

**Review Report to  
The Board of Directors  
Zuari Agro Chemicals Limited**

We have reviewed the accompanying statement of unaudited financial results of Zuari Agro Chemicals Limited ('the Company') for the quarter ended December 31, 2016 and year to date from April 01, 2016 to December 31, 2016 (the "Statement") attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.

This Statement is the responsibility of the Company's management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with recognition and measurement principles laid down in the applicable Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016, including the manner in which it is to be disclosed, or that it contains any material misstatement.

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



per Anil Gupta  
Partner  
Membership No.: 87921

Place: New Delhi  
Date: January 27, 2017



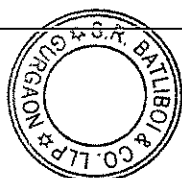
**ZUARI AGRO CHEMICALS LIMITED**

Regd. Office: Jai Kisaan Bhawan, Zuarinagar, Goa 403 726, CIN – L65910GA2009PLC006177

**STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER /  
PERIOD ENDED 31<sup>ST</sup> DECEMBER 2016**

(Rs. In Crores)

	Particulars	3 months ended	3 months ended	3 months ended	9 months ended	9 months ended
		31.12.2016	31.12.2015	30.09.2016	31.12.2016	31.12.2015
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
<b>1</b>	<b>Income from Operations</b>					
	(a) Net Sales/Income from Operations	949.80	1114.54	1054.58	2984.09	4014.82
	(b) Other Operating Income	0.05	0.82	0.10	0.63	2.38
	<b>Total Income from Operations (net)</b>	<b>949.85</b>	<b>1115.36</b>	<b>1054.68</b>	<b>2984.72</b>	<b>4017.20</b>
<b>2</b>	<b>Expenses</b>					
	a) Cost of Materials Consumed	462.97	550.24	362.24	1284.31	1985.28
	b) Purchase of Stock-in-trade	165.98	205.81	253.54	952.02	1589.21
	c) Changes in inventories of finished goods, work-in progress and stock-in-trade	12.89	105.77	156.25	(70.33)	(450.35)
	d) Employee benefit expense	20.61	21.58	21.03	62.41	64.66
	e) Depreciation and amortization expense	8.61	6.66	8.57	25.78	21.06
	f) Power, Fuel & Water	58.16	62.70	52.08	157.27	235.38
	g) Excise Duty	4.06	3.73	2.81	10.58	12.79
	h) Other expenses	140.64	125.72	122.39	372.55	420.92
	<b>Total expenses</b>	<b>873.92</b>	<b>1082.21</b>	<b>978.91</b>	<b>2794.59</b>	<b>3878.95</b>
3	Profit from Operations before other income, finance costs and exceptional items (1-2)	75.93	33.15	75.77	190.13	138.25
4	Other Income	30.21	46.33	29.49	92.89	92.68
5	<b>Profit from Operations before finance costs and exceptional items (3+4)</b>	<b>106.14</b>	<b>79.48</b>	<b>105.26</b>	<b>283.02</b>	<b>230.93</b>
6	Finance costs	66.33	67.15	70.69	226.14	204.11
7	Profit from Operations after finance costs and before exceptional items (5+-6)	39.81	12.33	34.57	56.88	26.82
8	Exceptional item (expense) (Refer Note 9 below)	(5.37)	(11.61)	(13.63)	(62.87)	(24.03)
9	<b>Profit / (Loss) from Ordinary activities before tax (7+-8)</b>	<b>34.44</b>	<b>0.72</b>	<b>20.94</b>	<b>(5.99)</b>	<b>2.79</b>
10	Tax (expense)/ credit	(12.04)	(0.16)	(7.55)	1.73	(0.99)
11	<b>Profit / (Loss) from ordinary activities after tax(9+-10)</b>	<b>22.40</b>	<b>0.56</b>	<b>13.39</b>	<b>(4.26)</b>	<b>1.80</b>
12	Extraordinary items (net of tax expense)	-	-	-	-	-
	Other Comprehensive income / (expense) (net of tax)	(0.10)	0.42	0.29	(0.31)	1.27
13	<b>Net Profit / (Loss) for the period (11+-12)</b>	<b>22.30</b>	<b>0.98</b>	<b>13.68</b>	<b>(4.57)</b>	<b>3.07</b>
14	Paid-up Equity Share Capital (Face value Rs.10 per Share)	42.06	42.06	42.06	42.06	42.06
15	Earnings per share (of Rs. 10/- each) (not annualized):					
	(a) Basic (in Rs)	5.33	0.13	3.18	(1.01)	0.43
	(b) Diluted (in Rs)	5.33	0.13	3.18	(1.01)	0.43



Notes:

1. The results have prepared in accordance with the Indian Accounting ("Ind AS) prescribed under Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India. Beginning April 01, 2016 the Company has for the first time adopted Ind AS with transition date of April 01, 2015.
2. The results for the quarter ended December 31, 2016 have been prepared on the basis of notified concession prices for urea under New Urea Policy 2015, which are further adjusted for input price escalation/de-escalation, as estimated on the basis of prescribed norms.

The subsidy on Phosphatic and Potassic fertilizers has been accounted for as per concession price notified by the Government of India with effect from April 1, 2016.

3. Under the provision of Ind AS-108, the Company operates in a single segment of fertilizer operations and therefore separate segment disclosures have not been given.
4. Reconciliation between financial results previously reported under Indian GAAP and Ind AS for the quarter and nine months period ended December 31, 2015 is as under:

(Rs.in Crores)

Particulars	Quarter ended December, 2015	Period ended December, 2015
<b>Net Profit under previous Indian GAAP (after tax)</b>	<b>1.60</b>	<b>6.75</b>
Add / (Less)		
Re-measurement of Defined Benefit Plans recognized in Other Comprehensive Income (OCI)	(0.64)	(1.93)
Additional depreciation on account of Componentisation	(1.50)	(4.47)
Effect of spares capitalised as Property, plant and equipment	(0.41)	(1.89)
Mark to Market gain /(loss) on hedged foreign exchange exposure	0.39	(0.81)
Others	0.55	1.51
Tax Impact	0.57	2.64
<b>Net Profit for the period as per Ind AS (After tax) (A)</b>	<b>0.56</b>	<b>1.80</b>
<b>Other Comprehensive Income</b>		
Re-measurement of Defined Benefit Plans recognized in Other Comprehensive Income (OCI)	0.64	1.94
Tax Impact	(0.22)	(0.67)
<b>Other comprehensive income (After tax) (B)</b>	<b>0.42</b>	<b>1.27</b>
<b>Total Comprehensive income for the period under Ind AS (A+B)</b>	<b>0.98</b>	<b>3.07</b>

5. Tax expense/ credit is net/ inclusive of deferred tax effects, MAT Credit entitlement and tax adjustment for earlier years.



6. In respect of import of DAP in a previous year which did not meet the standards specified by Fertilizer Control Order, 1985, (FCO) based on its estimate, the Company accounted for claim of Rs. 27.13 crores (pending confirmation from the supplier) for loss suffered by it as the contract with the supplier provides that the Company has the right to claim entire amount as compensation from the supplier in the event it is found the goods are not conforming to FCO norms by laboratory authorized by Government of India. During the current quarter, the Company has received part payment of Rs. 1.30 crores from the supplier against the above claim. Further, the Company has during the current year entered into a memorandum of understanding with the supplier to recover the aforesaid claim amount. The Company has considered the aforesaid amount as fully recoverable.
7. There is a possibility that these quarterly financial results along with the provisional financial statements as of and for the year ended March 31, 2016 may require adjustment before constituting the final Ind AS financial statements as of and for the year ending March 31, 2017 due to changes in financial reporting requirements arising from new or revised standards or interpretations issued by MCA or changes in the use of one or more optional exemptions from full retrospective application of certain Ind AS as permitted under Ind AS 101.
8. During the previous year, the Board of Directors of the Company has approved the merger of its 100% subsidiaries Zuari Agri Sciences Ltd, Zuari Fertilisers and Chemicals Ltd and Zuari Speciality Fertilisers Ltd with the Company effective date being 01.04.2015, which is pending for necessary approvals from various authorities.
9. Exceptional items for the quarter ended September 30, 2016, December 31, 2016 and nine months period ended December 31, 2016 represent provision made towards rebates/price reduction claims on stock lying with distribution channel pertains to earlier year's sale, due to significant reduction in the prices of complex and potash fertilisers in the current and respective quarters.
10. In respect of Company's investment of Rs 119.43 crores in a rock phosphate mining project (which is under development) through MCA Phosphates Pte Limited, a joint venture company, the Company is not expecting any impairment loss based on a fair valuation of the said investment done by an independent valuer. The joint venture company has provided for diminution in the value of said investment (Company's share is Rs 61.89 crores), which the Company is not in agreement to since the same is not in accordance with the shareholders agreement with the joint venture company.
11. The auditors have conducted limited review of the financial results for the quarter ended December 31, 2016. The un-audited financial results have been recommended by the Audit Committee at its meeting held on January 27, 2017 and approved by the Board of Directors at its meeting held on January 27, 2017.
12. Previous period's figures have been regrouped wherever necessary.

For and on behalf of the Board of Directors



**Kapil Mehan**  
Managing Director  
DIN : 01215092

Date : January 27, 2017  
Place: Gurugram

