,22,379
(iii) Others		79,78,766	-	79,78,766
Current Tax Assets (Net)		25,34,679	-	25,34,679
Other current assets	(i)	48,16,803	(10,35,031)	37,81,772
Total Assets		45,26,63,709	(70,62,778)	44,56,00,931
II EQUITY AND LIABILITIES				
EQUITY				
Equity Share capital		6,91,50,020	-	6,91,50,020
Other Equity		1,42,42,371	(67,467)	1,41,74,904
LIABILITIES				
(1) Non-current liabilities				
Provisions	(ii)	3,54,163	(12,093)	3,42,070
Deferred tax liabilities(Net)	(iii)	60,57,918	(60,57,918)	-
Other non-current liabilities		1,36,68,042	-	1,36,68,042
(2) Current liabilities				
Financial Liabilities				
(i) Borrowings		23,10,33,274	-	23,10,33,274
(ii) Trade Payables		10,92,50,856	-	10,92,50,856
(iii) Other financial liabilities	(i)	42,01,553	(9,25,301)	32,76,252
Other current liabilities		43,48,008	-	43,48,008
Provisions		3,57,505	-	3,57,505
Total Equity and Liabilities		45,26,63,709	(70,62,779)	44,56,00,931

d. Reconciliation of total equity as at April 01,2015 (date of transition to Ind AS)

Particulars	Notes	Local GAAP	Adjustments	Ind AS
I ASSETS				
(1) Non-current assets				
Property, Plant and Equipment		14,75,05,405	-	14,75,05,405
Other Intangible Assets		9,130	-	9,130
Financial Assets				
(i) Loans		4,14,851	-	4,14,851
(ii) Others		76,20,903	-	76,20,903
Other non current assets	(iii)	74,93,762	(74,93,762)	-
(2) Current assets				
Inventories		7,20,03,897	-	7,20,03,897
Financial Assets				
(i) Trade Receivables		12,53,73,910	-	12,53,73,910
(ii) Cash and cash equivalents		31,03,137	-	31,03,137
(iii) Loans		-	-	-
(iii) Others		51,51,921	-	51,51,921
Current Tax Assets (Net)		35,73,313	(16,92,403)	18,80,910
Other current assets	(i)	35,57,329	(14,87,183)	20,70,146
Total Assets		37,58,07,558	(1,06,73,348)	36,51,34,210



II EQUITY AND LIABILITIES				
EQUITY				
Equity Share capital		6,91,50,020	-	6,91,50,020
Other Equity		1,84,50,571	85,45,927	2,69,96,499
LIABILITIES				
(1) Non-current liabilities				
Provisions	(ii)	3,31,331	(37,380)	2,93,951
Deferred tax liabilities(Net)	(iii)	1,91,91,211	(1,79,12,841)	12,78,370
Other non-current liabilities		1,43,51,420	-	1,43,51,420
(2) Current liabilities				
Financial Liabilities				
(i) Borrowings		16,19,87,475	-	16,19,87,475
(ii) Trade Payables		8,34,89,822	-	8,34,89,822
(iii) Other financial liabilities	(i)	25,76,820	(12,69,054)	13,07,766
Current Tax Liabilities (Net)		-	-	-
Other current liabilities		59,38,891	-	59,38,891
Provisions		3,39,997	-	3,39,997
Total Equity and Liabilities		37,58,07,558	(1,06,73,348)	36,51,34,210

e. Reconciliation of total equity as at the March 31, 2016 and April 01, 2015

Particulars	Notes	As at 31/3/2016 (end of last period presented under previous GAAP)	As at 01/04/2015 (Date of Transition)
Equity as reported under previous GAAP		1,42,42,371	1,84,50,571
Ind AS: Adjustments increase (decrease):			
Opening adjustment to retained earnings	(ii)	37,380	-
		(11,550)	-
Deferred tax on above adjustment to retained earnings	(ii)	(10,35,031)	(14,87,183)
Reversal of Unamortised Premium on forward contracts created under existing I-GAAP	(i)	(17,43,361)	(1,55,439)
Mark to Market valuation of derivatives - resultant loss	(i)	33,907	67,402
deferred tax impact on the MTM valuation	(i)	(25,287)	-
Effect of actuarial valuation of gratuity and leave encashment	(ii)	7,814	37,380
Deferred tax on above (gratuity and leave)	(ii)	-	(11,550)
Reversal of forward cover payable on forward contracts created under existing I-GAAP	(i)	26,68,662	14,24,493
Income tax expense for earlier year adjusted with opening retained earnings		-	(16,92,403)
MAT credit entitlement for earlier year adjusted with opening retained earnings		-	28,93,208
		-	74,70,020
Deferred tax recognised on brought forward taxable losses in financial year 2015-16 relating to period prior to April 01, 2015 adjusted in opening retained earnings.		-	-
Equity as reported under IND AS		1,41,74,904	2,69,96,499



f. Reconciliation of profit or loss for the year ended March 31,2016

	Particulars	Notes	Local GAAP	Adjustments	Ind AS
I	REVENUE				
	Revenue From Operations	(v)	43,14,76,658	35,32,244	43,50,08,902
	Other Income		56,48,771	-	56,48,771
	Total Revenue (I)		43,71,25,429	35,32,244	44,06,57,673
II	EXPENSES				
	Cost of raw material consumed		26,59,95,470	-	26,59,95,470
	Purchases of traded goods		9,38,36,926	-	9,38,36,926
	Changes in inventories of finished goods and traded goods		2,88,209	-	2,88,209
	Excise duty on sale of goods	(v)	-	35,32,244	35,32,244
	Employee Benefits Expense	(ii)	46,60,952	43,369	47,04,321
	Finance Costs		1,40,69,793	-	1,40,69,793
	Depreciation and amortization expense		1,14,15,740	-	1,14,15,740
	Other Expenses	(i)	6,54,00,638	(1,08,399)	6,52,92,239
	Total expenses (II)		45,56,67,728	34,67,214	45,91,34,942
III	Profit/(loss) before exceptional Items and tax (I-II)		(1,85,42,299)	65,030	(1,84,77,269)
IV	Exceptional Items		-	-	-
V	Profit/(loss) before tax (III-IV)		(1,85,42,299)	65,030	(1,84,77,269)
VI	Tax expense:				
(1)	Current Tax		-	-	-
(2)	Taxes for earlier years		16,92,403	(16,92,403)	-
(3)	MAT Credit Entitlement for earlier years		(28,93,208)	28,93,208	-
(4)	Deferred Tax charge/(credit)	(iii)	(1,31,33,295)	74,90,115	(56,43,180)
	Tax expense:		(1,43,34,100)	86,90,920	(56,43,180)
VII	Profit/(loss) for the year (V-VI)		(42,08,199)	(86,25,890)	(1,28,34,089)
VIII	Other Comprehensive Income				
A	Items that will be reclassified to profit or loss in subsequent periods				
	Net (loss)/gain on FVTOCI financial instruments		-	-	-
	Income tax effect		-	-	-
B	Items that will not be reclassified to profit or loss in subsequent periods				
	Re-measurement gains (losses) on defined benefit plans	(iv)	-	18,082	18,082
	Income tax effect	(iv)	-	(5,587)	(5,587)
	Other Comprehensive Income for the year, net of tax		-	12,495	12,495
IX	Total Comprehensive Income for the year(VII + VIII) (Comprising Profit (Loss) and Other Comprehensive Income for the year)		(42,08,199)	(86,13,395)	(1,28,21,594)



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

i) Financial assets

The Company has taken forward covers to hedge its underlying creditors/ buyers credit in books. Under Indian GAAP, the Company has not early adopted AS 30 and the existing forward contracts are in scope of AS 11. The difference between forward rate and spot rate at inception of forward exchange contract (i.e. Premium) is amortised over the life of the forward exchange contract. The same adjustment has been reversed under Ind-AS. The Company has done marked to market valuation for all outstanding derivative contracts at balance sheet date and recorded the impact (gain/loss) in the statement of profit or loss. Accordingly, Company has reversed deferred premium of Rs. 1,487,183, forward cover payable of Rs. 1,424,493 and booked mark to market loss of Rs. 155,439 as on April 01, 2015. Similarly Deferred premium of Rs. 1,035,031, forward cover payable of Rs. 2,668,662 and booked mark to market loss of Rs. 1,743,361 as on March 31, 2016.

ii) Re-measurement of post employment benefit

Under Indian GAAP the Company has not performed any separate actuarial valuation for determining its liability under Gratuity Scheme and leave plan since the number of employees of the Company are below 50 and Company estimates the impact of actuarial valuation will not be material. However, under Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial valuation basis. The impact of such valuation has resulted in gain of Rs. 25,830 (net of deferred tax) and Rs. 8356 (net of deferred tax) as on April 01, 2015 and March 31, 2016 respectively.

Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, remeasurements [comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability] are recognised in OCI. Due to this, for the year ended 31 March 2016, the employee benefit cost is increased and remeasurement gain on defined benefit plans has been recognized in the OCI.

iii) Deferred taxes

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. No differences are observed in recognition of deferred tax on application of Ind AS 12 approach.

In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the Company has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity. On the date of transition, the Company has recognised incremental deferred tax with a corresponding credit to retained earnings, further during the year ending March 31, 2016, there has been a decrease in net profit owing to increase in deferred tax expense.

As per the Ind AS requirement, the Company has re-grouped MAT credit entitlement of Rs. 7,493,762 as on March 31, 2015 and Rs. 10,386,970 as on March 31, 2016 from other non current assets to deferred tax assets.

Also, the Company has recognised deferred tax on unadjusted taxable losses of Rs. 7,470,020 as on April 01, 2015 with corresponding adjustment in retained earnings. Earlier this amount was recognised during the year ended March 31, 2016.

iv) Other comprehensive income

Under Indian GAAP, the Company has not presented other comprehensive income (OCI) separately. Hence, it has reconciled Indian GAAP profit or loss to profit or loss as per Ind AS. Further, Indian GAAP profit or loss is reconciled to total comprehensive income as per Ind AS.

v) Excise Duty on sales

Under the Indian GAAP, the Company presented its revenue from operations net of excise duty collected on sales. However, under Ind AS complied financial statement revenue from operations is presented on gross basis. Excise duty collected on sales has been disclosed separately under expenses as "Excise duty on sale of goods". Accordingly, Company has regrouped excise duty amounting to Rs. 3,532,244 from revenue from operations to Excise duty on sale of goods.



35. Gratuity and other post-employment benefit plans

	31-Mar-17	31-Mar-16	Amount in Rs. 01-Apr-15
Plans			
- Gratuity	4,64,669	3,50,623	3,00,048
Total	4,64,669	3,50,623	3,00,048

Gratuity

The Company has a defined benefit gratuity plan ("Gratuity Scheme"). Every employee who has completed one year of service is eligible to receive gratuity on resignation/ retirement at 15 days salary (last drawn salary) for each completed year of service. The Gratuity Scheme is unfunded.

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet for the respective plans:

Net employee benefit expense (recognized in Employee Cost) for the year ended 31st March, 2017

Particulars	Gratuity	
	2016-17	2015-16
Current service cost	70,031	67,515
Interest cost on benefit obligation	28,029	24,055

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

Particulars	Gratuity	
	2016-17	2015-16
Actuarial (gain)/ loss on obligations	15,986	-18,082
Return on plan assets (excluding amounts included in net interest expense)	-	-

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

Particulars	Gratuity	
	2016-17	2015-16
Opening defined benefit obligation	3,50,623	3,00,048
Interest cost	28,029	24,055
Current service cost	70,031	67,515
Benefits paid	15,986	-22,913
Transfer in*		
Actuarial (gains) / losses on obligation		-18,082
Closing defined benefit obligation	4,64,669	3,50,623

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

Particulars	March 31, 2017	March 31, 2016	April 01, 2015
Investment with insurer (Life Insurance Corporation of India)	0%	0%	0%

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

Particulars	Gratuity	
	31-Mar-17	31-Mar-16
Discount rate	7.50%	8.00%
Increase in compensation cost	9% for first 2 years and 7.5% thereafter	9% for first 2 years and 7.5% thereafter



A quantitative sensitivity analysis for significant assumption as at 31 March 2016 is as shown below:

Gratuity Plan	Sensitivity Level			
	31-Mar-17		31-Mar-16	
	Decrease	Increase	Decrease	Increase
Assumptions				
Discount rate (-/+ 1%)	5,42,152	4,00,681	4,09,798	3,01,875
Future salary increases (-/+ 1%)	4,00,237	5,41,230	3,01,329	4,09,395
Attrition Rate (-/+ 50%)	4,64,546	4,64,748	3,48,571	3,52,371
Mortality Rate (-/+ 10%)	4,64,653	4,64,685	3,50,532	3,50,713

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

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

	Amount in Rs.	
	Gratuity	
	31-Mar-17	31-Mar-16
Within the next 12 months (next annual reporting period)	9,253	8,553
Between 2 and 5 years	40,680	33,759
Between 5 and 10 years	64,986	51,847
Beyond 10 years	16,24,456	13,87,073
Total expected payments	17,39,375	14,81,232

The average duration of the defined benefit plan obligation at the end of the reporting period is 16 years (31 March 2016: 16 years).



36 Related Party disclosures

I Related parties where control exists

Zuari Agro Chemicals Ltd Holding company

II Key Management Personnel

Kapil Mehan Director
Naveen Kapoor Director
V Seshadri Director

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

Name of Company	Nature of Relationship
Zuari Agro Chemicals Limited	Holding Company from 11.12.2015 (Joint venturer till 10.12.2015)
Rotem Amfert Negev Limited, Israel	Joint venturer till 09.12.2015
Zuari Agri Sciences Limited	Fellow subsidiary from 11.12.2015 (Subsidiary of venturer till 10.12.2015)
Paradeep Phosphate Limited	Joint Venture (JV) of Holding company
Zuari Global Limited	Enterprise having significant influence

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

Nature of Transaction	Holding Company	Joint venturer	Enterprise having significant influence	Fellow Subsidiary	Total
Sale of goods	32,08,80,072 (26,75,90,673)	- (15,07,34,244)	-	-	32,08,80,072 (41,83,24,917)
Reimbursement of expenses paid	23,000 (23,516)	-	-	-	23,000 (23,516)
Reimbursement of expenses received	-	-	-	(15,859)	(15,859)
Purchase of goods	-	(7,87,56,773)	-	-	(7,87,56,773)
Payment of royalty	-	-	-	-	-
Interest income	(35,66,538)	-	-	-	(35,66,538)

V Outstanding balances:

Particulars	Year ended	Holding Company	Joint Venturer	JV of Holding Company	Enterprise having significant influence	Total
Trade receivables (Zuari Agro Chemicals Limited)	31-03-2017	18,96,97,484	-	-	-	18,96,97,484
	31-03-2016	(16,12,10,967)	-	-	-	(16,12,10,967)
	01-04-2015	(12,38,64,438)	-	-	-	(12,38,64,438)
Trade receivables (Paradeep Phosphate Limited)	31-03-2017	-	-	2,26,000	-	2,26,000
	31-03-2016	-	-	(2,26,000)	-	(2,26,000)
	01-04-2015	-	-	-	-	-
Trade payables (Zuari Agro Chemicals Limited)	31-03-2017	1,08,606	-	-	-	1,08,606
	31-03-2016	(1,08,606)	-	-	-	(1,08,606)
	01-04-2015	(2,02,45,090)	-	-	-	(2,02,45,090)
Trade payables (Zuari Global Limited)	31-03-2017	-	-	-	15,946	15,946
	31-03-2016	-	-	-	(15,946)	(15,946)
	01-04-2015	-	-	-	-	-
Interest receivable (Zuari Agro Chemicals Limited)	31-03-2017	-	-	-	-	-
	31-03-2016	(32,18,762)	-	-	-	(32,18,762)
	01-04-2015	(12,63,518)	-	-	-	(12,63,518)
Royalty Payable (Rotem Amfert Negev Limited, Israel)	31-03-2017	-	-	-	-	-
	31-03-2016	-	-	-	-	-
	01-04-2015	-	(1,21,54,918)	-	-	(1,21,54,918)

VI Transactions during the year with related parties:

Nature of transaction	Relation with related party	Name of related party	31-Mar-17	31-Mar-16
Sale of goods	Holding Company	Zuari Agro Chemicals Limited	32,08,80,072	26,75,90,673
Sale of goods	Joint venturer	Zuari Agro Chemicals Limited	-	15,07,34,244
Reimbursement of expenses paid	Holding Company	Zuari Agro Chemicals Limited	23,000	23,516
Reimbursement of expenses received	Fellow Subsidiary	Zuari Agri Sciences Limited	-	15,859
Purchase of goods	Joint venturer	Rotem Amfert Negev Limited	-	7,87,56,773
Interest income	Holding Company	Zuari Agro Chemicals Limited	-	35,66,538

Notes:

a) Amounts in brackets pertain to previous year.

b) Related party transactions which were shown in the last year and which are not related parties for any part of the current year are not shown separately.



37 SEGMENT INFORMATION**Information regarding Primary Segment Reporting as per Ind AS-108****A. Operating Segments**

The Company's operations predominantly comprise of only one segment i.e. manufacturing and trading of fertilizers, which is considered as the only business segment and therefore there is no reportable segment as per the management.

B. Geographical information

The Company operates in India and caters to the needs of the domestic market only. Therefore, complete revenue from operations, PPE and intangible assets are related to domestic market.

C. Revenue from Operations include Rs. 346,826,723 (Previous Year Rs. 418,324,917) arising from sales made to a customer.

Particulars	Year Ended Mar 31, 2017	Year Ended Mar 31, 2016
Revenue from sale of fertilisers		
- Major Customer	34,68,26,723	42,17,47,689
- Others	1,51,13,114	1,32,61,213
	36,19,39,837	43,50,08,902

38 Derivative Instrument and Unhedged Foreign Currency exposure**a) Derivative instruments**

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

Particulars	Currency	Year Ended Mar 31, 2017	Year Ended Mar 31, 2016
Forward contracts for hedge of liabilities payable towards buyers credit availed (for Purchase of USD)	USD	-	8,10,240
	INR	-	5,37,48,886

b) Unhedged Foreign Currency exposure

Particulars	Currency	Year Ended Mar 31, 2017	Year Ended Mar 31, 2016
Import Trade Payable	USD	10,05,152	39,960
	INR	6,51,72,648	26,50,663
Interest accrued but not due on borrowing	USD	-	6,122
	INR	-	4,06,086

39 Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

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



40 Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 are provided in the table below:-

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	-	5,530	5,530
(+) Permitted receipts	-	50,500	50,500
(-) Permitted payments	-	50,583	50,583
(-) Amount deposited in Banks	-	-	-
Closing cash in hand as on 30.12.2016	-	5,447	5,447

As per our report of even date

For S. R. Batliboi & Co. LLP
Chartered Accountants
Firm registration number: 301003E/E300005

Anil Gupta

per Anil Gupta
Partner
Membership No: 87921

For and on behalf of the board of directors of
Zuari Speciality Fertilisers Limited

Naveen Kapoor

Naveen Kapoor
Director
DIN: 01680157

V Seshadri

V Seshadri
Director
DIN: 06499916

Place: New Delhi
Date: 17/12/2016

