



V. SANKAR AIYAR & CO.
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Members of Zuari Fertilisers and Chemicals Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Zuari Fertilisers and Chemicals Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, 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.

Management's Responsibility for the Financial Statements

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

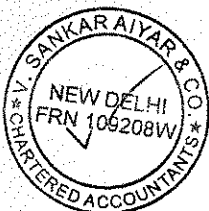
Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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 financial statements.



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

Opinion

In our opinion and to the best of our information and knowledge and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. 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 dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. There are no material pending litigations against the Company which could impact its financial position in its financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts and therefore the question of making provision for material losses in such contracts does not arise.
 - iii. There were no amounts, which were required to be transferred during the year to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in the paragraphs 3 and 4 of the said Order.

Place: New Delhi

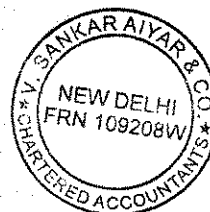
Dated:

7 05 2015

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

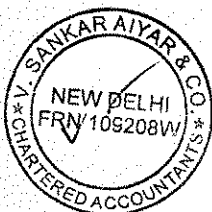
31-
V. Rethinam
(Partner)

Membership No. 010412



Annexure referred to in the Independent Auditors' Report to the members of Zuari Fertilisers and Chemicals Limited on the accounts for the year ended 31st March, 2015.

- i a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
b) The management has physically verified most of the fixed assets at the year end. Having regard to the size of the Company and nature of its assets the frequency of verification at the year end, in our opinion, is reasonable. According to the information and explanations given to us no material discrepancies were noticed on such verification.
- ii a) The management has conducted physical verification of inventory at the year end. Having regard to the size of the Company and nature of its operations the frequency of verification at the year end, in our opinion, is reasonable.
b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
c) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- iii The Company has not granted any loans during the year, secured or unsecured, to companies, firms or other parties required to be covered in the register maintained under section 189 of the Act. Therefore, the provisions of clause 3(iii) (a) & (b) of the Order are not applicable.
- iv In our opinion and according to the information and explanations given to us, there are reasonably adequate internal control systems, commensurate with the size of the Company and the nature of its business, for purchase of inventory and fixed assets and sale of services. During the course of our audit, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the internal control system.
- v The Company has not accepted deposits during the year from the public within the provisions of section 73 of the Act and the Rules framed there under.
- vi The Central Government has not prescribed maintenance of cost records under sub-section (1) of section 148 (1) of the Act in respect of Company's activities.
- vii a) According to the information and explanations given to us and on the basis of examination of the records of the Company, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Income-tax, Service tax, duty of customs, duty of excise, value added tax and any other statutory dues with the appropriate authorities. There were no arrears of undisputed statutory dues as at 31st March, 2015, which were outstanding for a period of more than six months from the date they became payable. We are informed that there is no liability towards sales tax, wealth tax, Employees' State Insurance and cess for the year under audit.
b) There are no disputed dues which have remained unpaid as on 31st March, 2015 on account of Income-tax, duty of customs, duty of excise, value added tax and Service tax.
c) According to the information and explanation given to us, the Company has no liability or requirement to transfer any amount to Investor Education & Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules thereunder.
- viii The Company have incurred accumulated losses at the end of the year which is more than fifty percent of its net worth. The Company has incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- ix Based on information and explanation given to us by the management, the Company has not defaulted in repayment of dues to a bank.
- x According to information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.




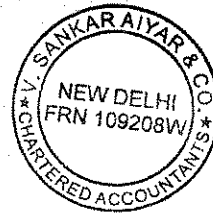
- xi Based on information and explanation given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- xii Based on the audit procedure performed and the representation obtained from the management, we report that no case of material fraud on or by the Company has been noticed or reported during the year under audit.

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

Place: New Delhi
Dated:

705 2015


V. Rethinam
(Partner)
Membership No. 010412



Zuari Fertilisers and Chemicals Limited
Balance Sheet as at 31 March, 2015

(Amount in Rupees)

	Notes	31 March, 2015	31 March, 2014
<u>EQUITY AND LIABILITIES</u>			
Shareholders' funds			
Share capital	3	15,35,00,000	15,35,00,000
Reserves and surplus	4	(36,25,97,258)	(12,45,48,088)
		<u>-20,90,97,258</u>	<u>2,89,51,912</u>
Non-current liabilities			
Long-term borrowings	5	2,17,23,25,000	41,78,00,000
		<u>2,17,23,25,000</u>	<u>41,78,00,000</u>
Current liabilities			
Short-term borrowings	7	17,12,00,000	-
Trade Payables	8	23,77,98,525	4,74,36,825
Other current liabilities	9	32,94,04,174	1,31,10,38,683
Short-term provisions	6	83,37,416	13,42,241
		<u>74,67,40,115</u>	<u>1,35,98,17,749</u>
Total		<u>2,70,99,67,857</u>	<u>1,80,65,69,661</u>
<u>ASSETS</u>			
Fixed assets			
Tangible assets	10	7,53,96,926	7,53,29,077
Intangible assets	10	-0.00	3,189
Capital work-in-progress	10A	68,19,24,946	42,40,42,337
Non-current investments	11	1,01,21,73,450	95,50,81,239
Long-term loans and advances	12	46,41,96,939	10,96,77,281
		<u>2,23,36,92,261</u>	<u>1,56,41,33,123</u>
Current assets			
Inventories	12A	18,31,82,566	-
Trade Receivable	12B	2,66,77,182	-
Cash and bank balances	13	5,35,25,245	61,05,966
Short-term loans and advances	12	20,93,87,598	23,63,30,572
Other current assets	14	35,03,005	-
		<u>47,62,75,596</u>	<u>24,24,36,538</u>
Total		<u>2,70,99,67,857</u>	<u>1,80,65,69,661</u>
Significant accounting policies	1		
Other notes forming part of the financial stat	2		

As per our report of even date

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

For and on behalf of the Board

Suresh Krishnan
(Suresh Krishnan)
Director

DIN: 00021965

Bijay Kumar Biswal
Bijay Kumar Biswal
Chief Financial Officer

Place: Gurgaon
Date: 07.05.2015

Naveen Kapoor
(Naveen Kapoor)
Director

DIN: 01680157

Swati R. Hegde
Swati R. Hegde
Company Secretary

V. Rethinam
V. Rethinam
Partner
M No.10412
Place: New Delhi
Date: 07.05.2015



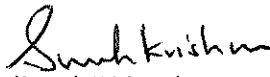
Zuari Fertilisers and Chemicals Limited
Statement of Profit and Loss for the year ended 31 March, 2015


	Notes	(Amount in Rupees)	
		31 March, 2015	31 March, 2014
Income			
Revenue from operations			
Engineering Consultancy		-	1,05,16,895
Less: Service Tax thereon		-	11,56,895
Other income	15	<u>6,25,63,588</u>	<u>5,94,74,847</u>
Total Revenue		<u>6,25,63,588</u>	<u>6,88,34,847</u>
Expenses			
Employee benefits expense	16	<u>3,35,71,262</u>	<u>2,52,92,305</u>
Other expenses	17	<u>8,09,73,399</u>	<u>1,43,44,758</u>
Total		<u>11,45,44,661</u>	<u>3,96,37,063</u>
Earnings before interest, tax, depreciation and amortization (EBITDA)		-5,19,81,073	2,91,97,784
Depreciation and amortization expense	18	<u>2,32,988</u>	<u>1,97,008</u>
Finance costs	19	<u>18,58,35,109</u>	<u>10,48,98,917</u>
Profit/(loss) for the year before tax		<u>(23,80,49,170)</u>	<u>(7,58,98,141)</u>
Tax expense			
Current tax		-	-
Deferred tax		-	-
Total tax expense		<u>-</u>	<u>-</u>
Profit/(Loss) for the year after tax carried to		<u>(23,80,49,170)</u>	<u>(7,58,98,141)</u>
Earnings per equity share (nominal value of share Rs. 10/-)			
(31 March, 2014 - Rs. 10/-) Basic & diluted			
		(15.51)	(14.12)

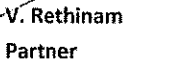
Significant accounting policies 1
Other notes forming part of the financial stat 2
As per our report of even date

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

For and on behalf of the Board



(Suresh Krishnan)
Director
DIN: 00021965

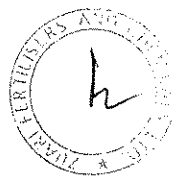
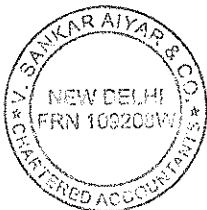

(Naveen Kapoor)
Director
DIN: 01680157


V. Rethinam
Partner
M No.10412
Place: New Delhi
Date: 07.05.2015


Bijay Kumar Biswal
Chief Financial Officer

Place: Gurgaon
Date: 07.05.2015


Swati R. Hegde
Company Secretary



Zuari Fertilisers and Chemicals Limited
Cash Flow Statement for the year ended 31 March, 2015

Particulars	(Amount in Rs.)	
	31 March, 2015	31 March, 2014
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit/(Loss) before tax & exceptional items	(23,80,49,170)	(7,58,98,141)
<u>Adjustment for :</u>		
Interest Income	(3,60,12,600)	(3,59,99,997)
Dividend Income	(2,33,66,144)	(2,33,66,144)
Interest Expense	18,58,35,109	10,48,98,917
Depreciation	2,32,988	1,97,008
Operating Profit/(Loss) before working Capital Changes	(11,13,59,817)	(3,01,68,357)
<u>Adjustment for changes in :</u>		
Increase/ (Decrease) in short Term Provisions	69,95,175	4,93,043
Increase/ (Decrease) in Trade payables	19,03,61,700	52,97,697
Increase/ (Decrease) in Other Current Liabilities	3,53,90,491	1,60,82,391
(Increase)/ Decrease in Long Term Loans and Advances	(35,90,65,786)	3,42,01,603
(Increase)/ Decrease in Trade Receivables	(2,66,77,182)	-
(Increase)/ Decrease in Inventory	(18,31,82,566)	-
(Increase)/ Decrease in Short Terms Loans and Advances	2,69,42,974	(3,65,78,658)
(Increase)/ Decrease in Other Current Assets	(35,03,005)	30,57,534
Direct taxes paid or adjustable (net of refund)	45,46,128	-
Net cash from operating activities	(41,95,51,888)	(76,14,747)
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets (including in-tangible assets)	(2,97,648)	(4,52,67,102)
Capital work in Progress	(25,78,82,609)	(33,46,39,807)
Purchase of Non Current Investments	(5,70,92,211)	(95,50,81,239)
Interest Income	3,60,12,600	3,59,99,997
Dividend Income	2,33,66,144	2,33,66,144
Net cash used in Investing activities	(25,58,93,724)	(1,27,56,22,007)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds /(Repayment) of Long-term Borrowings	2,01,45,25,000	1,44,06,00,000
Proceeds /(Repayment) of Long-term Borrowings	(1,27,70,25,000)	-
Proceeds /(Repayment) of Short Term Borrowings	17,12,00,000	(20,00,00,000)
Proceeds from Issue of Equity Shares	-	15,30,00,000
Interest expenses	(18,58,35,109)	(10,48,98,917)
Net cash used in financing activities	72,28,64,891	1,28,87,01,083
Net Changes in Cash and Cash equivalents during the year	4,74,19,279	54,64,329
Cash and Cash equivalents at the beginning of the year	61,05,966	6,41,637
Cash and Cash equivalents at the end of the year	5,35,25,245	61,05,966
Net Increase/(Decrease)	4,74,19,279	54,64,329

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

Cash at bank includes balance in escrow account of Rs.4,05,00,000 not available for free use.

As per our report of even date

For V.Sankar Aiyar & Co.

Chartered Accountants

FRN 109208 W

For and on behalf of the Board

Suresh Krishnan

(Suresh Krishnan)

Director

DIN: 00021965

Naveen Kapoor

(Naveen Kapoor)

Director

DIN: 01680157

V. Rethinam

(V. Rethinam)

Partner

M No.10412

Bijay Kumar Biswal

Bijay Kumar Biswal

Chief Financial Officer

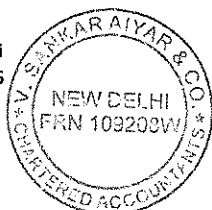
Swati R. Hegde

Swati R. Hegde

Company Secretary

Place: New Delhi

Date: 07.05.2015



Place: Gurgaon

Date: 07.05.2015



ZUARI FERTILISERS AND CHEMICALS LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

1. Significant accounting policies

a. Measurement of EBITDA

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

b. Basis of preparation

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the Notified Accounting Standards by Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 (to the extent notified). The financial statements have been prepared on a going concern basis and under the historical cost convention.

c. Use of estimates

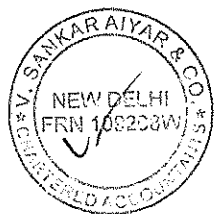
The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period.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

d. Tangible fixed assets

The Fixed assets of the company are stated at historical cost less accumulated depreciation. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

e. Depreciation on tangible fixed assets

- i) Assets are stated at cost of acquisition less accumulated depreciation. All significant costs incidental to the acquisition of assets are capitalized.
- ii) The company has revised its policy of providing depreciation w.e.f. 01.04.2014 in line with the requirement of part C of schedule II of the Companies Act, 2013. The Company continues to follow straight line method of depreciation. In respect of additions to Fixed Assets, depreciation is calculated on pro-rata basis from the date on which Asset is put to use.



ZUARI FERTILISERS AND CHEMICALS LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

f. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. They are amortized on useful economic life (three years) as advised in Part C of Schedule II to the Companies Act, 2013. All intangible assets are assessed for impairment whenever there is an indication that they may be impaired.

g. Revenue Recognition

Revenue from sale of goods, including concession in respect of SSP Fertilizers receivable from the Government of India under the New Pricing Scheme/Concession Scheme, 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.

Subsidy for Phosphatic and Potassic (P&K) fertilisers are recognized as per rates notified by the Government of India in accordance with Nutrient Based Subsidy Policy from time to time.

Insurance claims and receivable on account of interest from dealers on delayed payment are accounted for to the extent the Company is reasonably certain of their ultimate collection.

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

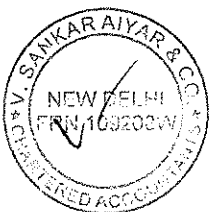
Dividend is recognized when the shareholders' right to receive payment is established by the balance sheet date.

h. Inventories

Raw materials, components, stores and spares are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, components and stores and spares is determined on a weighted average basis.

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

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



ZUARI FERTILISERS AND CHEMICALS LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

i. **Foreign currency translation**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction. The exchange differences are recognized as income or as expenses in the period in which they arise.

j. **Retirement and other employee benefits**

Retirement benefit in the form of provident fund is a defined contribution scheme. The contributions to the provident fund are charged to the statement of profit and loss for the year when the contributions are due. The company has no obligation, other than the contribution payable to the provident fund.

In respect of gratuity, earned leaves & sick leaves, a separate actuarial valuation is carried out. Actuarial gains and losses are recognized net of incurred during the period in which they occurred in the statement of profit and loss.

k. **Earnings per share**

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

l. **Provisions & Contingent Liabilities**

A provision is recognized when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Contingent liability are not recognized but disclosed in the note.

2. **Other Notes forming part of accounts**

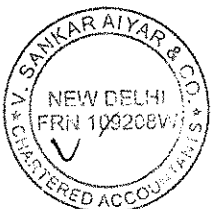
2.1 **Corporate Information**

Zuari Fertilisers and Chemicals Limited (the Company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. It was incorporated on 11th August 2009.

2.2 **Related party disclosures as per Accounting Standard 18**

- a) Holding Company : Zuari Agro Chemicals Limited
b) Fellow Subsidiary : Zuari Seeds Limited

Transactions with the above parties and closing balances as at March 31, 2015 are as per "Annexure – A"



ZUARI FERTILISERS AND CHEMICALS LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

2.3 Transactions in foreign currency

Nature of Transactions	Amount in Rs.	
	2014-15	2013-14
Subscription Expense	88,447	3,85,366
Travelling Expense	3,72,319	10,25,103
Total	4,60,766	14,10,469

2.4 Value of imports on CIF basis during the financial year are in respect of

Particulars	2014-15	2013-14
Raw Materials (Rock phosphate)	13,28,41,819	Nil

2.5 Imported and indigenous raw materials and components consumed during the financial year

Particulars	%	2014-15	%	2013-14
Raw Materials				
Imported	78.26%	11,75,02,604	-	Nil
Indigenous	21.74%	3,26,35,064	-	Nil
Components				
Indigenous	100%	11,18,307	-	Nil

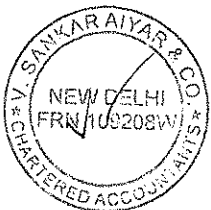
2.6 Basic and diluted earnings per share as per Accounting Standard – 20 (Amt. in Rs.)

S.No.	Particulars	31.03.2015 (23,80,49,170)	31.03.2014 (7,58,98,141)
a)	Profit / (Loss) for the year		
b)	Weighted average number of equity shares	153,50,000	153,50,000
c)	Face value of per share	10	10
d)	Basic and diluted earnings per share	(15.51)	(14.12)

2.7 Unhedged foreign currency exposures as at the Balance Sheet date

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

Particulars	As at March 31, 2015		As at March 31, 2014	
	In foreign Currency	In Rupees	In foreign Currency	In Rupees
Trade Payables	US\$ 25,36,503	15,84,29,925	Nil	Nil
Advances Recoverable	US\$54,05,615	33,76,34,683	Nil	Nil



ZUARI FERTILISERS AND CHEMICALS LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

2.8 The net worth of the Company is fully eroded as the accumulated loss of the Company as at the reporting date stands at Rs.36,25,97,258 as against the shareholder's fund of Rs.15,35,00,000. The Company has also incurred a net loss of Rs. 23,80,49,170 during the year. Further, based on the future profitability projections and financial support from the holding company, the management does not foresee any uncertainty relating to future outcome in terms of the negative networth turning positive. Considering the above, these financial statements have been drawn up on going concern assumption, which is appropriate in the opinion of the management.

2.9 Employee benefits (AS-15 Revised)

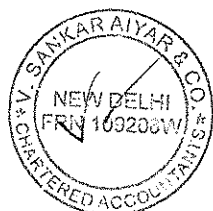
The Company has obtained valuation report from Actuary. The following data is given from report of the Actuary.

(i) Economic Assumptions:

Particulars	2014-15	2013-14
Discount Rate	8%	8%
Future salary increase	9%	6%

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

		Earned Leave		Gratuity		Sick leave	
		31-03-2014	31-03-2015	31-03-2014	31-03-2015	31-03-2014	31-03-2015
a)	Present value of obligation as at the beginning of the period	3,94,214	6,16,498	3,33,203	5,05,850		2,19,893
b)	Acquisition adjustment		--	--	--		--
c)	Interest cost	31,537	55,485	26,656	45,527		17,591
d)	Past service cost	--		--	--		
e)	Current service cost	2,95,231	15,31,980	2,39,918	9,97,836		4,15,259
f)	Curtailment cost/(Credit)	--	--	--	--		--
g)	Settlement cost/(Credit)	--	--	--	--		--
h)	Benefits paid	(36916)	(95590)	--	--		--
i)	Actuarial (gain)/loss on obligation	(67568)	22,05,662	(93927)	10,98,230		7,23,195
j)	Present value of obligation as at the end of period	6,16,498	43,14,035	5,05,850	26,47,443		13,75,938



ZUARI FERTILISERS AND CHEMICALS LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

		Earned Leave		Gratuity		Sick leave	
		31-03-2014	31-03-2015	31-03-2014	31-03-2015	31-03-2014	31-03-2015
a)	Current service cost	2,95,231	15,31,980	2,39,918	9,97,836		4,15,259
b)	Past service cost	--	--	--	--		
c)	Interest cost	31,537	55,485	26,656	45,527		17,591
d)	Expected return on plan assets	--	--	--	--		--
e)	Curtailement cost / (Credit)	--	--	--	--		--
f)	Settlement cost / (credit)	--	--	--	--		--
g)	Net actuarial (gain) / loss recognized in the period	(67568)	22,05,662	(93927)	10,98,230		7,23,195
h)	Expenses recognized in the statement of profit & losses	2,59,200	37,93,127	1,72,647	21,41,593		11,56,045

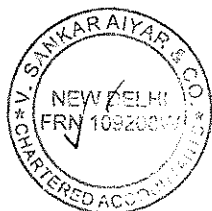
(iii) Details of Defined Contribution Plan in respect of the Group: (Amt. in Rs.)

	2014-15	2013-14
Contribution to Provident Fund	18,76,395	9,06,345
Contribution to Superannuation Fund	Nil	Nil
Contribution to Contributory pension fund	1,69,363	95,200
Total	20,45,758	10,01,545

2.10 Payment to Auditors as during the financial year

Particulars	2014-15	2013-14
Audit Fees	2,00,000	1,25,000
Tax Audit Fees	30,000	Nil
Certification	50,000	Nil
Total (refer note 17)	2,80,000	1,25,000
Certification – towards Independent Audit Report related to MCFL acquisition	2,00,000	Nil
Grand Total	4,80,000	1,25,000

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



Zuari Fertilisers and Chemicals Limited
Notes to financial statements for the year ended 31 March, 2015

(Amount in Rupees)

3. Share Capital	31 March, 2015	31 March, 2014
Authorised :		
2,00,00,000 Equity Shares of Rs. 10/- each	20,00,00,000	20,00,00,000
2,00,00,000 Preference Shares of Rs. 10/- each	20,00,00,000	20,00,00,000
	<u>40,00,00,000</u>	<u>40,00,00,000</u>
Issued		
1,53,50,000 Equity Shares of Rs.10/- each, fully paid-up	15,35,00,000	15,35,00,000
Subscribed and Paid-up		
1,53,50,000 Equity Shares of Rs.10/- each, fully paid-up	15,35,00,000	15,35,00,000
Total	<u>15,35,00,000</u>	<u>15,35,00,000</u>

a) Reconciliation of Shares Outstanding at the beginning and end of the reporting Period

Equity Shares	31 March, 2015		31 March, 2014	
	in Numbers	Rupees	in Numbers	Rupees
At the beginning of the year	1,53,50,000	15,35,00,000	50,000	5,00,000
Issued during the year	-	-	1,53,00,000	15,30,00,000
Outstanding at the end of the year	1,53,50,000	15,35,00,000	1,53,50,000	15,35,00,000

b) Terms/Rights attached to equity Shares

The Company have only one class of equity shares having a par value of Rs.10/- Share. Each share holder of equity shares is entitled to one vote per share.

c) Details of Share holders holding more than 5% of shares in the Company

Name of Shareholder	31 March, 2015		31 March, 2014	
	No. of Shares held	% Holding in Class	No. of Shares held	% Holding in Class
Zuari Agro Chemicals Ltd. (the Holding Company)	1,53,50,000	100	1,53,50,000	100

4. Reserves and Surplus

Surplus / (deficit) in the statement of Profit and Loss

	31 March, 2015	31 March, 2014
Balance as per Last Financial Statements		(12,45,48,088)
Net Profit/(Net Loss) for the current year		(23,80,49,170)
Total		<u>(36,25,97,258)</u>
		<u>(12,45,48,088)</u>

5. Long-Term Borrowings

	Non-current portion		Current maturities	
	31 March, 2015	31 March, 2014	31 March, 2015	31 March, 2014
Unsecured				
Inter Corporate Deposit from Zuari Agro Chemicals Ltd. (the Holding Company)	1,95,74,25,000	22,25,00,000	22,25,00,000	1,26,03,25,000
Secured				
Term Loan - Corporation Bank (By equitable mortgage of land at Mahad & hypothecation of plant, machinery and other movable assets)	21,49,00,000	19,53,00,000	5,00,00,000	2,92,00,000
Total	<u>2,17,23,25,000</u>	<u>41,78,00,000</u>	<u>27,25,00,000</u>	<u>1,28,95,25,000</u>

Terms: Inter Corporate Deposits

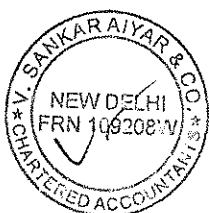
Interest - Rs.20.00 Crores, 96.36 Crores, 87.7325 Crores, 2.25 Crores, & Rs.11.65 Crores @ 12.25%, 9.25%, 11.25%, 12.00% & 14. % p.a. respectively

Maturity - 18 & 26 months current & non current respectively

Term Loan - Rs. 30.00 Crores (Sanctioned)

Interest @ 12% per annum

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



Zuari Fertilisers and Chemicals Limited
Notes to financial statements for the year ended 31 March, 2015

(Amount in Rupees)

6. Provisions	Non - Current		Current	
	31 March, 2015	31 March, 2014	31 March, 2015	31 March, 2014
Provision for employee benefits				
- Gratuity	-	-	26,47,443	5,05,850
- Leave benefits	-	-	43,14,035	6,16,498
- Sick Leaves	-	-	13,75,938	2,19,893
Total	-	-	83,37,416	13,42,241
7. Short-Term Borrowings		31 March, 2015		31 March, 2014
Secured				
Cash Credit - Canara Bank (Against hypothecation of inventories and book debts)		17,12,00,000		-
Total		17,12,00,000		-
8. Trade Payable		31 March, 2015		31 March, 2014
Trade payable		23,77,98,525		4,74,36,825
		23,77,98,525		4,74,36,825
9. Other Current Liabilities				
(a) Current maturities of long term borrowings		27,25,00,000		1,28,95,25,000
(b) Other Liabilities				
Interest accrued and due on borrowings		-		1,44,97,684
Statutory Dues		2,69,04,174		70,15,999
Penalty Payable to Competition Commission of India		3,00,00,000		-
Total		32,94,04,174		1,31,10,38,683
10. Fixed Assets				
See Annexure				
10A. Capital work in progress (At Cost)				
Particulars		31 March, 2015		31 March, 2014
Civil Construction		25,45,41,646		13,42,43,287
Engineering, Procurement & Construction Management (EPCM)		5,40,49,093		2,16,41,152
Plant & Machinery and supplies		23,12,59,066		15,03,61,309
Pre - operative Expenses				
- Consultancy	2,53,64,531		5,75,74,023	
- Consultancy Engineering	1,47,87,365		34,13,038	
- Travelling & conveyance	52,90,620		67,70,068	
- Communications	1,67,301		1,18,712	
- Interest	8,38,02,562		4,47,45,672	
- Trial run loss	2,65,545		-	
- Insurance	35,90,852		10,95,293	
- Rates & Taxes	33,69,193		17,87,516	
- Rent	4,86,800		10,80,277	
- Others	49,50,372	14,20,75,141	12,11,990	11,77,96,589
Total		68,19,24,946		42,40,42,337
10B. Trial Run Expenditure				
Raw Material Consumed:				
Purchases and expenses thereon	18,06,17,754		-	
Less: Closing Stock	3,02,12,423	15,04,05,331	-	
Stores & Consumables Consumed:				
Purchased	86,38,215		-	
Less: Closing Stock	21,91,698	64,46,517	-	
Labour Charges		1,18,24,079	-	
Electricity & Water		1,32,25,587	-	
Transportation Charges - Outbound		43,53,600	-	
Other Expenses		24,59,624	-	
Cost of Finished Materials Sold		18,87,14,738		-
Less:				
Sales - GSSP		2,42,29,920	-	
Subsidy		1,34,40,828	-	
Closing Stock - Semi Finished		9,37,40,212	-	
- Finished		5,70,38,233	18,84,49,193	
Net Trial run loss (carried to capital work in progress)			-2,65,545	-



Note:

The Company has been setting up a plant for manufacture of granulated single super phosphate (GSSP) with a capacity of 600 MTPD at Mahad, Maharashtra. On completion of the construction, trial run was started on 21st August, 2014. Due to serious technical and related issues, the plant could not achieve reasonable level of production. The Company had to carry out significant modifications to the plant and machinery over a period extending upto March'15. In the opinion of the management, without such extended modifications, the plant could not be considered as ready for commencement of commercial production. It is expected that plant would run near to or its rated capacity from the month of May'15. In the circumstance, the project has not been capitalized in the books of accounts and instead carried forward as capital work in progress. The trial run expenses and income has been shown in Note 10A.

11. Non-Current Investments	31 March, 2015	31 March, 2014
Non Trade - at cost		
Equity instruments - Quoted		
1,95,14,211 Equity shares of Rs.10/- each, fully paid up of Mangalore Chemicals and Fertilisers Limited (previous year 1,94,71,787)* see note below	1,01,21,73,450	95,50,81,239
Total	<u>1,01,21,73,450</u>	<u>95,50,81,239</u>
 *Market value of quoted investments	 1,72,50,56,252	 1,20,91,97,973

Note:

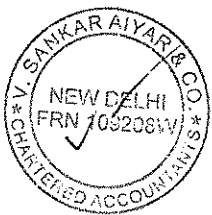
Keeping the strategic nature of investment held by the Company as on 31st March, 2014 (1,94,71,787 equity shares representing 16.42% of the equity share capital), the Company in agreement with UB Group, launched a competing open offer in May, 2014 as per SEBI (Substantial Acquisition of Shares and Takeover) Regulations. Under this open offer, which was completed in November, 2014, the Company acquired 42,424 equity shares only. In order to increase and consolidate its shareholding, the Company launched another open offer in December, 2014. The tendering period for this open offer commenced on 21st April, 2015 and will get completed by 20th May, 15. Under the regulations, the company is necessarily required to incur expenses in the nature of fee to SEBI, fee to Competition Commission of India, fee to Merchant bankers, mandatory advertisement etc. which are not left to the discretion of the acquirer. Hence, the expenditure aggregating to Rupees 5,35,75,261 relating to the first open offer has been treated as cost of investment. The expenses on the second open offer amounting to Rupees 3,97,76,048 is carried forward under loans and advances, pending adjustment on completion of the offer period.

12. Loans and Advances

	31 March, 2015		31 March, 2014	
	Non Current	Current	Non Current	Current
Unsecured, considered good				
Capital Advances	8,18,27,940	-	10,05,20,975	-
Security Deposit	4,74,790	25,000	1,26,700	50,000
Inter Corporate deposit - Mcdowells Holdings Limited - Purpose: Financial Assistance to the body Corporate - Interest @ 18% p.a. - due on 30 June, 2015	-	20,00,00,000	-	20,00,00,000
Income tax deducted at source - recoverable or adjustable	44,83,478	-	90,29,606	-
Other advances recoverable in cash or in kind:		93,62,598	-	3,62,80,572
Expenses on second open offer relating to acquisition of MCFL equity shares (See footnote under note 11)	3,97,76,048	-	-	-
Expenditure on proposed project at Ras-Al-Khaimah (pending adjustment) (See footnote)	33,76,34,683	-	-	-
Total	<u>46,41,96,939</u>	<u>20,93,87,598</u>	<u>10,96,77,281</u>	<u>23,63,30,572</u>

Note:

- (i) The Company is planning to set up a phosphatic fertilizer plant in Ras-Al-Khaimah (RAK) in United Arab Emirates in collaboration with Ras Al Khaimah Maritime City Free Zone Authority. Expenditure on consultancy and related expenditure amounting to Rs. 33,76,34,683/- have been shown under loans and advances, pending decision on issue of shares to the Company in the proposed Joint Venture project.
- (ii) Particulars of loans and investments required under section 186 (4) of the Companies Act, 2013 - see note 11 & 12 above.



Zuari Fertilisers and Chemicals Limited

Notes to financial statements for the year ended 31 March, 2015

(Amount in Rupees)

12A. Inventories (valued at lower of cost or net realizable value)

Closing Stock	31 March, 2015	31 March, 2014
- Raw Materials	3,02,12,423	-
- Stock in Process	9,37,40,212	-
- Finished Stock	5,70,38,233	-
- Stores & Consumables	21,91,698	-
	<u>18,31,82,566</u>	

12B. Trade Receivable

(Unsecured - Considered Good)

- Outstanding for a period exceeding 6 months from the due date	-	-
- Others	1,32,36,354	-
- Subsidy claim on sale of GSSP	1,34,40,828	-
	<u>2,66,77,182</u>	<u>-</u>

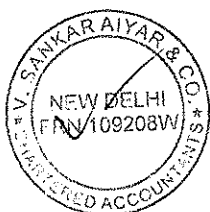
13. Cash and cash equivalents

	31 March, 2015		31 March, 2014	
	Non-Current	Current	Non-Current	Current
Balances with banks				
- In Current Accounts*	-	5,33,50,245	-	61,05,966
- In deposit accounts with original maturity less than 3 months (under lien)	-	1,75,000	-	-
Total	<u>-</u>	<u>5,35,25,245</u>	<u>-</u>	<u>61,05,966</u>

* Current Account includes Rs.4,05,00,000 in escrow a/c not available for free use.

14. Other Current Assets

	31 March, 2015	31 March, 2014
Interest accrued and due on Inter Corporate Deposit	27,54,931	-
Insurance Receivable	7,48,074	-
Total	<u>35,03,005</u>	<u>-</u>

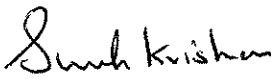


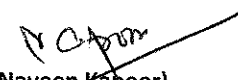
Zuari Fertilisers and Chemicals Limited
Notes to financial statements for the year ended 31 March, 2015

	(Amount in Rupees)	
	31 March, 2015	31 March, 2014
15. Other Income		
Excess provision written back	61,071	26,918
Dividend income	2,33,66,144	2,33,66,144
Foreign Exchange gain	19,11,813	-
Miscellaneous income	5,46,109	-
Scrap sale	11,517	-
Notice Period recovery	2,02,142	81,788
Interest on Income tax refund	4,52,192	-
Interest Income	3,60,12,600	3,59,99,997
Total	6,25,63,588	5,94,74,847
16. Employee Benefits expense		
Salaries, wages and bonus	3,02,20,482	2,34,47,335
Contribution to provident and other fund	10,86,914	9,51,173
Gratuity	21,41,593	1,72,647
Staff welfare	1,22,273	7,21,150
Total	3,35,71,262	2,52,92,305
17. Other Expenses		
Project Expenses written off (shelved Projects)	2,83,13,432	26,76,284
Rent	13,95,393	-
ROC filing fees	34,993	2,067
Legal and Professional charges	1,55,64,888	71,70,905
Travelling & Conveyance	16,47,334	9,29,756
Payment to Auditors (refer note 2.12)	2,80,000	1,25,000
Printing & Stationery	36,949	54,622
Miscellaneous expenses	19,46,129	2,11,124
Fees & Stamp Duty on increase of Authorised Share Capital	17,54,281	31,75,000
Penalty to Competition Commission of India	3,00,00,000	-
Total	8,09,73,399	1,43,44,758
18. Depreciation and amortization expense		
Depreciation of tangible assets	2,29,799	1,93,008
Amortisation of Intangible assets	3,189	4,000
Total	2,32,988	1,97,008
19. Finance Costs		
Interest on loans (ICDs)	18,58,35,109	10,48,98,917
Total	18,58,35,109	10,48,98,917


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


For and on behalf of the Board

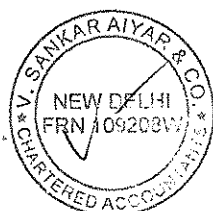

(Suresh Krishnan)
Director
DIN: 00021965


(Naveen Kapoor)
Director
DIN: 01680157


V. Rethinam
Partner
M No.10412
Place: New Delhi
Date: 07.05.2015


Bijay Kumar Biswal
Chief Financial Officer
Place: Gurgaon
Date: 07.05.2015


Swati R. Hegde
Company Secretary



Zuari Fertilisers and Chemicals Limited
Notes to financial statements for the year ended 31 March, 2015

Annexure

10. Fixed Assets

(Amount in Rs.)

Particulars	Tangible					Intangible		Grand Total
	Computers	Office Equipments	Furniture & Fixtures	Land Leasehold	Land Freehold	Total	Computer Software	
Cost								
As at 01.04.2014	5,54,720	85,615	54,858	3,87,84,237	3,62,28,730	7,57,08,160	12,000	7,57,20,160
Additions	1,80,925	73,810	1,800	41,113	-	2,97,648	-	2,97,648
Disposals	-	-	-	-	-	-	-	-
As at 31.03.2015	7,35,645	1,59,425	56,658	3,88,25,350	3,62,28,730	7,60,05,808	12,000	7,60,17,808
Depreciation								
Upto 31.03.2014	3,19,270	55,779	4,034	-	-	3,79,083	8,811	3,87,894
Charge for the year	1,95,604	28,269	5,926	-	-	2,29,799	3,189	2,32,988
Written back	-	-	-	-	-	-	-	-
As at 31.03.2015	5,14,874	84,048	9,960	-	-	6,08,882	12,000	6,20,882
Net Block								
As at 31.03.2015	2,20,771	75,377	46,698	3,88,25,350	3,62,28,730	7,53,96,926	-0.00	7,53,96,926
As at 31.03.2014	2,35,450	29,836	50,824	3,87,84,237	3,62,28,730	7,53,29,077	3,189	7,53,32,266



Related Party Transaction As Per Accounting Standard 18 For Zuari Fertilisers and Chemicals Limited

(Amount in Rs.)

Following transactions were carried out with related parties in the ordinary course of business for the Period ended 31st March' 2015

Sl. No	Transaction Details	2014-15		2013-14	
		Holding Company	Fellow Subsidiaries	Holding Company	Fellow Subsidiaries
1	Payment made on their behalf				
	-Zuari Agro Chemical Limited	69,435		71,045	
2	Payment made on our behalf				
	-Zuari Agro Chemicals Limited	1,50,18,162		1,26,57,574	
3	Receipt of Inter-corporate Deposits / loans				
	-Zuari Agro Chemicals Limited	84,26,00,000		1,29,61,00,000	
4	Repayment of Inter-corporate Deposits / loans				
	-Zuari Agro Chemical Limited	14,55,00,000		8,00,00,000	
5	Interest Expenses				
	-Zuari Agro Chemical Limited	18,20,88,937		14,27,58,750	
6	Sale of Fertilisers				
	-Zuari Agro Chemical Limited	2,42,29,920.00		-	
7	Share Application Money Received				
	-Zuari Agro Chemicals Limited	-		15,30,00,000	

Closing Balances as at March 31, 2015

Sr.No.	Name of Company	Dr. / Cr.	Amount Rs.
1	Zuari Agro Chemicals Limited	Cr.	54,01,206
2	Zuari Agro Chemicals Limited (Sales)	Dr.	1,32,36,354.16
3	Zuari Agro Chemicals Limited - ICD	Cr.	2,17,99,25,000

