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DESMOND J. REBELLO
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INDEPENDENT AUDITOR'S REPORT

To
The Members of Mangalore Chemicals and Fertilizers Limited

Report on the Financial Statements

We have audited the accompanying Ind AS financial statements of **Mangalore Chemicals and Fertilizers Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "Ind AS financial statements")

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with relevant rules issued thereunder.

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 design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS 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.

....2/-



We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS 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 the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS 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 aforesaid 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, including the Ind AS, of the financial position of the Company as at March 31, 2017, and its financial performance, Total Comprehensive Income (Comprising Profit and other Comprehensive Income for the period), its cash flows and the changes in equity for the year ended on that date.

Other matter

As explained in note no 39 to the Ind AS Financial Statements, the investments made by the Company in the Preference Shares of Bangalore Beverages Ltd and Advances made to United Breweries Holdings Ltd have been fully provided for in the year 2015-16

Pursuant to the directions from the Audit Committee, a Forensic Investigation was carried out into the above transactions which indicate that there may be irregularities and elements of mismanagement in the above transactions, in respect of which we are unable to comment on the impact if any on the these financial statements, in the absence of further information in this regard.

....3/-



Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

- A. 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 said Order.
- B. As required by Section 143 (3) of the Act, we report that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement and the 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 relevant rule issued thereunder;
 - e) On the basis of the written representations received from the directors as on March 31, 2017, 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" and
 - 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 30B to the Ind AS financial statements.

...4/-



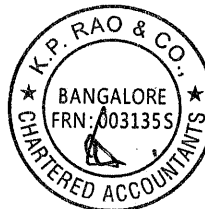
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- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Notes 17 to the Ind AS financial statements.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company and
- iv. The Company has provided requisite disclosures in its Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer note no 33 of notes to Ind AS financial statements.

For K.P.Rao & Co.,
Chartered Accountants
Firm's Registration No. 003135S



(Desmond J Rebello)
Partner
Membership Number: 015140



Place: Gurugram
Date: May 18, 2017

...5/-

**ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE
ON THE FINANCIAL STATEMENTS OF MANGALORE CHEMICALS AND
FERTILIZERS LIMITED**

We report that;

1. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

b) The Fixed Assets have been physically verified by the Management at reasonable intervals, and no material discrepancies were noticed on such physical verification.

c) The title deeds of the immovable properties held by the Company, are in the name of the Company.
2. The inventories have been physically verified by the Management during the year. In our opinion, the frequency of such verification is reasonable. No material discrepancies were noticed on such physical verification.
3. The Company has not granted any loans, whether secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the Register maintained under Section 189 of the Act. Accordingly, reporting under clause (iii) of the paragraph 3 of the Order is not applicable.
4. In our opinion and according to the information and explanations given to us, the provisions of Section 185 and 186 of the Act, to the extent applicable, have been complied with in respect of loans, investments, guarantees, and security.
5. In our opinion and according to the information and explanation given to us, the Company has not accepted deposits. Accordingly, reporting under clause (v) of paragraph 3 of the Order is not applicable.
6. The Company has maintained the books of account relating to utilisation of materials, labour and other items, pursuant to the Rules made by the Central Government for the maintenance of cost records prescribed under Sub-section 1 of Section 148 the Act.

...6/-



7. a) The Company is regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other statutory dues applicable to it with the appropriate authorities.

b) According to the information and explanations given to us, there are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax or Cess, which have not been deposited on account of any dispute.

Name of the Statute	Nature of dues	Amount (Rs) Lakhs	Forum in which dispute is pending
Customs Act, 1962	Custom Duty	90.60	CESTAT

8. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowing to the financial institution, bank, or Government.

9. The Company has not raised any monies, during the reporting period, by way of initial public offer or further public offer. The monies raised by the Company, by way of term loans, have been applied for the purposes for which they were raised.

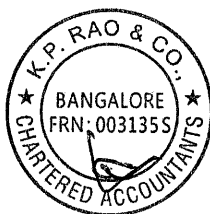
10. According to the information and explanations given to us, no fraud by, or by its officers or employees on, the Company has been noticed or reported during the year.

11. In our opinion and according to the information and explanations given to us, managerial remuneration paid or provided to the whole-time director is in accordance with provisions of Schedule V to the Act.

12. The Company is not a Nidhi Company. Accordingly, reporting under clause (xii) of paragraph 3 of the Order is not applicable.

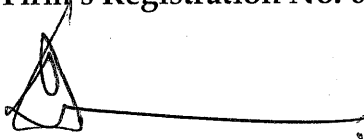
13. All the transactions with the related parties are in compliance with Section 177 and Section 188 of the Act, where applicable, and are disclosed in the Ind AS financial statements as required by the applicable accounting standard.

...7/-



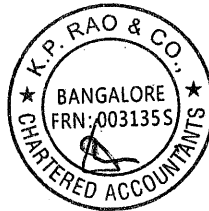
14. The Company has not made any preferential allotment or private placement of shares or convertible debentures during the reporting period. Accordingly, reporting under clause (xiv) of paragraph 3 of the Order is not applicable.
15. In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with any directors or persons connected with him. Accordingly, reporting under clause (xv) of paragraph 3 of the Order is not applicable.
16. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For K.P.Rao & Co.,
Chartered Accountants
Firm's Registration No. 003135S



(Desmond J Rebello)
Partner

Membership No. 015140



Place: Gurugram

Date: May 18, 2017

**ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE
ON THE FINANCIAL STATEMENTS OF MANGALORE CHEMICALS AND
FERTILIZERS LIMITED**

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

We have audited the internal financial controls over financial reporting of **Mangalore Chemicals and Fertilizers Limited** ("the Company") as of March 31, 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

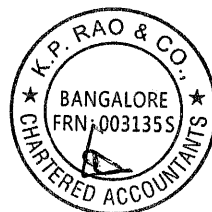
Management's Responsibility for Internal Financial Controls

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 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed 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 Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes. A company's internal financial control over financial reporting includes those policies and procedures that

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
3. provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS 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

...10/-



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 K.P. Rao & Co.,
Chartered Accountants
Firm's Registration No. 003135S



(Desmond J Rebello)
Partner
Membership No. 015140



Place: Gurugram
Date: May 18, 2017

Balance Sheet as at 31 March 2017

Rs in Lakhs

Particulars	Note No.	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
I ASSETS				
(1) Non-current assets				
Property, Plant and Equipment	3	624,74.53	642,52.90	622,28.83
Capital Work-in-Progress	3	13,57.01	13,17.91	9,25.93
Intangible Assets	4	29.25	36.18	21.81
Financial Assets				
(i) Investments	5	-	-	200,00.00
(ii) Loans	5	6,30.05	6,61.51	6,45.12
(iii) Others	5	-	2.58	2.58
Other Assets	6	3,24.67	72.31	5,57.98
Tax Assets (Net)		13.83	258.40	58.85
(2) Current assets				
Inventories	7	259,78.76	233,05.37	329,39.37
Financial Assets				
(i) Trade Receivables	8	587,94.77	485,85.15	235,50.73
(ii) Cash and Cash Equivalents	9	58,92.32	3,99.19	13,60.77
(iii) Other Bank Balances	10	6,47.66	7,13.13	18,16.49
(iv) Others	5	680,65.31	1044,06.80	897,22.63
Other Assets	6	18,52.83	13,34.24	34,94.11
Total Assets		2260,60.99	2453,45.67	2373,25.20
II EQUITY AND LIABILITIES				
(1) Equity				
Share Capital	11	118,54.87	118,54.87	118,54.87
Other Equity	12	305,48.62	285,96.51	536,22.91
LIABILITIES				
(1) Non-current liabilities				
Financial Liabilities				
(i) Borrowings	13	99,57.50	124,28.83	184,36.38
(ii) Others	15	16,39.10	11,79.22	21,72.65
Provisions	17	22,26.92	19,17.52	18,31.07
Deferred Tax Liabilities(Net)	18	16,67.18	12,71.12	21,45.22
(2) Current liabilities				
Financial Liabilities				
(i) Borrowings	13	1059,93.50	1196,40.14	856,48.55
(ii) Trade Payables	14	448,29.41	523,04.66	502,65.09
(iii) Others	15	166,26.63	149,64.18	104,30.84
Other Liabilities	16	5,73.81	8,91.32	7,07.85
Provisions	17	1,43.45	2,97.30	2,09.77
Total Equity and Liabilities		2260,60.99	2453,45.67	2373,25.20


SIGNIFICANT ACCOUNTING POLICIES

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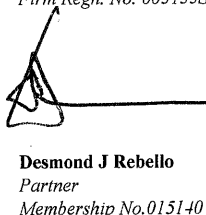
The accompanying notes are an integral part of these standalone financial statements

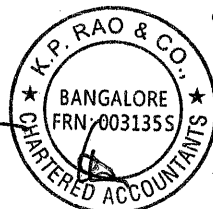
For K. P. Rao & Co.
Chartered Accountants
Firm Regn. No. 003135S


Arun Duggal
Chairman

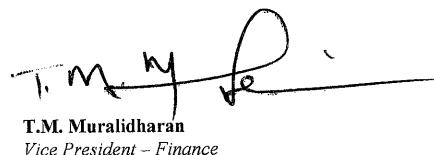

N. Suresh Krishnan
Managing Director


K. Prabhakar Rao
Director - Works


Desmond J Rebello
Partner
Membership No.015140




Vijayamahantesh Khannur
Company Secretary


T.M. Muralidharan
Vice President - Finance



Chartered Accountants & Financials Limited

Statement of Profit and Loss for the year ended 31 March 2017

Particulars	Note No.	Rs in Lakhs	
		Year ended 31.03.2017	Year ended 31.03.2016
I REVENUE			
Revenue from Operations	19	2502,14.23	2982,07.12
Other Income	20	9,72.25	6,28.50
Total Revenue (I)		2511,86.48	2988,35.62
II EXPENSES			
Cost of Material Consumed	21	1087,82.43	1180,08.92
Purchases of Stock in Trade	22	686,38.78	934,87.06
Changes in inventories of Finished Goods, Stock-in-Trade and Work in Progress	23	(7,21.77)	104,72.17
Excise Duty on Sale of Goods		14,66.90	12,97.90
Employee Benefits Expense	24	68,73.03	67,97.57
Finance Costs	25	118,24.40	114,73.96
Depreciation and Amortization Expense		35,26.65	32,31.89
Other Expenses	26	477,84.14	572,06.09
Total expenses (II)		2481,74.56	3019,75.56
III Profit/(Loss) before Exceptional Items and Tax (I-II)		30,11.92	(31,39.94)
IV Exceptional Items	39	-	216,68.20
V Profit/(Loss) before Tax (III-IV)		30,11.92	(248,08.14)
VI Tax Expense:			
(1) Current Tax	18	-	(4.64)
MAT		6,80.00	
MAT Credit Entitlement		(6,80.00)	
(2) Deferred Tax	18	10,70.45	(7,90.63)
VII Profit (Loss) for the period (V-VI)		19,41.47	(240,12.87)
VIII Other Comprehensive Income		10.64	(1,57.68)
A Items that will be reclassified to Profit or Loss		-	-
B Items that will not be reclassified to Profit or Loss			
Re-measurement Gains (Losses) on Defined Benefit Plans		16.27	(2,41.13)
Income Tax Effect	18	(5.63)	83.45
IX Total Comprehensive Income for the period (VII + VIII)		19,52.11	(241,70.55)
(Comprising Profit (Loss) and Other Comprehensive Income for the period)			
X Earnings per Equity Share:			
(1) Basic	28	1.64	(20.26)
(2) Diluted	28	1.64	(20.26)
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes are an integral part of these standalone financial statements

For K. P. Rao & Co.
Chartered Accountants
Firm Regn. No. 003133S

Arun Duggal
Chairman

N. Suresh Krishnan
Managing Director

K. Prabhakar Rao
Director - Works

Desmond J Rebello
Partner
Membership No.015140



T. M. Muralidharan
Vice President - Finance

Gurugram
May 18, 2017

Statement of Cash Flows for the year ended 31 March 2017

Particulars	For the period ended 31 March 2017	For the period ended 31 March 2016
A Cash Flow from Operating Activities		
1 Profit Before Tax	30,11.92	(24,808.14)
2 Adjustments for :		
Depreciation	35,26.65	32,31.89
Finance Costs (including fair value change in financial instruments)	118,24.40	114,73.96
Fixed Assets Written-off	68.07	2,86.66
Foreign Exchange Variation (net)		
(Profit)/Loss on Sale of Fixed Assets (Net)	(30.13)	(4.73)
Finance Income (including fair value change in financial instruments)	(7,20.61)	(2,42.31)
Provision for Doubtful Loans and Advances	-	16,68.20
Provision for Diminution in Value of Investment	-	200,00.00
Loss/(gain) arising on Financial Assets/Liabilities as at fair value through Profit and Loss	19,74.94	(8,62.28)
Remeasurements of net defined benefit plans	16.27	(241.13)
3 Operating Profit before Working Capital Changes	196,71.51	105,02.12
Adjustment for :		
Trade & Other Receivables	256,80.67	(380,29.82)
Inventories	(26,73.39)	96,34.00
Trade and Other Payables	(53,90.44)	44,69.03
Change in Working Capital	176,16.85	(23,926.79)
4 Cash flow from Operating Activities	372,88.36	(13,424.67)
5 Less : Income Tax paid	(4,35.43)	(1,94.90)
6 Net Cash Flow from Operating Activities	368,52.93	(13,619.57)
B Cash Flow from Investing Activities:		
Purchase of Fixed Assets	(20,44.16)	(53,75.98)
Proceeds from Sale of Fixed Assets	38.33	45.82
Net Cash Used in Investing Activities	(2,005.83)	(5,330.16)
C Cash Flow From Financing Activities:		
Proceeds from Long-Term Bank Borrowings	28,97.05	10,65.03
Repayments of Short-Term Bank Borrowings	(136,46.64)	339,91.58
Repayment of Long Term Bank Borrowings	(76,90.29)	(48,46.64)
Dividend paid including Distribution Tax	-	(8,55.85)
Interest Received	7,20.61	2,42.31
Interest and Financial Charges paid	(116,34.70)	(116,08.25)
Net Cash Used from Financing Activities	(293,53.97)	179,88.20
D Net Increase/ (Decrease) in Cash & Cash Equivalents (A+B+C)	54,93.13	(9,61.52)
E - 1 Opening balance of Cash & Cash Equivalents	3,99.19	13,60.77
E - 2 Closing balance of Cash & Cash Equivalents	58,92.32	3,99.19

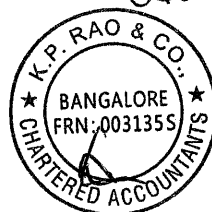
The accompanying notes are an integral part of these standalone financial statements

The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) statement of cash flows.

For K. P. Rao & Co.
Chartered Accountants
Firm Regn. No. 003135S



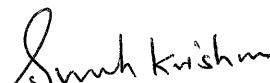
Desmond J Rebello
Partner
Membership No.015140




Arun Dugga
Chairman



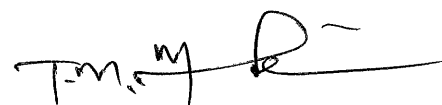
Vijayamahantesh Khannur
Company Secretary



N. Suresh Krishna
Managing Director



K Prabhakar Rao
Director - Works



T. M. Muralidharan
Vice President - Finance

Statement of Changes in Equity for the Year Ended 31 March 2017

Rs in Lakhs

Particulars		Numbers	Amount
(a) Equity Share Capital			
Equity shares of ₹ 10 each issued, subscribed and fully paid			
At 1 April 2015		118,515,150.00	118,54.87
At 31 March 2016		118,515,150.00	118,54.87
Issue of Share Capital (Note 11)		-	-
At 31 March 2017		118,515,150.00	118,54.87

(b) Other Equity

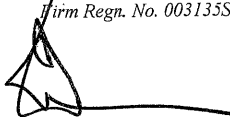
For the Year Ended 31 March 2017:

Particulars	Reserves and surplus				Revaluation Reserve (Note 12)	Total
	Surplus in the statement of Profit and Loss (Note 12)	General Reserve (Note 12)	Capital Reserve (Note 12)	Capital Redemption Reserve (Note 12)		
As at 1 April 2016	166,41.29	53,54.72	16.84	4,80.78	61,02.88	285,96.51
Profit/(loss) for the period	19,41.47	-	-	-	-	19,41.47
Other Comprehensive Income	10.64	-	-	-	-	10.64
Total Comprehensive Income	185,93.40	53,54.72	16.84	4,80.78	61,02.88	305,48.62
Transfer from Revaluation Reserve to General Reserve	-	30.99	-	-	(30.99)	-
Cash Dividends (Note 27)	-	-	-	-	-	-
Dividend Distribution Tax (DDT)	-	-	-	-	-	-
At 31 March 2017	185,93.40	53,85.71	16.84	4,80.78	60,71.89	305,48.62

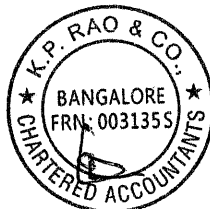
For the Year Ended 31 March 2016:


Particulars	Reserves and surplus				Revaluation reserve (Note 12)	Total
	Surplus in the statement of profit and loss (Note 12)	General reserve (Note 12)	Capital reserve (Note 12)	Capital redemption reserve (Note 12)		
As at 1 April 2015	416,67.69	53,04.91	16.84	4,80.78	61,52.69	536,22.91
Profit/(loss) for the period	(240,12.87)	-	-	-	-	(240,12.87)
Other Comprehensive Income	(1,57.68)	-	-	-	-	(1,57.68)
Total Comprehensive Income	174,97.14	53,04.91	16.84	4,80.78	61,52.69	294,52.36
Transfer from Revaluation Reserve to General Reserve	-	49.81	-	-	(49.81)	-
Cash Dividends (Note 27)	(7,11.09)	-	-	-	-	(7,11.09)
Dividend Distribution Tax (DDT)	(1,44.76)	-	-	-	-	(1,44.76)
At 31 March 2016	166,41.29	53,54.72	16.84	4,80.78	61,02.88	285,96.51

For K. P. Rao & Co.
Chartered Accountants
Firm Regn. No. 003135S




Desmond J Rebello
Partner
Membership No.015140





Vijayamahantesh Khannur
Company Secretary


Arun Duggal
Chairman


N Suresh Krishnan
Managing Director


K Prabhakar Rao
Director - Works


T. M. Muralidharan
Vice President - Finance

Corporate Information

The company is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. Its shares are listed on BSE Limited and National Stock Exchange of India Limited. The registered office of the company is located at Level 11, UB Tower, UB City, 24, Vittal Mallya Road Bangalore – 560 001.

The Company is primarily engaged in the business of manufacture, purchase and sale of fertilizers. Information on other related party relationships of the Company is provided in Note 36.

These financial statements were approved for issue in accordance with a resolution of the directors on 18th May 2017.

1. Significant Accounting Policies

i) Basis of Preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standard) (Amendment) Rules, 2016.

For all periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with the accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These financial statements for the year ended 31 March 2017 are the first that the Company has prepared in accordance with Ind AS. Refer to note 40 for information on how the Company adopted Ind AS.

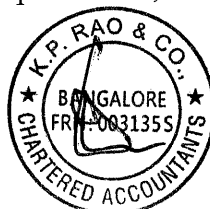
The financial statements have been prepared on an accrual basis and under the historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Derivative financial instruments,
- Certain financial assets and liabilities (refer accounting policy regarding financial instruments),

The financial statements are presented in INR and all values are rounded to the nearest Lakhs (INR 00,000), except when otherwise indicated

ii) Basis of classification of Current and Non-Current

Assets and Liabilities in the Balance Sheet have been classified as either current or non-current based upon the requirements of Schedule III to the Companies Act, 2013.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

An asset has been classified as current if

- a) it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle; or
- b) it is held primarily for the purpose of being traded; or
- c) it is expected to be realized within twelve months after the reporting date; or
- d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

All other assets have been classified as non-current.

A liability has been classified as current when

- a) it is expected to be settled in the Company's normal operating cycle; or
- b) it is held primarily for the purpose of being traded; or
- c) it is due to be settled within twelve months after the reporting date; or
- d) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

All other liabilities have been classified as non-current.

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

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

iii) Foreign Currency Translation

Functional and presentation currency

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

Initial recognition

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

Conversion

Foreign currency monetary items (such as cash, receivables, payables etc.) are translated using the exchange rate prevailing at the reporting date.



Exchange differences

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

iv) Derivative financial instruments

Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

v) Property, plant and equipment [PPE]

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

PPE are stated at cost, net of accumulated depreciation / amortization and impairment losses, if any. The cost comprises purchase price, freight, duties, taxes, borrowing costs if recognition criteria are met, and other directly attributable costs incurred to bring the asset to its working condition for its intended use.

The cost of an item of property, plant and equipment shall be recognized as an asset if, and only if:
(a) it is probable that future economic benefits associated with the item will flow to the entity; and
(b) the cost of the item can be measured reliably.

Subsequent expenditure related to an item of PPE is added to its book value only if it increases the future benefits from the existing PPE beyond its previously assessed standard of performance. Such cost includes the cost of replacing part of the plant and equipment. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives.

Items of stores and spares that meet the definition of PPE are capitalized at cost. Otherwise, such items are classified as inventories.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

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

vi) Depreciation and Amortization on PPE

Depreciation on PPE is calculated on a straight line basis using the rates arrived at, based on the useful lives estimated by the management which are equal to the rates specified in Schedule II to the Companies Act, 2013, other than the cases as mentioned in table below where the useful lives are different from those prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used. A major portion of the plant and equipment of the Company has been considered as continuous process plant.

Particulars	Useful life estimated by the management (years)
Plant & machinery (non-continuous process plant) & equipment	5 to 20

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

vii) Intangible assets

Intangibles represent software. The management of the Company assessed the useful life of software as finite and cost of software is amortized over their estimated useful life on straight line basis.

The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern.

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

On transition to Ind AS, the Company has elected to continue with the carrying value of all of intangible assets recognized as at April 01, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost.



viii) Impairment of non-financial assets

Impairment of non-financial assets is reviewed and recognized in the event of changes and circumstances indicating that the carrying amount of an asset is not recoverable. Difference between the carrying amount of a non-financial asset and the recoverable value, if any, is recognized as impairment loss in the profit and loss statement in the year of impairment.

ix) Leases

A lease is classified at the inception date as a finance lease or an operating lease.

A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. Finance leases are capitalized, at the commencement of the lease, at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs (See note 30A). Contingent rentals are recognized as expenses in the periods in which they are incurred.

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

x) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.



Subsequent measurement

Debt Instruments-

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. For the purposes of subsequent measurement, debt instruments are classified in three categories:

- Debt instruments at amortized cost;
- Debt instruments at fair value through other comprehensive income (FVTOCI);
- Debt instruments at fair value through profit or loss (FVTPL).

Debt instruments at amortized cost

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows,
and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the profit or loss. This category generally applies to trade and other receivables.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The financial liabilities include trade and other payables, loans and borrowings including financial guarantee contracts and derivative financial instruments.



Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognized in the profit or loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss. This category generally applies to borrowings.

De-recognition

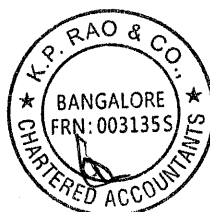
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

Offsetting of financial instruments

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

xi) Cash and cash equivalents

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



xii) Dividend to equity holders of the Company

The Company recognizes a liability to make dividend distributions to equity holders of the Company when the distribution is authorized and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

xiii) Inventories

Inventories are valued at the lower of Cost and Net Realizable Value.

The Cost is determined as follows:

- a. Stores and spares, Fuel Oil, Raw Materials and Packing Materials: Moving weighted average method
- b. Work-in-progress: Material cost on moving weighted average method and appropriate manufacturing overheads based on normal operating capacity.
- c. Finished goods (manufactured): Material cost on moving weighted average method and appropriate manufacturing overheads based on normal operating capacity including Excise Duty.
- d. Traded Goods: Moving weighted average method.

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

Materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

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

xiv) Borrowing Costs

Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalized to the extent they relate to the period till such assets are ready to be put to use. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are recognized as finance costs in the period in which they are incurred.

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings



xv) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

Sale of goods

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

Revenue from sale of goods, including concession in respect of Urea, DAP, MOP and Complex Fertilizers receivable from the Government of India under the applicable New Pricing Scheme/Nutrient Based Subsidy Policy, is recognized when the significant risk and rewards of ownership of the goods have passed to the customers. The Company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue. Excise Duty deducted from turnover (gross) is the amount that is included in the amount of turnover (gross) and not the entire amount of liability assessed during the year.

Claims receivable on account of interest from dealers on delayed payments and insurance are accounted for to the extent the Company is reasonably certain of their ultimate collection.

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

Government grants and subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that the grant/subsidy will be received and all attaching conditions will be complied with.

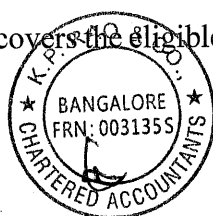
When the grant or subsidy relates to an expenses item, it is recognized as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate.

Where the grant or subsidy relates to an asset, its value is deducted from the gross value of the asset concerned in arriving at the carrying amount of the related asset.

xvi) Retirement and other Employee Benefits

Provident Fund

Provident fund, a defined contribution plan covers the eligible employees. Contribution made to provident fund is charged to statement of profit and loss.



Gratuity

Gratuity, a defined benefit plan, to the employees is covered under the appropriate schemes of the Life Insurance Corporation of India. Liability is charged to statement of profit and loss based on an actuarial valuation [projected unit credit method] carried out at the balance sheet date, by an independent Actuary.

Leave encashment

Leave encashment benefits payable to employees is unfunded, determined and recognized at the balance sheet date in the accounts as per the actuarial valuation.

Superannuation

Superannuation, which is a defined contribution scheme, is administered by Life Insurance Corporation of India. The contributions to the said scheme are charged to statement of profit and loss on an accrual basis.

Expenditure incurred on payment made to employees under Voluntary Retirement Scheme (VRS) is charged to statement of profit and loss in the year of payment.

Re-measurements

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income and such re-measurement gain / (loss) are not reclassified to the statement of profit and loss in the subsequent periods. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

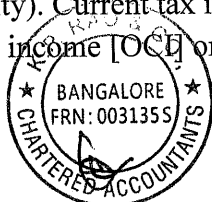
Past service costs are recognized in statement of profit or loss on the earlier of the date of the plan amendment or curtailment, and the date that the Company recognizes the related restructuring costs.

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

xvii) Income Taxes

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

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity).

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities.

xviii) Earnings per share

Basic earnings per share is calculated by dividing the net profit or Loss for the year attributable to the equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted EPS, net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year, are adjusted for the effects of all dilutive Potential Equity Shares.

xix) Contingent assets and liabilities

A contingent liability is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

A contingent asset is a possible asset that arises from past events the existence of which will be confirmed only by the occurrence or

non-occurrence of one or more uncertain future events not wholly within the control of the enterprise.

xx) Provisions

A provision is recognized when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

2. Significant accounting judgments, estimates and assumptions

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

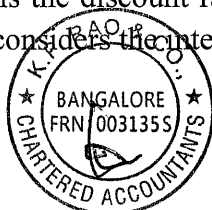
a) Income Taxes

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

b) Defined benefit plans

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

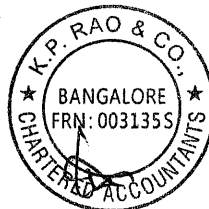


NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases are based on the expected future inflation rates. Further details about the defined benefit obligations are given in note 34.

c) Fair value measurement of financial instruments

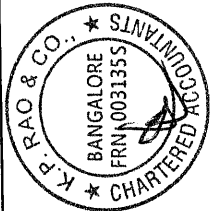
When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where ever possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments 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. Refer note 37 for further disclosures.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017
3 PROPERTY, PLANT AND EQUIPMENT

Rs in Lakhs

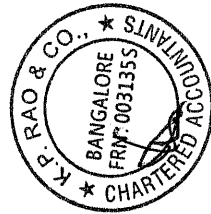
	GROSS BLOCK (At Cost or Valuation)				DEPRECIATION, AMORTISATION AND IMPAIRMENT				NET BLOCK	
	As at 1 April 2016	Additions	Disposals/ Deductions	Adjustments	As at 31 March 2017	As at 1 April 2016	For the Year	Deductions	Upto 31 March 2017	As at 31 March 2017
Freehold Land	68,67.78	-	-	-	68,67.78	-	-	-	-	68,67.78
Leasehold Land (a)	3.04	-	3.04	-	-	-	-	-	-	-
Buildings	66,54.35	1,37.68	4.52	-	67,87.51	24,97.19	1,54.59	1.02	26,50.76	41,36.75
Railway Sidings	7,03.15	-	-	-	7,03.15	2,49.27	46.22	-	2,95.49	4,07.66
Roads, Drainage and Culverts	6,45.80	16.61	-	-	6,62.41	3,71.85	55.54	-	4,27.39	2,35.02
Plant and Machinery	862,75.82	15,90.57	1,61.71	-	877,04.68	351,74.01	30,17.04	1,13.10	380,77.95	496,26.73
Electrical Installations and Fittings	3,28.63	-	-	-	3,28.63	1,02.31	30.44	-	1,32.75	1,95.88
Equipment	17,61.28	57.49	55.81	-	17,62.96	9,61.00	1,37.95	53.12	10,45.83	7,17.13
Cranes and Locomotives	3,04.97	-	-	-	3,04.97	1,73.15	13.31	-	1,86.46	1,18.51
Furniture and Fixtures	6,20.38	6.18	38.76	-	5,87.80	4,01.51	66.17	34.30	4,33.38	1,54.42
Vehicles - Owned	75.13	9.11	26.85	-	57.39	65.85	2.39	25.50	42.74	14.65
- Leased	1,50.40	-	1,50.40	-	-	1,41.69	1.20	1,42.89	-	-
Others	2.83	-	2.83	-	-	2.83	-	2.83	-	-
Total	1043,93.56	18,17.64	4,43.92	-	1057,67.28	401,40.66	35,24.85	3,72.76	432,92.75	624,74.53
Capital Work-in-Progress	13,17.91	18,56.74	-	-	18,17.64	13,57.01	-	-	-	13,57.01



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

	GROSS BLOCK (At Cost or Valuation)				DEPRECIATION, AMORTISATION AND IMPAIRMENT			NET BLOCK	
	As at 1 April 2015	Additions	Disposals/ Deductions	Adjustments	As at 31 March 2016	As at 1 April 2015	For the Year	Upto 31 March 2016	AS AT 31 March 2016
Freehold Land	68,67.78	-	-	-	68,67.78	-	-	-	68,67.78
Leasehold Land ^(a)	3.04	-	-	-	3.04	-	-	-	3.04
Buildings	63,20.22	3,56.22	22.09	-	66,54.35	23,77.82	1,27.28	7.91	24,97.19
Railway Sidings	7,03.15	-	-	-	7,03.15	2,02.74	46.53	-	2,49.27
Roads, Drainage and Culverts	5,93.25	52.55	-	-	6,45.80	3,04.99	66.86	-	3,71.85
Plant and Machinery	827,69.32	47,24.64	12,18.14	-	862,75.82	334,24.39	27,14.17	9,64.55	351,74.01
Electrical Installations and Fittings	1,78.29	1,56.19	5.85	-	3,28.63	91.50	16.36	5.55	1,02.31
Equipment	15,19.85	2,64.81	23.38	-	17,61.28	8,44.38	1,38.42	21.80	9,61.00
Cranes and Locomotives	3,12.89	-	7.92	-	3,04.97	1,58.43	22.23	7.51	1,73.15
Furniture and Fixtures	6,15.12	15.23	9.97	-	6,20.38	3,40.26	70.87	9.62	4,01.51
Vehicles - Owned	1,33.30	-	58.17	-	75.13	68.44	8.05	10.64	65.85
- Leased	1,50.40	-	-	-	1,50.40	1,24.83	16.86	-	1,41.69
Others	2.83	-	-	-	2.83	2.83	-	-	2.83
Total	1001,69.44	55,69.64	13,45.52	-	1043,93.56	379,40.61	32,27.63	10,27.58	401,40.66
Capital Work-in-Progress	9,25.93	59,90.05	-	55,98.07	13,17.91	-	-	-	13,17.91

(a) Leasehold land of Rs. 3.04 Lakhs is towards 3.041 acres taken on lease from the New Mangalore Port Trust.





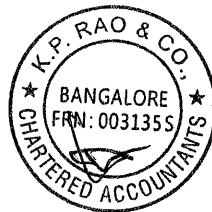
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017
4 INTANGIBLE ASSETS

Rs in lakhs

Intangible Assets with definite useful life

	GROSS BLOCK (At Cost or Valuation)			DEPRECIATION, AMORTISATION AND IMPAIRMENT			NET BLOCK		
	As at 1 April 2016	Additions	Disposals/ Deductions	As at 31 March 2017	As at 1 April 2016	For the Year	Deductions	Upto 31 March 2017	As at 31 March 2017
Computer Software	1,84.11	-	1,02.44	81.67	1,47.93	1.80	97.31	52.42	29.25
Total	1,84.11	-	1,02.44	81.67	1,47.93	1.80	97.31	52.42	29.25

	GROSS BLOCK (At Cost or Valuation)			DEPRECIATION, AMORTISATION AND IMPAIRMENT			NET BLOCK		
	As at 1 April 2015	Additions	Disposals/ Deductions	As at 31 March 2016	As at 1 April 2015	For the Year	Deductions	Upto 31 March 2016	As at 31 March 2016
Computer Software	3,51.85	28.43	1,96.17	1,84.11	3,30.04	4.26	186.37	147.93	36.18
Total	3,51.85	28.43	1,96.17	1,84.11	3,30.04	4.26	186.37	147.93	36.18





NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

5. Financial assets

Rs in lakhs

	Non Current			Current		
	31-Mar-17	31-Mar-16	01-Apr-15	31-Mar-17	31-Mar-16	01-Apr-15
Investments in Preference Shares (Unquoted)						
Investments at fair value through profit or loss						
Bangalore Beverages Limited (2,00,000 Redeemable cumulative preference shares of Re 1/- each with coupon rate of 10% p.a. repayable after 20 years)	200,00.00	200,00.00	200,00.00			
Less:- Provision for Impairment in the value of investment	200,00.00	200,00.00				
TOTAL	-	-	200,00.00			
Loans (at amortised cost)						
Security Deposits						
Unsecured, considered good	6,30.05	6,61.51	6,45.12			
	6,30.05	6,61.51	6,45.12			
Other Financial assets						
Deposits with Banks (at Amortised cost)	-	2.58	2.58			
Concession Receivable from Government of India				679,15.99	1042,75.69	888,71.23
Other Receivables				1,49.32	1,31.11	8,51.40
TOTAL	-	2.58	2.58	680,65.31	1044,06.80	897,22.63

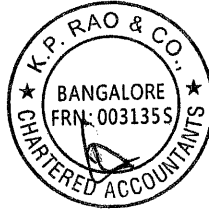




NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017
6 OTHER ASSETS

Rs in lakhs

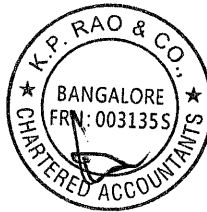
Particulars	Non-Current			Current		
	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Capital Advances						
Unsecured, Considered Good	3,23.85	71.56	5,52.72	-	-	-
Advances (other than capital advances):						
Prepaid Expenses / Advances						
Unsecured, Considered Good	-	-	-	16,89.44	13,14.08	34,75.75
Unsecured, Considered Doubtful				16,68.20	16,68.20	-
Total				33,57.64	29,82.28	34,75.75
Less: Provision for Doubtful Loans and Advances				16,68.20	16,68.20	-
Total				16,89.44	13,14.08	34,75.75
Balance with Customs, Port Trust, Excise and Commercial Tax Authorities	-	-	-	1,62.87	15.59	10.15
Prepaid Rent	0.82	0.75	5.25	0.52	4.57	8.22
Total	3,24.67	72.31	5,57.98	18,52.83	13,34.24	34,94.11





NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017
7 INVENTORIES

Particulars	Rs in lakhs		
	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
a) Raw Materials (Includes in-transit Rs. 54,10.99 lakhs, 31 March 2016 Rs. 23,90.71 lakhs, 1 April 2015 Rs. 40,41.87 lakhs)	124,45.13	95,53.13	94,99.28
b) Work-in-Progress	39.79	21.50	181.46
c) Finished Goods	9,45.50	4,74.38	9,05.22
d) Stock-in-Trade (Includes in-transit Rs. -Nil- lakhs, 31 March 2016 Rs. 34,10,33 lakhs, 1 April 2015 Rs. 133,98.62 lakhs)	63,92.97	61,60.61	160,93.27
e) Stores and Spares (Includes in-transit Rs. 1,56.28 lakhs, 31 March 2016 Rs. 24,20.64 lakhs, 1 April 2015 Rs. 21,98.73 lakhs)	61,55.37	70,95.75	62,60.13
Total	259,78.76	233,05.37	329,39.37





NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017
8 TRADE RECEIVABLES

Particulars	Rs in lakhs		
	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Trade Receivables - Related Parties	20,36.69	64.69	-
Trade Receivables - Others	567,58.08	485,20.46	235,50.73
Total Trade Receivables	587,94.77	485,85.15	235,50.73

Break-up for Security details:

From Related Parties

Secured, Considered Good	-	-	-
Unsecured, Considered Good	20,36.69	64.69	-

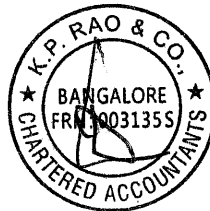
From Others

Secured, Considered Good	18,62.94	24,57.64	19,93.26
Unsecured, Considered Good	548,95.14	460,62.82	215,57.47

Total 587,94.77 485,85.15 235,50.73

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

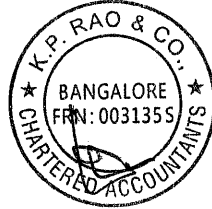
Trade Receivables are non-interest bearing and are generally on terms of 30 to 120 days.





NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017
9 CASH AND CASH EQUIVALENTS

Particulars	Rs in lakhs		
	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Balances with Banks			
On Current Accounts	58,76.10	3,94.13	13,35.24
Cheques, Drafts in hand	13.55	3.20	22.37
Cash on hand	2.67	1.86	3.15
TOTAL	58,92.32	3,99.19	13,60.77

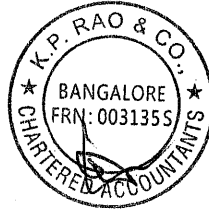




NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017
10 OTHER BANK BALANCES

Rs in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Other Bank Balances			
Bank Deposits	2.58	-	-
Unclaimed Dividend	3,80.08	4,12.13	3,06.49
Margin Money Deposits	2,65.00	3,01.00	15,10.00
Total	6,47.66	7,13.13	18,16.49





NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017
11 SHARE CAPITAL

Particulars	(Rs. in lakhs)		
	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Authorised :			
12,40,00,000 Equity Shares of Rs.10/- Each	124,00.00	124,00.00	124,00.00
6,00,000 13% Redeemable Cumulative Preference Shares of INR 100/- each	6,00.00	6,00.00	6,00.00
	<u>130,00.00</u>	<u>130,00.00</u>	<u>130,00.00</u>
Issued :			
12,00,00,044 (31st March 2016: 12,00,00,044) Equity Shares of Rs.10/- Each Fully paid	<u>120,00.00</u>	<u>120,00.00</u>	<u>120,00.00</u>
Subscribed and Paid-up *			
11,85,15,150 (31st March 2016: 11,85,15,150) Equity Shares of Rs.10/- Each Fully paid	118,51.52	118,51.52	118,51.52
Forfeited Shares (amount originally paid-up)	3.35	3.35	3.35
Total	<u>118,54.87</u>	<u>118,54.87</u>	<u>118,54.87</u>

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

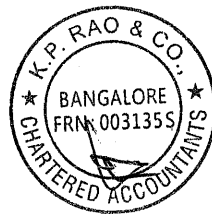
Particulars	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	In Numbers	Rs in lacs	In Numbers	Rs in lacs	In Numbers	Rs in lacs
Equity Shares						
At the beginning of the year	118,515,150	11,851.52	118,515,150	11,851.52	118,515,150	11,851.52
Issued during the year	-	-	-	-	-	-
Outstanding at the end of the year	<u>118,515,150</u>	<u>11,851.52</u>	<u>118,515,150</u>	<u>11,851.52</u>	<u>118,515,150</u>	<u>11,851.52</u>

b. Terms / rights attached to Equity Shares

The Company has only one class of shares issued and paid up referred to as equity shares having a par value of INR 10/- per share. Each holder of equity shares is entitled to one vote per share. The dividend if proposed by the Board of Directors, is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in the case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their holdings.

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

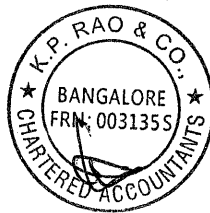
Name of Shareholder	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	No. of Shares held	% Holding in Class	No. of Shares held	% Holding in Class	No. of Shares held	% Holding in Class
United Breweries (Holdings) Limited	17,836,068	15.05	17,836,068	15.05	17,836,068	15.05
Zuari Fertilizers and Chemicals Limited	62,843,211	53.03	62,843,211	53.03	19,514,211	16.47
SCM Soilfert Limited	-		-		33,749,623	28.48





NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017
12 OTHER EQUITY

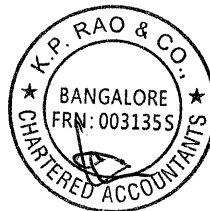
Particulars	Rs in lakhs	
	As at 31.03.2017	As at 31.03.2016
Capital Reserves		
Balance as per last financial statements	16.84	16.84
Closing Balance	16.84	16.84
Capital Redemption Reserve		
Balance as per last financial statements	4,80.78	4,80.78
Closing Balance	4,80.78	4,80.78
Revaluation Reserve		
Balance as per last financial statements	61,02.89	61,52.69
Transfer to General Reserve	30.99	49.81
	60,71.90	61,02.89
General Reserve		
Balance as per last financial statements	53,54.72	53,04.91
Add: Transfer from Revaluation Reserve	30.99	49.81
Closing Balance	53,85.71	53,54.72
Surplus		
Balance as per last financial statements	166,41.28	416,67.69
Add: Profit for the year as per Profit & Loss Statement	19,52.11	(241,70.55)
Net Profit for the year	185,93.39	174,97.14
Less : Appropriations:		
Dividend declared and paid	-	7,11.09
Dividend distribution tax	-	1,44.76
	-	8,55.85
Net surplus in the statement of Profit and Loss	185,93.39	166,41.29
Total Reserves and Surplus	305,48.62	285,96.51





NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017
13 BORROWINGS (AT AMORTISED COST)

Particulars	Non Current			Current		
	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
(Rs in Lakhs)						
From Banks:						
Secured						
a. Long Term Loans	99,57.50	101,69.97	108,60.89			
(Secured by First charge on the project assets, and first / second charge on all of the Company's fixed assets including all movable and immovable properties both present and future excluding assets specifically charged to other banks.)						
Terms of Repayment:						
INR 21,38.11 Lakhs repayable monthly in 2 years 8 months with interest @ 13.75% p.a.						
INR 35,10.72 Lakhs repayable half yearly in 5 years with interest @2.60% p.a.						
INR 5,75.26 Lakhs repayable monthly in 2 years with interest @13.10% p.a.						
INR 13,50.36 Lakhs repayable half yearly in 6 years with interest @1.40% p.a.						
INR 23,84.98 Lakhs repayable quarterly in 6 years 9 months with interest @11.55% p.a.						
b. Short Term Loans						
i) Cash Credit including Demand Loans				57,35.70	473,61.64	342,16.43
ii) Buyers' Credit				623,97.96	722,78.50	514,32.12
iii) Bill discounted with Bank				94,87.39	-	-
iv) Other Short Term Loans				273,68.64	-	-
(Secured by a first pari passu charge on present and future stock of fertilizers including work-in-process and raw materials, book debts, outstanding monies, receivables, claims, bills, contracts, engagements, securities, investments, rights and fixed assets of the Company (except property effectively otherwise hypothecated / charged or mortgaged to the banks).						
Unsecured						
a. Long Term Loans	-	22,58.87	75,71.83			
b. Short Term Loans - Others				10,03.81	-	-
From Others:						
Secured						
Long term maturities of finance lease obligations (Refer Note 30A) (Secured by hypothecation of assets acquired under the facility.)	-	-	3.66			
Total	99,57.50	124,28.83	184,36.38	1059,93.50	1196,40.14	856,48.55





NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017
14 TRADE PAYABLES (AT AMORTISED COST)

(Rs in Lakhs)

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Sundry Creditors:			
Dues to Others	258,70.98	308,45.84	502,65.09
Due to Related Parties	189,58.43	214,58.82	-
Total	448,29.41	523,04.66	502,65.09

Terms and conditions of the above financial liabilities:

Trade payables are non-interest bearing and are normally settled on 30 - 90 day terms

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

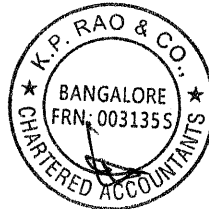




NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017
15 OTHER FINANCIAL LIABILITIES

(Rs in Lakhs)

Particulars	Non Current			Current		
	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Financial liabilities at fair value through Profit or Loss						
Derivatives not designated as hedges	16,39.10	11,79.22	21,72.65	16,76.71	1,31.15	-
	-	-	-	-	-	-
	-	-	-	-	-	-
Total financial liabilities at fair value through Profit or Loss	16,39.10	11,79.22	21,72.65	16,76.71	1,31.15	-
Other financial liabilities at Amortised cost						
Interest accrued but not due on borrowings	-	-	-	5,67.51	4,08.31	5,42.60
Current maturity of Long Term Loans	-	-	-	41,27.91	64,49.82	42,27.55
Current maturity of finance lease obligation	-	-	-	-	3.66	26.12
Security Deposits (Unsecured)	-	-	-	28,33.03	33,39.38	30,59.36
Sundry Creditors for Capital Expenditure	-	-	-	4,69.49	4,00.96	2,41.97
Liabilities for Expenses	-	-	-	57,37.88	30,58.98	13,09.89
Employee Liabilities	-	-	-	8,32.39	7,58.17	7,15.23
Unpaid Dividend	-	-	-	3,80.08	4,12.13	3,06.49
Preference Share holder's Accounts	-	-	-	1.63	1.63	1.63
Total Other Financial Liabilities at Amortised cost	-	-	-	149,49.92	148,33.03	104,30.84
Total Other Financial Liabilities	16,39.10	11,79.22	21,72.65	166,26.63	149,64.18	104,30.84





NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017
16 OTHER LIABILITIES

(Rs in Lakhs)

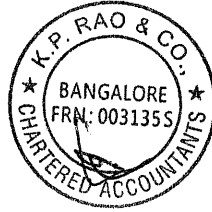
Particulars	Non Current			Current		
	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Statutory Liabilities	-	-	-	5,71.93	8,89.43	7,01.77
Other Payables	-	-	-	1.88	1.88	6.08
Total	-	-	-	5,73.81	8,91.32	7,07.85



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017
17 PROVISIONS

(Rs in Lakhs)

Particulars	Non Current			Current		As at 01.04.2015
	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015	As at 31.03.2017	As at 31.03.2016	
Provision for Employee Benefits						
Gratuity (Funded) (Refer note 34)	15,09.77	13,85.16	12,89.26	5.94	1,31.37	69.27
Provision for employee benefits Leave Encashment	7,17.15	5,32.36	5,41.81	1,37.51	1,65.94	1,40.49
Total	22,26.92	19,17.52	18,31.07	1,43.45	2,97.30	2,09.77



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

18. Income Tax

(i) a numerical reconciliation between tax expense (income) and the product of accounting profit multiplied by the applicable tax rate(s), disclosing also the basis on which the applicable tax rate(s) is (are) computed

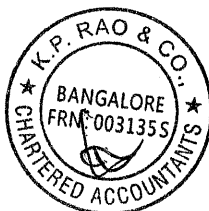
	(Rs. in lakhs)		
	As at 31-Mar-17	As at 31-Mar-16	As at 01-Apr-15
Current Income Tax			
In respect of the current period	6,80.00	-	4,00.00
Deferred Tax			
In respect of the current period	10,76.08	(8,74.09)	(19,25.87)

Since the carried forward losses have not been extinguished, no tax is payable on normal provisions of the Income Tax Act. However, Minimum Alternate Tax is applicable as below

Minimum Alternate Tax			
Net Profit as per Profit and Loss Account	30,11.92	(31,39.94)	18,29.07
Add: Depreciation	33,75.24	31,27.44	28,65.57
Add: Interest on Income Tax	1,99.42	-	
Less: Expenses transferred to OCI	(16.27)	-	
Less: Depreciation	(33,28.44)	(30,75.22)	(27,93.65)
1/5 of transition amount	(61.63)	-	
Book Profit	31,80.24	(30,87.72)	19,00.99
Income tax at 18.5% of book profit	5,88.34	-	3,51.68
Surcharge	70.60	-	35.17
Education Cess	19.77	-	11.61
Tax Payable	6,78.71	-	3,98.46
Rounded off	6,80.00	-	4,00.00

(Rs. in lakhs)					
Deferred tax					
Particulars	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:					
Related to Fixed Assets	169,61.37	(5,98.85)	163,62.52	(4,00.06)	159,62.46
Related to borrowings	8,62.07	(4,51.83)	4,10.24	(1,36.29)	2,73.95
Total deferred tax liability (A)	178,23.44	(1,050.68)	167,72.75	(536.35)	162,36.40
Deferred tax assets:					
Business Loss and unabsorbed Depreciation	104,94.76	1,02.01	105,96.77	(16,19.23)	89,77.54
Hedging instruments	6,99.46	(3,39.26)	3,60.20	(53.13)	3,07.07
Other deferred tax assets	7,24.00	60.66	7,84.66	59.95	8,44.61
MAT credit entitlement	37,60.00	-	37,60.00	6,80.00	44,40.00
Total deferred tax assets (B)	156,78.22	(176.59)	155,01.63	(932.41)	145,69.22
Deferred Tax Liability (Net) (A - B)	21,45.22	(874.09)	12,71.12	396.06	16,67.18

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.





NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017
19 REVENUE FROM OPERATIONS

(Rs in Lakhs)

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
Sale of Products (including Excise Duty)		
Manufactured Goods		
Urea	859,24.60	1027,63.66
Complex Fertilizers	722,05.97	666,93.39
Others	89,89.51	95,94.62
Traded Goods		
Complex Fertilizers - Imported	290,64.87	521,67.83
Muriate of Potash - Imported	250,58.94	255,32.91
Others	289,14.40	414,19.55
Sale of Services	55.94	35.16
Total	2502,14.23	2982,07.12

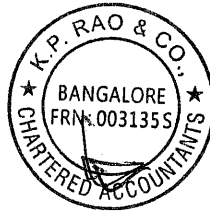




NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017
20 OTHER INCOME

(Rs in Lakhs)

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
Interest Income	7,20.61	2,42.31
Other Non-Operating Income	2,51.64	3,86.19
Total	9,72.25	6,28.50



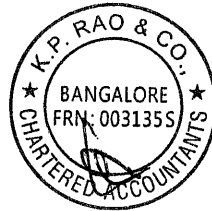


Mangalore Chemicals
& Fertilizers Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017
21 COST OF MATERIAL CONSUMED

(Rs in Lakhs)

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
Naphtha	448,92.44	528,32.03
Phosphoric Acid	388,41.79	359,41.90
Imported Ammonia	174,66.52	197,76.86
Others	75,81.68	94,58.14
Total	1087,82.43	1180,08.92

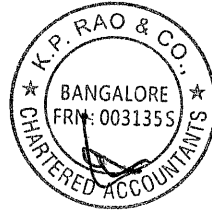




NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017
22 PURCHASES OF STOCK IN TRADE

(Rs in Lakhs)

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
Complex Fertilizers - Imported	239,55.16	339,05.24
Muriate of Potash - Imported	202,36.96	262,65.81
Others	244,46.66	333,16.01
Total	686,38.78	934,87.06

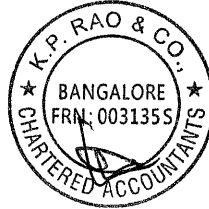


NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

23. Changes in Inventories of Finished Goods, Stock-in -Trade and Work-in- Progress

(Rs in Lakhs)

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
Opening Stock :		
Work-in-Progress	21.50	1,81.46
Finished Goods	4,74.38	8,53.93
Stock in Trade	61,60.61	160,93.27
Total	66,56.49	171,28.66
Closing Stock		
Work-in-Progress	39.79	21.50
Finished Goods	9,45.50	4,74.38
Stock in Trade	63,92.97	61,60.61
Total	73,78.26	66,56.49
	(7,21.77)	104,72.17

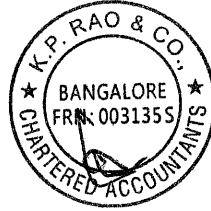




NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017
24 EMPLOYEE BENEFITS EXPENSE

(Rs in Lakhs)

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
Salaries and Wages	56,30.48	55,15.26
Contribution to Provident and Other Funds	6,12.89	6,21.56
Staff Welfare Expenses	6,29.66	6,60.75
Total	68,73.03	67,97.57





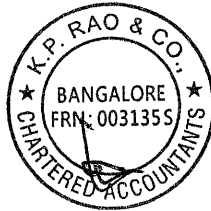
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017
25 FINANCE COSTS

(Rs in Lakhs)

Particulars	Year ended 31.3.2017	Year ended 31.3.2016
Interest Expense	70,53.53	81,75.94
Other Borrowing Costs	41,47.64	29,14.37
Others	6,23.23	3,83.65
Total	118,24.40	114,73.96

Total Interest Expense (calculated using the effective interest method) for financial liabilities that are not at fair value through Profit or Loss

	Year ended 31.3.2017	Year ended 31.3.2016
In relation to Financial liabilities classified at Amortised cost	118,24.40	114,73.96
	118,24.40	114,73.96



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

26 OTHER EXPENSES

(Rs in Lakhs)

Particulars	Year ended 31.3.2017	Year ended 31.3.2016
Consumption of Stores & Spares.	11,68.68	12,43.42
Power, Fuel and Water	179,66.62	207,13.16
Packing Materials Consumed	25,49.45	23,95.62
Bagging and Other Contracting Charges	4,84.14	4,61.50
Transportation	182,53.71	184,65.32
Foreign Exchange Variation (net)	(17,44.48)	57,37.77
Repairs and Maintenance		
Buildings	1,44.15	1,83.27
Others	4,81.60	4,10.80
Plant & Machinery	26,50.00	28,08.46
Rent	12,48.38	12,16.24
Rates and Taxes	8.86	12.37
Insurance	4,04.69	6,79.37
Travelling and Conveyance	3,51.55	3,00.34
Loss on Fixed Assets sold / discarded (net)	37.94	2,81.93
Directors' Sitting Fees	24.99	8.31
Payment to Statutory Auditors	29.12	21.93
Excise Duty on Increase/(Decrease) on Inventory	1.39	12.25
Miscellaneous Expenses	17,16.75	29,95.62
CSR Expenditure (Refer note 35)	31.66	1,20.69
Fair value loss on financial instruments at fair value through Profit or Loss	19,74.94	(8,62.28)
Total	477,84.14	572,06.09
Payment to Statutory Auditors		
As Auditor	12.00	12.00
For Other Services	16.57	7.85
For Reimbursement of Expenses	0.55	2.08
	29.12	21.93

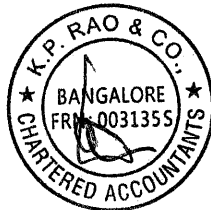




NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

27 Distributions made and Proposed

	Rs Lakhs	
	<u>31-Mar-17</u>	<u>31-Mar-16</u>
Cash dividends on Equity shares declared and paid		
Dividend for the year ended 31.3.2016 of Re. Nil, (31.3.2015 - Re. 0.60) per fully paid share	-	711.09
Dividend distribution tax on final dividend	-	144.76
Dividends not recognized at the end of the reporting period		
The directors have recommended the payment of a final dividend of Re. 0.50 per fully paid equity share (31.3.2016 -NIL). This proposed dividend is subject to the approval of the shareholders in the ensuing annual general meeting	592.58	-
Dividend distribution tax on proposed dividend	120.63	-

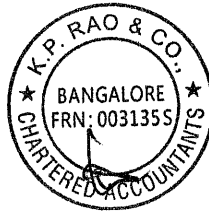




NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017
28 EARNINGS PER SHARE

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

Particulars	Year ended 31.3.2017	Year ended 31.3.2016
Profit/(Loss) after taxation as per statement of Profit and Loss attributable to equity shareholders (INR in lacs)	19,41.47	(240,12.87)
Weighted average number of equity shares outstanding	118,515,150	118,515,150
Basic and Diluted earnings per share in INR (face value INR 10 per share)	1.64	(20.26)





NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

29 The amount due to Micro, Small and Medium Enterprises as on 31.3.2017 is Nil (Nil).

30A Leases

Finance Lease — as Lessee

The company has entered into following finance leases

1. The Company has acquired some vehicles on finance lease.
2. Lease rentals are charged on the basis of agreed terms.
3. Assets are taken on lease over a period of 3/5 years.

Disclosure under Finance Lease as Lessee:

(Rs in lakhs)

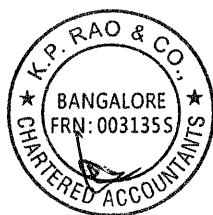
	Minimum Lease Payments			Future Interest on Outstanding			Present Value of Minimum Lease Payments		
	Year ended 31 March, 2017	Year ended 31 March, 2016	Year ended 31 March, 2015	Year ended 31 March, 2017	Year ended 31 March, 2016	Year ended 31 March, 2015	Year ended 31 March, 2017	Year ended 31 March, 2016	Year ended 31 March, 2015
- Within one year	-	3.71	28.48	-	0.05	2.36	-	3.66	26.12
- After one year but not more than five years	-	-	3.71	-	-	0.05	-	-	3.66
- More than five years	-	-	-	-	-	-	-	-	-
Total	-	3.71	32.19	-	0.05	2.41	-	3.66	29.78

30B Contingent Liabilities

Particulars	As at 31.3.2017	As at 31.3.2016	As at 31.3.2015
a. Outstanding Bank Guarantees	23,06.89	6,94.68	7,37.83
b. Claims against the Company not acknowledged as debt			
i) Disputed Customs Duty liability under appeal by Company before CESTAT	90.60	90.60	90.60
ii) Disputed Income-Tax liability	4,69.88	4,27.77	4,27.77
iii) Bonus for 2014-15 pursuant to amendment to Payment of Bonus Act, 1965	6.03	6.03	-

30C Capital and Other Commitments

Estimated amount of contracts remaining to be executed on Capital Account not provided for	30,72.16	7,98.79	40,62.30
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31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that is derived from its operations. The Company also holds investments. The Company enters into derivative transactions. The Company is exposed to market risk, credit risk and liquidity risk. The Company manages market risk through a treasury department which evaluates and exercises control over the entire process of market risk management. The Board of Directors provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

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 and derivative financial instruments.

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

The sensitivity analysis have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant.

The analysis 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

The sensitivity analysis is prepared on the assumption that 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.

a. Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Interest Rate Sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected.

With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows
Rs in Lakhs

Particulars	Increase/ Decrease in Basis Points	Effect on Profit Before Tax	
		2016-17	2015-16
INR Borrowings	+50	28.45	58.03
Euro Borrowings	+50	6.22	5.32
INR Borrowings	-50	(28.45)	(58.03)
Euro Borrowings	-50	(6.22)	(5.32)

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

b. Foreign currency risk

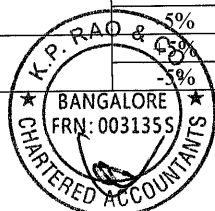
Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates.

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in exchange rates, 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 including non-designated foreign currency derivatives.

Rs Lakhs

Particulars	Change in foreign currency	Effect on profit before tax	
		2016-17	2015-16
USD	+5%	737.82	2,088.60
	-5%	(737.82)	(2,088.60)
Euro	+5%	62.32	53.37
	-5%	(62.32)	(53.37)





NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

c) Commodity price risk

The Company's operating activities require the ongoing purchase of naphtha and furnace oil. Naphtha and furnace oil being an international commodity is subject to price fluctuation on account of the change in the crude oil prices, demand supply pattern of naphtha and furnace oil and exchange rate fluctuations. The Company is generally not affected by the price volatility of naphtha and furnace oil as per the extant urea pricing policies.

Credit risk

Credit risk arises from the possibility that the counterparty may not be able to settle their obligations as agreed, under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade receivables

The Company extends credit to customers in the normal course of business. The Company considers factors such as credit track record in the market and past dealings for extending credit to customers. The Company monitors the track record of the payments by the customers and the receivables are regularly monitored. The Company evaluates the concentration of risk with respect to trade receivables as low, since the customer base is large and located in several jurisdictions and operate in largely independent markets. The Company has also taken security deposits from its customers, which mitigate the credit risk to some extent.

Concession (Subsidy) receivables

The concession receivable classified under other financial assets is receivable from the Government of India in the form of subsidy. By sovereign nature credit risk is not perceived.

Financial instruments and cash deposits

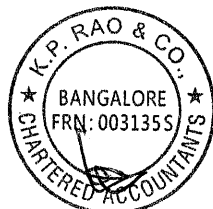
Credit risk from balances with banks and financial institutions is managed by the Company's treasury department under directions by the board of directors of the Company. The Company does not maintain the significant amount of cash and deposits other than those required for its day to day operations.

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 relies on a mix of borrowings and excess operating cash flows to meet its needs for funds. The current committed lines of credit are sufficient to meet its short to medium/ long term expansion needs. The Company monitors rolling forecasts of its liquidity position (comprising the undrawn borrowing facilities) and cash and cash equivalents on the basis of expected cash flows.

The maturity profile of the Company's financial liabilities based on contractual undiscounted payments

					Rs Lakhs
	Less than 1 year	1-3 years	3-5 years	> 5 years	Total
As at 31 March 2017					
Borrowings	110,121.42	6,099.82	2,764.94	1,094.67	120,080.85
Trade payables	44,829.41	-	-	-	44,829.41
Other financial liabilities	10,822.01	-	-	-	10,822.01
Derivatives and embedded derivatives	1,010.46	586.09	134.87	-	1,731.42
	<u>166,783.30</u>	<u>6,685.91</u>	<u>2,899.81</u>	<u>1,094.67</u>	<u>177,463.69</u>
As at 31 March 2016					
Borrowings	125,836.04	8,085.73	3,201.46	1,395.56	138,518.79
Trade payables	52,304.66	-	-	-	52,304.66
Other financial liabilities	8,383.21	-	-	-	8,383.21
Derivatives and embedded derivatives	815.66	787.39	368.44	9.32	1,980.81
	<u>187,339.57</u>	<u>8,873.12</u>	<u>3,569.90</u>	<u>1,404.88</u>	<u>201,187.47</u>
As at 1 April 2015					
Borrowings	91,377.23	15,062.47	-	1,869.56	108,309.26
Trade payables	50,265.09	-	-	-	50,265.09
Other financial liabilities	6,203.29	-	-	-	6,203.29
Derivatives and embedded derivatives	642.76	989.53	586.09	134.87	2,353.25
	<u>148,488.37</u>	<u>16,052.00</u>	<u>586.09</u>	<u>2,004.43</u>	<u>167,130.89</u>



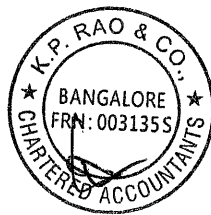


NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017
32 CAPITAL MANAGEMENT

The Company aim to manage its capital effeciently so as to safeguard its ability to continue as a going concern and to maximise returns to the shareholders.

The capital structure of the company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day to day needs. The amount of capital is considered in proportion to risk and manage the capital structure in light of the changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business. The Company will take appropriate steps in order to maintain, or if necessary adjust, its capital structure.





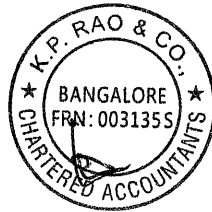
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

33 DISCLOSURE IN RESPECT OF SPECIFIED BANK NOTES HELD AND TRANSACTED

Particulars	Specified Bank Notes(SBNs)	Other denomination notes & Coins	Total
Closing cash in hand as on 08.11.2016	251,000	73,346	309,346
(+) Permitted receipts	-		
(-) Permitted payments	-		
(-) Amount deposited in Banks	251,000		
Closing cash in hand as on 30.12.2016	-		

Specified Bank Notes is defined as Bank Notes of denominations of the existing series of the value of five hundred rupees and one thousand rupees.

The disclosures with respects to 'Permitted Receipts', 'Permitted Payments', 'Amount Deposited in Banks' and 'Closing Cash in Hand as on 30.12.2016' is understood to be applicable in case of SBNs only.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

**34 POST EMPLOYMENT BENEFIT PLAN
 GRATUITY**

The employees' gratuity fund scheme managed by Life Insurance Corporation of India is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method.

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

Amount recognized in the Balance sheet

Particulars	Rs in Lakhs		
	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Present value of plan liabilities	1,950.84	1,993.11	1,734.86
Fair value of plan assets	435.13	476.58	376.33
Deficit / (Surplus) of funded plans	1515.71	1516.53	1358.53
Unfunded plans	-	-	-
Net plan liability / (asset)	1,515.71	1,516.53	1,358.53

Amount recognized in the Statement of Profit and Loss as employee benefit expenses

Particulars	Rs in Lakhs	
	Year ended 31.3.2017	Year ended 31.3.2016
Current Service Cost	101.50	81.18
Past Service Cost	-	31.66
Net Interest Cost	119.72	104.02
Net impact on the Profit / (Loss)	221.22	216.86

Amount recognised in Other Comprehensive Income

Particulars	Rs in Lakhs	
	Year ended 31.3.2017	Year ended 31.3.2016
Actuarial (gain)/ loss on obligations	(10.88)	270.96
Return on plan assets (excluding amounts included in net interest expense)	(5.39)	(29.82)
Net (gain) / loss recognized in Other comprehensive income	(16.27)	241.14

Changes in the present value of the defined benefit obligation

Particulars	Year ended 31.3.2017	Year ended 31.3.2016
Opening defined obligation (Opening)	1,993.10	1,734.86
Current service cost	101.50	81.18
Interest cost	157.34	120.20
Actuarial (gain)/ loss	(10.88)	270.95
Past Service Cost	-	31.66
Benefits paid	(290.23)	(245.75)
Defined benefit obligation (Closing)	1,950.83	1,993.10

Changes in the fair value of plan assets

Particulars	2016-17	2015-16
Fair value of plan assets (Opening)	476.58	376.33
Interest on plan asset	37.62	16.18
Remeasurement	-	-
Expected Return on plan asset	5.39	29.82
Actuarial (gain)/ loss	-	-
Contribution by Employer	205.77	300.00
Benefits paid	(290.23)	(245.75)
Closing fair value of plan assets	435.13	476.58

Particulars	2016-17	2015-16
Investment with insurer (Life Insurance Corporation of India)	435.13	476.58



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

The principal assumptions used in determining obligation for the Company's plans

Particulars	Gratuity	
	31-Mar-17	31-Mar-16
Discount rate (in %)	7.50%	7.90%
Salary Escalation (in %)	9% for first 2 and 7.5% thereafter	9% for first 2 and 7.5% thereafter

A quantitative sensitivity analysis for significant assumptions is as shown below

Assumptions	31-Mar-17	31-Mar-17	31-Mar-17	31-Mar-17	31-Mar-17	31-Mar-17	31-Mar-17	31-Mar-17
	Discount rate		Future salary increases		Attrition rate		Mortality rate	
Sensitivity Level	(-/+ 0.5%) increase	(-/+ 0.5%) decrease	(-/+ 0.5%) increase	(-/+ 0.5%) decrease	(-/+ 0.5%) increase	(-/+ 0.5%) decrease	(-/+ 0.5%) increase	(-/+ 0.5%) decrease
Impact on defined benefit obligation	INR Lacs 18,94.55	INR Lacs 20,11.22	INR Lacs 20,10.60	INR Lacs 18,94.62	INR Lacs 19,49.67	INR Lacs 19,52.04	INR Lacs 19,50.81	INR Lacs 19,50.87

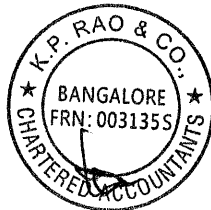
Assumptions	31-Mar-16	31-Mar-16	31-Mar-16	31-Mar-16	31-Mar-16	31-Mar-16	31-Mar-16	31-Mar-16
	Discount rate		Future salary increases		Attrition rate		Mortality rate	
Sensitivity Level	(-/+ 0.5%) increase	(-/+ 0.5%) decrease	(-/+ 0.5%) increase	(-/+ 0.5%) decrease	(-/+ 0.5%) increase	(-/+ 0.5%) decrease	(-/+ 0.5%) increase	(-/+ 0.5%) decrease
Impact on defined benefit obligation	INR Lacs 19,56.23	INR Lacs 20,31.77	INR Lacs 20,31.37	INR Lacs 19,56.03	INR Lacs 19,93.90	INR Lacs 19,90.26	INR Lacs 19,93.14	INR Lacs 19,93.06

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

	31-Mar-17	31-Mar-16
Within the next 12 months (next annual reporting period)	441.06	607.94
Between 2 and 5 years	1,032.61	1,212.96
Between 5 and 10 years	621.30	583.86
Beyond 10 years	1,591.35	536.45
Total expected payments	3,686.32	2,941.21

The average duration of the defined benefit plan obligation at the end of the reporting period is 6 years (31 March 2016: 3.78 years).





NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

35 Disclosure relating to Corporate Social Responsibility (CSR) Expenditure

In light of section 135 of the Companies Act 2013, the Company has incurred expenses on Corporate Social Responsibility (CSR) aggregating to Rs. 31.66 lakhs for CSR activities carried out during the current year.

(Rs in lakhs)

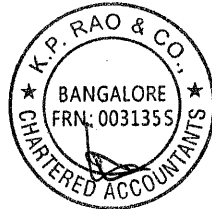
	<u>2016-17</u>	<u>2015-16</u>
Promotion of Education	9.20	79.46
Sanitation and Drinking Water	7.41	31.59
Health care	5.05	9.64
Promotion of Art and Culture, Education, Sports and Upliftment of Society	10.00	
Total	<u>31.66</u>	<u>120.69</u>

Note on CSR activities

a. Gross amount required to be spent by the Company during the year : Rs.43.20 Lakhs

b. Amount spent during the year - Rs.31.66 lakhs on:

	In cash	Yet to be paid in cash	Total
(i) Construction / Acquisition of any Asset	-	-	-
(ii) On purposes other than (i) above	23.17	8.49	31.66





NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017
36 RELATED PARTY DISCLOSURES

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

Nature of Relationship	Name of the related party
Ultimate Holding Company	Zuari Agro Chemicals Limited
Holding Company	Zuari Fertilizers & Chemicals Limited*
Common control	Paradeep Phosphates Limited

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

Nature of Relationship	Name of the related party
Key Management Personnel	Arun Duggal, Chairman N. Suresh Krishnan, Managing Director** K. Prabhakar Rao, Whole-time Director Deepak Anand, Managing Director**

* Zuari Fertilizers & Chemicals Limited became holding company w.e.f. 18.05.2015, which is wholly owned subsidiary of Zuari Agro Chemicals Limited.

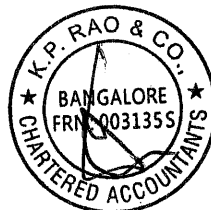
**Mr. Deepak Anand was Managing Director until 31.12.2015. Mr. N Suresh Krishnan was appointed as Managing Director w.e.f.01.01.2016.

B) Details of Post Employment Benefit Plans managed through separate trusts

MCF Ltd Employees Gratuity Fund Trust
MCF Ltd Employees Superannuation Trust

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

Particulars	2016-17				2015-16			
	Holding Company	Common control	Key Management Personnel	Others	Holding Company	Common control	Key Management Personnel	Others
Purchase of Goods	136,41.64	84,26.86			261,08.39	-	-	
Sale of Goods	44,76.84				2,94.36		-	
Interest Payable	14,58.96	14.39			20,87.93		-	
Interest Receivable	8,41.11				4,04.79		-	
Rendering of Services					3.71		-	
Payments made on our behalf	21.37	3,50.67			49.35		-	
Payments made on their behalf	17.37	0.07			9.64		-	
Reimbursement of expenses			24.00					
Managerial Remuneration					-			
Short-term employee benefits			77.23				64.88	
Post employment benefits			9.62				8.75	
Contribution to Gratuity Fund				2,10.00				3,07.00
Contribution to Superannuation Fund				84.37				69.51
Closing Balance - (Credit)/Debit	(8,147.04)	(8,774.70)			(213,94.13)	-	-	-





NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

37 FAIR VALUES

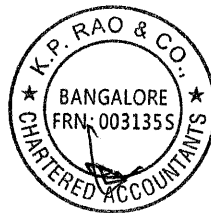
The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The carrying amounts and fair value of the Company's financial instruments are set out below

	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 (at amortised cost)						
Security deposits	6,30.05	6,61.51	6,45.12	6,30.05	6,61.51	6,45.12
Total	6,30.05	6,61.51	6,45.12	6,30.05	6,61.51	6,45.12
Financial liabilities						
Borrowings (at amortised costs)						
Term loans - Secured	99,57.50	101,69.97	108,60.89	99,57.50	101,69.97	108,60.89
Term loans - Unsecured	-	22,58.87	75,71.83	-	22,58.87	75,71.83
Long Term maturities of Lease obligations	-	-	3.66	-	-	3.66
Other financial liabilities (at amortised costs)						
Security deposit	28,33.03	33,39.38	30,59.36	28,33.03	33,39.38	30,59.36
Total	127,90.53	157,68.22	214,95.74	127,90.53	157,68.22	214,95.74

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.

A provision for impairment in the value of investment in the preference share capital of Rs.20000 lakhs in Bangalore Beverages Ltd was made during the year 2015-16





NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017
38 FAIR VALUE HIERARCHY

The fair value measurement hierarchy of the Company's assets and liabilities is provided as under

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

Rs in lakhs

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)	
Fair value of assets measured at amortised cost					
Security Deposits	31.03.2017	6,30.05	-	6,30.05	-

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

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

Rs in lakhs

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)	
Fair value of liabilities measured at amortised cost					
Borrowings					
Term loans - Secured	31.03.2017	99,57.50	-	99,57.50	-
Other financial liabilities					
Security deposit	31.03.2017	28,33.03	-	28,33.03	-
Fair value through Profit or Loss					
Derivatives not designated as hedges	31.03.2017	33,15.81	-	33,15.81	-

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

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

Rs in lakhs

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)	
Fair value of assets measured at amortised cost					
Security Deposits	31.03.2016	6,61.51	-	6,61.51	-

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

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

Rs in lakhs

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)	
Fair value of liabilities measured at amortised cost					
Borrowings					
Term loans - Secured	31.03.2016	101,69.97	-	101,69.97	-
Term loans - Unsecured	31.03.2016	22,58.87	-	22,58.87	-
Other financial liabilities					
Security deposit	31.03.2016	33,39.38	-	33,39.38	-
Fair value through Profit or Loss					
Derivatives not designated as hedges	31.03.2016	13,10.37	-	13,10.37	-

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





NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

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

Rs in lakhs

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)	
Fair value of assets measured at amortised cost					
Security Deposits	31.03.2015	6,45.12	-	6,45.12	-

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

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

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)	
Fair value of liabilities measured at amortised cost					
Borrowings					
Term loans - Secured	31.03.2015	108,60.89		108,60.89	
Term loans - Unsecured	31.03.2015	75,71.83		75,71.83	
Long Term maturities of Lease obligations	31.03.2015	3.66		3.66	
Other financial liabilities					
Security deposit	31.03.2015	30,59.36	-	30,59.36	-
Fair value through Profit or Loss					
Derivatives not designated as hedges	31.03.2015	21,72.65	-	21,72.65	

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



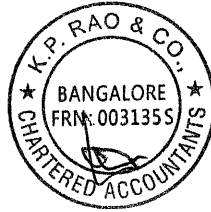


NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

39 Exceptional Items

Based on the directions of the Audit Committee, M/s Ernst & Young LLP were engaged to carry out forensic investigation in relation to all the transactions with United Breweries Holdings Ltd [UBHL] and its group companies [UB Group]. M/s Ernst & Young LLP submitted its report stating that investment in Bangalore Beverages Limited (BBL) by way of subscription to its preference shares and advances made by the Company to UBHL might have involved irregularities and elements of mismanagement.

The Company has provided as an exceptional item the outstanding advances of Rs. 16.68 Crore from UBHL and as an extraordinary item the investment of Rs. 200 Crore in BBL as at March 31, 2016 in the financial statements for the year ended March 31, 2016 in view of the uncertainty of recoverability.





NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017
40 First Time Adoption of Ind AS

Note No. - First-time adoption of Ind-AS

These are the Company's first financial statements prepared in accordance with Ind-AS.

The Company has adopted Indian Accounting Standards (Ind AS) notified by the Ministry of Corporate Affairs with effect from 1st April 2016, with a transition date of 1st April, 2015. Ind AS 101 - First-time Adoption of Indian Accounting Standards requires that all Ind AS standards and interpretations that are issued and effective for the first Ind AS financial statements which is for the year ended 31st March 2017 for the Company, be applied retrospectively and consistently for all financial years presented. Consequently, in preparing these Ind AS financial statements, the Company has availed certain exemptions complied with the mandatory exceptions provided in Ind AS 101, as explained below. The resulting difference in the carrying values of the assets and liabilities as at the transition date between the Ind AS and Previous GAAP have been recognized directly in equity (retained earnings or another appropriate category of equity).

Set out below are the Ind AS 101 optional exemption availed as applicable in the transition from Previous GAAP to Ind AS.

Deemed cost-Previous GAAP carrying amount (PPE and Intangible) para D7 of IND AS 101

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.

A.1 Effect of Ind AS adoption for Balance Sheet

Following reconciliations along with explanations for the GAAP adjustments needs to inserted:

- (i) Reconciliation of equity as at 1 April 2015 (date of transition to Ind AS)**
- (ii) Reconciliation of equity as at 31 March 2016**
- (iii) Reconciliation of profit and loss for year ended 31 March 2016**



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017
40 FIRST TIME ADOPTION OF IND AS

Reconciliation of Equity

Particulars	Notes	As at 31/3/2016 (end of last period presented under previous GAAP)	As at 01/04/2015 (Date of Transition)
Equity as reported under previous GAAP		30,106.26	54,142.30
Ind AS: Adjustments Increase /(Decrease):			
Opening adjustment to retained earnings		(519.39)	
Adjustment for proposed dividend	1	(855.85)	855.85
Finance costs	2	(853.74)	1,628.89
Marked to market Gain/ (Loss) on derivatives	3	641.03	(1,321.64)
Deferred tax on revaluation reserve	7	69.11	(1,517.23)
Effect of spares capitalised as PPE	5	24.41	(161.69)
Provision for cash discount on estimation basis	4	(23.57)	(3.57)
Others		8.25	-
Equity as reported under IND AS		28,596.51	53,622.91

Reconciliation of Profit

PARTICULARS	Notes	Year ended 31/3/2016 (latest period presented under previous GAAP)
Profit / (Loss) as per Previous GAAP		(24,012.09)
Ind AS: Adjustments increase (decrease):		
Finance costs	2	(853.74)
Marked to Market Gain/ (Loss) on derivatives	3	641.03
Remeasurement of defined benefit obligation recognised in other comprehensive income under Ind AS	6	157.68
Provision for Cash Discount on estimation basis	4	(23.57)
Effect of Spares Capitalised as PPE	5	24.41
Others		(15.70)
Deferred Tax on Revaluation	7	69.11
Total adjustment to Profit or Loss		(0.78)
Profit or Loss under Ind AS		(24,012.87)
Other Comprehensive Income		(157.68)
Total Comprehensive Income under Ind AS		(24,170.55)

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

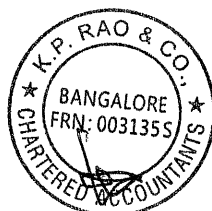
Footnotes to the reconciliation of equity as at 1 April 2015 and 31 March 2016 and profit or loss for the year ended 31 March 2016

1. Proposed dividend

Under the previous GAAP, entities are required to make a provision for the proposed dividends, even if they are proposed/declared after the balance sheet date. Under Ind AS, if dividends to holders of equity instruments are proposed or declared after the balance sheet date, the entity should not recognise those dividends as a liability at the balance sheet date.

2. Finance costs

Under the previous GAAP, these transaction costs were charged to the profit and loss as and when incurred. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability and charged to profit or loss using the effective interest method. Hence at the date of transition to Ind AS, the unamortized portion of the transaction costs was adjusted with borrowings and the excess of finance costs amounting to Rs. 1628.89 lakhs due to effective interest method was recognised against retained earnings. For the year ended on 31 March 2016, increase/ decrease in finance costs was charged in the statement of profit and loss Rs 853.74 lakhs.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

3. Marked to market gain/ (loss) on derivatives

The Company has taken foreign currency loans with floating rate/fixed rate of interest towards acquisition of PPE. It has also taken Cross Currency Interest Rate Swap (CCIRS) to hedge the foreign currency risk and the interest rate risk. Under previous GAAP, the foreign currency loan is treated as INR Loan and interest is accrued at fixed rate of interest on INR Loan. The loan is not restated at each balance sheet date. In relation to CCIRS, the difference between forward rate and spot rate at inception of forward exchange contract (i.e. premium) is amortised over the life of the CCIRS.

Under Ind AS, foreign currency loan needs to be restated at each balance sheet date and the resulting gain/loss shall be recognised in the income statement. Further, marked to market (MTM) valuation of CCIRS is required at each balance sheet date and the resulting gain/loss shall be recognised in income statement by recognising corresponding Derivative Asset/Liability.

4. Provision for cash discount

Under the previous GAAP, cash discount extended to the dealers for making early payment is charged as an expense under the head "Rebates" and the Company records such discount on actual basis i.e. as and when customer claims the discount by way of credit note. However, under Ind AS, the company should estimate the amount of cash discount using the expected value method.

5. Spares

As per the requirements of Ind-AS items such as spare parts, stand-by equipment and servicing equipment are capitalized when they meet the definition of PPE, i.e., if the company intends to use these during more than a period of 12 months. The company has capitalised such items of spares as fixed asset which are intended to be used for more than 12 months and provided depreciation on the same.

6. Remeasurement of defined benefit obligation recognised in Other Comprehensive Income (OCI)

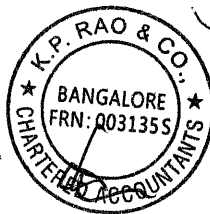
Both under the previous GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under previous GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, remeasurements [comprising of actuarial 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 reduced and remeasurement gains/ losses on defined benefit plans has been recognized in the OCI.

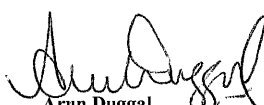
7. Deferred taxes


Previous 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. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under previous GAAP.

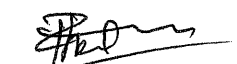
In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the Company has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity. On the date of transition, the Company has recognised incremental deferred tax asset with a corresponding credit to retained earnings, further during the year ending 31 March 2016, there has been a decrease in net profit owing to increase in deferred tax expense. Further income tax pertaining to earlier years recognised for the period ending 31 March 2016 have been adjusted from retained earnings as on 1 April 2015.

For **K. P. Rao & Co.**
Chartered Accountants
Firm Regn. No. 003135S




Arun Duggal
Chairman


N. Suresh Krishnan
Managing Director


K. Prabhakar Rao
Director - Works


Desmond J Rebello
Partner
Membership No.015140


Vijaya Mahantesh Khannur
Company Secretary


T.M. Muralidharan
Vice President - Finance

Gurugram
May 18, 2017