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ANNUAL REPORT 2015 - 2016

ZUARI AGRO CHEMICALS LIMITED

DIRECTORS	:	Mr. Saroj Kumar Poddar, Chairman Mr. Kapil Mehan, Managing Director Mr. Akshay Poddar Mr. Gopal Krishna Pillai Mr. J. N. Godbole Ms. Kiran Dhingra Mr. Marco Wadia Mr. N. Suresh Krishnan
SENIOR MANAGEMENT	:	Mr. Naveen Kapoor, President Agri-Business Mr. R. S. Chugh, Chief Manufacturing Officer Mr. V. Seshadri, Vice President, Finance - CFO Mr. V. K. Sinha, Vice President, Strategic Planning Mr. R. Y. Patil, Chief General Manager & Company Secretary
BANKERS	:	State Bank of India HDFC Bank Limited Corporation Bank Canara Bank Indian Overseas Bank IDBI Bank
LEGAL ADVISERS	:	Khaitan & Co., Kolkata
STATUTORY AUDITORS	:	S. R. Batliboi & Co. LLP Chartered Accountants, New Delhi
REGISTERED OFFICE	:	Jai Kisaan Bhawan Zuarinagar, Goa 403 726. Tel : (0832) 2592180/81 Fax : (0832) 2555279 CIN - L65910GA2009PLC006177 Website : www.zuari.in

Notice of the Annual General Meeting is being sent separately through permitted mode as required under the Companies Act, 2013 and Rules made thereunder.

DIRECTORS' REPORT

To the Members,

1. Your Directors place before you the Seventh Annual Report of the Company together with Statement of Accounts for the Financial Year ended 31st March, 2016.

2. **Financial Results and Appropriation :**

₹ In Crores

Particulars	Standalone		Consolidated	
	Current Year 2015-16	Previous Year 2014-15	**Current Year 2015-16**	Previous Year 2014-15
Profit /(Loss) for the year before Depreciation and Taxation	**(3.92)**	38.59	**(39.53)**	53.17
Less :Depreciation for the year	**27.83**	17.87	**72.32**	30.06
Profit/(Loss) before Tax	**(31.75)**	20.73	**(111.85)**	23.11
Less : Provision for taxation – Current Tax	-	4.30	**8.61**	8.29
Income Tax Credit of earlier years	-	(2.61)	**(1.42)**	(4.31)
MAT Credit	-	(4.30)	**(8.89)**	(8.29)
Deferred Tax Charges (Credit)	**(15.86)**	10.97	**(22.68)**	10.93
Profit / (Loss) after Tax	**(15.89)**	12.37	**(87.47)**	16.49
Add : Balance of profit brought forward	**45.76**	49.55	**68.15**	80.25
Less : Transfer to General Reserve	-	1.50	-	1.50
Less : Charged to Opening Retained earnings due to implementation of Schedule II of the Companies Act, 2013 (net of deferred tax reversal of ₹ 232.79 Lacs)	-	(4.53)	-	(9.44)
Proposed Dividend : Nil (P.Y. 20%)	-	8.41	-	8.41
Tax on dividend (Including Surcharge)	-	1.71	-	1.71
Balance of profit carried forward	**29.87**	45.76	**(22.86)**	68.15
Earnings Per Equity Shares (EPS)	**₹ (3.78)**	₹ 2.94	**₹ (21.64)**	₹ 2.13

A Review of Operations:

The Gross Revenue from Operations (Standalone) for the year ended 31st March, 2016 was ₹ 5,270.22 Crores as compared to ₹ 5,523.75 Crores for the previous year ending 31st March, 2015.

The Profit / (Loss) before Tax for the year ended 31st March, 2016 was ₹ (31.75) Crores as compared to ₹ 20.73 Crores for the year ending 31st March, 2015. The Profit / (Loss) after Tax stood at ₹ (15.89) Crores for the year ending 31st March, 2016 as compared to ₹ 12.37 Crores for the previous year.

The Gross Revenue from Operations (Consolidated) for the year ended 31st March, 2016 was ₹ 10,042.62 Crores as compared to ₹ 7,664.97 Crores for the previous year.

The Consolidated Profit / (Loss) before Tax for the year ended 31st March, 2016 was ₹ (111.85) Crores as compared to a Profit of ₹ 23.11 Crores for the year ending 31st March, 2015. The Profit / (Loss) after Tax stood at ₹ (87.47) Crores for the year ending 31st March, 2016 as compared to a Profit of ₹ 16.49 Crores for the previous year.

There were no material changes and commitments affecting the financial position of the Company between the end of the financial year to which the financial statements relate and the date of the approval of the Directors' Report.

B Reserves:

The Company does not propose to transfer any sum to the General Reserve in view of Loss during the current year and an amount ₹ 29.87 Crores is retained as Net surplus in the Profit & Loss Account. During the previous year an amount of ₹ 1.50 Crores was transferred to the General Reserve and ₹ 45.76 Crores was retained as Net surplus in the Profit & Loss Account.

3. Dividend:

The Directors do not recommend any dividend for the current year in view of loss for the year ended 31st March, 2016. In the Previous year dividend of ₹ 2.00/- per equity share was recommended to the Shareholders.

4. Capital Projects:

The integrated revamp of the Ammonia–Urea–Steam & Power Generation facilities to increase the production capacity, reduce the specific energy consumption and improve the reliability of the equipment and machinery is in the final stages of BASIC ENGINEERING by M/s. CASALE of Switzerland. The identified key deliverables of the integrated revamp are increase in production capacity to 1800 MTPD of Urea (1120 MTPD Prills + 680 MTPD Granules), 1130 MTPD of Ammonia, resulting in surplus Ammonia of 110 MTPD, reduction in specific energy consumption to 5.56 Gcal/MT of Urea and improvement of the reliability of the equipment and machinery. The overall cost of the above project is estimated to be ₹ 1,300 Crores.

As a part of sustenance / improving reliability of the plant, the convection section and the transfer line downstream of the primary reformer on the flue gas side and the process side respectively is undertaken for revamp in line with the CASALE Requirement. The transfer line order is already awarded to M/s. L&T while the Convection section revamp is in the final stages of ordering. Both the projects are expected to be completed by October, 2017 at a cost of ₹ 50 Crores.

The NPK (Nitrogen, Phosphorus & Potassium) Plant 'A' is revamped for a capacity of 1350 MTPD of Di–Ammonium Phosphate (DAP) / 1,600 MTPD of NPK fertilizers. The Basic Engineering Design has been carried out by M/s. INCRO S.A., Spain, while the detailed Engineering by M/s. Uhde India Pvt. Ltd. The mechanical completion of the project was accomplished by September, 2015 and commissioned by January, 2016.

The Company is in the process of retrofitting the NPK Plant 'B' to improve the emission norms for the increased capacity of the plant. M/s. Jacobs, USA, has carried out the Basic Engineering while the detailed Engineering by M/s. Jacobs India. The target date for completion of this project is by April, 2017.

The mechanised system for Muriate of Potash (MOP) handling within the plant premises is in the final stages of completion. The Silo and its related equipment are already installed while the related conveyor system to the individual plant is under installation. The project is targeted for completion by December, 2016. This will improve the logistics efficiency. The consumption efficiency will also improve because of mechanized and consistent feed. There will be a reduction in the downtime due to regular potash availability.

The project for replacement of the pressurized storage of Liquid Ammonia in Horton Spheres with the Atmospheric Ammonia Storage Tank (AAST) is in progress. Techno–commercial offers for EPC based execution are obtained and are under consideration for final order. The various statutory clearances required are being obtained. It is expected that the Tank will be ready for commissioning in 15 months time.

The detailed internal designing by M/s. Jacobs, India for the repairs of Phosphoric Acid Tanks (One number) at Vasco Installation at Mormugao Port Trust (MPT) is completed and the job would start once the required permissions / lease is obtained from MPT.

5. Conservation of Energy/Technology Absorption/Foreign Exchange Earnings and Outgo :

A) Conservation of Energy :

The Company has taken following steps for conservation of energy/utilizing alternative source of energy during the financial year ended 31st March, 2016:

(i) Lighting Power Management panels were installed in the Company's Bagging plant thereby realizing savings of 5000 units per year amounting to ₹ 30,000.

(ii) Conversion from incandescent / neon / sodium to LED lightings in all plants and streets of the Campus thereby saving 100 kw of power, which amounts to 3,65,000 units in a year amounting to a saving of around ₹ 21.9 Lacs.

(iii) NPK-A revamp was successfully completed & conversion of feed stock was done from Naphtha to Natural Gas which reduced the net carbon emission. For Urea manufacture, natural gas pool price mechanism was started by Government of India (GOI) from June, 2015. Due to this mechanism and steady plant operation, urea energy was the lowest in operating history of the plant. i.e. 6.666 Gcal/MT Urea. Technical surplus Ammonia production also became viable because of which 7300 MT additional Ammonia was produced & used for NPK resulting in savings of valuable foreign exchange.

B) Technology absorption:

1. Company's efforts towards technology absorption during the financial year:

   During the financial year 2015-16, the NPK-A plant was revamped by implementing INCRO's pipe reactor technology and dual mole scrubbing system. Both the systems are operational.

2. Benefits derived as the result of above efforts:

   - The Productivity of complex fertilizers has considerably increased.
   - The stack emissions have further reduced.

   The Company has not incurred any expenditure on Research and Development for technology absorption during the financial year.

C) Foreign Exchange Earnings and Outgo :

The details of Foreign Exchange Earnings and Outgo are given in Note No. 30 & 31 to the financial statements.

6. Environment and Safety :

The Company's Fertilizer Plant continues to be a 'Zero Effluent Discharge Plant' since 1990 and the man-made green belt around the Complex continues to flourish and attract a variety of birds and animals.

As reported earlier, the Company's policy is to continuously improve the surrounding environment. It has installed and commissioned a continuous online Ambient Air Quality Monitoring Station and an online continuous Stack Monitoring System for the Utilities Boiler Stack and Reformer stack of Ammonia plant. It has also installed and commissioned a continuous online final effluent monitoring system.

The Company continues its environment and safety initiatives and has successfully implemented internationally recognized Environment & Safety Standards and is now (since September 2015) an ISO 14001: 2004 and OHSAS 18001:2007 certified organization. The Certification process was carried out by TUV Nord.

Your Company continues its community awareness programmes on the 'Do's and Don'ts in case of ammonia gas leakage' for the teachers of the neighbouring schools, employees and port users of Mormugao Port Trust and the general public. Also the instructions were published in two publications on local newspaper. Community awareness programme on road safety was conducted for the school teachers at Zuarinagar as part of National Road Safety Week-2016. A session was delivered for the management staff of Goa Shipyard Limited on best safety practices at the Company. For staff & employees of Adani Port a training program on 'precaution against ammonia gas leakage' was conducted.

The company conducts various promotional activities related to Safety, Health & Environment during National safety week, Road safety week & Fire service day. Quiz & poster contest, live demonstration of fire fighting techniques, domestic & household safety for the students of neighbouring schools, employees children and people residing in surrounding community are taken up during those days. The Company also conducts campaigns through FM Radio on 'Do's and Don'ts in case of ammonia gas leakage'.

The Green Triangle Society, Goa in association with the Inspectorate of Factories & Boilers have awarded "Gomant Uchcha Suraksha Puraskar " to the Company for the Outstanding Safety Performance in Occupational Safety, Health & Environment.

The basis for this award was not only the safety performance for the last three years but also good safety management practices followed. Following parameters were considered:

- Health & Safety Management Systems
- Workers participation in Health & Safety
- Health & Safety Training
- Work Permit, tag out & lock out systems
- Internal & External Safety auditing, review process
- Promotion of safety & health at work place
- Community awareness programs
- Safety of the contract workers
- On Site Emergency Plan, mock drills

7. Industrial Relations:

The Industrial relations with Company employees continue to be harmonious. The industrial relations with contract workmen is on a firm footing. The Company is working towards rationalisation in manpower and improvement in productivity.

8. Extract of the Annual Return:

The extract of the Annual Return as on 31st March, 2016 in Form No. MGT-9 is enclosed as **Annexure 'E'** of the Directors' Report.

9. Related Party Transactions:

All Related Party Transactions that were entered into during the financial year u/s 188 of the Companies Act, 2013 were at an arm's length basis. All Related Party Transactions are approved by the Audit Committee and the Board. The details of material Related Party Transactions in Form AOC-2 are enclosed as **Annexure 'G'.** There were no materially significant Related Party Transactions made by the Company with the Promoters, Directors and Key Managerial Personnel which may have a potential conflict with the interest of the Company at large.

10. Particulars of Loans, Guarantees or Investments:

The details of Loans, Corporate Guarantees and Investments made during the year under the provisions of Section 186 of the Companies Act, 2013 are given in Note No. 53 of the financial statements.

11. Nomination & Remuneration Policy and Disclosures on Remuneration:

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection, appointment and remuneration of Directors, Key Managerial Personnel and employees in the Senior Management. More details of the same including the composition of the Committee are given in the Report on Corporate Governance enclosed as **Annexure 'A'** to this report.

The nomination and remuneration policy is displayed on the Company's website.

The weblink for the same is : *www.zuari.in/corporate-governance*

The disclosure related to the employees under Section 197(12) read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is attached as **Annexure 'I'** to this Report.

The information required pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(2)&(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, will be provided upon a written request by the shareholders.

The Report and Accounts pursuant to Section 136 of the Companies Act, 2013 are being sent to the Members and others entitled thereto, excluding the information on employees' particulars which is available for inspection by the Members at the Registered Office of the Company during business hours on all working days (i.e. Monday to Friday) of the Company up to the date of the ensuing Annual General Meeting. If any Member is interested in obtaining a copy thereof, such Member may write to the Company in this regard.

12. Risk Management :

The Board of Directors has constituted a Risk Management Committee to monitor and review the risk management plans for the Company including identification therein of elements of risks if any, which may threaten the existence of the Company and such other functions.

The Risk Management Committee consists of following members :

Mr. Kapil Mehan
Mr. N. Suresh Krishnan
Mr. J. N. Godbole
Mr. Marco Wadia
Mr. V. Seshadri
Mr. R. Y. Patil

The Board of Directors on the recommendation of the Risk Management Committee has approved the Risk Management Policy for the Company in accordance with the revelant provisions of the Companies Act, 2013 and Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Risk Management Policy has in its scope, the establishment of a process for risk assessment, identification of risks both internal and external and a detailed process for evaluation and treatment of risks. The risks identified and the steps taken to mitigate risks is reviewed by the Risk Management Committee and is placed before the Board from time to time.

13. Vigil Mechanism/Whistle Blower Policy:

The Company in accordance with the provisions of Section 177(9) of the Companies Act, 2013 and Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has established a vigil mechanism for Directors and employees of the Company to report genuine concerns to the management viz. instances of unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct or Ethics Policy. The Company has also formulated a Whistle Blower Policy (" Policy") which provides for adequate safeguard against victimisation of persons and has a provision for direct access to the Chairperson of the Audit Committee. The Company has not denied any person from having access to the Chairperson of the Audit Committee.

14. Corporate Social Responsibility ('CSR'):

The Board of Directors has constituted a CSR Committee and also approved the CSR Policy.

The Committee consists of following members :

Mr. Gopal Pillai (Chairman)

Mr. Akshay Poddar

Mr. Kapil Mehan

Mr. J. N. Godbole

Mr. R.Y. Patil, Chief General Manager & Company Secretary is the Secretary to the Committee.

The Policy is displayed on the website of the Company.

The weblink for the same is : *www.zuari.in/corporate-governance.*

The CSR Committee formulates and recommends to the Board a CSR Policy which indicates the activities to be undertaken by the Company, as specified in Schedule VII of the Companies Act, 2013. The Committee also recommends the amount of expenditure to be incurred on the CSR activities and monitors the CSR Policy of the Company from time to time.

The detailed report on CSR activities as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014 is attached as **Annexure 'H'** to this report.

15. Directors and Key Managerial Personnel:

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 27 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Mr. Saroj Kumar Poddar retires by rotation at the forthcoming Annual General Meeting and is eligible for re-appointment.

A brief profile and details of other directorships and committee memberships of Mr. Saroj Kumar Poddar are given in the Report on Corporate Governance attached as **Annexure 'A'** to this report.

The Company has conducted Familiarization Programme for its Independent Directors, the details of which are given in the Corporate Governance Report.

Corporate Governance Report also contains other information on the Directors, Board and Committees Meetings.

Mr. Kapil Mehan, the Managing Director, Mr. V. Seshadri, Chief Financial Officer (Vice-President- Finance) and Mr. R.Y. Patil, Chief General Manager & Company Secretary have been designated as Key Managerial Personnel in accordance with provisions of Section 203 (1) of the Companies Act, 2013.

16. Board Evaluation:

Pursuant to the relevant provisions of the Companies Act, 2013 and the Listing regulations, the Board has carried out an annual performance evaluation of its own, working of its Committtees and the Directors.

The Nomination and Remuneration Committee has carried out evaluation of every Director.

The Independent Directors evaluated performance of the Non-Independent Directors, the Board as whole and the Chairperson of the Company.

The details of annual performance evaluation carried out are given in the Corporate Governance Report attached as **Annexure 'A'** to this report.

17. a. Board Meetings:

During the year six Board meetings were held. They were on : 15th May, 2015, 12th August, 2015, 30th October, 2015, 29th December, 2015 , 5th February, 2016 and 29th February, 2016.

b. Audit Committee:

During the year eight Audit Committee Meetings were held and all the recommendations of the Audit Committee were accepted by the Board. Meetings were held on: 15th May, 2015, 5th June, 2015, 11th August, 2015, 30th October, 2015, 24th November, 2015, 29th December, 2015, 5th February, 2016 and 29th February, 2016.

The composition of the Board and the Audit Committee along with its meetings details are given in the Corporate Governance Report enclosed as **Annexure 'A'** to this report.

18. Fixed Deposits:

The Company has not accepted Fixed Deposits in the past or during the year.

19. Details of significant and material orders passed by the regulators or courts:

There are no siginificant material orders passed by the courts/regulators or tribunals impacting the going concern status and Company's operations in future. The details pertaining to various demand notices from various statutory authorities are disclosed in Note no. 26(a) of the financial statements.

20. Adequacy of Internal Financial Controls with reference to financial statements:

The Company has adequate systems of internal control in place, which is commensurate with its size and the nature of its operations. The Company has designed and put in place adequate Standard Operating Procedures and Limits of Authority Manuals for conduct of its business, including adherence to Company's policies, safeguarding its assets, prevention and detection of fraud and errors, accuracy and completeness of accounting records and timely preparation of reliable financial information.

These documents are reviewed and updated on an ongoing basis to improve the internal control systems and operational efficiency. The Company uses a state-of-the-art ERP (SAP) system to record data for accounting and managing information with adequate security procedure and controls.

21. Disclosure Requirements :

Your Company has complied with all the mandatory SEBI Listing Regulations. The Report on Corporate Governance is enclosed as **Annexure 'A'** to this report. A Certificate on compliance of Corporate Governance by a Practicing Company Secretary is enclosed as **Annexure 'B'**. Declaration by the Managing Director is enclosed as **Annexure 'C'**, the Management Discussion and Analysis is enclosed as **Annexure 'D'** and Secretarial Audit Report is enclosed as **Annexure 'F'** to this report.

22. Statutory Auditors :

As per Section 139 of the Companies Act, 2013 and Rules made thereunder, M/s. S. R. Batliboi & Co. LLP, Chartered Accountants, New Delhi, Statutory Auditors of the Company were appointed as Auditors from the conclusion of the Fifth Annual General Meeting till the conclusion of the Seventh Annual General Meeting of the Company subject to ratification by the members at every Annual General Meeting.

The term of the Auditors expires at the conclusion of the Seventh Annual General Meeting. The Board of Directors based on the recommendation of the Audit Committee, recommends the appointment of M/s. S. R. Batliboi & Co. LLP as Statutory Auditors of the Company for further period of 5 years from conclusion of the Seventh Annual General Meeting till the conclusion of the Twelfth Annual General Meeting, subject to ratification by members at every Annual General Meeting.

During the year, the Auditors have not reported any fraud in respect of the Company under Section 143(12) of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014.

The Report of the Statutory Auditors for the current year contained few qualified opinion summarised as below :

Standalone Financial Statement

i) That the Company was carrying receivables of ₹ 27.13 Crore on account of claim raised on a product supplier for loss suffered on purchase of material which did not meet the specified standards.

Consolidated Financial Statement

i) That the Company was carrying receivables of ₹ 27.13 Crore on account of claim raised on a product supplier for loss suffered on purchase of material which did not meet the specified standards.

ii) That Mangalore Chemicals & Fertilizers Limited (MCFL), subsidiary company had engaged an independent firm of accountants to carry out a forensic review into transactions in relation to investment in the preference shares of Bangalore Beverages Limited and advances made to United Breweries (Holdings) Limited. Legal advice was pending with respect to the same transaction which might have involved irregularities due to which it was unable to comment on consequential effects.

Comments by the Board of Directors on the Audit Report:

Your Director's comments on the above qualified opinion with reference to the Audit Report for the current year are as below:

Standalone Financial Statement

i) The Company is in discussion with the supplier for settlement of the claim as the contract with the supplier provides for compensation by supplier to the Company in the event of any loss to the Company on account of the material not meeting the standards as per Fertilizer Control Order and considering the long term relationship with the supplier, Company is hopeful of realizing the receivable fully.

Consolidated Financial Statement

i) The Company is in discussion with the supplier for settlement of the claim as the contract with the supplier provides for compensation by supplier to the Company in the event of any loss to the Company on account of the material not meeting the standards as per Fertilizer Control Order and considering the long term relationship with the supplier, company is hopeful of realizing the receivable fully.

ii) Mangalore Chemicals & Fertilizers Limited, the subsidiary company is taking necessary legal advice in connection with the findings of the independent firm of Accountants.

23. Cost Audit:

The Board has re-appointed Mr. Irudayam Savari Muthu, Cost Accountant, Membership No. 6716, as the Cost Auditor of the Company for the financial year 2016-17 and has recommended the remuneration payable to the Cost Auditor for ratification at the ensuing Annual General Meeting. The Cost Audit Report for the year ended 31st March, 2015 was filed by the Company with the Ministry of Corporate Affairs vide SRN :S39643986 dated 29th September, 2015.

24. Secretarial Audit:

Pursuant to the provisions of Section 204 of the Companies Act, 2013, the Company has appointed Mr. Shivaram Bhat, Practicing Company Secretary as Secretarial Auditor, to undertake the Secretarial Audit of the Company. The Secretarial Audit Report for financial year 2015-16 is enclosed as **Annexure 'F'** to this Directors' Report. The Report does not contain any qualification.

25. Internal Complaints Committee:

As per provisions of Section 4 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, your Company has constituted an Internal Complaints Committee for redressal of complaints against sexual harassment. There were no complaints/cases filed/pending with the Company during the financial year.

26. Issue of shares / Employee's Stock Option Scheme:

Your Company has not issued any shares during the Financial Year 2015-16.

Though the Scheme for Employees Stock Option (ESOPs) was approved by the shareholders in the Annual General Meeting held on 7th August, 2012, no ESOPs were issued pursuant to the same.

27. Rights Issue of shares:

The Board has passed a resolution on 29th February, 2016 to create, offer, issue and allot equity shares for cash for a sum not exceeding ₹ 200 Crores on Rights basis.

28. Consolidated Financial Statements under Section 129 of the Companies Act, 2013 :

The Consolidated Financial Statements of the Company are prepared in accordance with Section 129 of the Companies Act, 2013 and relevant Accounting Standards (AS) viz. AS 21, AS 23 and AS 27 issued by the Institute of Chartered Accountants of India and notified under the Companies (Accounts) Rules 2014, which forms part of this Annual Report.

The Company will make available the financial statements of subsidiaries, upon request by any member of the Company interested in receiving this information. The financial statements of the subsidiary companies will also be available for inspection by any member of the Company at the Registered Office of the Company and of its subsidiaries.

29. Subsidiaries:

During the year, Zuari Fertilisers and Chemicals Limited (ZFCL), a wholly owned subsidiary of the Company acquired additional stake of 36.56% in the equity share capital of Mangalore Chemicals & Fertilizers Limited (MCFL), subsequent to which MCFL became a subsidiary of ZFCL and consequently subsidiary of the Company w.e.f 18th May, 2015, with ZFCL carrying a total voting rights of 53.03% in MFCL. MCFL is a company engaged in the manufacture of urea and complex fertilizers.

A brief review of the subsidiaries of the Company is given below:-

a. Zuari Fertilisers and Chemicals Limited:

Zuari Fertilisers and Chemicals Limited (ZFCL),a wholly owned subsidiary of your Company was incorporated for the manufacture of organic and inorganic fertilisers. ZFCL has set up a 600 MTPD unit at Mahad in Maharashtra for the manufacture of Powdered & Granulated Single Super Phosphate (GSSP). The plant produced 45,527 MT whereas the sales had been 53,262 MT during financial year 2015-16. The sales and production both had faced setbacks due to unfavorable monsoon in Maharashtra where ZFCL sells maximum of its product. Department of Fertilizers, Govt. of India had reduced subsidy receivables per MT on this product by ₹ 830. The Company is hoping to formulate strategies for SSP Grade of Fertiliser for changing dynamics in industry. Minimum restriction in production criterion has also been abolished by the Cabinet Committee which casts favorable impact on SSP manufacturing companies as a whole. Also it is expected that the plant will run near rated capacity from the month of May, 2016.

During the year, ZFCL acquired additional stake of 36.56% in the equity share capital of Mangalore Chemicals and Fertilizers Limited (MCFL), subsequent to which MCFL became a subsidiary of the ZFCL carrying a total voting rights of 53.03% w.e.f. 18th May, 2015. MCFL is a company engaged in the manufacture of urea and complex fertilisers.

Further, during the year, your Company has initiated the process of amalgamation of ZFCL and other wholly owned subsidiaries with the Company. The objective was to eliminate the multiplicity of companies within the group which are engaged in similar/related businesses so as to avoid duplication of resources and efforts which are currently getting dissipated between the four companies i.e. the Company, Zuari Fertilisers and Chemicals Limited, Zuari Speciality Fertilisers Limited and Zuari Agri Sciences Limited. The appointed date for this purpose is 1st April, 2015. The amalgamation is in progress.

Mangalore Chemicals & Fertilizers Limited (MCFL) :

Mangalore Chemicals & Fertilizers Limited (MCFL) is the subsidiary of Zuari Fertilisers and Chemicals Limited (ZFCL) w.e.f 18th May, 2015. ZFCL holds 53.03% of total voting rights in MCFL.

MCFL has only one major business segment, viz. Fertilizers. It manufactures both Nitrogenous and Phosphatic fertilizers and is the only manufacturer of fertilizers in the state of Karnataka. About 60% of the company's products are sold in the state of Karnataka, which meets about 20% of the needs of the farmers in the State. MCFL maintains a good share of the market in Kerala and a modest share in the neighboring states of Tamil Nadu, Andhra Pradesh and Maharashtra.

b. Zuari Agri Sciences Limited:

Zuari Agri Sciences Limited (ZASL) (formerly known as Zuari Seeds Limited) is a wholly owned subsidiary of your Company which was involved in seed business till year 2014-15. From the year 2015-16, company started doing pesticide business as well. In the very first year of operation company achieved a turnover of ₹ 86.29 Cr in pesticides and overall revenue growth of ₹ 130.95 Cr compared to ₹ 50.40 Cr for the year 2014-15.

ZASL has chalked out a long range plan to grow in both verticals (Seeds and Pesticides).

This year ZASL launched the first organic plant growth regulator with the trade name " Jaikissan Chemfree" which was a big success.

To strengthen the organic and bio portfolio, ZASL has signed MOU with companies like Agrinos and Camson Biotechnology Ltd.

In seeds, ZASL has signed a MOU with KWS of Germany to test the maize hybrid and working closely with them to launch new hybrids. ZASL has also signed a MOU with Bayer Bio Sciences Ltd to strengthen the hybrid rice portfolio.

Further, during the year, your Company has initiated the process of amalgamation of ZASL and other wholly owned subsidiaries with the Company. The appointed date for this purpose is 1st April, 2015. The amalgamation is in progress.

c. Zuari Speciality Fertilisers Limited (formerly known as Zuari Rotem Speciality Fertilizers Limited)

Zuari Rotem Speciality Fertilizers Limited which was the joint venture of your Company has become a wholly owned subsidiary of your company w.e.f 11th December, 2015. Subsequent to which the name of the company has been changed from Zuari Rotem Speciality Fertilizers Limited (ZRSFL) to Zuari Speciality Fertilisers Limited (ZSFL). The Company is engaged in manufacturing of Water Soluble Fertilisers (WSF's) with its manufacturing facility at Baramati, Maharashtra. ZSFL has a capacity of 24,000 Metric Tonnes per annum, in two shift basis for production of different NPK blends. The Plant is working on one shift basis and producing 30 Metric Tonnes per day on an average.

Further, during the year, your Company has initiated the process of amalgamation of ZSFL and other wholly owned subsidiaries with the Company. The appointed date for this purpose is 1st April, 2015. The amalgamation is in progress.

30. Joint Ventures:

A brief review of the joint ventures of the Company are given here below :

a. Zuari Maroc Phosphates Private Limited:

Zuari Maroc Phosphates Private Limited (ZMPPL), a 50:50 joint venture with Office Cherifien Des Phosphates (OCP) S.A., was established as a Special Purpose Vehicle (SPV) for acquisition of stake in Paradeep Phosphates Limited (PPL). At present, ZMPPL is holding 80.45% of the equity stake in PPL.

PPL manufactures and markets complex Phosphatic fertilisers and intermediary products such as Phosphoric Acid and Sulphuric Acid which are crucial in the manufacture of Phosphatic fertilisers. All the products are marketed under the popular 'Navratna' brand. PPL's portfolio caters to almost all agricultural applications. PPL's plant is located in the port town of Paradeep in Odisha, with an installed annual capacity of 11,00,000 Metric Tonnes of DAP and other Phosphatic fertilisers.

b. MCA Phosphates Pte Limited:

MCA Phosphates Pte Limited (MCAP), is a joint venture company between your Company and Mitsubishi Corporation (Mitsubishi) Japan, established as a special purpose vehicle for investment in Peruvian Rock Phosphate Mining Project.

The Company has made capital infusion of US$ 8.85 Mn during the current financial year 2015-16 for the project development and completing bankable feasibility report. The supply of rock phosphate from the asset will help your company to reduce its dependence on suppliers for critical raw material – rock phosphate and is a step forward in the backward integration of its downstream phosphate business and for expanding its downstream fertilizer plants.

The statement containing salient features of the financial statement of subsidiaries/associates/joint ventures in form AOC-1 is attached as **Annexure "J"** to this report.

31. Director's Responsibility Statement :

To the best of our knowledge and belief and according to the information and explanation obtained by us, your Directors make the following statements in terms of provisions of Section 134 (5) of the Companies Act, 2013, and hereby confirm that:

(a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation material departures;

(b) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;

(c) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) the directors have prepared the annual accounts on a going concern basis;

(e) the directors, have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and

(f) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

32. Acknowledgements:

Your Directors wish to place on record their appreciation for the dedication, commitment and contribution of all stakeholders and employees of your Company.

For and on behalf of the Board

Place : Gurgaon
Date : 13th May, 2016

S. K. Poddar
Chairman

ANNEXURE 'A' TO THE DIRECTORS' REPORT

Report on Corporate Governance

1. Company's Philosophy on the Code of Corporate Governance:

Corporate Philosophy of the Company is to strengthen India's industrial and agricultural base, increasing shareholders' value, providing quality fertilisers and other agri inputs, preserving and protecting the environment and ensuring a healthy neighbourhood.

The Company's Philosophy on Corporate Governance envisages an attainment of the highest level of transparency and accountability. It is aimed at safeguarding and adding value to the interests of various stakeholders. The Company is committed to the best Corporate Governance and continues with its initiatives towards the best Corporate Governance practices.

2. Board of Directors:

The Board of Directors of the Company comprises eight members including, the Managing Director and seven Non-Executive Directors. Half of the Board comprises of Independent Directors and more than half of the Board comprises of Non-Executive Directors. The other related information concerning the Board is given below.

During the year six Board meetings were held on : 15th May, 2015, 12th August, 2015, 30th October, 2015, 29th December, 2015 , 5th February, 2016 and 29th February, 2016.

Attendance of each Director at the Board Meetings and at the last Annual General Meeting along with the number of other Companies and Committees where the Director is a Chairman / Member is given hereunder:

Director	DIN	Category of Directorship#	No. of Directorships in other Companies**	No. of Board Meetings Attended	No. of shares held	Attendance at last AGM	No. of Board Committees of other Companies*	
							Chairman	Member
S. K. Poddar	00008654	Promoter / Chairman/NED	12	6	1,29,406	No	-	-
Kapil Mehan	01215092	MD	7	6	NIL	Yes	-	2
N. Suresh Krishnan	00021965	NED	9	6	NIL	Yes	1	5
Akshay Poddar	00008686	NED	14	4	NIL	No	1	3
J. N. Godbole	00056830	NED / I	8	6	NIL	Yes	2	6
Marco Wadia	00244357	NED / I	12	6	2,811	Yes	1	7
Gopal Krishna Pillai	02340756	NED / I	6	4	NIL	Yes	-	-
Kiran Dhingra	00425602	NED / I	4	5	NIL	Yes	-	2

\# MD-Managing Director, I-Independent, NED-Non -Executive Director
* Includes Audit Committee and Stakeholders' Relationship Committee
** Includes Directorship in other public and private Companies

None of the directors are related to each other except for Mr. Akshay Poddar who is son of Mr. Saroj Kumar Poddar.

3 . Retirement of Directors by rotation and re-appointment:

Mr. Saroj Kumar Poddar retires by rotation and is eligible for re-appointment.

As per Section 152(6) of the Companies Act, 2013, a brief profile and information about the directors is given below :

Mr. Saroj Kumar Poddar, 70 a leading Indian industrialist of international repute, is Chairman of the Adventz group. The group, with a total turnover in excess of US $3 billion, comprises 23 leading companies in various verticals, constituting key drivers of the Indian economy and was repositioned under the Adventz banner by Mr. Poddar, to leverage its exemplary equity in terms of knowledge, best practices and technical excellence. Under Mr Poddar, the group has promoted various seminal projects including joint ventures with leading international corporations. The most notable of these ventures are Hettich India Private Ltd - a joint venture with the Hettich Group of Germany and MCA Phosphates Pte Ltd. - a joint venture with Mitsubishi Corporation, Japan. Mr. Poddar was also instrumental in promoting Gillette India Ltd., a venture with the renowned 'The Gillette Company,' USA and was Founder Chairman of the Company since 1984, before relinquishing the position in December 2013. At Mr. Poddar's initiative, the group has acquired a controlling stake as well as management control of

Kalindee Rail Nirman (Engineers) Ltd. and Bright Power, both of which offers synergetic strength to its core railway products business.

Mr. Poddar is the Chairman of Zuari Agro Chemicals Limited, Zuari Global Limited, Chambal Fertilisers and Chemicals Limited, Paradeep Phosphates Limited, Texmaco Infrastructure & Holdings Limited and Texmaco Rail & Engineering Limited.

A gold medalist in Commerce from Calcutta University, Mr. Poddar is an aficionado of art, culture and sports and is involved in their promotion and development. Mr and Mrs Poddar promote young cricketers to go abroad for training and practice. He is also a recipient of the Rashtriya Samman award from the Central Board of Direct Taxes. Poddars are currently involved in setting up a museum in Delhi with the theme 'India through the ages'. The museum, to be named after Mr Poddar's father in law, the late Dr K. K. Birla as 'K K Birla Academy', will be fully funded by the family and is to be commissioned in the coming years.

Mr. Poddar has served as President of FICCI and International Chamber of Commerce in India, and has been appointed by Govt of India on the Board of Trade - the highest body on trade – as well as on the Court of the Indian Institute of Science, Bangalore. Mr Poddar has also served as a member of the Board of Governors of the Indian Institute of Technology, Kharagpur for over 10 years and on the local Board of the Reserve Bank of India for a similar period. He was also on the Advisory Board of one of the most reputed investment brokers, M/s. N. M. Rothschild & Sons (India) Pvt Limited.

Mr. Poddar is the Chairman of India-Saudi Arabia Joint Business Council and is a Member of the Indo-French CEO Forum.

Names of the other Companies in which Mr. S.K. Poddar is a Director as on 31st March, 2016:

Sr. No.	Name of the Company
1	Chambal Fertilisers and Chemicals Limited
2	Lionel India Limited
3	Paradeep Phosphates Limited
4	Texmaco Infrastructure & Holdings Ltd
5	Texmaco Rail & Engineering Ltd
6	Zuari Global Limited
7	Adventz Finance Pvt Ltd
8	Ethan Allen India Pvt Ltd
9	Hettich India Pvt Ltd
10	Texmaco Hi-Tech Pvt Ltd
11	Adventz Homecare Pvt Ltd
12	HePo VB & Fasteners India Pvt Ltd

The other details of Mr. S. K. Poddar pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 is provided in the notice to the Annual General Meeting.

4. Board Agenda:

The Board meetings are scheduled well in advance and the Board members are generally given at least 7 days notice prior to the meeting date. All major items are backed by in-depth background information and analysis, wherever possible, to enable the Board members to take informed decisions.

5. Formal letter of appointment to Independent Directors:

The Company issued a formal letter of appointment to all Independent Directors at the time of appointment in accordance with the provisions of the Companies Act, 2013 and the Listing Regulations. The terms and conditions of appointment of Independent Directors is placed on the Company's website.

6. Annual Performance evaluation:

Pursuant to the relevant provisions of the Companies Act, 2013 and the Listing Regulations, the Board has carried out an annual performance evaluation of its own, working of its Committtees and the Directors.

Nomination and Remuneration Committee has carried out evaluation of every Director.

The Independent Directors evaluated performance of the Non-Independent Directors, the Board as whole and the Chairperson of the Company.

The performance evaluation of the Board of Directors was carried out based on the detailed questionnaire containing criteria such as duties and responsibilities of the Board, information flow to the Board, time devoted to the meetings, etc. Similarly the individual Directors evaluation was carried out on the basis of questionnaire containing criteria such as level of participation by individual directors, independent judgement by the director, understanding of the Company's business, etc.

The Directors expressed their satisfaction over the entire evaluation process.

7. Independent Directors' Familiarization Programme :

The Company in compliance with Regulation 25(7) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has formulated a programme to familiarize the Independent Directors with the Company, their roles and responsibilities. The Independent Directors are given detailed presentation on the operations of the Company on quarterly basis at the meetings of the Board/Committees. The details of the familiarization programme has been disclosed on the Company's website. The weblink for accessing the familiarization policy is *www.zuari.in/corporate-governance.*

8. Board Diversity Policy :

The Company in compliance with Regulation 19(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has formulated a policy on Board Diversity which sets out the framework to promote diversity on Company's Board of Directors. The Policy was recommended by Nomination and Remuneration Committee and approved by the Board.

9. Independent Director's Meeting:

Separate meetings of the Independent Directors of the Company, without the attendance of Non - Independent Directors and members of Management were held as required under Schedule IV (Code for Independent Directors) of the Companies Act, 2013 and Regulation 25(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Independent Directors :

- Reviewed the performance of Non-Independent Directors and the Board as a whole;
- Reviewed the performance of the Chairman of the Company; and
- Assessed the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

All the Independent Directors were present for the meetings, except for Mr. J. N. Godbole who could not attend one of the meetings, due to his ill health.

10. Board Committees

The Committees of the Board are as follows:

a. Audit Committee

The Audit Committee comprises two Independent Directors and one Non Executive Director. The permanent invitees include Managing Director, Vice President – Finance and Head of Internal Audit. Mr. R. Y. Patil, the Chief General Manager and Company Secretary is the Secretary of the Committee. The Committee met eight times during the financial year ended March 31, 2016 on 15th May, 2015, 5th June, 2015, 11th August, 2015, 30th October, 2015, 24th November, 2015, 29th December, 2015 , 5th February, 2016 and 29th February, 2016.

Terms of Reference

As per Regulation 18(3) and Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the terms of reference and role of the Audit Committee includes among other things, review of the Company's financial reporting process and its financial statements, review of the accounting and financial policies and practices, the internal control and internal audit systems (including review and approval of Internal Audit plan, appointment of Internal Auditors and review of internal audit reports), risk management policies and practices, review the functioning of the Whistle Blower mechanism, etc. The role also includes making recommendations to the Board, re-appointment of Statutory Auditors/Secretarial Auditors and fixation of audit fees.

Besides the above, the additional terms of reference of Audit Committee as per the Companies Act, 2013 includes reviewing and monitoring auditor's independence and performance, and effectiveness of audit process; examination of the financial statement and the auditor's report thereon; approval or any subsequent modification of transactions of the company with related parties; scrutiny of inter-corporate loans and investments; valuation of undertakings or assets of the company, wherever it is necessary.

The Composition of Committee & their attendance at the meetings are as follows:

Names of the members	Status	Nature of Directorship	No. of meetings attended
Mr. Marco Wadia	Chairman	Non- Executive Independent Director	8
Mr. J. N. Godbole	Member	Non- Executive Independent Director	8
Mr. N. Suresh Krishnan	Member	Non – Executive Director	7

b) **Nomination and Remuneration Committee :**

The Nomination and Remuneration Committee comprises three Non Executive Directors out of which two are Independent Directors. The Board has designated Mr. R.Y. Patil, Chief General Manager & Company Secretary as Secretary of the Committee. The Committee met 2 times during the financial year ended 31st March, 2016 on : 15th May, 2015 and 12th August, 2015.

Terms of Reference:

The Board has constituted the Nomination & Remuneration Committee, as required under the Companies Act, 2013. The Committee shall formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration for the directors, key managerial personnel and other employees. The Nomination & Remuneration Committee shall also formulate criteria for evaluation of Independent Directors and the Board and devise a policy on Board diversity. It shall identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and for removal.

The Composition of Committee & their attendance at the meetings are as follows:

Name of the member	Status	Nature of Directorship	No. of meetings attended
Mr. Marco Wadia	Chairman	Non- Executive Independent Director	2
Mr. J. N. Godbole	Member	Non- Executive Independent Director	2
Mr. Akshay Poddar	Member	Non – Executive Director	1

11. **Details of Remuneration to all the Directors for the year :**

(i) **Remuneration to Managing Director :**

Payment of remuneration to the Managing Director was as recommended by the Nomination and Remuneration Committee and subsequently approved by the Board and the shareholders of the Company. The remuneration comprised salary, perquisites, bonus, performance incentives, contribution to the Provident Fund, Superannuation Fund, Gratuity and others.

₹ In Lacs

Managing Director	Salary including joining bonus	Perquisites	Retirement benefits	Total Remuneration
Mr. Kapil Mehan	196.23	16.35	25.92	238.50

No commission was paid to Mr. Kapil Mehan during the financial year.

The term of appointment of Managing Director is 5 years w.e.f. 1st April, 2015. Notice period for termination of employment is six months on either side.

No severance pay is payable on termination of employment of the Managing Director.

(ii) **Sitting fees paid to Non-Executive Directors :**

The Non- Executive Directors of the Company receive remuneration by way of sitting fees. The details of sitting fees paid to the Non-Executive Directors during the financial year ended 31st March, 2016 for attending the meetings of the Board and the Committees thereof is given below:

Sr. No.	Name of Director	Amount in (₹)
1.	Mr. S.K. Poddar	3,30,000
2.	Mr. Akshay Poddar	2,15,000
3.	Mr. N. Suresh Krishnan	5,95,000
4.	Mr. J.N. Godbole	6,95,000
5.	Mr. Marco Wadia	7,10,000
6.	Mr. Gopal Krishna Pillai	2,00,000
7.	Ms. Kiran Dhingra	3,00,000

Pecuniary relationship of Directors:

During the financial year, none of the Directors of the Company had any material pecuniary relationship(s) or transaction(s) with the Company, its Promoters, its Senior management, its Subsidiary or Associate Company apart from the following:

a) Remuneration paid to the Managing Director and Sitting Fees paid to the Non – Executive Directors;

b) Reimbursement of expenses incurred by the Directors in discharging their duties;

c) Professional fees of ₹ 1.95 Lacs paid to Crawford Bayley & Co during the year. Mr. Marco Wadia is a partner in Crawford Bayley & Co, Solicitors & Advocates, which has professional relationship with the Company. However, this is not considered material enough to infringe independence of Mr. Marco Wadia;

d) Mr. Saroj Kumar Poddar and Mr. Marco Wadia are holding equity shares of the Company, details of which are given in this Corporate Governance Report.

c) Stakeholders' Relationship Committee:

Stakeholders' Relationship Committee comprises two Independent Directors and one Non-Executive Director. The Board has designated Mr. R.Y. Patil, Chief General Manager and Company Secretary as the Compliance Officer. The Committee met 4 times during the financial year ended 31st March, 2016 on : 15th May, 2015, 21st September, 2015, 30th October, 2015 and 5th February, 2016.

Terms of Reference:

The Board has constituted Stakeholders' Relationship Committee which oversees the performance of the share transfer work and recommends measures to improve the level of investor services. In addition, the Committee looks into investors' grievances such as non receipt of dividend, Annual Reports and other complaints related to share transfers.

There were 19 complaints received from the shareholders during the year, which were duly addressed. There were no outstanding complaints or share transfers pending as on 31st March, 2016.

The attendance of the members at the meeting is as follows:-

Name of the member	Status	Nature of Directorship	No. of meetings attended
Mr. J. N. Godbole	Chairman	Non- Executive Independent Director	3
Mr. Marco Wadia	Member	Non- Executive Independent Director	4
Mr. N. Suresh Krishnan	Member	Non- Executive Director	4

d) Other Committees

Apart from the above stated Board Committees, the Board has also constituted other committees including Committee for Banking and Finance, Risk Management Committee, Corporate Social Responsibility (CSR), Committee of Directors for QIP, Committee of Directors (Open offer for MCFL), and Rights Issue Committee. The Committee meetings are held as and when the need arises and at such intervals as may be expedient.

11. Annual General Meetings:

a) Details of the previous 3 Annual General Meetings (AGM) are as follows:

Year	Location	Date	Time	Whether any special resolutions have been passed
2014-15	Jai Kisaan Bhawan, Zuarinagar, Goa – 403 726	21-09-2015	10.00 A.M.	YES
2013-14		01-09-2014	9.30 A.M.	YES
2012-13		24-09-2013	10.30 A.M.	YES

b) **Details of Special resolutions passed at the AGM**

Special Resolutions passed in the Annual General Meetings (AGM) held during the last three financial years are as follows:

Financial Year	Date of AGM	Particulars of Special Resolution passed
2014-15	21-09-2015	1. Alteration in the Articles of Association of the Company. 2. Appointment of Mr. Kapil Mehan as Managing Director of the Company.
2013-14	01-09-2014	1. To borrow from time to time any sum or sums of money not exceeding ₹ 8,000 Crores.
2012-13	24-09-2013	1. To authorize Board of Directors to amend Object clause of the Memorandum of Association. 2. Commencement of New Business Activities of the Company. 3. To alter & vary the terms and conditions of the appointment of the Managing Director.

c) **Details of Special Resolutions passed through Postal Ballot:**

The Company had not passed any Special Resolution through Postal Ballot during the Financial Year 2015-16. None of the items of resolution proposed to be passed at the ensuing Annual General Meeting require to be conducted through Postal Ballot.

12. Means of communication

a. **Quarterly Results:**

Quarterly results are published in one English National Daily and Local Daily, published in the language of the region where the Registered Office of the Company is located.

b. **Half-yearly Unaudited Financial Results:**

Unaudited financial results for the half-year ended 30th September, 2015 were sent to each household of shareholders, apart from publishing in one English National Daily and Local Daily, published in the language of the region where the Registered Office of the Company is located.

c. **Web-site on which the financial results are displayed :** *www.zuari.in*

d. The Company does not publish official news releases on its website and makes no presentation to institutional investors or to the analysts.

13. Code of Conduct:

The Company has adopted a Code of Conduct for the Directors and Senior Executives of the Company. The Code promotes conducting business in an ethical, efficient and transparent manner so as to meet its obligations to its shareholders and all other stakeholders. The Code has set out a broad policy for one's conduct in dealing with the Company, fellow Directors and employees and the external environment in which the Company operates.

The declaration given by the Managing Director of the Company with respect to the affirmation of compliance of the code by the Board of Directors and Senior Executives of the Company is enclosed as **Annexure 'C'** to this report.

14. Code of internal procedures and conduct for trading in securities of the Company:

The Company has a code of internal procedures and conduct for trading in securities of the Company. The code inter alia prohibits purchase/sale of shares of the Company by the Directors and designated employees of the Company while in possession of unpublished price sensitive information related to the Company. The Company has revised and adopted a new Code in accordance with the SEBI (Prohibition of Insider Trading) Regulations, 2015.

15. General Shareholders Information :

a) **Annual General Meeting :**

The Seventh Annual General Meeting of the Company will be held on **Thursday, 29th September, 2016** at the Registered Office of the Company situated at Jai Kisaan Bhawan, Zuarinagar, Goa – 403 726 at 10.30 A.M.

b) Financial Year: 1st April to 31st March

c) Financial calendar (Tentative):

Financial Period	Declaration of Financial Results
Results for the quarter ended 30th June, 2016	Within 45 days of the end of the quarter or such prescribed period
Results for the half-year ended 30th Sept, 2016	Within 45 days of the end of the quarter or such prescribed period
Results for the quarter ended 31st Dec, 2016	Within 45 days of the end of the quarter or such prescribed period
Audited Annual Results 2016-17	Within 60 days of the end of the quarter or such prescribed period

d) Date of book closure: 2nd August, 2016 to 9th August, 2016 (inclusive of both days).

e) Dividend payment date: No dividend is proposed for financial year 2015-16.

f) Management Discussion and Analysis forms part of the Directors' Report as Annexure 'D'.

g) Listing on Stock Exchanges:

Company's shares are presently listed on:

BSE Limited, Mumbai
BSE Limited (Bombay Stock Exchange)
Phiroze Jeejeebhoy Towers
Dalal Street, MUMBAI – 400 023

The National Stock Exchange of India Limited, Mumbai
National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex
Bandra (E), MUMBAI – 400 051

The company has paid the annual listing fees to the stock Exchanges for the Financial Year 2015-16.

Stock Code:

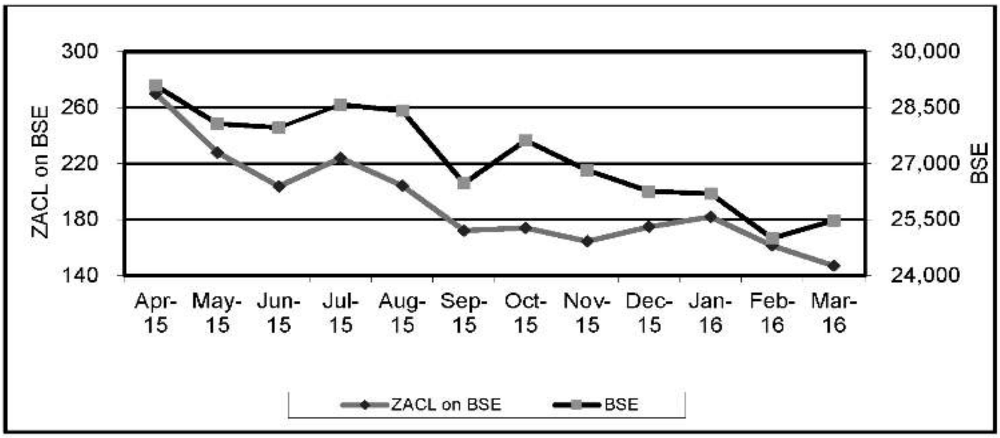
BSE Limited, Mumbai : 534742
The National Stock Exchange of India Limited, Mumbai : ZUARI
International Standard Identification Number (ISIN) : INE840M01016

h) Market Place Data:

High/Low share prices during each month for the period 1st April, 2015 to 31st March, 2016

Month	ZACL on BSE		BSE INDEX	
	High (₹)	Low (₹)	High	Low
April, 2015	270.00	205.00	29094.61	26897.54
May, 2015	228.00	190.00	28071.16	26423.99
June, 2015	203.70	181.80	27968.75	26307.07
July, 2015	224.00	185.60	28578.33	27416.39
August, 2015	204.20	142.00	28417.59	25298.42
September, 2015	172.10	144.60	26471.82	24833.54
October, 2015	174.00	151.20	27618.14	26168.71
November, 2015	164.50	146.10	26824.30	25451.42
December, 2015	174.80	146.60	26256.42	24867.73
January, 2016	181.90	145.00	26197.27	23839.76
February, 2016	161.40	118.20	25002.32	22494.61
March, 2016	147.00	119.00	25479.62	23133.18

Performance in comparison to BSE



i) Shareholding as on 31st March, 2016 :

(i) The distribution of shareholding as on 31st March, 2016 is as follows:

No. of shares	No. of shareholders	% of shareholders
Upto 500	31,975	96.53
501 – 1000	554	1.67
1001- 2000	287	0.87
2001 – 3000	94	0.28
3001 – 4000	49	0.15
4001 – 5000	31	0.09
5001 – 10000	53	0.16
10001 and above	81	0.25
	33,124	100.00

(ii) Shareholding Pattern as on 31st March, 2016:

Category	No. of shares held	% shareholding
Promoters	3,10,56,802	73.84
Banks/Financial Institutions and Insurance Companies	22,86,083	5.44
Foreign Institutional Investors	12,63,989	3.01
Mutual Funds	27,40,976	6.52
NRIs/OCBs	51,902	0.12
Private Bodies Corporate	12,59,026	2.99
Public	33,99,228	8.08
TOTAL	4,20,58,006	100.00

The securities of the Company were not suspended from trading during the year.

J. The Company has not issued GDRs/ADRs/Warrants or convertible instruments during the Financial Year.

k. Commodity price risk or foreign exchange risk and hedging activities:

As the Company is not engaged in business of commodities which are traded in recognized commodity exchanges, commodity risk is not applicable. Foreign Currency Exchange risk is hedged in accordance with the Policy formulated by the Company for that purpose and periodical update is given to the Board on a quarterly basis.

l. Dematerialization of shares and liquidity:

4,16,76,093 equity shares (99.09%) have been dematerialized as on 31st March, 2016.

m. Share Transfer System :

The Share Transfers in physical mode above 1000 equity shares are approved by Stakeholders' Relationship Committee.

The Company has authorized the Company Secretary to approve share transfers involving up to 1000 shares with a view to expedite the process of share transfers.

n) The Address for correspondence is :

Shareholders are requested to write to the Company or the Registrar and Share Transfer Agents at the following address

Registrar and Share Transfer Agent:

Link Intime India Pvt. Limited
C-13, Pannalal Silk Mills Compound
L.B.S. Marg, Bhandup (W) Mumbai – 400 078
Tel: 022 – 25946970 / Fax: 022 – 25946969
Email : *rnt.helpdesk@linkintime.co.in*
Website : *www.linkintime.co.in*

Company's Address:
Zuari Agro Chemicals Limited
Jai Kisaan Bhawan, Zuarinagar, Goa- 403 726.
Tel: 91-0832-2592180/2592509 / Fax: 91-0832-2555279
E- mail: *shares@ adventz.com* and/or *investor.relations @adventz.com*
Web site: *www.zuari.in*

The Company maintains an exclusive email id : *investor.relations@adventz.com* to redress the Investor's Grievances as required under Regulation 13 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The correspondence received under this e-mail id is monitored and addressed on a regular basis.

o) Plant Location : Jai Kisaan Bhawan, Zuarinagar, Goa -403726

p) Disclosures :

a) Mr. Marco Wadia, is a Partner of Crawford Bayley & Co., Solicitors & Advocates, which has a professional relationship with the Company. The professional fee of ₹ 1.95 Lacs paid to Crawford Bayley & Co. during the year is not considered material enough to infringe on the independence of Mr. Marco Wadia. Accordingly, there were no transactions of material nature with the directors or the management or their subsidiaries or relatives having potential conflict with the interest of the Company.

b) During the financial year, the Company has initiated the process of amalgamation of its Wholly Owned Subsidiaries with the Company i.e. Zuari Fertilisers and Chemicals Limited, Zuari Agri Sciences Limited and Zuari Speciality Fertilisers Limited.

The draft Scheme of Amalgamation was filed with the Stock Exchanges (i.e BSE and NSE) and SEBI on 8th January, 2016.

The Company has received the Observation Letters (No adverse observations) from BSE, NSE and SEBI.

The Company and its subsidiaries have been pursuing for the consents from their respective secured and unsecured creditors.

c) The Company has made an application to the Central Government for approving the remuneration paid to Mr. Kapil Mehan, the Managing Director of the Company during the financial year 2015-16 as per the resolution passed in the Annual General Meeting of the Company held on 21st September, 2015. Approval for the same is awaited.

d) The Company has increased the amount of sitting fees paid to the Non-Executive Directors for attending the Board and Committee Meetings.

e) All transactions entered by the Company with its related parties during the financial year 2015-16 were at arms' length basis. The disclosure of material related party transactions u/s 188 of the Companies Act, 2013 in Form AOC-2 is enclosed as Annexure G of the Directors Report. There was no material related party transactions during the year which was in conflict with the Interest of the Company. The Company has formulated a policy for dealing with Related Party Transactions and the same is disclosed on the Company's website. The weblink for accessing the said Policy is *www.zuari.in/corporate-governance.*

f) The Company has put in place a Vigil mechanism and has also formulated a Whistle Blower Policy ("Policy") which provides for adequate safeguard against victimisation of persons and has a provision for direct access to the Chairperson of the Audit Committee. The Company has not denied any person from having access to the Chairperson of the Audit Committee. Weblink for the policy is : *www.zuari.in/corporate-governance.*

g) The Company has formulated a policy for determining material subsidiaries and the policy is disclosed on the Company's website. The weblink for accessing the policy is *www.zuari.in/corporate-governance.*

h) The Company has complied with the requirements of the Stock Exchanges/ SEBI and Statutory Authorities on all matters related to the capital markets during the last three years. No penalty or strictures were imposed on the Company by these Authorities except by Competition Commission of India (CCI) during the previous year.

   Competition Commission of India (CCI) had passed an order dated 10/02/2015 under Section 43A of the Competition Act, 2002 ("Act") imposing a penalty of ₹ 3 Crores jointly on the Zuari Fertilisers and Chemicals Limited, the Wholly Owned Subsidiary of the Company and the Company (Acquirers) for failure to give Notice under Section 6(2) of the Competition Act, 2002 prior to the acquisition of the 16.43% equity shares of Mangalore Chemicals & Fertilizers Limited (MCFL) during the period of April-July 2013. The penalty has been paid.

i) The Company has complied with all mandatory requirements including Regulation 17 to 27 and clause (b) to (i) of sub-regulation (2) of Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

q) Non mandatory Requirement:

The Company has adopted the following discretionary requirements as specified in part E of Schedule II of SEBI (LODR) Regulations, 2015 :

i) Providing half yearly unaudited financial results of the Company to each household of the shareholder.

ii) Sharing the expenses for maintaining the Chairman's Office.

iii) Internal Auditor reports directly to the Audit Committee.

ANNEXURE 'B' TO THE DIRECTORS' REPORT

CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE REQUIRED UNDER THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 BY ZUARI AGRO CHEMICALS LIMITED

May 12, 2016

To the members of ZUARI AGRO CHEMICALS LIMITED :

I have examined the compliance by ZUARI AGRO CHEMICALS LIMITED (`the Company') of the requirements of compliance with the corporate Governance requirements under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("LODR") for the year ended 31st March 2016.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the Conditions of Corporate Governance as stipulated in the LODR. This Certificate is issued pursuant to the requirements of Schedule V (E) of the LODR.

The compliance of conditions of Corporate Governance is the responsibility of the management of the Company. My examination was limited to procedures adopted, and implementation thereof, by the Company for ensuring compliance with the condition of Corporate Governance under LODR. The examination is neither an audit nor an expression of opinion on the financial statements of the Company.

I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency of effectiveness with which the management has conducted the affairs of the company.

CS SHIVARAM BHAT
Practising Company Secretary
ACS No. 10454 : CP No. 7853

ANNEXURE 'C' TO THE DIRECTORS' REPORT

DECLARATION BY THE MANAGING DIRECTOR

Pursuant to Regulation 26(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I KAPIL MEHAN, Managing Director of Zuari Agro Chemicals Limited, declare that all Board Members and Senior Management Personnel of the Company have affirmed their compliance with the Code of Conduct and Ethics for the financial year ended 31st March, 2016.

For **Zuari Agro Chemicals Limited**

Place : Gurgaon
Date : 13th May, 2016

KAPIL MEHAN
Managing Director
DIN : 01215092

ANNEXURE 'D' TO THE DIRECTORS' REPORT

MANAGEMENT DISCUSSION AND ANALYSIS

The Board of Directors are pleased to present the business analysis and outlook of Zuari Agro Chemicals Limited (ZACL) based on the current government policies and market conditions. The Company is into manufacturing and selling of fertilisers as well as trading in agri inputs.

GLOBAL ECONOMIC BACKDROP:

Global growth in 2015 was a modest 3.1 percent. Major macroeconomic realignments are affecting prospects differentially across countries and regions. These include the slowdown and rebalancing in China; a further decline in commodity prices, especially for oil, with sizable redistributive consequences across sectors and countries; a related slowdown in investment and trade; and declining capital flows to emerging market and developing economies. These realignments, together, with a host of non- economic factors, including geopolitical tensions and political discord,are generating substantial uncertainty. On the whole, they are consistent with a subdued outlook for the world economy - but risks of much weaker global growth have also risen. Preliminary data suggest that global growth during the second half of 2015, at 2.8 percent, was weaker than previously forecast, with a sizable slowdown during the last quarter of the year.

The global recovery has weakened further amid increasing financial turbulence. Activity softened toward the end of 2015 in advanced economies, and stresses in several large emerging market economies showed no signs of abating. Adding to these headwinds are concerns about the global impact of the unwinding of prior excesses in China's economy as it transitions to a more balanced growth path after a decade of strong credit and investment growth, along with signs of distress in other large emerging markets, including from falling commodity prices. With heightened risk aversion and increasing concerns about the lack of policy space, the valuation of risky assets as well as oil prices dropped sharply in early 2016. However, market sentiment began to improve in mid-February, and by the end of March market valuations had recovered most of the ground lost earlier in the year. While growth in emerging market and developing economies still accounts for the lion's share of projected world growth in 2016, prospects across countries remain uneven and generally weaker than over the past two decades. In particular, a number of large emerging markets - including Brazil and Russia - are still mired in deep recessions. Others, including several oil-exporting countries, also face a difficult macroeconomic environment with sharply weaker terms of trade and tighter external financial conditions. Growth in China and India has been broadly in line with projections, but trade growth has slowed down noticeably. The trade slowdown is related to the decline in investment growth across emerging market economies, which reflects rebalancing in China but also the sharp scaling down of investment in commodity exporters, particularly those facing difficult macroeconomic conditions. Growth in advanced economies is projected to remain modest, in line with 2015 outcomes. Unfavorable demographic trends, low productivity growth, and legacies from the global financial crisis continue to hamper a more robust pickup in activity. While very accommodative monetary policy and lower oil prices will support domestic demand, still-weak external demand, further exchange rate appreciation - especially in the United States - and somewhat tighter financial conditions will weigh on the recovery. In the euro area, the risk of a denaturing of inflation expectations is a concern amid large debt overhangs in several countries. The projected pickup in growth in 2017 (3.5 percent) and over the rest of the forecast horizon hinges crucially on rising growth in emerging market and developing economies, as growth in advanced economies is expected to remain modest, in line with weakened potential growth. This outcome relies on a number of important assumptions: • A gradual normalization of conditions in several economies currently under stress • A successful rebalancing of China's economy with trend growth rates that - while lower than those of the past two decades - remain high • A pickup in activity in commodity exporters, albeit at rates more modest than in the past • Resilient growth in other emerging market and developing economies In the current environment, the likelihood that this central scenario will materialize has weakened, as risks of weaker growth have become more salient. • Across advanced economies, activity slowed during the second part of 2015, and asset price declines and widening spreads have tightened financial conditions. If sustained, these developments could further weaken growth, with risks of a stagnation scenario with persistent negative output gaps.

i) World Agriculture and Food Scenario:

The world cereal production in 2015-16 is estimated at 2525.7 million tonnes, with wheat at 732.90 million tonnes, coarse grains at 1302.50 million tonnes and rice at 490.30 million tonnes. These estimates represent a marginal decrease of about 1.35 percent compared to last year.

Global wheat production mainly reflects an improved outlook in Europe, where favourable winter weather bolstered yield expectations in the EU, the Russian Federation and Ukraine. Increases in these countries more than outweighed an anticipated reduction in India, where the wheat crop has been hit by dry conditions earlier in the season and by heavy rains during the ongoing harvest.

The world cereal production in 2016-17 is projected at 2525.6 million tonnes.

ii) Commodity Prices:

Weakening of global commodity prices continued in 2015-16. Prices of crude oil, metals and even cereals declined across the globe not-withstanding a few short spells.

The average price of brent crude for the month of March stood at USD 37.34 per barrel for 2016 down from USD 52.83 per barrel a year before.

FAO Food Price Index (FFPI) averaged 151.8 points in April 2016, up 1.1 points (0.7 percent) from March, but almost 10 percent below its April 2015 level.

Looking to 2017, a modest price recovery is projected for most commodities as demand strengthens. Crude oil is projected to rise to $50/bbl as the market moves into balance.

iii) The Global Fertiliser Scenario:

The 2015-16 campaign was impacted by low international agricultural commodity prices and by weakening economic activity in emerging economies. Global fertilizer demand in 2015-16 is estimated to retreat by 0.1%, to 183.1 Million MT. The 0.1% increase in N demand (110.4 Million MT) would not fully counterbalance demand contractions of 0.9% for P (40.8 Million MT) and 0.2% for potassium (K) (31.9 Million MT).

Regionally, demand is seen as dropping in Latin America and Oceania, following strong expansion in previous years, as well as in West Asia due to geopolitical tensions. Demand stagnated in East Asia. Increases in the rest of the world could not offset the declining regions. The largest year-on-year changes in volume are seen in Latin America (contraction) and South Asia (expansion).

Demand in 2016-17 is expected to be influenced by persisting low (but probably no longer declining) crop prices and rebounding economic growth in emerging economies. Global fertilizer demand forecast is to expand by 1.9% in 2016-17, to 186.6 Million MT, assuming no major changes to agricultural market fundamentals; K demand is seen as growing firmly (+3.3%, to 33.0 Million MT). Demand for N and P is seen as expanding more modestly, by 1.4% to 112.0 Million MT for N, and by 2.1% to 41.6 Million MT for P.

iv) The Indian Scenario:

India's growth story has largely remained positive on the strength of domestic absorption, and the country has registered a robust and steady pace of economic growth in 2015-16 as it did in 2014-15. Additionally, its other macroeconomic parameters like inflation, fiscal deficit and current account balance have exhibited distinct signs of improvement. Wholesale price inflation has been in negative territory for more than a year and the all-important consumer prices inflation has declined to nearly half of what it was a few years ago.

Despite global headwinds and a truant monsoon, India registered robust growth of 7.2 per cent in 2014-15 and 7.6 per cent in 2015-16, thus becoming the fastest growing major economy in the world.

Growth in the agriculture sector (stood at 1.1% in 2015-16) has continued to be lower than the average of last decade, mainly on account of it being the second successive year of lower than-normal monsoon rains.

v) Food & Agriculture:

The south west monsoon season rainfall (during June to September, 2015) over the country as a whole was about 86% of its long period average (LPA). Thus 2014 & 2015 were two consecutive years having deficient monsoon. Seasonal rainfall was 83% of its LPA over Northwest India, 84% of its LPA over Central India, 85% of its LPA over South Peninsula and 92% of its LPA over Northeast India. The states most affected by deficit rainfall include Maharashtra, Telengana, Bihar, Uttar Pradesh, Uttarakhand, Himachal Pradesh, Punjab, Haryana, some parts of Karnataka, Gujarat & Madhya Pradesh. The major impacts of deficient rainfall affects farm yields due to scarcity of water and even affects safe drinking water supplies.

Despite setback in Kharif crops due to deficient monsoon rainfall and Rabi crops due to shortage of water in reservoirs and relatively warmer winter, as per the 2nd Advance Estimates for 2015-16. Total foodgrains production in the country has been marginally higher than that in the last year. Total foodgrains production during 2015-16, estimated at 253.16 million tonnes, has been higher by 1.14 million tonnes over the production of 252.02 million tonnes during 2014-15.

Total production of rice during 2015-16 is estimated at 103.61 million tonnes, which is lower by 1.87 million tonnes than its production of 105.48 million tonnes during 2014-15.

Production of wheat estimated at 93.82 million tonnes is higher by 7.29 million tonnes than the production of 86.53 million tonnes of wheat during 2014-15. Wheat production in 2015-16 is also higher by 2.29 million tonnes than its 5 years' average production.

Total production of coarse cereals is estimated at 38.40 million tonnes which is lower by 4.47 million tonnes as compared to their production of 42.86 million tonnes during 2014-15. Total pulses production of 17.33 million tonnes during 2015-16 is marginally higher than the previous year's production of 17.15 million tonnes. With a decline of 1.17 million tonnes over the previous year's production's total oilseeds production in the country, during 2015-16 is estimated at 26.34 million tonnes.

Production of sugarcane estimated at 346.39 million tones, is lower by 15.95 million tonnes than its production during 2014-15. Production of Cotton estimated at 30.69 million bales (of 170 kg each) is also lower by 4.11 million bales than its production of 34.81 million bales during 2014-15. Production of jute is estimated at 9.89 million bales (of 180 kg each) which is marginally lower than its production of 10.62 million bales during 2014-15.

The Minimum Support Prices (MSP) for the Kharif crops was revised upwards for the 2015-16 season to increase investment and production through assured remunerative prices to farmers. The increase in the remuneration was non-uniform and lay in the range of Rs 15/- per quintal to Rs 275/- per quintal keeping in view the various supply & demand factors and also production costs involved. In view of a large surplus of cereals in contrast to huge deficit of pulses, the government announced a bonus of ₹ 200/- per quintal for pulses. The increase in MSP for Kharif crops for 2015-16 translated to an overall rise in the MSP by as much as 6% over that of 2014-15.

At these levels of MSP, the gross margins over paid out costs & family labour as estimated by CACP (Commission for Agricultural Costs & Prices) are in the range 7% - 46%.

With regards to Rabi crops also, the government has revised the MSP in the range of 5% to 8% with additional bonus being declared for pulses. The estimated gross margins at these levels as per data of CACP (Commission for Agricultural Costs & Prices) reache as high as 95% for certain crops.

Indian farmers are facilitated through the MSP- a benchmark pricing to protect them from production distortions arising due to vagaries of weather, pests & diseases and market forces. Based on MSP (Rabi 2015-16 and Kharif 2016) percent margin over cost of cultivation(C-2) of food grains has been only around 9%, however, for crops like tur it has been around 33 percent and cotton 21 percent after substantial increase in MSPs declared after recent price spike. Income generated from dominant cereal crops has little impact on income of majority of SMFs but they are able to sustain. Farmers engaged with crops like sugarcane and other plantation crops are comfortable with the cash flow due to indicative but assured prices. (Profit margins of the vegetable farmers are negated even under periodic price increases which is mainly restricted to TOP (tomato, onion, potato) segment have occurrences over every 2-2.5 years.) Ironically, increase in prices have so far eluded farmers and left them with cash flow crisis.

vi) The Fertiliser Scenario in India:

The total production of fertilisers in India stood at 366.62 Lakhs MT for FY 2015-16 which is a growth of 8.2% from the last year. The production of DAP shows themajoritygrowth with 10.9% followed by Urea (8.3%) and NPKs (7.0%).

The country has achieved self-sufficiency to the extent of 76% for Urea and 65% for Phosphate fertilisers. For fulfilling the requirements of Muriate of Potash, the country is completely dependent on imports. The country is also dependent on imports for raw materials for production of Nitrogenous & Phosphate fertilisers.

In terms of fulfillment of domestic requirement through imports, the entire requirement of Potash is fed via imports while the proportion stands at 26% and 35% in case of Urea and phosphate fertilisers.

The installed capacity for Urea is 200.30 Lakhs MT while production is 244.65 Lakhs MT in the current fiscal year. While the capacity for DAP/complexes is 125.27 Lakhs MT and the production is 121.97 Lakhs MT.

Fertilizer demand increased in Nitrogenous and Phosphate fertilisers by 3.5% and 17.9% year-on- year while Potash demand has declined by 12.3%. Import prices of all raw materials and finished fertilisers experienced downward movement during the year with Urea and DAP experiencing as much as over 25% decline. Farm gate prices experienced a corresponding decline of INR 1070 PMT in DAP, INR 880 PMT in MOP, INR 670 PMT in N10 and INR 500 PMT in N12 during the same period.

N: P: K consumption balance improved slightly from 8.4:2.8:1 levels to 7.8: 3.2:1 on a year-on year basis, but there is still a huge gap from ideal ratio of 4: 2: 1.

vii) Policy:

Subsidy provided for the fertilizer sector is ₹ 70,000 Cr for 2016-17, marginally lower than ₹ 72,438 Cr provided for 2015-16 (RE). The under provisioning of subsidy continue to be a cause of concern and will impact the financial health of the industry in general. We expect government to roll out a robust mechanism with clearly defined timelines to address this issue.

The Government of India has approved Nutrient Based Subsidy (NBS) rates for Phosphatic and Potassic (P&K) fertlizers for the year 2016-17, which is lower than last financial year and may reflect the softness in fertilizer/ raw material prices.

There is need to address the pricing policy induced imbalance in the application of fertilizers and the same needs to be corrected to ensure soil fertility is maintained at optimal levels. Presently the pricing policy is highly skewed in favor of nitrogenous fertilizers thus adversely affecting nutrient ratio.

The government is likely to introduce Direct Benefit Transfer for Fertiliser subsidy on a pilot basis in the F.Y. 2016-17.

Effective June 1, 2015 the Government of India has notified mechanism of Uniform Delivered Gas Pool Price and New Urea Policy 2015 which has resulted in the reduction in the overall energy cost of production of urea. Consequent to this, the units are able to produce Urea more than their re-assessed capacities.

viii) Internal Control Systems and their Adequacy:

The Company has adequate systems of internal control in place, which is commensurate with its size and the nature of its operations. These are designed to provide reasonable assurance with respect to maintaining reliable financial and operational information, complying with applicable statutes, executing transactions with proper authorisation coupled with ensuring compliance of corporate policies through documented Standard Operating Procedure (SOP) and Limits Of Financial Authority Manual (LOAM). These documents are reviewed and updated on an ongoing basis to improve the internal control systems and operational efficiency. The Company uses a state–of–the–art ERP (SAP) system to record data for accounting and managing information with adequate security procedure and controls.

The Company, through its own internal audit department supported by an external audit firm, carried out periodic audits based on the plan approved by the audit committee -to identify any deviations to internal control procedures. The observations arising out of audit are periodically reviewed and compliance ensured. The summary of the internal audit observations and status of implementation are submitted to the audit committee. The status of implementation of the recommendations is reviewed by the audit committee on a regular basis.

ix) Enterprise Risk Management (ERM):

The Risk Management Committee of the Board has approved a Risk Management Policy which has been formulated in accordance with the provisions of the Companies Act, 2013 and regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

Company's ERM framework encompasses practices relating to identification, assessment, monitoring and mitigation of strategic, operational, financial and compliance related risks. The coverage includes both internal and external factors. The risks identified are prioritised based on their potential impact and likelihood of occurrence. Risk register and internal audit findings also provide input for risk identification and assessment. The prioritised risks along with the mitigation plan are discussed with the Corporate Management Committee and Risk Management Committee on periodic basis.

The Company has, during the year, internally conducted the Risk Assessment exercise for reviewing the existing processes of identifying, assessing and prioritizing risks. Mitigation plans have been defined for the prioritised risks and same are being reviewed for adherence periodically.

The Risk Management Committee shall periodically review the risks and report to the Board of Directors from time to time.

x) Material Development in Human Resources:

The consolidation and scale-up of Agri Business, operational integration of Zuari Agro Chemicals Limited (ZACL), Paradeep Phosphates Limited (PPL) and other entities within the Agri space is almost complete. Some of the desired outcomes envisaged include better operational efficiency across all functions, synergistic functioning amongst the teams, benchmarking internal best practices across functions, a larger force to reckon with, within the Sector, consequential cost saving and better outcomes for all stake holders.

Integration has brought about a lot of opportunities for employees. Larger roles with enhanced responsibility were made available to employees in the integrated teams. These roles were manned based on current performance, competency assessment and potential for growth. The development needs will be taken up and fulfilled through specifically designed training programs. These and other development measures will ensure that employees perform better intheir jobs and have clear career paths planned out. It will also ensure that the organization has a clear succession plan for all critical roles and there shall be retention of key talent at all levels.

xi) Marketing:

The Company's marketing activities are focused in the states of Goa, Karnataka, Maharashtra, Andhra Pradesh, Telangana and in parts of Kerala and Madhya Pradesh. The Company has also started marketing operations in Uttar Pradesh, Punjab, Haryana, Odisha and other north-eastern states.

The year 2015 was a challenging one for the agriculture sector. It was the second consecutive year of hardships for farmers owing to drought and inclement weather in several parts of the country

Southwest monsoon was 14 per cent below normal of the Long Period Average in 2015 on the back of 12 per cent deficiency in the previous year affecting the Kharif crop. The northeast monsoon that followed, played havoc in Tamil Nadu and adjoining region with unprecedented floods, wiping out entire paddy and cash crops.

At least nine states have declared drought-hit districts this year. These are Karnataka, Chhattisgarh , Madhya Pradesh, Maharashtra, Odisha, Andhra Pradesh, Uttar Pradesh, Telangana and Jharkhand. Tamil Nadu, of course, has flood-hit districts. Parts of Haryana, Uttar Pradesh, Maharashtra, Karnataka and Andhra Pradesh had been hit by drought during 2014-15 as well.

In spite of these challenges, during the year 2015–16, the total sales volume of fertilisers of the company registered a growth of 4% over the previous year and stood at 16,79,582 MT against previous year's sale of 16,16,170 MT.

Total sales of the indigenous fertilisers was at 10,96,919MT showing a growth of 8% over last year's sales of 10,17,254 MT.

The sale of traded fertilisers fell by 2.7% to 5,82,662 MT. This is because of curtailment in imports due to poor monsoon and adverse agro-climatic conditions.

We have been able to make reasonable progress in the non-subsidy business, which forms a key constituent of our product portfolio. The year ended with 185 Crores of total sales in crop care and seeds vertical. The pesticides sales suffered due to the drought in major markets.

Production of (Water Soluble Fertilizers) WSF at Baramati plant improved marginally at 6397 MT over last year. Our cumulative sales of 13702 MT, which included imported finished products, are slightly lower than last year sales of 13880 MT, however the market share improved in our prime markets.

The company has also made significant progress in the retail segment. Our flagship retail stores are offering the full spectrum of products – from fertilizers to specialty plant nutrients and crop protection chemicals. In the financial year 2015-16, the total number of retail stores operated by the company stood at 86 and the total turnover was around ₹ 41 Crores from this business segment.

FINANCIAL REVIEW:

The Company's overall financial performance for the year 2015-16 has not been very good due to a very difficult business scenario. The total revenues in 2015 -16 stood at ₹ 5,270.22 Crores as compared to ₹ 5,523.75 Crores in 2014-15. The Company had a loss before tax of ₹ 31.75 Crores in 2015-16 as compared to a profit before tax of ₹ 20.73 Crores for 2014-15. The loss after tax for 2015-16 was at ₹ 15.89 Crores as against a profit after tax of ₹ 12.37 Crores for 2014-15. The Company's EBIDTA for 2015-16 was ₹ 296.62 Crores as against ₹ 271.39 Crores for 2014-15. The Finance Costs for 2015-16 stood at ₹ 300.54 Crores as against ₹ 232.80 Crores for 2014-15. During the year the Company availed long term loans of ₹ 250 Crores.

OUTLOOK:

The Union Budget 2016-17 provides major focus on agriculture and rural India, with specific emphasis on water resources and irrigation by providing higher allocations. The union budget has also allocated ₹ 15,000 Crores towards interest subvention thereby enabling easy farm credit availability to farmers. In addition ₹ 5,500 crore has been allocated for the new crop insurance scheme. On the monsoon front, most global models are indicating continued weakening of El Nino conditions over the coming months and a chance of La Nina development signaling an above-normal monsoon rainfall over the country during June to September, 2016. Indian Meteorological Department estimates that monsoon will be 106% of the Long Period Average (LPA). This is expected to result in recharging of ground water levels and improve irrigation prospects. In light of the above, the consumption is expected to grow. There is also an enhanced focus on soil health and yield improvement through sustainable means to promote use of complex and speciality fertilisers. Also, with micro irrigation schemes being aggressively advocated by the Government, water soluble fertilizer consumption will pick up.

The Government is also implementing a National Agricultural Market which will lead to integration of agri markets across the country through an e-platform. This will enable overcoming of challenges in the present agri marketing systems and enable efficiencies in price discovery which in turn will benefit farmers.

However, the budget did not offer much to the fertiliser sector. The fertiliser subsidy is pegged at ₹ 70,000 crore, which indicates that the subsidy arrears by end of F.Y. 2016-17 will be substantial, forcing the industry to continue to depend on their own working capital borrowings. While the Economic Survey stressed on the need for reforms in the fertiliser sector, this budget has been silent on that, except for an announcement of a pilot project for Direct Benefit Transfer.

OPPORTUNITIES AND THREATS:

For F.Y. 2016-17, there will be opportunities for growth in the regulated as well as the de-regulated segments. In the long run, increasing consumption provides substantial opportunities for the branded Agri Business, in terms of higher value speciality inputs for better quality agri produce. F.Y. 2016-17 is expected to open with a higher inventory in the P&K segment which can impact selling prices and credit terms. With good consumption the situation can be expected to normalise. In the Urea segment, the Company does not foresee short-term threats since the domestic demand-supply gap will continue to exist till such time that new capacity is added to achieve self-sufficiency.

RISKS AND CONCERNS:

The margins from operations of NPK plant, in view of imported input prices, primarily Ammonia and Phosphoric Acid, continue to be a cause of concern. The high credit and forex exposure on bulk trading continues to be a concern too. The growth in non-regulated segment brings to fore, the challenges in terms of quality management of third party sourced products. High subsidy and market outstanding continues to be a cause of concern leading to high working capital and interest cost eating into the profit margins.

CAUTIONARY STATEMENT:

There are certain statements in this report which the Company believes are forward looking. The forward looking statements stated in this report could significantly differ from the actual results due to certain risks and uncertainties, including but not limited to economic developments, Government actions, etc.

ANNEXURE 'E' TO THE DIRECTORS' REPORT

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31.03.2016 [Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS :

i) CIN:- L65910GA2009PLC006177

ii) Registration Date : 10th September, 2009

iii) Name of the Company : Zuari Agro Chemicals Limited

iv) Category / Sub-Category of the Company : Company Limited by Shares

v) Address of the Registered office and contact details : Jai Kisaan Bhawan,
Zuarinagar, Goa, 403726.
Tel No. 0832-2592180 / 2592509.
Email Id: investor.relations@adventz.com
Website : www.zuari.in

vi) Whether listed company : Yes

vii) Name, Address and Contact details of Registrar and Transfer Agent, if any
Link Intime India Pvt. Limited
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (W), Mumbai – 400078
Tel: 022-25946970
Fax: 022-25946969
Email: rnt.helpdesk@linkintime.co.in
Website: www.linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY :

All the business activities contributing 10 % or more of the total turnover of the company shall be stated :

Sl. No.	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the company
1	Manufacture of urea and other organic fertilizers	20121/22	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES :

Sl. No	Name and Address of the Company	CIN / GLN	Holding/ Subsidiary / Associate	% of shares held	Applicable Section
1	Zuari Agri Sciences Limited (formerly known as Zuari Seeds Limited) Jai Kisaan Bhawan, Zuarinagar, Goa, 403726.	U01122GA1995PLC001751	Subsidiary	100	2(87)
2	Zuari Fertilisers and Chemicals Limited Jai Kisaan Bhawan, Zuarinagar, Goa, 403726	U24120GA2009PLC006158	Subsidiary	100	2(87)
3	Zuari Speciality Fertilisers Limited (formerly Known as Zuari Rotem Speciality Fertilizers Limited)Jai Kisaan Bhawan, Zuarinagar, Goa, 403726	U01409GA2007PLC005489	Subsidiary	100	2(87)

Sl. No	Name and Address of the Company	CIN / GLN	Holding/ Subsidiary / Associate	% of shares held	Applicable Section
4	Zuari Maroc Phosphates Private Limited (formerly known as Zuari Maroc Phosphates Limited)5th Floor, Orissa State Handloom Weavers' Co-Operative Building, Pandit J.N Marg, Bhubaneswar,Orissa, 751001	U24124OR2002PTC017414	Joint Venture	50	2(6)
5	MCA Phosphates Pte. Limited 112 Robinson Road # 05-01, Singapore 068902	Foreign Company	Joint Venture	30	2(6)
6	Paradeep Phosphates Limited* 5th Floor, Orissa State Handloom Weavers' Co-Operative Building, Pandit J. N. Marg, Bhubaneswar, Orissa, 751001	U24129OR1981PLC001020	Associate	40	2(6)

* The percentage of shares held indirectly by the Company.

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders			No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
			Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A	Promoter s										
	1	Indian									
		a) Individual/ HUF	181027	0	181027	0.43	231027	0	231027	0.55	0.12
		b) Central Govt									
		c) State Govt(s)									
		d) Bodies Corp.	23232465	0	23232465	55.24	23334025	0	23334025	55.48	0.24
		e) Banks / FI									
		f) Any other									
		Sub-total (A) (1)	23413492	0	23413492	55.67	23565052	0	23565052	56.03	0.36
	2	Foreign									
		a) NRIs - Individuals									
		b) Other - Individuals									
		c) Bodies Corp.	7491750	0	7491750	17.81	7491750	0	7491750	17.81	0.00
		d) Banks / FI									
		e) Any Other....									
		Sub-total (A) (2)	7491750	0	7491750	17.81	7491750	0	7491750	17.81	0.00
	Total shareholding of Promoter (A) = (A)(1)+(A)(2)		30905242	0	30905242	73.48	31056802	0	31056802	73.84	0.36
B	Public Shareholding										
	1	Institutions									
		a) Mutual Funds	3959214	100	3959314	9.41	2740926	50	2740976	6.52	-2.89
		b) Banks / FI	830	3965	4795	0.01	675	3965	4640	0.01	0.00
		c) Central Govt									
		d) State Govt(s)									
		e) Venture Capital Funds									

		Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
			Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
		f) Insurance Companies	2281243	150	2281393	5.42	2281243	200	2281443	5.42	0
		g) FIIs	1198346	400	1198746	2.85	1263589	400	1263989	3.01	0.16
		h) Foreign Venture Capital Funds									
		i) Others (specify)									
		i-i Foreign Bank	217	0	217		217	0	217		0.00
		Sub-total (B)(1):-	7439850	4615	7444465	17.70	6286650	4615	6291265	14.96	-2.73
	2	Non-Institutions									
		a) Bodies Corp.	910279	16851	927130	2.20	1242225	16801	1259026	2.99	0.79
		i) Indian									
		ii) Overseas									
		b) Individuals									
		i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	2106050	349910	2455960	5.84	2452817	342020	2794837	6.65	0.81
		ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	245311	15190	260501	0.62	496999	15190	512189	1.22	0.60
		c) Others (specify)									
		i) Clearing Members	20618	0	20618	0.05	91259	0	91259	0.22	0.17
		ii) Non Resident Indians	39860	2837	42697	0.10	48398	2837	51235	0.12	0.02
		iii) Overseas Bodies Corp.	0	450	450		0	450	450	0	0.00
		iv) Trusts	943	0	943	0.01	943	0	943	0.01	0.00
		Sub-total (B)(2) :	3323061	385238	3708299	8.82	4332641	377298	4709939	11.20	2.38
		Total Public Shareholding (B)=(B)(1)+ (B)(2)	10762911	389853	11152764	26.52	10619291	381913	11001204	26.16	-0.35
		TOTAL (A)+(B)	41668153	389853	42058006	100	41676093	381913	42058006	100.00	0.00
C		Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0		0.00
Grand Total (A+B+C)			41668153	389853	42058006	100	41676093	381913	42058006	100	0.00

ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	Globalware Trading and Holdings Ltd.	7012000	16.67		7012000	16.67		0.00
2	Texmaco Infrastructure & Holdings Ltd.	3000125	7.13		3000125	7.13		0.00
3	Coltrane Corpn. Ltd.	479750	1.14		479750	1.14		0.00
4	Jeewan Jyoti Medical Society	138550	0.33		138550	0.33		0.00
5	Adventz Finance Private Limited	1322641	3.14		1424201	3.38		0.25

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
6	Duke Commerce Ltd.	111000	0.26		111000	0.26		0.00
7	Saroj Kumar Poddar	79406	0.19		129406	0.31		0.12
8	Adventz Securities Enterprises Ltd.	98804	0.23		98804	0.23		0.00
9	Adventz Investment Co. Pvt. Ltd.	15000	0.04		15000	0.04		0.00
10	Ricon Commerce Ltd.	8100	0.02		8100	0.02		0.00
11	Jyotsna Poddar	71621	0.17		71621	0.17		0.00
12	New Eros Tradecom Ltd.	1196767	2.85		1196767	2.85		0.00
13	SIL Investments Ltd.	3208000	7.63	3.74	3208000	7.63	4.43	0.00
14	Pilani Investment & Ind. Corp. Ltd.	434000	1.03		434000	1.03		0.00
15	RTM Investment & Trading Co. Ltd.	110768	0.26		110768	0.26		0.00
16	SCM Investment & Trading Co. Ltd.	35000	0.08		35000	0.08		0.00
17	Ronson Traders Ltd.	63200	0.15		63200	0.15		0.00
18	Basant Kumar Birla	30000	0.07		30000	0.07		0.00
19	Zuari Global Limited	8411601	20.00		8411601	20.00		0.00
20	Zuari Management Services Ltd.	5078909	12.08		5078909	12.08		0.00
	TOTAL	30905242	73.48	3.74	31056802	73.84	4.43	0.36

iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Name of the Promoter	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year Saroj Kumar Poddar	79,406	0.19	-	-
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): 21/05/2015 - Increase - Purchase	50,000	0.12	1,29,406	0.31
	At the End of the year			1,29,406	0.31
2	At the beginning of the year Adventz Finance Private Limited	13,22,641	3.14	-	-
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): 17/08/2015 - Increase - Purchase	1,01,560	0.24	14,24,201	3.38
	At the End of the year			14,24,201	3.38

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Life Insurance Corporation of India				
	At the beginning of the year	1350526	3.21	-	-
	At the end of the year (or on the date of seperation, if seperated during the year)			1350526	3.21
2	Reliance Capital Trustee Co Ltd A/C- Reliance Regular Saving Fund- Equity Option				
	At the beginning of the year	1200000	2.85	-	-
	At the end of the year (or on the date of seperation, if seperated during the year)			1200000	2.85
3	Deutsche Securities Mauritius Limited				
	At the beginning of the year	899027	2.14	-	-
	At the end of the year (or on the date of seperation, if seperated during the year)			899027	2.14
4	KOTAK EMERGING EQUITY SCHEME				
	At the beginning of the year	620963	1.48	-	-
	10/04/2015	30899	0.07	651862	1.55
	24/04/2015	20000	0.05	671862	1.60
	15/05/2015	8000	0.02	679862	1.62
	22/05/2015	6379	0.02	686241	1.63
	05/06/2015	6000	0.01	692241	1.65
	26/06/2015	9700	0.02	701941	1.67
	24/07/2015	25000	0.06	726941	1.73
	31/07/2015	19895	0.05	746836	1.78
	11/09/2015	5000	0.01	751836	1.79
	18/09/2015	606	0.00	752442	1.79
	At the end of the year (or on the date of seperation, if seperated during the year)			752442	1.79
5	General Insurance Corporation of India				
	At the beginning of the year	565972	1.35	-	-
	At the end of the year (or on the date of seperation, if seperated during the year)			565972	1.35
6	ICICI Prudential Value Fund Series 3				
	At the beginning of the year	1862517	4.43	-	-
	10/04/2015	(26562)	0.06	1835955	4.37
	17/04/2015	(48274)	0.11	1787681	4.25
	24/04/2015	(9396)	0.02	1778285	4.23
	01/04/2015	(1086)	0.00	1777199	4.23
	08/05/2015	(9350)	0.02	1767849	4.20
	15/05/2015	(88224)	0.21	1679625	3.99
	22/05/2015	(57089)	0.14	1622536	3.86
	29/05/2015	(425)	0.00	1622111	3.86
	26/06/2015	(157)	0.00	1621954	3.86

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	10/07/2015	(5008)	0.01	1616946	3.84
	17/07/2015	(78505)	0.19	1538441	3.66
	24/07/2015	(114906)	0.27	1423535	3.38
	31/07/2015	(15264)	0.04	1408271	3.35
	07/08/2015	(20853)	0.05	1387418	3.30
	14/08/2015	(2003)	0.00	1385415	3.29
	21/08/2015	(100600)	0.24	1284815	3.05
	09/10/2015	(13462)	0.03	1271353	3.02
	16/10/2015	(1971)	0.00	1269382	3.02
	23/10/2015	(5579)	0.01	1263803	3.00
	30/10/2015	(12730)	0.03	1251073	2.97
	06/11/2015	(535)	0.00	1250538	2.97
	27/11/2015	(13038)	0.03	1237500	2.94
	04/12/2015	(48470)	0.12	1189030	2.83
	25/12/2015	(9109)	0.02	1179921	2.81
	31/12/2015	(102273)	0.24	1077648	2.56
	01/01/2016	(22109)	0.05	1055539	2.51
	08/01/2016	(294255)	0.70	761284	1.81
	15/01/2016	(253804)	0.60	507480	1.21
	At the end of the year (or on the date of seperation, if seperated during the year)			507480	1.21
7	The New India Assurance Company Limited				
	At the beginning of the year	329695	0.78	-	-
	At the end of the year (or on the date of seperation, if seperated during the year)			329695	0.78
8	L & T Mutual Fund Trustee Ltd - L & T Mid Cap Fund				
	At the beginning of the year	0	0.00	-	-
	15/01/2016	200000	0.48	200000	0.48
	05/02/2016	12860	0.03	212860	0.51
	12 /02/2016	6689	0.02	219549	0.52
	11/03/2016	1000	0.00	220549	0.52
	18/03/2016	545	0.00	221094	0.53
	At the end of the year (or on the date of seperation, if seperated during the year)			221094	0.53
9	Earthstone Holding (Two) Limited				
	At the beginning of the year	198225	0.47		
	At the end of the year (or on the date of seperation, if seperated during the year)			198225	0.47
10	Sparrow Asia Diversified Opportunities Fund				
	At the beginning of the year	34120	0.08	-	-
	26/06/2015	31000	0.07	65120	0.15
	30/06/2015	15000	0.04	80120	0.19

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	03/07/2015	15000	0.04	95120	0.23
	10/07/2015	21680	0.05	116800	0.28
	28/08/2015	28000	0.07	144800	0.34
	04/09/2015	5785	0.01	150585	0.36
	At the end of the year (or on the date of seperation, if seperated during the year)			150585	0.36
11	Sicgil India Limited				
	At the beginning of the year	150000	0.36	-	-
	At the end of the year (or on the date of seperation, if seperated during the year)			150000	0.36
12	DSP Blackrock Tax Saver Fund				
	At the beginning of the year	194524	0.46	-	-
	08/05/2015	(10000)	0.02	184524	0.44
	15/05/2015	(9391)	0.02	175133	0.42
	19/06/2015	(1481)	0.00	173652	0.41
	26/06/2015	(31167)	0.07	142485	0.34
	30/06/2015	(5282)	0.01	137203	0.33
	03/07/2015	(18120)	0.04	119083	0.28
	10/07/2015	(15229)	0.04	103854	0.25
	17/07/2015	(27351)	0.07	76503	0.18
	24/07/2015	(10252)	0.02	66251	0.16
	31/07/2015	(66251)	0.16	0	0.00
	At the end of the year (or on the date of seperation, if seperated during the year)			0	0.00

v) **Shareholding of Directors and Key Managerial Personnel:**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Saroj Kumar Poddar				
	At the beginning of the year	79,406	0.19	-	-
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc) : 21/05/2015 - Increase - Purchase	50,000	0.12	1,29,406	0.31
	At the End of the year			1,29,406	0.31

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
2	Marco Wadia				
	At the beginning of the year	2,811	0.007	-	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the End of the year			2,811	0.007
3	R. Y. PATIL				
	At the beginning of the year	51	0	-	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc) :	-	-	-	-
	At the End of the year			51	0

V INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

₹ in Lacs

	Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year					
i	Principal Amount	203,201.02	35,000.00	-	238,201.02
ii	Interest due but not paid	-	-	-	-
iii	Interest accrued but not due	519.24	195.46		714.70
Total (i+ii+iii)		203,720.26	35,195.46	-	238,915.72
Change in Indebtedness during the financial year					
	Addition	830,293.70	216,800.00	-	1,047,093.70
	Reduction	762,937.19	186,800.00	-	949,737.19
Net Change		67,356.51	30,000.00		97,356.51
Indebtedness at the end of the financial year					
i	Principal Amount	270,557.53	65,000.00	-	335,557.53
ii	Interest due but not paid	-	-	-	-
iii	Interest accrued but not due	533.67	232.88	-	766.54
Total (i+ii+iii)		271,091.19	65,232.88	-	336,324.07

VI REMUNERATION TO DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

₹ in Lacs

Sl.No.	Particulars of Remuneration	Name of MD/WTD/Manager
		Kapil Mehan
1	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	196.23
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	16.35
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-
2	Stock Option	-
3	Sweat Equity	-
4	Commission	-
	- as % of profit	-
	- others, specify…	-
5	Others, please specify : (Retirement benefits)	25.92
	Total (A)	238.50
	Ceiling as per the Act	Refer Note. 1

Note 1 :

The Remuneration paid to Managing Director is in excess of limits specified under schedule V of the Companies Act, 2013 in view of loss for the financial year 2015-16. The Company has made an application seeking approval from central Government for payment of managerial remuneration to Managing Director in excess of limits specified under the Companies Act, 2013 for the financial year ended 31st March, 2016. Approval for the same is awaited.

B. Remuneration to other Directors

₹ in Lacs

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
1	Independent Directors	Mr. Marco Wadia	Mr. J. N. Godbole	Ms. Kiran Dhingra	Mr. Gopal Pillai	
	Independent Directors					
	• Fee for attending board committee meetings • Commission • Others, please specify	7.10 - -	6.95 - -	3.00 - -	2.00 - -	19.05 - -
	Total (1)	7.10	6.95	3.00	2.00	19.05

₹ in Lacs

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount
2	Other Non-Executive Directors	Mr. Saroj Kumar Poddar	Mr. Akshay Poddar	Mr. N. Suresh Krishnan	
	• Fee for attending board committee meetings • Commission • Others, please specify	3.30 - -	2.15 - -	5.95 - -	11.40 - -
	Total (2)	3.30	2.15	5.95	11.40
	Total (B) = (1 + 2)				30.45
	Total Managerial Remuneration				238.50
	Overall Ceiling as per the Act				Refer Note 2.

Note 2 :
The total Managerial Remuneration for the Financial Year 2015-16 includes payment of remuneration to the Managing Director. All other Non-Executive Directors received only sitting fees for attending meetings.

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

₹ in Lacs

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Company Secretary	CFO	
		R. Y. Patil	**V. Seshadri**	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	46.21	75.49	121.71
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	5.46	3.43	8.88
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961			-
2	Stock Option			-
3	Sweat Equity			-
4	Commission			-
	- as % of profit			-
	- others, specify…			-
5	Others, please specify : (Retirement Benefits)	2.07	3.54	5.62
	Total	53.75	82.46	136.21

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES :

	Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/ COURT]	Appeal made, if any (give Details)
A	**COMPANY**			None		
	Penalty					
	Punishment					
	Compounding					
B	**DIRECTORS**			None		
	Penalty					
	Punishment					
	Compounding					
C	**OTHER OFFICERS IN DEFAULT**			None		
	Penalty					
	Punishment					
	Compounding					

ANNEXURE 'F' TO THE DIRECTORS' REPORT

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2016

[Pursuant to section 204 (1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,
Zuari Agro Chemicals Limited
Jai Kisaan Bhawan,
Zuarinagar, Goa 403726

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Zuari Agro Chemicals Limited (hereinafter called the 'Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2016 (hereinafter referred to as the " Audit Period") generally complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2016 according to the provisions of:

i) The Companies Act, 2013 (the Act) and the rules made there under;

ii) The Securities Contracts (Regulation) Act, 1956 and the rules made there under;

iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment and Overseas Direct Investment (provisions of external commercial borrowing not applicable to the Company during the Audit Period) ;

v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

   a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 as applicable during the relevant period;

   c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

   d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (Not applicable to the Company during the audit period);

   e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the Company during the audit period);

   f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

   g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the audit period); and

   h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during the audit period).

vi) The following laws and Regulations applicable specifically to the Company viz.,

   a) Essential Commodities Act, 1955;
   b) Seeds Act, 1966, Seeds Rules, 1968 and Seeds (Control) Order, 1983;
   c) Insecticide Act, 1968, Insecticides Rules, 1971 and Insecticides (Price, Stock Display and Submission of Reports) Order, 1986;
   d) Fertiliser (Control) Order, 1985 and Fertilizer (Movement Control) Order, 1973;
   e) Explosives Act, 1884; and
   f) Static and Mobile Pressure Vessels (Unfired) Rules, 1981.

vii) I have also examined compliance with the applicable clauses of the following:

   i. Secretarial Standards issued by The Institute of Company Secretaries of India ;
   ii. The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited read with the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

   During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that –

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors as prescribed. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and/or recorded as part of the minutes during the audit period.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period -

1. Zuari Speciality Fertilisers Limited (formerly known as Zuari Rotem Speciality Fertilizers Limited) became wholly owned subsidiary of the Company; and
2. The Board of Directors of the company passed Resolution(s) proposing:
   a) issue and allot equity shares for an amount upto ₹ 200 Crores through Rights issue, subject to necessary approvals;
   b) amalgamation of wholly owned subsidiaries i.e. Zuari Fertilisers and Chemicals Limited, Zuari Agri Sciences Limited & Zuari Speciality Fertilisers Limited (formerly known as Zuari Rotem Speciality Fertilizers Limited) with the holding Company i.e. Zuari Agro Chemicals Limited.

SHIVARAM BHAT
Practising Company Secretary
ACS No. 10454 & CP No. 7853

Place : Panaji, Goa
Date : May 12, 2016

This Report is to be read with our letter of even date which is annexed as Annexure 'a' and Forms an integral part of this report.

Annexure ‘a’ (My report of even date is to be read along with this Annexure.)

1. Maintenance of Secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

SHIVARAM BHAT
Practising Company Secretary
ACS No. 10454 & CP No. 7853

Place : Panaji, Goa
Date : May 12, 2016

ANNEXURE 'G' TO THE DIRECTORS' REPORT

Form No. AOC - 2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2)
of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arms' length transactions under third proviso thereto.

1. **Details of contracts or arrangements or transactions not at arm's length basis:**

   There were no contracts / arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 which are not at arm's length basis during the year ended March 31, 2016.

2. **Details of material contracts or arrangements or transactions at arm's length basis:**

Name(s) of the related party and nature of relationship	Nature of contracts / arrangements / transactions	Durations of the contracts / arrangements / transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advance, if any
(a)	(b)	(c)	(d)	(e)	(f)
Mangalore Chemicals & Fertilizers Limited (MCFL)	Sale of Goods / materials (Urea, Muriate of Potash, Di-Ammonium Phosphate etc.)	Not Applicable	Sale of Fertilizers to Mangalore Chemicals & Fertilizers Limited amounting ₹ 252.71 crore (approx).	12th August, 2015, 30th October, 2015, 5th Feb, 2016 & 13th May, 2016.	Nil

Note :

The threshold limit for materiality has been decided by the board in accordance with the provisions of Section 188 of the Companies Act, 2013 read with Rule 15 (3) of the Companies (Meetings of Board and its Powers) Rule, 2014.

For and on behalf of the Board of Directors

Date : May 13, 2016
Place : Gurgaon

S. K. PODDAR
Chairman

ANNEXURE 'H' TO THE DIRECTORS' REPORT

Format of reporting of Corporate Social Responsibility (CSR)

[Pursuant to clause (o) of sub-section (3) of section 134 of the Companies Act, 2013 and
Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

1. **A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.**

   Our projects and initiatives are guided by our CSR Policy and reviewed closely by the CSR Committee instituted and adopted by the Board of Directors as per the "Section 135 of the Companies Act, 2013".

   Driven by our passion to make a difference to society, the Company (ZACL) is committed to upholding the highest standards of corporate social responsibility, and ZACL has continued its progress on community initiatives with renewed vigour and devotion.

   As a responsible business corporation, we have built sustainable and effective CSR initiatives that are vital towards fulfilling critical societal needs in the communities we operate in. We also believe that we have a larger responsibility towards making a difference within our industry and also society at large. Our initiatives include skills development, promotion of rural development, healthcare & WASH (Water, Sanitation and Hygiene) and Education.

   As a responsible business corporation, our companies have built sustainable and effective CSR initiatives that are vital towards fulfilling critical societal need gaps in the communities we operate in. We also believe that we have a larger responsibility towards making a difference within our industry and also society at large.

   Weblink to CSR Policy : *www.zuari.in/corporate-governance*

2. **The Composition of the CSR Committee.**

   Mr. Gopal Pillai - Chairman

   Mr. Akshay Poddar - Member

   Mr. Kapil Mehan - Member

   Mr. J. N. Godbole - Member

   Mr. R.Y. Patil, Chief General Manager & Company Secretary is the Secretary to the Committee.

3. **Average net profit of the company for last three financial years:**

   The Company had average net loss of ₹ 2,469.89 Lacs for last three financial years.

4. **Prescribed CSR Expenditure (two percent of the net profit of the Company for last three financial years):**

   NIL. As the Company had average net loss for the last three financial years.

5. **Details of CSR spent during the financial year:**

   Total amount spent for the financial year (in Lacs) ₹ 44.85 Lacs

   Amount unspent, if any N.A.

6. **Manner in which the amount spent during the financial year :**

   Details of amount spent on CSR projects / programme during financial year 2015-16 is given below :

₹. in Lacs

Sl. No	CSR Project or activity Identified	Sector in which the project is covered	Projects or programs 1. Local area or other 2. Specify the state and District where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub heads 1. Direct expenditure on projects or programs 2. Overheads	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
1	Skills Development Initiative	"skills development"	Zuarinagar and surrounding villages in Goa	9.28	Direct expenditure – 100% Overheads - Nil	9.28	Sambhav Foundation (NGO)

₹. in Lacs

Sl. No	CSR Project or activity Identified	Sector in which the project is covered	Projects or programs 1. Local area or other 2. Specify the state and District where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub heads 1. Direct expenditure on projects or programs 2. Overheads	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
2	Sanitation, Education and Health Project	"slum development, sanitation. health, education"	Zuarinagar and surrounding villages in Goa	19.99	Direct expenditure – 100% Overheads - Nil	19.99	Margdarshak (NGO)
3	School Toilet Construction Project	"sanitation"	Zuarinagar, Goa	4.87	Direct expenditure – 100% Overheads - Nil	4.87	Direct
4	Village pond deepening & well recharge project	"safe drinking water"	Khola Village, Goa	10.37	Direct expenditure – 100% Overheads - Nil	10.37	Direct
5	Educational Scholarships for economically backward	"promoting education"	Mormugao Taluka, Goa	0.34	Direct expenditure – 100% Overheads - Nil	0.34	Direct
TOTAL (₹ in Lacs)				₹ 44.85		₹ 44.85	

The prescribed CSR expenditure for the current financial year is Nil as the Company had average net loss for last three financial years. During the year 2015-16 the company spent a total of ₹ 44.85 Lacs while implementing the CSR activities as per item no. 6 above.

The CSR interventions are being implemented in partnership with credible NGOs, as well as directly, and are carefully monitored. The CSR interventions slated to be implemented during the year 2016-17 have been designed.

7. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the reasons for not spending the amount.

Not Applicable.

8. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.

The CSR Committee of the Company hereby confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

Date : 13th May, 2016
Place : Gurgaon

KAPIL MEHAN
Managing Director
DIN : 01215092

GOPAL PILLAI
Chairman of CSR Committee
DIN : 02340756

ANNEXURE ‘I’ TO THE DIRECTORS’ REPORT

Statement of particulars pursuant to the provisions of Section 197 (12) read with Rule 5 (1) of Companies (Appointment and Remuneration of Managerial personnel) Rules, 2014.

(i) The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2015-16:

S. No.	Name of the Director	Ratio of the remuneration of Directors to the median remuneration of the employees of the Company.
1	Mr. S. K. Poddar - Chairman - Non-Executive Director*	Nil
2	Mr. Kapil Mehan - Managing Director	1:40
3	Mr. N. Suresh Krishnan - Non-Executive Director*	Nil
4	Mr. Akshay Poddar - Non-Executive Director*	Nil
5	Mr. J. N. Godbole - Independent Director*	Nil
6	Mr. Marco Wadia - Independent Director*	Nil
7	Mr. Gopal Pillai - Independent Director*	Nil
8	Ms. Kiran Dhingra - Independent Director*	Nil

* Mr. S. K.Poddar, Mr. N. Suresh Krishnan, Mr. Akshay Poddar, Mr. J. N. Godbole, Mr. Marco Wadia, Mr. Gopal Pillai and Ms. Kiran Dhingra did not receive any remuneration, but were paid sitting fees for attending the Meetings during the Financial Year.

(ii) The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager in the financial year;

S.No.	Name of the Director	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary in the financial year
1	Mr. S. K. Poddar - Chairman - Non-Executive Director*	Nil
2	Mr. Kapil Mehan - Managing Director	Nil
3	Mr. N. Suresh Krishnan - Non-Executive Director*	Nil
4	Mr. Akshay Poddar - Non-Executive Director*	Nil
5	Mr. J. N. Godbole - Independent Director*	Nil
6	Mr. Marco Wadia - Independent Director*	Nil
7	Mr. Gopal Pillai - Independent Director*	Nil
8	Ms. Kiran Dhingra - Independent Director*	Nil
9	Mr. V. Seshadri - Vice President Finance	11%
10	Mr. R. Y. Patil - Chief General Manager & Company Secretary	9%

* Mr. S. K.Poddar, Mr. N. Suresh Krishnan, Mr. Akshay Poddar, Mr. J. N. Godbole, Mr. Marco Wadia, Mr. Gopal Pillai and Ms. Kiran Dhingra did not receive any remuneration, but were paid sitting fees for attending the Meetings during the Financial Year.

(iii) The percentage increase in the median remuneration of employees in the financial year:

9.14 %

(iv) The number of permanent employees on the rolls of Company:

There are 760 permanent employees on the rolls of the Company during the Financial year.

(v) The explanation on the relationship between average increase in remuneration and Company performance:

Average increase in remuneration	Revenue of the Company (₹ in Crores)		Net Proft/ (loss) (₹ in Crores)	
2015-16	31/03/2015	31/03/2016	31/03/2015	31/03/2016
7.73%	5,524.64	5,264.03	12.36	(15.89)

(vi) Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company:

Remuneration of Key Managerial Personnel for the current year F.Y. 2015-16	Remuneration of Key Managerial Personnel for the previous year F.Y. 2014-15	Comparison	Revenue of the Company (₹ in Crores)		Net Proft/ (loss) (₹ in Crores)	
₹ 4,41,93,000	₹ 3,14,63,431	The overall remuneration increase was 40.46%	31/03/2015	31/03/2016	31/03/2015	31/03/2016
			5,524.64	5,264.03	12.36	(15.89)

(vii) Variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer:

Particulars	As at 31st March, 2016	As at 31st March, 2015
Market Capitalisation BSE NSE	₹ 5,985,391,806 ₹ 5,985,695,414	₹ 9,420,150,498 ₹ 9,463,471,930
Price Earnings Ratio BSE NSE	- 37.65 - 37.65	77.50 77.86

(viii) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

Other than the managerial personnel and KMP, the employees workers were given increment of 15% on an average.

There were no exception circumstances for increase in the managerial remuneration.

(ix) Comparison of the each remuneration of the Key Managerial Personnel against the performance of the Company:

S. No	Name	Remuneration of Managerial Personnel (₹ in Lacs)	Key Performance of the Company	
			Revenue of the Company (₹ in Crores)	Net Proft/ (loss) (₹ in Crores)
1	Kapil Mehan Managing Director	238.50	5,264.03	(15.89)
2	V. Seshadri Vice President - Finance	82.46		
3	R. Y. Patil Chief General Manager & Company Secretary	53.75		

(x) The key parameters for any variable component of remuneration availed by the directors:

The variable component paid to Managing Director is based on the Company's turnover, EBITDA and the profit after tax. No remuneration is paid to other Non-Executive Directors apart from sitting Fees for attending meetings.

(xi) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year.

None

(xii) The Remuneration paid to Key Managerial Personnel is as per the Remuneration policy of the Company.

On behalf of the Board of Directors

S. K. Poddar
Chairman

Date : 13th May, 2016
Place: Gurgaon

ANNEXURE 'J' TO THE DIRECTORS' REPORT

FORM AOC-1
PART - A

Statement containing salient features of the financial statement of Subsidiaries
(Pursuant to proviso to sub-section (3) of section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

₹ in Lacs

Sl. No.	Name of the Subsidiary	Reporting Period	Reporting Currency	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investment	Turnover	Profit before taxation	Tax Expenses / (Credit)	Profit after taxation	Proposed Dividend	% of Share-holding
	Indian Subsidiaries													
1	Zuari Agri Sciences Ltd. (formerly known as Zuari Seeds Ltd.)	2015-16	INR	3,792.42	(2,747.39)	9,869.41	8,824.39	-	13,263.39	(138.58)	-	(138.58)	-	100.00%
2	Zuari Speciality Fertilisers Limited (formerly known as Zuari Rotem Speciality Fertilizers Limited)(Joint venture upto 10th December, 2015 and thereafter as subsidiary of the Company)	2015-16	INR	691.50	142.43	4,526.64	3,692.71	-	4,314.77	(185.42)	(143.34)	(42.08)	-	100.00%
3	Zuari Fertilisers and Chemicals Ltd.	2015-16	INR	1,535.00	(12,569.31)	71,157.02	82,191.33	51,852.02	4,470.67	(8,943.24)	-	(8,943.24)	-	100.00%
4	Mangalore Chemicals & Fertilisers Ltd. (Subsidiary of Zuari Fertilisers and Chemicals Ltd. w.e.f.18th May, 2015)	2015-16	INR	11,854.56	30,106.26	2,51,337.97	2,09,377.15	-	3,00,031.63	(24,701.27)	(689.18)	(24,012.09)	-	53.03%

Note 1: Subsidiary which are yet to commence operations- Nil
Note 2: Subsidiary which have been sold during the year- Nil

PART - B

Statement containing salient features of the financial statement of Joint Ventures
(Pursuant to proviso to sub-section (3) of section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

₹ in Lacs

Sl. No.	Name of the Joint Ventures	Zuari Maroc Phosphates Private Limited (Consolidated)	MCA Phosphates Pte Limited (Consolidated) (Refer Note 1 below)
1	Latest audited Balance Sheet Date	31st March, 2016	31st March, 2016
2	Shares of Joint Ventures held by the Company on the year end		
	No. (No. of Shares)	17,98,16,228	2,16,90,000
	Amount of Investment in Joint Venture	17,981.62	11,943.48
	Extend of holding %	50.00%	30.00%
3	Description of how there is significant influence	Based on the Percentage of Holding in the Joint Venture Company	Based on the Percentage of Holding in the Joint Venture Company
4	Reason why the Joint venture is not consolidated	Not Applicable	Not Applicable
5	Networth attributable to Shareholding as per latest audited Balance Sheet	63,905.36	11,956.82
6	Profit for the year (Profit after Tax)	6,221.06	(1,670.29)
	i. Considered in Consolidation	3,110.53	(501.09)
	ii. Not Considered in Consolidation	3,110.53	(1,169.20)

Note 1 : Financial Statements of MCA Phosphates Pte. Limited for the year ended March 31, 2016 are unaudited.
Note 2 : Associates or Joint Ventures which are yet to commence operations - Nil
Note 3 : Associates or Joint Ventures which have been sold during the year - Nil

For and on behalf of Board of Directors of Zuari Agro Chemicals Limited

Place : Gurgaon	**S. K. Poddar**	**Kapil Mehan**	**Marco Wadia**	**V. Seshadri**	**R. Y. Patil**
Date : 13th May, 2016	Chairman	Managing Director	Director	Vice President - Finance	Chief General Manager
	DIN : 00008654	DIN : 01215092	DIN : 00244357		& Company Secretary

INDEPENDENT AUDITOR'S REPORT

To
The Members of Zuari Agro Chemicals Limited

Report on the Financial Statements

We have audited the accompanying standalone financial statements of Zuari Agro Chemicals Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with 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 of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the 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 standalone financial statements.

Basis for qualified opinion

We refer to Note 45 wherein it is mentioned that, the Company is carrying receivable of ₹ 2712.87 Lacs on account of claim raised on a product supplier for loss suffered on purchase of material which did not meet the specified standards. The said claim is subject to confirmation from the supplier. In the absence of independent confirmation from the supplier and other related information , we are unable to comment on the appropriateness of the accounting of the claim including consequential effects, if any, that may arise in this regard in these accompanying financial statement.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph the standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2016, its loss, and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143 (3) of the Act, we report that :

(a) We have sought and Except for the matter described in the basis for Qualified Opinion paragraph, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

(b) Except for the matter described in the basis for Qualified Opinion paragraph, in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

(c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

(d) Except for the matter described in the basis for Qualified Opinion paragraph, in our opinion, the aforesaid standalone 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) The matter described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Company;

(f) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of Section 164 (2) of the Act;

(g) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.

(h) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure 2” to this report.

(i) 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 financial statements – Refer Note No.26(a) to the financial statements;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S.R. Batliboi & CO. LLP
Chartered Accountants
ICAI Firm Registration
Number : 301003E/E300005

per Anil Gupta
Partner
Membership Number : 87921

Place of Signature : New Delhi
Date : May 13, 2016

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

Re: Zuari Agro Chemicals Limited ('the Company')

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

(b) Fixed assets have been physically verified by the management in a phased manner over a period of two years and accordingly, part of the fixed assets were physically verified during the year and discrepancies observed on such verification, as compared to the book records, were not material. In our opinion, the frequency of physical verification is reasonable having regard to the size of the Company and the nature of the assets.

(c) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to information and explanations given by the management, the title deeds of immovable properties, included in fixed assets are held in the name of the Company, except for the immovable properties acquired during demerger of fertiliser undertaking from Zuari Global Limited in an earlier year and one immovable property acquired during the year, for which title deeds are not in the name of the Company and conveyance deeds in respect of the same are yet to be executed in the name of the Company ..

(ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.

(iii) (a) The Company has granted loans to two companies covered in the register maintained under Section 189 of the Companies Act, 2013. In our opinion and according to the information and explanations given to us, the terms and conditions of the grants and loans not prejudicial to the Company's interest.

(b) In respect of loans granted to companies covered in the register maintained under Section 189 of the Companies Act, 2013, repayment of the principal amount is as stipulated and payment of interest has been regular except for a loan granted by the Company to one subsidiary, where repayment of interest has not been regular.

(c) There is no amount of loans granted to companies, firms or other parties listed in the register maintained under Section 189 of the Companies Act, 2013 which are outstanding for more than ninety days.

(iv) In our opinion and according to the information and explanations given to us, provisions of Section 185 and 186 of the Companies Act 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made, and, guarantees, and securities given have been complied with by the Company.

(v) The Company has not accepted any deposits from the public.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 148(1) of the Companies Act, 2013, related to the manufacture of Fertiliser and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, custom duty, excise duty, value added tax, cess and other material statutory dues applicable to it.

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

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

Name of the Statute	Nature of the Dues	Amount (₹ in Lacs)	Period to which the amount relates	Forum where dispute is pending
Service Tax Act	Service tax liability	201.37	2006-07 to 2012-13	CESTAT
Central Sales Tax Act	Demand for non submission of "F form"	96.77	2011-12 to 2012-13	Commercial Tax Department
Central Sales Tax Act	Demand for non submission of "C form"	2.48	2013-14	Commercial Tax Department
Rajasthan Value Added Tax Act, 2003	Excess input credit availed	22.33	2011-12	Commercial Tax Department

Name of the Statute	Nature of the Dues	Amount (₹ in Lacs)	Period to which the amount relates	Forum where dispute is pending
Customs Act, 1962	Demand for differential custom duty	458.12	24.03.2011 to 02.12.2011 01.04.2001 to 28.02.2006 2002-03 to 2003-04 2006-07 to 2008-09	CESTAT
Customs Act, 1962	Demand for differential custom duty	60.63	2006-07 to 2008-09	Commissioner of Customs Appeals
Income Tax Act, 1961	Income tax demand	58.49	2011-12	Commissioner of Income Tax (Appeals)

(viii) According to information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to banks. The Company did not have any outstanding debentures and loan from financial institution during the year.

(ix) According to the information and explanations given by the management and on an overall examination of the balance sheet, we report that monies raised by way of term loans were applied for the purposes for which those were raised. The Company has not raised money by way of initial public offer / further public offer and debt instruments.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no fraud / material fraud on the company by the officers and employees of the Company has been noticed or reported during the year.

(xi) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that the Company has made an application seeking approval from Central Government for payment of Managerial Remuneration to Managing Director in excess of the limits specified in Section 197 read with Schedule V to the Companies Act, 2013, aggregating to ₹ 149.82 Lacs as at March 31, 2016.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.

(xiii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, transactions with the related parties are in compliance with Section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence not commented upon.

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

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

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration Number : 301003E/E300005

per Anil Gupta
Partner
Membership Number : 87921

Place : New Delhi
Date : May 13, 2016

Annexure to the Independent Auditor's Report of even date on the Standalone Financial Statements of Zuari Agro Chemicals 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 Zuari Agro Chemicals Limited ("the Company") as of March 31, 2016, in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

An 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 qualified audit opinion on the internal financial controls over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Qualified Opinion

According to the information and explanations given to us and based on our audit, the following material weakness has been identified in the operating effectiveness of the Company's internal financial controls over financial reporting as at March 31, 2016:

(a) The Company's internal financial controls over evaluation of provision for doubtful advances were not operating effectively which could potentially result in the Company not recognising provision for doubtful advances.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, the Company has, in all material respects, maintained adequate internal financial controls over financial reporting as of March 31, 2016, 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, and except for the possible effects of the material weakness described above on the achievement of the objectives of the control criteria, the Company's internal financial controls over financial reporting were operating effectively as of March 31, 2016.

Explanatory paragraph

We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act, the standalone financial statements of Zuari Agro Chemicals Limited, which comprise the Balance Sheet as at March 31, 2016, and the related Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information. This material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2016 standalone financial statements of Zuari Agro Chemicals Limited and this report affect our report dated May 13, 2016, which expressed an qualified opinion on those financial statements.

For S.R. BATLIBOI & CO. LLP
Chartered Accountants
ICAI Firm Registration
Number: 301003E/E300005

per Anil Gupta
Partner
Membership Number: 87921

Place : New Delhi
Date : May 13, 2016

Balance Sheet as at 31st March, 2016

₹ in Lacs

	Notes	31st March, 2016	31st March, 2015
I. EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	3	**4,205.80**	4,205.80
(b) Reserves and surplus	4	**74,541.51**	76,130.88
		78,747.31	80,336.68
Non-current liabilities			
(a) Long-term borrowings	8	**22,875.00**	-
(b) Deferred tax liabilities (Net)	5	**920.04**	2,505.53
(c) Trade payables	6	**28.55**	18.41
(d) Other non-current liabilities	6	**7,543.81**	7,123.34
(e) Long-term provisions	7	**315.23**	45.10
		31,682.63	9,692.38
Current liabilities			
(a) Short-term borrowings	9	**3,10,557.53**	2,38,201.02
(b) Trade payables	6		
i. Total outstanding dues of micro enterprises and small enterprises		**261.73**	0.81
ii Total outstanding dues of creditors other than micro enterprises and small enterprises"		**50,936.67**	93,980.08
(c) Other Current Liabilities	6	**20,388.45**	17,176.85
(d) Short-term provisions	7	**2,397.06**	3,599.76
		3,84,541.45	3,52,958.52
	Total	**4,94,971.39**	4,42,987.58
II. ASSETS			
Non-current assets			
(a) Fixed assets			
i Tangible assets	10	**35,655.91**	26,470.48
ii Intangible assets	10(a)	**194.27**	130.04
iii Capital work-in-progress		**9,703.40**	9,781.23
(b) Non-current investments	11	**36,930.78**	32,927.34
(c) Long-term loans and advances	12	**55,117.63**	37,295.71
(d) Other non-current assets	13	**276.46**	494.44
		1,37,878.45	1,07,099.24
Current assets			
(a) Inventories	14	**43,954.56**	55,791.02
(b) Trade receivables	15	**2,70,666.76**	2,65,160.13
(c) Cash and bank balances	16	**257.09**	96.01
(d) Short-term loans and advances	12	**29,095.35**	4,775.21
(e) Other current assets	13	**13,119.18**	10,065.97
		3,57,092.94	3,35,888.34
	Total	**4,94,971.39**	4,42,987.58

Summary of significant accounting policies 2.1

The accompanying notes are an integral part of the financial statements.

As per our report of even date
For S. R. Batliboi & Co. LLP
Chartered Accountants
Firms Registration
No.301003E / E300005

per Anil Gupta
Partner
Membership No: 87921

Place : New Delhi
Date : 13th May, 2016

For and on behalf of Board of Directors of Zuari Agro Chemicals Limited

S.K. Poddar
Chairman
DIN: 00008654

Kapil Mehan
Managing Director
DIN: 01215092

Marco Wadia
Director
DIN: 00244357

V. Seshadri
Vice President – Finance

R. Y. Patil
Chief General Manager
& Company Secretary
FCS: 2845

Place : Gurgaon
Date : 13th May, 2016

Statement of Profit and Loss for the year ended 31st March, 2016

₹ in Lacs

		Notes	31st March, 2016	31st March, 2015
I.	**Income**			
(a)	Revenue from operations (gross)	17	**5,27,021.54**	5,52,374.81
	Less: excise duty		**1,645.33**	1,613.67
(b)	Revenue from operations (net)		**5,25,376.21**	5,50,761.14
(c)	Other income	18	**13,141.32**	4,869.81
	Total Revenue		**5,38,517.53**	5,55,630.95
II.	**Expenses**			
(a)	Cost of raw materials consumed	19	**2,45,106.31**	2,73,995.30
(b)	Purchase of traded goods	20	**1,65,902.52**	1,50,523.32
(c)	"(Increase)/Decrease in inventories of finished goods, work-in-progress and traded goods"	21	**7,441.39**	3,661.12
(d)	Employee benefits expense	22	**8,625.15**	8,248.18
(e)	Depreciation and amortization expense	24	**2,783.22**	1,786.82
(f)	Finance costs	25	**30,054.00**	23,280.20
(g)	Other expenses	23	**81,557.62**	92,063.39
(h)	Exceptional items (Refer note no. 52)		**222.18**	-
	Total Expenses		**5,41,692.39**	5,53,558.33
III.	**Profit/(Loss) before tax**		**(3,174.87)**	2,072.62
IV.	**Tax expenses/(credit)**			
(a)	Current income tax		**-**	429.69
(b)	MAT Credit		**-**	(429.69)
(c)	Income Tax credit of earlier years		**-**	(260.79)
(d)	Deferred tax (credit)		**(1,585.49)**	1,096.81
	Total tax expense/(credit)		**(1,585.49)**	836.02
	Profit/(Loss) for the year (III-IV)		**(1,589.38)**	1,236.60
	Basic	39		
	"Earnings per equity share (nominal value of share ₹10/- (31st march 2015 - ₹10/-)"		**₹(3.78)**	₹ 2.94
	Diluted			
	"Earnings per equity share (nominal value of share ₹ 10/- (31st march 2015 - ₹ 10/-)"		**₹ (3.78)**	₹ 2.94

Summary of significant accounting policies 2.1

The accompanying notes are an integral part of the financial statements.

As per our report of even date
For S. R. Batliboi & Co. LLP
Chartered Accountants
Firms Registration
No.301003E / E300005

For and on behalf of Board of Directors of Zuari Agro Chemicals Limited

S.K. Poddar
Chairman
DIN: 00008654

Kapil Mehan
Managing Director
DIN: 01215092

Marco Wadia
Director
DIN: 00244357

per Anil Gupta
Partner
Membership No: 87921

V. Seshadri
Vice President – Finance

R. Y. Patil
Chief General Manager
& Company Secretary
FCS: 2845

Place : New Delhi
Date : 13th May, 2016

Place : Gurgaon
Date : 13th May, 2016

Cash Flow Statement for the year ended 31st March, 2016

₹ in Lacs

		Year ended 31st March, 2016	Year ended 31st March, 2015
A.	**Cash flow from operating activities* :**		
	Profit / (loss) before tax	**(3,174.87)**	2,072.62
	Adjustment to reconcile profit before tax to net cash flows		
	Depreciation / amortisation	**2,783.22**	1,786.82
	Loss on fixed assets sold / discarded (net)	**105.35**	(361.99)
	Loss / (Profit) on sale of current investments	**(1.84)**	-
	Excess Provision / Unclaimed Liabilities / unclaimed balances written back	**(264.81)**	(153.36)
	Unrealized foreign exchange fluctuation loss	**22.39**	97.32
	Interest expense	**18,286.93**	16,169.57
	Interest income	**(11,037.45)**	(3,124.62)
	Dividend income	**(0.98)**	(42.07)
		9,892.81	14,371.67
	Operating profit before working capital changes	**6,717.94**	**16,444.29**
	Movements in working capital :		
	Increase / (decrease) in trade payables	**(42,673.14)**	35,375.01
	Increase / (decrease) in provisions	**79.83**	(172.13)
	Increase in other current liabilities	**640.70**	(7,576.35)
	(Increase) / decrease in trade receivables	**(5,506.63)**	21,099.72
	Decrease in Inventories	**11,836.46**	113.11
	Decrease / (increase) in loans and advances	**(9,400.31)**	4,138.09
	Decrease/ (increase) in other current assets	**(802.25)**	(4,686.96)
		(45,825.34)	48,290.49
	Cash generated from/(used in) operations	**(39,107.40)**	64,734.78
	Direct Tax paid (net of refunds)	**(1,305.31)**	(803.38)
	Net cash flow from/(used in) operating activities (A)	**(40,412.71)**	63,931.40
B.	**Cash flow from investing activities:**		
	Purchase of fixed assets, including intangible assets, CWIP and capital advances	**(10,055.48)**	(7,418.16)
	Proceeds from sale of fixed assets	**131.01**	493.36
	Purchase of non-current investments	**(4,003.44)**	(11,957.15)
	Purchase of current investments	**(12,000.00)**	(38,442.07)
	Proceeds from sale/ maturity of current investments	**12,001.84**	38,442.07
	Interest received	**9,004.46**	2,078.02
	Dividend received	**0.98**	42.07
	Loans/ICD given to bodies corporate	**(32,973.70)**	(8,426.00)
	Loans/ICD given to bodies corporate received back	**975.00**	1,455.00
	Net cash flow (used in) investing activities (B)	**(36,919.33)**	(23,732.85)

Cash Flow Statement for the year ended 31st March, 2016

₹ in Lacs

		Year ended 31st March, 2016	Year ended 31st March, 2015
C.	**Cash flow from financing activities:**		
	Proceeds from issuance of Share Capital	**0.00**	0.00
	Proceeds from long term borrowings	**25,000.00**	0.00
	Repayment of long term borrowings	**0.00**	0.00
	Proceeds from / repayment of short term borrowings	**10,686.04**	(35,568.94)
	Repayment of short term borrowings	**-**	-
	Proceeds from Buyer's Credit	**3,76,642.02**	2,23,511.79
	Repayment of Buyer's Credit	**(3,14,971.55)**	(2,11,118.60)
	Dividend paid on equity shares	**(837.65)**	(1,256.74)
	Tax on equity dividend paid	**(171.24)**	(214.43)
	Interest paid	**(18,854.50)**	(15,638.88)
	Net cash flow (used in) in financing activities (C)	**77,493.12**	(40,285.80)
	Net (decrease) / In cash and cash equivalents (A + B + C)	**161.08**	(87.25)
	Cash and cash equivalents (Opening)	**96.01**	183.26
	Cash and cash equivalents (Closing)	**257.09**	96.01

Notes:

Previous year`s figures have been regrouped wherever necessary to confirm to current year classification.

* Cash flow from operating activties for the year is after considering Corporate Social Responsibility Expenditure of ₹ 44.85 Lacs (Previous year ₹ 9.64 Lacs)

₹ in Lacs

CASH AND CASH EQUIVALENTS	As at 31st March,2016	As at 31st March,2015
Cash on hand	**6.14**	1.51
Cheques/drafts on hand	**103.27**	66.28
with banks		
- on current accounts	**129.55**	13.60
- on cash credit accounts	**-**	-
- unpaid dividend accounts*	**18.13**	14.62
Total cash and cash equivalents	**257.09**	96.01

* These balances are not available for use as they represent corresponding unpaid dividend liabilities.

As per our report of even date

For S. R. Batliboi & Co. LLP
Chartered Accountants
Firms Registration
No.301003E / E300005

per Anil Gupta
Partner
Membership No: 87921

Place : New Delhi
Date : 13th May, 2016

For and on behalf of Board of Directors of Zuari Agro Chemicals Limited

S.K. Poddar
Chairman
DIN: 00008654

Kapil Mehan
Managing Director
DIN: 01215092

Marco Wadia
Director
DIN: 00244357

V. Seshadri
Vice President – Finance

R. Y. Patil
Chief General Manager
& Company Secretary
FCS: 2845

Place : Gurgaon
Date : 13th May, 2016

Notes to financial statements for the year ended 31st March, 2016

1. Corporate Information

The Company is a public limited company domiciled in India. The Company is a manufacturer of chemical fertilizers. The Company is also into trading business of complex fertilizers, water soluble fertilizers, Pesticides and seeds. The Company caters to the demand of the farmers all over the country, through its "Jai Kisaan" brand of Fertilizers.

2. Basis for preparation

The financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP) .The Company has prepared these financial statements to comply in all material respects with the Accounting Standards (AS) notified under Section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rule 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies have been consistently applied by the Company and are consistent with those used in previous year, except for the change in accounting policies explained below.

2.1 Summary of Significant Accounting Policies

i. Change in accounting policies

A. Component Accounting

The Company has adopted component accounting as required under Schedule II to the Companies Act, 2013 from 1 April 2015. The Company was previously not identifying components of fixed assets separately for depreciation purposes; rather, a single useful life/depreciation rate was used to depreciate each item of fixed assets.

Due to application of Schedule II to the Companies Act, 2013, and AS 10, the Company has changed the manner of depreciation for its fixed assets. Now, the Company identifies and determines cost of each component/part of the asset separately, if the component/part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset. These components are depreciated separately over their useful life; the remaining components are depreciated over the life of the principal asset. The Company has used transitional provisions of Schedule II to adjust the impact of component accounting arising on its first application. If a component has zero remaining useful life on the date of component accounting becoming effective, i.e. 1 April, 2015, its carrying amount, after retaining any residual value, is charged to the opening balance of retained earnings. The carrying amount of other components, i.e. components whose remaining useful life is not nil on 1 April, 2015, is depreciated over their remaining useful lives.

The Company has also changed its policy on recognition of cost of major inspection/ overhaul. Earlier Company used to charge such cost of major inspection/ overhaul directly to statement of profit and loss, as incurred. On application of component accounting, the major inspection/ overhaul cost is identified as a separate component of the asset at the time of purchase of new asset and subsequently the cost of such major inspection/ overhaul is depreciated separately over the period till next major inspection/ overhaul. Upon next major inspection/ overhaul, the costs of new major inspection/ overhaul are added to the asset's cost and any amount remaining from the previous inspection/ overhaul is derecognized.

Had the Company continued to use the earlier policy of depreciating fixed assets, its financial statements for the year would have been impacted as below:

Depreciation for the current year would have been lower by ₹ 776.24 Lacs. Repair and maintenance expenses for the current year would have been higher by ₹ 195.66 Lacs. Loss before tax for the current year would have been lower by ₹ 580.58 Lacs. Fixed assets would correspondingly have been higher by ₹ 580.58 Lacs.

On the date of component accounting becoming applicable, i.e. 1 April 2015, there was no component having zero remaining useful life. Hence, no amount has been directly adjusted against reserves.

B. Post Retirement Medical benefit Scheme

Till March 31, 2015, the Company was accounting for liability in respect of its scheme towards post retirement medical benefits to its employee on payment basis. The Company has, during the year, changed the basis of such liability from payment basis to accrual basis. The Company has during the year, provided for such liability of ₹ 132.89 Lacs on the basis of year end actuarial valuation. The above change has resulted into loss before tax of the Company being lower by ₹ 132.89 Lacs.

Notes to financial statements for the year ended 31st March, 2016

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 Revised Schedule III notified under the Companies Act, 2013.

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.

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

iii. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (Indian GAAP) requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, uncertainty about the assumptions and estimates could result in the outcomes requiring material adjustments to the carrying amounts of assets and liabilities in future period.

iv. Fixed Assets

Fixed assets are stated at cost less accumulated depreciation/amortization and impairment losses, if any. The cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. 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. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in statement of profit and loss as incurred.

Machinery spares which are specific to a particular item of fixed asset and whose use is expected to be irregular are capitalized as fixed assets.

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

Gains or losses arising from de-recognition of tangible assets are measured as the difference between the net disposable proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is derecognized.

v. Depreciation

Depreciation on fixed assets (other than specific asset referred under Para b below) 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 Companies Act, 2013. For this purpose, a major portion of the plant has been considered as continuous process plant. The identified components are depreciated separately over their useful lives; the remaining components are depreciated over the life of principal asset. The Company has used the following rates to provide depreciation on its fixed assets.

Particulars	Useful lives estimated by the management (years)
Factory buildings	30 years
Other buildings (RCC structures)	60 years
Other buildings (other than RCC structures)	30 years
Plant and equipments (Continuous process plant)	25 years
Plant and equipments (Non continuous process)	5-20 years
Furniture and fixtures	10 years
Office equipments	3 to 5 years
Vehicles	8 years

The management has estimated, supported by independent assessment by professionals, the useful lives of the following classes of assets:

(a) The useful lives of components of certain plant and equipment are estimated as 5 to 20 years. These lives are lower than those indicated in Schedule II.

(b) Insurance/Machinery spares are depreciated prospectively over the estimated remaining useful lives of the respective mother assets.

(c) Fixed assets whose value is less than ₹ 5,000/- are depreciated fully in the year of purchase. The useful life in this case is estimated as one year.

vi Intangible Assets

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

vii Impairment of Tangible and Intangible Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit and loss, except for previously revalued plant, property and equipment, where the revaluation was taken to revaluation reserve. In this case, the impairment is also recognized in the revaluation reserve up to the amount of any previous revaluation.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

viii. Inventories

Inventories are valued at the lower of Cost and Net Realisable 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) (i) Finished goods (manufactured) : Material cost on moving weighted average method and appropriate manufacturing overheads based on normal operating capacity including Excise Duty

(ii) Traded goods : Moving weighted average method

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 Realisable 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.

ix. Investments

Investments that are readily realisable and intended to be held for not more than a year from the date on which such investments are made are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of investments, the difference between its carrying amount and net disposal proceeds is charged to the statement of profit & loss.

x. Retirement and other Employee Benefits

a) Provident Fund and Family Pension Fund

Retirement benefits in the form of Provident Fund is defined benefit obligation and is provided for on the basis of actuarial valuation of projected unit credit method made at the end of each financial year. The difference between the actuarial valuation of the provident fund of employees at the year end and the balance of own managed fund is provided for as liability in the books in terms of the provisions under Employee Provident Fund and Miscellaneous Provisions Act, 1952.

Retirement benefit in the form of pension fund and National Pension Scheme are defined contribution scheme. The Company has no obligation, other than the contribution payable to the pension fund. The Company recognizes contribution payable to the pension fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

b) Gratuity and Post Retirement Medical Benefits

The Company operated two defined benefit plans for its employees viz. gratuity and post retirement medical benefits. The cost of providing benefits under these plans are determined on the basis of actuarial valuation at each year end. Actuarial valuation is carried out for each plan using the projected unit credit method. The Company has taken an insurance policy under the Group gratuity scheme with The Life Insurance Corporation of India (LIC) to cover the gratuity liability of the employees.

c) Leave Encashment

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months as long term employee benefit for measurement purpose. Such long term compensated absences are provided for based on actuarial valuation using the projected unit credit method at the year end.

The Company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

d) Superannuation and Contributory Pension Fund

Retirement benefit in the form of Superannuation Fund and Contributory Pension Fund are defined contribution scheme. The Company has no obligation, other than the contribution payable to the Superannuation Fund and Contributory Pension Fund to Life Insurance Corporation of India (LIC) against the insurance policy taken with them. The Company recognizes contribution payable to the Superannuation Fund and Contributory Pension Fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

e) Actuarial gains/losses related to gratuity, post retirement medical benefit, long term leave encashment and provident fund in form of defined obligation plan are immediately taken to the Statement of Profit and Loss and are not deferred.

f) Payments made/to be made under the voluntary retirement scheme are charged to the Statement of Profit and Loss immediately.

xi. Foreign currency transactions and balances

a. Initial recognition

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.

b. Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency, are reported using the exchange rates that existed when the values were determined.

c. **Exchange Differences**

Exchange differences arising on the settlement of monetary items or on reporting ‘s monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise except in case of long term foreign currency monetary items for acquisition of a depreciable capital asset, which are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset. Exchange differences arising on other long-term foreign currency monetary items are accumulated in the “Foreign Currency Monetary Item Translation Difference Account” and amortized over the remaining life of the concerned monetary item.

d. **Forward exchange contracts entered into to hedge foreign currency risk of an existing asset/ liability**

The premium or discount arising at the inception of forward exchange contracts is amortized as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

xii 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.

Revenue from sale of goods, including concession in respect of Urea, DAP, MOP and Complex 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.

Concessions in respect of Urea as notified under the New Pricing Scheme & New Urea Policy, 2015 is recognized with adjustments for escalation/de-escalation in the prices of inputs and other adjustments as estimated by the management in accordance with the known policy parameters in this regard.

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.

Uniform freight subsidy on Urea, Complex fertilisers, Imported DAP and MOP has been accounted for in accordance with the parameters and notified rates.

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. Interest income is included under the head “other income” in the statement of profit and loss.

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

xiii Borrowing costs

Borrowing costs includes interest and amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. In case of significant long term loans, the ancillary cost incurred in connection with the arrangement of borrowings are amortised over the period of respective loan.

xiv Operating Leases

Where the Company is the lessee

Leases where the lessor effectively retain 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.

xv Income Taxes

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Deferred income taxes reflect the impact of timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has carry forward of unabsorbed depreciation and tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits. Unrecognised deferred tax assets of earlier years are re-assessed at each balance sheet date and recognised to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as “MAT Credit Entitlement.” The Company reviews the “MAT credit entitlement” asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

xvi Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on best estimates required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and are adjusted to reflect the current best estimates.

xvii Earnings per Share

Basic Earnings per Share (EPS) 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 earnings per share, 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.

xviii Derivative Instruments

In accordance with the ICAI announcement, derivative contracts, other than foreign currency forward contracts covered under AS 11, are marked to market on portfolio basis, and the net loss, if any, after considering the offsetting effect of gain on the underlying hedged item, is charged to the Statement of profit and loss. Net gain, if any, after considering the offsetting effect of loss on the underlying hedged item, is ignored.

xix Cash and Cash equivalents

Cash and cash equivalents in the cash flow statement comprises cash at bank and in hand and short term investments with an original maturity periods of three months or less.

Notes to financial statements for the year ended 31st March, 2016

xx 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 recognised 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.

xxi Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

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Notes to financial statements for the year ended 31st March, 2016

3. Share Capital

₹ In Lacs

Particulars	31st March, 2016	31st March, 2015
Authorised :		
6,50,00,000 (31st March 2015:: 6,50,00,000) Equity Shares of ₹ 10/- Each	**6,500.00**	6,500.00
	6,500.00	6,500.00
Issued *		
4,20,58,006 (31st March 2015:: 4,20,58,006) Equity Shares of ₹ 10/- Each Fully paid	**4,205.80**	4,205.80
Subscribed and Paid-up *		
4,20,58,006 (31st March 2015:: 4,20,58,006) Equity Shares of ₹ 10/- Each Fully paid	**4,205.80**	4,205.80
Total	**4,205.80**	4,205.80

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

Equity Shares	31st March, 2016		31st March, 2015	
	In Numbers	**₹ in Lacs**	In Numbers	₹ in Lacs
At the beginning of the year	**4,20,58,006**	**4,205.80**	4,20,58,006	4,205.80
Issued during the year	**-**	**-**	-	-
Outstanding at the end of the year	**4,20,58,006**	**4,205.80**	4,20,58,006	4,205.80

b. Terms/Rights Attached to equity Shares

The Company has only one class of equity shares having a par value of ₹ 10/- Share. Each share holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting.

During the year 31st March 2016, the amount of per share dividend recognised for distribution to equity share holders was ₹ Nil per share, subject to approval of shareholders (31st March 2015 : ₹ 2/-)

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

Name of Shareholder	31st March, 2016		31st March, 2015	
	No. of Shares held	**% Holding in Class**	No. of Shares held	% Holding in Class
Zuari Global Limited	**84,11,601**	**20.00**	84,11,601	20.00
SIL Investments Limited	**32,08,000**	**7.63**	32,08,000	7.63
Texmaco Infrastructure & Holdings Limited	**30,00,125**	**7.13**	30,00,125	7.13
Globalware Trading and Holdings Limited	**70,12,000**	**16.67**	70,12,000	16.67
Zuari Management Services Limited	**50,78,909**	**12.08**	50,78,909	12.08

As per records of the Company including its register of share holders/members and other declarations received from share holders regarding beneficial interest, the above share holding represents both legal and beneficial ownership of shares.

Notes to financial statements for the year ended 31st March, 2016

d. Shares issued for consideration other than cash, during the period of five years immediately preceding the reporting date:

Equity Shares	31st March, 2016		31st March, 2015	
	in Numbers	₹ in Lacs	in Numbers	₹ in Lacs
Equity shares allotted as fully paid-up pursuant to the Scheme of Arrangement and Demerger for consideration other than cash	**2,94,40,604**	**2,944.06**	2,94,40,604	2,944.06

*Pursuant to the Scheme of Arrangement and Demerger (" the Scheme") between Zuari Agro Chemicals Limited and Zuari Global Limited, Zuari Agro Chemicals Limited had issued 29,440,604 equity shares of ₹ 10/- each aggregating to ₹ 2944.06 Lacs to the existing shareholders of Zuari Global Limited in the ratio of 1 fully paid up Equity share of ₹ 10/- each of Zuari Agro Chemicals Limited during the financial year ending 31st March, 2013. Out of the above shares issued pursuant to the Scheme, 8,051 (previous year 8,051) Equity Shares entitlements have been kept in abeyance pursuant to Section 126 of the Companies Act, 2013 in accordance with instructions from the Special Court (Trial of Offences relating to Transactions in Securities) Act, 1992 and in respect of shareholders who could not exercise their rights in view of disputes, mistakes, discrepancy in holdings, etc.

4. Reserves and Surplus

₹ In Lacs

Particulars	31st March, 2016	31st March, 2015
Business Restructuring Reserve *		
Balance as per last financial statements	**65,404.84**	65,404.84
Closing Balance	**65,404.84**	65,404.84
General Reserve		
Balance as per last financial statements	**6,150.00**	6,000.00
Add : Amount transferred from surplus balance in the statement of profit and loss	**-**	150.00
Closing Balance	**6,150.00**	6,150.00
Surplus in the statement of profit and loss		
Balance as per last financial statements	**4,576.04**	4,954.65
Charged to Opening Retained earnings due to implementation of Schedule II of the Companies Act, 2013 (net of deferred tax reversal of ₹ 232.79 Lacs)	**-**	(452.81)
Net profit / (loss) for the year	**(1,589.38)**	1,236.60
Less : Appropriations		
Proposed final equity dividend:: ₹ Nil per equity share (31st March 2015:: ₹ 2/- Per Equity Share)	**-**	841.16
Tax on proposed equity dividend	**-**	171.24
Transfer to general reserve	**-**	150.00
Total appropriations	**-**	1,162.40
Net surplus in the statement of profit and loss	**2,986.67**	4,576.04
Total reserves and surplus	**74,541.51**	76,130.88

* The said reserve be treated as free reserve and be restricted and not utilized for declaration of dividend by the Company.

Notes to financial statements for the year ended 31st March, 2016

5. Deferred tax liabilities (Net)

₹ In Lacs

Particulars	31st March, 2016	31st March, 2015
Deferred tax liabilities		
Fixed assets Impact of difference between tax depreciation and depreciation/ amortisation charged for the financial reporting	**4,768.55**	4,187.47
Others	**-**	-
Gross deferred tax liabilities	**4,768.55**	4,187.47
Deferred tax assets		
Provision for doubtful debts	**16.37**	16.37
Expenses allowable in Income tax on payment basis and deposition of Statutory dues	**1,719.18**	1,382.25
Unabsorbed Depreciation	**2,112.96**	283.32
Gross deferred tax assets	**3,848.51**	1,681.94
Net deferred tax liabilities /(assets)	**920.04**	2,505.53

6. Trade Payables and Other Liabilities

₹ In Lacs

Particulars	Non Current		Current	
	31st March, 2016	31st March, 2015	31st March, 2016	31st March, 2015
Trade payables (Including acceptance)				
(i) Total outstanding dues of micro enterprises and small enterprises (refer note.42 for details of dues to Micro and Small Enterprises)	**-**	-	**261.73**	0.81
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	**28.55**	18.41	**50,936.67**	93,980.08
	28.55	18.41	**51,198.40**	93,980.89
Other Liabilities				
Trade deposits - dealers and others	**7,543.81**	7,123.34	**-**	-
Current maturities of long term borrowings (Refer note 8)	**-**	-	**2,125.00**	-
Unclaimed statutory liabilities to be credited to Investor Education and Protection Fund as and when due				
- Unclaimed dividends	**-**	-	**18.13**	14.62
Interest accrued but not due on loans and deposits	**-**	-	**766.54**	714.70
Forward cover payable	**-**	-	**7,950.67**	3,836.60
Advances from dealers and others	**-**	-	**5,814.52**	7,262.38
Payables towards capital goods**	**-**	-	**1,691.36**	757.98

Notes to financial statements for the year ended 31st March, 2016

₹ In Lacs

Particulars	Non Current		Current	
	31st March, 2016	31st March, 2015	31st March, 2016	31st March, 2015
Employee benefit payable	-	-	27.38	14.87
Statutory obligations	-	-	1,994.85	4,575.70
	7,543.81	7,123.34	20,388.45	17,176.85
Total	7,572.36	7,141.75	71,586.86	1,11,157.74

** Including ₹ 37.41 Lacs outstanding due to Micro and Small Enterprise

7. Provisions

₹ In Lacs

Particulars	Long-term		Short-term	
	31st March, 2016	31st March, 2015	31st March, 2016	31st March, 2015
Provision for employee benefits				
Gratuity (funded) [Refer note no.41 (A)]	-	-	-	114.49
Provision for voluntary retirement scheme	198.07	45.10	69.20	22.83
Provision for post retirement medical benefit (refer note no.41(B))	117.16	-	15.72	-
Leave encashment (unfunded)	-	-	2,312.14	2,335.07
	315.23	45.10	2,397.06	2,472.39
Others provisions				
Provision for wealth tax	-	-	-	114.97
Provision for proposed equity dividend	-	-	-	841.16
Provision for tax on proposed equity dividend	-	-	-	171.24
	-	-	-	1,127.37
Total	315.23	45.10	2,397.06	3,599.76

8. Long term borrowings

₹ In Lacs

Particulars	Non Current		Current	
	31st March, 2016	31st March, 2015	31st March, 2016	31st March, 2015
From Banks				
Secured				
Indian rupee loans from banks	22,875.00	-	2,125.00	-
Total	22,875.00	-	2,125.00	-
Amount disclosed under the head "other current liabilities" (Refer Note 6)			(2,125.00)	
Total	22,875.00	-	-	-

Rupee term loan from a Bank of ₹ 16000.00 Lacs (including Current Maturities ₹ 1000.00 Lacs) [(31st March, 2015 : Nil (including Current Maturities nil)] carries interest rate of 10.90 % p.a. The loan is repayable in 14 quarterly installments starting from December, 2016 with the last installment due on February, 2020. The loan is secured/ to be secured by first pari passu charge by way of mortgage of immovable assets of the Company located within its fertiliser plant in Goa, by deposit of title deeds and hypothecation of movable fixed assets of the Company.

Notes to financial statements for the year ended 31st March, 2016

Rupee term loan from a Bank of ₹ 9000.00 Lacs (including Current Maturities ₹ 1125.00 Lacs) [(31st March, 2015 : Nil (including Current Maturities nil) carries interest rate of 10.90 % p.a. The loan is repayable in 8 equal quarterly installments starting from March, 2017 with the last installment due on December, 2018. The loan is secured by exclusive charge by way of mortgage over a specific immovable property, by deposit of title deeds, located within the state of Goa.

9. Short term borrowings

₹ In Lacs

I	Secured			31st March, 2016	31st March, 2015
	a.	**Cash credit (including working capital demand loans) #** (The rate of interest on cash credit varies between banks ranging from 9.30% to 11.50% and are repayable on demand, The rate of interest on working capital demand loans varies between 9.35% - 10.00% and are repayable over a period of 60 to 90 days)		**49,598.47**	68,912.43
	b.	**Buyers credit #** (The rate of Interest on buyers credit varies between 0.78% - 1.84 % and are repayable over a period between 45 - 330 days)		**1,65,959.06**	1,04,288.59
	c.	**Short term loans**			
		i.	10.00% (31st March 2015: 10.90%) bridge loan against subsidy receivable secured/ to be secured by pari passu first charge on receivables of the Company to the extent of Loan availed, repayable at the end of 60th day from the date of availment.	**30,000.00**	30,000.00
			Total	**2,45,557.53**	2,03,201.02
II	**Unsecured**				
	a.	**Short term loans**			
		Working Capital Short Term Loans (The rate of Interest on loans varies between 10.00 % - 10.65% and are repayable over a period of 30 to 90 days)		**65,000.00**	35,000.00
				65,000.00	35,000.00
			Total	**3,10,557.53**	2,38,201.02

The cash credit (including working capital demand loans) and buyers credit are secured by the first charge by way of hypothecation on the current assets (excluding assets against which specific loans have been availed), both present and future, wherever situated pertaining to the Company and the Company's present and future book debts outstanding, moneys receivable, claims, bills, contracts, engagements, rights and assets.

10. Tangible assets

₹ in Lacs

Particulars	Freehold Land	Leasehold Land*	Buildings**	Railway Siding	Plant & machinery	Furniture & fixtures	Office equipment	Vehicles	Total
Cost									
As at 31.03.2014	72.94	-	3,202.30	1,500.59	45,160.63	666.51	1,683.69	619.32	52,905.99
Additions	-	-	391.96	151.66	4,500.27	87.82	174.88	176.26	5,482.85
Disposals	-	-	0.38	-	981.35	14.17	128.07	113.42	1,237.39
As at 31.03.2015	72.94	-	3,593.89	1,652.25	48,679.55	740.16	1,730.50	682.16	57,151.46
Additions	-	396.00	298.05	166.32	10,275.49	179.76	219.61	-	11,535.23
Borrowing costs	-	-	-	-	575.38	-	-	-	575.38
Disposals	-	-	0.75	139.70	1,124.21	23.65	134.65	90.79	1,513.75
As at 31.03.2016	**72.94**	**396.00**	**3,891.19**	**1,678.87**	**58,406.21**	**896.27**	**1,815.46**	**591.36**	**67,748.31**

Notes to financial statements for the year ended 31st March, 2016

₹ in Lacs

Particulars	Freehold Land	Leasehold Land*	Buildings**	Railway Siding	Plant & machinery	Furniture & fixtures	Office equipment	Vehicles	Total
Depreciation									
As at 31.03.2014	-	-	1,257.03	1,117.10	25,430.90	370.03	1,031.32	222.17	29,428.56
Charge for the year	-	-	71.14	24.65	1,247.40	56.31	174.46	99.63	1,673.59
Charged to Reserves due to implementation of Schedule II of the Companies Act, 2013	-	-	125.05	127.29	295.58	7.83	129.10	-	684.85
Deductions	-	-	0.75	-	909.90	9.08	125.84	60.81	1,106.38
As at 31.03.2015	-	-	1,452.48	1,269.04	26,063.99	425.09	1,209.05	261.00	30,680.61
Charge for the year	-	-	107.00	32.12	2,236.24	68.55	161.79	83.49	2,689.19
Deductions	-	-	0.75	132.72	919.59	22.16	131.72	70.45	1,277.39
As at 31.03.2016	**-**	**-**	**1,558.73**	**1,168.44**	**27,380.64**	**471.47**	**1,239.12**	**274.03**	**32,092.41**
Net block									
As at 31.03.2016	**72.94**	**396.00**	**2,332.46**	**510.43**	**31,025.57**	**424.80**	**576.34**	**317.33**	**35,655.91**
As at 31.03.2015	72.94	-	2,141.41	383.21	22,615.56	315.07	521.45	421.16	26,470.84

* This represents land wherein lease cum sale agreement is for a period of 10 years. Lesser shall sell the property during the currency of the lease period or at the end of the lease period Registration of such is pending.

** Additions to buildings during the year include ₹ 201.25 Lacs (31st March 2015: Nil) constructed/erected on rented land.

10 (a) Intangible assets

₹ In Lacs

Particulars	Software	Total
Gross block		
As at 31.03.2014	929.82	929.82
Additions	104.57	104.57
Disposals	-	-
As at 31.03.2015	1,034.39	1,034.39
Additions	158.26	158.26
Disposals	61.74	61.74
As at 31.03.2016	**1,130.92**	**1,130.92**
Amortization		
As at 31.03.2014	791.11	791.11
Charge for the year	113.23	113.23
Deductions	-	-
As at 31.03.2015	904.35	904.35
Charge for the year	94.04	94.04
Deductions	61.74	61.74
As at 31.03.2016	**936.65**	**936.65**
Net block		
As at 31.03.2016	**194.27**	**194.27**
As at 31.03.2015	130.04	130.04

Notes to financial statements for the year ended 31st March, 2016

10 (b) Pre-operative expenses (included under capital work in progress)

₹ In Lacs

Particulars	31st March, 2016	31st March, 2015
Borrowing cost		
Interest expenses	**619.41**	-
Bank charges	**77.29**	-
Sub-Total	**696.70**	-
Less: Allocated to Fixed Assets	**575.38**	-
Total	**121.32**	-

11. Investments

₹ In Lacs

Particulars	31st March, 2016	31st March, 2015
Non-Current Investments Trade Investments (valued at cost, unless stated otherwise)		
Unquoted equity instruments **Investment in subsidiaries**		
3,04,24,162 (31st March 2015:: 2,06,74,162) Equity shares of ₹ 10/- each fully paid-up of Zuari Agri Sciences Limited	**3,042.60**	2,067.60
1,53,50,000 (31st March 2015:: 1,53,50,000) Equity shares of ₹ 10/- each fully paid-up of Zuari Fertilisers and Chemicals Limited	**1,535.00**	1,535.00
69,15,002 (31st March 2015:: 34,57,501) Equity shares of ₹ 10/- each fully paid-up of Zuari Speciality Fertilisers Limited (earlier known as Zuari Rotem Speciality Fertilizers Limited)	**1,678.08**	-
Investment in Joint Ventures		
17,98,16,228 (31st March 2015:: 17,98,16,228) Equity shares of ₹ 10/- each fully paid-up of Zuari Maroc Phosphates Private Limited	**17,981.62**	17,981.62
Nil (31st March 2015:: 34,57,501) Equity shares of ₹ 10/- each fully paid-up of Zuari Speciality Fertilisers Limited (earlier known as Zuari Rotem Speciality Fertilizers Limited)	**-**	345.75
2,16,90,000 (31st March 2015:: 1,90,35,000) Equity shares of USD 1.00 each fully paid of MCA Phosphate Pte. Limited	**11,943.48**	10,247.37
Unquoted preference shares **Investment in subsidiaries**		
75,00,000 (31st March 2015:: 75,00,000) 12% Redeemable preference shares of ₹ 10/- each fully paid-up of Zuari Agri Sciences Limited	**750.00**	750.00
Total	**36,930.78**	32,927.34
Aggregate Amount of unquoted Investments	**36,930.78**	32,927.34
Total	**36,930.78**	32,927.34

(a) The Company has invested a sum of ₹ 3042.60 Lacs (31st March 2015 :: ₹ 2067.60 Lacs) in the equity shares and ₹ 750.00 Lacs (31st March 2015 :: ₹ 750.00 Lacs) in Preference shares of Zuari Agri Sciences Limited. Further, the Company has receivables of ₹ 141.94 Lacs (31st March 2015 :: ₹ 843.60 Lacs) by way of loans, interest and trade advances. The Company has promised to provide continuous financial support. The said preference shares shall be redeemable on the expiry of ten years from the date of allotment with an option to the company / preference shareholders to redeem the same any time earlier. In the event of liquidation of the company, the holders of preference shares will have priority over equity shares in the payment of dividend and repayment of capital. As per the latest audited financial statements of this subsidiary, accumulated losses of this subsidiary has resulted in erosion of its net worth substantially. (The above being in the nature of long term strategic investment and also in view of the projected profitable operations of the above company, management is of the view that the provision for diminution in the value of these investments is not required to be made there against.)

(b) The Company has invested a sum of ₹ 1,535.00 Lacs (31st March 2015: ₹ 1,535.00 Lacs) in the equity shares of Zuari Fertilisers and Chemicals Limited (ZFCL). The net worth of the subsidiary company (ZFCL) is fully eroded as its accumulated loss as at the reporting date stands at ₹ 12569.21 Lacs (31st March 2015: ₹ 3,625.97 Lacs) as against the shareholder's fund of ₹ 1,535.00 Lacs. The subsidiary company (ZFCL) has also incurred a net loss of ₹ 8943.24 Lacs (31st March 2015: ₹ 2,380.49 Lacs) during the year. Further, based on the future profitability projections, the management of the said subsidiary (ZFCL) is hopeful that the company would be in a position to generate positive cash flows and profits in the near future. Considering the above, the financial statements of the subsidiary have been drawn up on going concern assumption, which is appropriate in the opinion of the management of the subsidiary (ZFCL). The above being in the nature of long term strategic investment and also in view of the projected profitable operations of the above company, management is of the view that the provision for diminution in the value of these investments is not required to be made there against.

(c) During the year, the Company has acquired balance 50% of equity shares of Zuari Speciality Fertilisers Limited (earlier known as Zuari Rotem Speciality Fertilizers Limited) held by Rotem Amfert Negev Ltd in Zuari Rotem Speciality Fertilizers Ltd, a joint venture company between the Company and Rotem Amfert Negev Ltd for ₹ 1,332.33 Lacs.

(d) The Company has invested ₹ 1,696.11 Lacs (31st March 2015: ₹ 37.15 Lacs) in the equity shares of MCA Phosphate Pte. Limited by acquisition of 26,55,000 (31st March 2015: 60,000) fully paid equity shares of USD 1.00/- each in the current year.

12. Loans and Advances

₹ In Lacs

Particulars	Non-Current		Current	
	31st March, 2016	31st March, 2015	**31st March, 2016**	31st March, 2015
Capital advances				
Unsecured, considered good				
Related Parties (Refer note 38)	**700.00**	692.05	**-**	-
Others	**172.20**	763.29	**-**	-
Total	**872.00**	1455.34	**-**	-
Security deposits				
Unsecured, considered good	**399.23**	308.51	**52.47**	91.38
	399.23	308.51	**52.47**	91.38
Loans and advances to related parties (Refer note no.38)				
Unsecured, considered good	**48,771.70**	31,494.25	**18,048.46**	3,006.63
	48,771.70	31,494.25	**18,048.46**	3,006.63
Advances recoverable in Cash or Kind				
Unsecured, considered good	**854.16**	1,098.27	**9,972.94**	1,188.35
	854.16	1,098.27	**9,972.94**	1,188.35
Other Loans and Advances				
Secured, considered good				
Loans to employees (secured)	**24.92**	41.95	**13.42**	18.83

Notes to financial statements for the year ended 31st March, 2016

₹ In Lacs

Particulars	Non-Current		Current	
	31st March, 2016	31st March, 2015	**31st March, 2016**	31st March, 2015
Unsecured, considered good				
Loans to employees	**89.48**	126.91	**23.34**	36.81
Prepaid expenses	**-**	0.68	**686.57**	298.16
Advance income tax (net of provision for income tax)	**3,237.97**	1,932.66	**-**	-
VAT credit receivable	**30.83**	-	**280.43**	123.05
MAT credit entitlement	**837.14**	837.14	**-**	-
Balances with customs, port trust and excise authorities	**-**	-	**17.73**	12.00
	4,220.34	2,939.34	**1,021.48**	488.85
Total	**55,117.63**	37,295.71	**29,095.35**	4,775.21
Loans to employees include				
Due from officer of the Company	**-**	-	**-**	-
Due from Managing Director of the Company	**-**	13.20	**-**	4.80

(i) The Company has till date recognised ₹ 837.14 Lacs (Previous year ₹ 837.14 Lacs) as Minimum Alternate Tax (MAT) credit entitlement which represents that portion of the MAT Liability, the credit of which would be available based on the provision of Section 115JAA of the Income Tax Act, 1961. The management based on the future profitability projections is confident that there would be sufficient taxable profits in future which will enable the Company to utilize the above MAT credit entitlement.

13. Other Assets

₹ In Lacs

Particulars	Non-Current		Current	
	31st March, 2016	31st March, 2015	**31st March, 2016**	31st March, 2015
Unsecured, considered good unless stated otherwise				
Interest accrued on loans, advances and deposits	**-**	0.20	**6.97**	6.81
Interest receivable from subsidiaries on loans	**-**	-	**-**	225.19
Interest receivable from customers				
- From related parties	**-**	-	**2,014.65**	-
- Others	**-**	-	**2,308.71**	2,046.25
Interest accrued on loans to employees	**73.36**	88.89	**10.66**	14.02
Claim receivable	**-**	-	**4,154.67**	4,156.42
Claim for Entry Tax receivable	**-**	-	**760.46**	760.46
Accrued service income				
- From related parties (Refer Note 38)	**202.25**	404.50	**202.25**	202.25
- Others	**-**	-	**127.97**	-

Notes to financial statements for the year ended 31st March, 2016

₹ In Lacs

Particulars	Non-Current		Current	
	31st March, 2016	31st March, 2015	**31st March, 2016**	31st March, 2015
Unamortised Premium on forward contracts*	**-**	-	**3,532.85**	2,654.57
	275.61	493.59	**13,119.18**	10,065.97
Non current bank balances (Refer note16)	**0.85**	0.85	**-**	-
	0.85	0.85	**-**	-
Total	**276.46**	494.44	**13,119.18**	10,065.97

* The Unamortised Foreign Exchange Premium on Outstanding Forward Exchange Contracts is being carried forward to be charged to the statement of profit and loss of subsequent year

Interest accrued on employee's loan include amount due from officers of the Company ₹ Nil (including ₹ Nil from the Managing Director of the Company (31st March 2015 : ₹ 9.14 Lacs),(31st March 2015 : ₹ 8.76 Lacs).

14. Inventories (valued at lower of cost and net realisable value)

₹ In Lacs

Particulars	31st March, 2016	31st March, 2015
Raw materials [includes material in transit ₹ 8,937.04 Lacs (31st March 2015 :: ₹ 7,485.74 Lacs)	**16,749.84**	18,661.10
Packing materials [includes material lying with others ₹ 60.18 Lacs (31st March 2015:: ₹ 60.61 Lacs]	**327.69**	458.03
Work-in-progress	**938.45**	2,762.76
Finished goods	**5,473.00**	6,917.94
Traded goods [includes material in transit ₹ 233.93 Lacs and includes material lying with others ₹ 166.84 Lacs (31st March 2015 :: includes material in transit ₹ 15,425.20 Lacs and includes material lying with others ₹ 338.80 Lacs)]	**15,574.27**	22,474.03
Fuel Oil	**44.48**	247.31
Stores and spares	**4,846.83**	4,269.85
Total	**43,954.56**	55,791.02

15. Trade receivables

₹ In Lacs

Particulars	Current	
	31st March, 2016	31st March, 2015
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Secured, considered good	**1,794.56**	677.88
Unsecured, considered good (including subsidy receivable ₹ 28,958.81 Lacs (31st March 2015:: ₹ 5,856.77 Lacs)	**42,487.94**	11,792.90
Unsecured, considered doubtful	**47.31**	47.31
Total	**44,329.81**	12,518.09
Less: Provision for doubtful debts	**47.31**	47.31
(A)	**44,282.50**	12,470.78

Notes to financial statements for the year ended 31st March, 2016

₹ In Lacs

Particulars	Current	
	31st March, 2016	31st March, 2015
Other receivables		
Secured, considered good	**3,318.00**	3,115.52
Unsecured, considered good (including subsidy receivable ₹ 1,42,142.82 Lacs (31st March 2015:: including subsidy receivable ₹ 1,91,138.07 Lacs)	**2,23,066.26**	2,49,573.83
(B)	**2,26,384.26**	2,52,689.35
Total	**2,70,666.76**	2,65,160.13

16. Cash and bank balances

₹ In Lacs

	Particulars	Non Current		Current	
		31st March, 2016	31st March, 2015	**31st March, 2016**	31st March, 2015
Cash and cash equivalents					
a.	Balances with banks				
	- On Current accounts	**-**	-	**129.55**	13.60
	- On Unpaid dividend accounts	**-**	-	**18.13**	14.62
b.	Cash on hand	**-**	-	**6.14**	1.51
c.	Cheque on hand	**-**	-	**103.27**	66.28
		-	-	**257.09**	96.01
Other bank balances					
	Deposits with remaining maturity for more than 12 months (pledged with sales tax authorities ₹ 0.85 lac 31st March, 2015 :: ₹ 0.85 lac)	**0.85**	0.85	**-**	-
	Total	**0.85**	0.85	**-**	-
Amount disclosed under non current assets		**(0.85)**	(0.85)	**-**	-
	Total	**-**	-	**257.09**	96.01

17. Revenue from operations

₹ In Lacs

Particulars	31st March, 2016	31st March, 2015
Revenue from operations		
Sale of products *		
Finished products	**3,35,159.96**	3,73,021.96
Traded products	**1,91,616.89**	1,79,135.26
Other operating revenues		
Scrap sales	**244.69**	217.59
Revenue from operations (gross)	**5,27,021.54**	5,52,374.81
Less : Excise duty	**1,645.33**	1,613.67
Revenue from operations (net)	**5,25,376.21**	5,50,761.14

Notes to financial statements for the year ended 31st March, 2016

₹ In Lacs

Particulars	31st March, 2016	31st March, 2015
Details of products sold		
Finished Products sold :		
Urea	**1,17,016.11**	1,56,878.10
Complex fertilisers of the grades:		
18:46:0	**51,826.48**	56,031.55
10:26:26	**1,03,196.23**	1,20,524.56
12:32:16	**31,859.58**	13,568.91
19:19:19	**31,261.57**	25,350.45
20:20:0:13	**-**	17.32
SSP	**-**	651.07
Total	**3,35,159.96**	3,73,021.97
Traded Products sold :		
MOP	**64,228.58**	79,140.30
DAP	**1,12,215.04**	77,919.84
SSP	**2,770.08**	254.11
Complex and other Fertilisers	**(18.85)**	(47.67)
Speciality Fertilisers	**9,858.17**	9,705.01
Pesticides	**1,141.80**	10,476.88
Seeds	**335.25**	398.79
Rock Phosphate	**1,026.87**	-
Purchased Urea	**59.96**	-
Phosphoric Acid	**-**	1,288.00
Total	**1,91,616.89**	1,79,135.26

a. Sales of Finished Product and Traded Products include government subsidies. Subsidies include ₹ 677.25 Lacs (31st March 2015 :: ₹ 513.92 Lacs) in respect of earlier years, notified during the year.

b. Subsidy for Urea has been accounted based on Stage III parameters of the New Pricing Scheme and other adjustments as estimated in accordance with the known Policy parameters in this regard. The stage III of New Pricing Scheme which was operational for the period 1st October, 2006 to 31st March, 2010 was extended on provisional basis. Department of Fertilisers have notified on 2nd April, 2014, modified NPS-III for existing urea units upto 31st May 2015. Department of fertilisers have notified on 25th May 2015, New Urea Policy 2015 for existing gas based urea manufacturing units effective from 1st June 2015 to 31st March 2019.

c. Government of India has notified the pooling of Gas in Fertiliser (Urea) sector effective from June 2015. As per the notification domestic Gas is pooled with Re-gasified Liquefied Natural Gas (RLNG) to provide natural Gas at uniform delivered price to all Natural Gas Grid connected Urea manufacturing plants.

d. Excise duty on sales amounting to ₹ 1,645.33 Lacs (31 March 2015 : ₹ 1,613.67 Lacs) has been reduced from sales in statement of profit and loss and excise duty on increase / decrease in stock amounting to ₹ 13.26 Lacs (31 March 2015: (₹ 4.38 Lacs)) has been considered as other expense in financial statements.

e.* Sale of products is net of rebates aggregating to ₹ 2430.96 Lacs (31st march 2015 : nil) relating to earlier years determined by management during the year.

Notes to financial statements for the year ended 31st March, 2016

18. Other income

₹ In Lacs

Particulars	31st March, 2016	31st March, 2015
Interest Income on		
Bank deposits	**0.20**	4.33
Intercorporate loans	**5,531.01**	1,922.14
Overdue debtors, employee loans etc.	**5,506.24**	1,198.15
Dividend Income on		
Current investments	**0.98**	42.07
Rent received	**13.89**	8.78
Service Income - staff deployment and other supports	**484.64**	166.45
Excess provision/unclaimed liabilities/unclaimed balances written back	**264.81**	153.36
Profit on sale of current investments	**1.84**	-
Profit on disposal of fixed assets (net)	**-**	361.99
Foreign exchange variation (net)	**169.78**	740.60
Insurance Claim	**1,075.78**	-
Miscellaneous income	**92.14**	271.94
Total	**13,141.32**	4,869.81

19. Cost of raw materials consumed:

₹ In Lacs

Particulars	31st March, 2016	31st March, 2015
Opening Stocks	**18,661.10**	9,047.54
Add : Purchases	**2,40,467.43**	2,78,463.09
Add: Transfer of Stock for captive consumption	**2,727.62**	5,145.77
Less: Inventory at the end of the year	**16,749.84**	18,661.10
Cost of raw materials consumed	**2,45,106.31**	2,73,995.30
Details of raw materials consumed		
Natural Gas	**66,268.51**	1,00,092.47
Phosphoric acid	**1,05,926.43**	91,007.03
Muriate of potash	**41,286.65**	39,373.19
Ammonia	**23,867.61**	31,492.46
Purchased urea	**6,399.78**	5,590.18
DAP	**-**	5,190.83
Rock phosphate	**0.22**	0.85
Other raw materials	**1,357.11**	1,248.29
Total	**2,45,106.31**	2,73,995.30
Details of inventory : Raw materials		
Phosphoric acid	**7,816.17**	12,140.73
Muriate of potash	**6,885.01**	4,425.41

Notes to financial statements for the year ended 31st March, 2016

₹ In Lacs

Particulars	31st March, 2016	31st March, 2015
Ammonia	**29.05**	29.34
Purchased urea	**1,874.44**	1,843.20
Other raw materials	**145.17**	222.42
Total	**16,749.84**	18,661.10

20. Details of purchase of traded products:

₹ In Lacs

Particulars	31st March, 2016	31st March, 2015
Traded products purchase details		
Traded fertilisers :		
DAP	**1,01,588.93**	69,138.80
MOP	**51,816.59**	62,146.42
SSP	**2,801.21**	246.22
Complex Fertilisers	**(174.37)**	28.53
Speciality Fertilisers	**7,688.50**	8,803.13
Rock Phosphate	**1,024.74**	-
Purchased Urea	**69.74**	-
Pesticides	**1,087.18**	8,906.89
Seeds	**-**	(20.64)
Phosphoric Acid	**-**	1,273.97
Total	**1,65,902.52**	1,50,523.32

21. (Increase) / Decrease in inventories

₹ In Lacs

Particulars	31st March, 2016	31st March, 2015	(Increase)/decrease
Inventories at the end of the year			
Finished goods	**5,473.00**	6,917.94	1,444.94
Traded goods	**15,574.27**	22,474.03	6,899.76
Work-in-progress	**938.45**	2,762.76	1,824.31
	21,985.72	32,154.73	10,169.01
Inventories at the beginning of the year			
Finished goods	**6,917.94**	6,881.81	(36.13)
Traded goods	**22,474.03**	31,552.82	9,078.79
Work-in-progress	**2,762.76**	2,526.99	(235.77)
Less : Captive consumption	**(2,727.62)**	(5,145.77)	(2,418.15)
	29,427.11	35,815.85	6,388.74
Total	**7,441.39**	3,661.12	(3,780.27)

Notes to financial statements for the year ended 31st March, 2016

Details of Inventory

₹ In Lacs

Particulars	31st March, 2016	31st March, 2015
Finished Goods		
Urea	**145.87**	3,103.84
18:46:00	**494.40**	1,981.50
10:26:26	**3,167.33**	895.69
12:32:16	**823.11**	52.41
19:19:19	**842.27**	884.48
Others	**0.02**	0.02
	5,473.00	6,917.94
Traded Goods		
DAP	**10,920.33**	11,251.16
MOP	**1,652.95**	8,012.79
SSP	**45.50**	-
Complex Fertilisers	**204.08**	194.89
Speciality Fertilisers	**1,780.26**	1,650.06
Pesticides	**462.08**	459.49
Seeds	**509.07**	905.64
	15,574.27	22,474.03
Work in Progress		
Ammonia	**938.45**	2,762.76
Total	**938.45**	2,762.76

22. Employee benefit expense

₹ In Lacs

Particulars	31st March, 2016	31st March, 2015
Salaries, wages and bonus	**6,549.26**	5,978.29
Contribution to provident and other funds	**688.33**	765.48
Gratuity (Refer Note 41 (A))	**-**	179.46
Post-retirement medical benefit (Refer Note 41 (B))	**132.89**	-
Staff welfare expenses	**1,254.67**	1,324.95
Total	**8,625.15**	8,248.18

23. Other expenses

₹ In Lacs

Particulars	31st March, 2016	31st March, 2015
Consumption of packing materials	**3,984.38**	4,152.98
Stores and spares consumed	**571.13**	1,588.77
Power, fuel and water	**26,045.86**	39,623.91

Notes to financial statements for the year ended 31st March, 2016

₹ In Lacs

Particulars	31st March, 2016	31st March, 2015
Bagging and other contracting charges	**2,212.33**	2,125.88
Outward freight and handling	**32,074.26**	27,979.45
Rent	**2,311.07**	1,632.86
Lease rentals	**365.86**	550.32
Rates and taxes	**23.31**	295.25
Insurance	**957.43**	620.52
Repairs and maintenance		-
Buildings	**536.21**	576.61
Plant & machinery	**4,587.95**	3,705.87
Others	**292.32**	343.59
Payment to statutory auditors (Refer details below)	**100.75**	82.94
Cash rebate	**1,441.79**	382.17
Excise duty on Increase/(Decrease) on inventory	**13.26**	(4.38)
Subsidy claims written off	**40.60**	149.67
Business support services	**59.75**	226.34
Loss on fixed assets sold/discarded (net)	**105.35**	-
Premium on forward exchange contract amortized	**2,177.54**	4,198.03
Donation	**21.08**	21.00
CSR expenditure (Refer Note No 54)	**44.85**	9.64
Advances write-off	**49.77**	-
Miscellaneous expenses	**3,540.77**	3,801.97
Total	**81,557.62**	92,063.39
Payments to statutory auditors as		
As statutory auditors		
Audit fees	**27.08**	26.57
Tax audit fee	**6.13**	6.92
Limited review fees	**9.42**	9.27
In other capacity		
Certification fees, etc.	**54.47**	36.47
Reimbursement of expenses	**3.65**	3.71
Total	**100.75**	82.94

24. Depreciation and amortisation expense

₹ In Lacs

Particulars	31st March, 2016	31st March, 2015
Depreciation of tangible assets	**2,689.19**	1,673.59
Amortization of intangible assets	**94.04**	113.23
Total	**2,783.22**	1,786.82

Notes to financial statements for the year ended 31st March, 2016

25. Finance costs

₹ In Lacs

Particulars	31st March, 2016	31st March, 2015
Interest expense (including interest on income tax ₹ Nil Lacs (31st March 2015 :: ₹ 5.09 Lacs)	**18,286.93**	16,169.57
Exchange difference to the extent considered as an adjustment to borrowing cost	**10,541.13**	6,586.07
Bank charges	**1,225.94**	524.56
Total	**30,054.00**	23,280.20

26 (a) Contingent liabilities not provided for:

₹ In Lacs

		Particulars	Year Ended 31st March, 2016	Year Ended 31st March, 2015
I.	Demand Notices received from Income Tax Authorities*			
	i)	Demand in respect of Assessment Year 2012-2013 for which an appeal is pending with CIT (Appeals)	**1,550.66**	1,550.66
II.	Demand Notices received from Sales tax authorities*			
	a)	Demand notice from Commercial Tax Department, Jaipur towards non submission of "F Form" for the year 2011-12 and 2012-13	**96.77**	124.23
	b)	Demand notice from Commercial Tax Department, Jaipur towards Excess Input Tax Credit availed for the year 2011-12.	**22.33**	22.33
	c)	Demand notice from Commercial Tax Department, Madhya Pradesh towards non submission of "C Form" for the year 2013-14.	**2.48**	-
III.	Demand notice from Customs department, Mumbai towards non eligibility of exemption under notification no. 04/06-CE dated 01/03/2006 (as amended by notification no. 4/2011-CE dated 01/03/2011) towards Counter-Veiling Duty (CVD) for the imports at Navasheva port for the period 24.3.2011 to 02.12.2011. Appeal filed with West Zonal Branch of the Customs, Excise and Service Tax Appellate Tribunal at Mumbai for waiver of pre-deposit and penalty. Tribunal has passed order in favour of assessee directing the Company to deposit ₹ 1.00 Lacs and pre-deposit of penalty is waived and recovery thereof is stayed during the pendency of the appeal. Also the impugned order was set aside and matter is remanded to the Commissioner (Appeals) for deciding the appeal on merit. Commissioner of Customs (Appeals) uphold order passed by the Additional Commissioner of Customs (Import) and rejected the Appeal. Appeal filed before CESTAT Mumbai against the impugned order.*			**26.10**	26.10
IV.	Demand notice from Customs Department, Chennai towards denial of import of MOP at concessional rate of duty for the period 01.04.2001 to 28.02.2006. Appeal filed with South Regional branch of the Customs, Excise and Service Tax Appellate Tribunal at Bangalore for waiver of pre-deposit and stay of impugned order.*			**284.74**	284.74
V.	Demand notice from Customs Department, Chennai towards denial of import of MOP at concessional rate of duty for the period 2002-03 and 2003-04. Appeal filed with South Regional branch of the Customs, Excise and Service Tax Appellate Tribunal at Bangalore for waiver of pre-deposit and stay of impugned order.*			**148.28**	148.28
VI.	Customs Duty Differential on finalised Bill of Entries-Dharamatar Port-Order by Deputy Commissioner of Customs(P) Alibaug Division				

Notes to financial statements for the year ended 31st March, 2016

₹ In Lacs

	Particulars	Year Ended 31st March, 2016	Year Ended 31st March, 2015
	Impugned order is annulled by Commissioner of Customs (Appeals) with directions to the lower authority to adhere to the directions of the Hon'ble High Court of Bombay and pass a speaking order on merits.*	**67.37**	67.37
VII.	The Company had a long term agreement for supply of water with Public Works Department (PWD), Government of Goa (GOG) dated October 20, 2006 which is valid upto March 31, 2016. Since PWD was not able to supply the daily required quantity of 10000 M3, the Company had entered into another agreement on March 28, 2014 with Water Resource Department (WRD), Government of Goa. Consequently, the Company had made representation for revision in the Contract with PWD, Govt. of Goa for revision of minimum daily quantity from 8500 M3 to 1500 M3 effective May 1, 2014 however, in absence of revision in agreement PWD, Govt. of Goa has continued with raising invoices with daily minimum quantity of 8500 M3. The Company is given to understand that proposal for revision of the agreement with PWD, Govt. of Goa is in active consideration, hence the Company has been paying them monthly for minimum quantity of 1500 M3. Prior to expiry of the agreement, the Company has made representation to the PWD, to continue supplying the Company with 1500 m3 of water for domestic consumption.*	**2050.29**	771.54
VIII.	Claim against the Company not acknowledged as debt.*	**-**	151.17

* Based on discussions with the solicitors/ favorable decisions in similar cases/ legal opinions taken by the Company, the management does not expect these claims to succeed and hence, no provision there against is considered necessary.

(b) Aggregate amount of guarantees issued by the Banks to various government authorities and others are secured by a charge created by way of hypothecation on the current assets, both present and future, wherever situated pertaining to the Company and the Company's present and future book debts outstanding, moneys receivable, claims, bills, contracts, engagements, rights and assets ₹ 15,497.92 Lacs (Previous year ₹ 17,430.38 Lacs).

(c) The Company had given a letter of Comfort to Ratnakar Bank Limited for the purpose of facilitating the loans of ₹ 2,000 Lacs (Previous year ₹ 2,000.00 Lacs) taken by Gobind Sugar Mills Limited.

(d) Guarantee issued by the Ratnakar Bank Limited of ₹ Nil (Previous year ₹ 3,075 Lacs) in favour of ICICI Securities Limited for the purpose of compliance with the provisions of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations for making public offer to the shareholders of Mangalore Chemicals & Fertilisers Limited.

(e) The Company has issued Corporate Guarantee to IL & FS Financial Services Limited of ₹ 15,000 Lacs (Previous year ₹ Nil) and HDFC Limited of ₹ 15,000 Lacs (Previous Year ₹ Nil) to facilitate the loan taken by Zuari Fertilisers and Chemicals Limited (ZFCL) to acquire the shares of Mangalore Chemicals & Fertilisers Limited. During the year ZFCL has paid back loan of ₹ 9000 Lacs.

(f) As on March 31, 2016 the Company has an outstanding Corporate Guarantee issued in favour of banks on behalf of Zuari Agri Sciences Limited of ₹ 5,000 Lacs (Previous year ₹ 1,100 Lacs).

(g) The Company has received a demand of ₹ 5,293 Lacs from GAIL (India) Limited (GAIL) toward Take or Pay obligation. Even prior to receiving this demand, the Company has represented to GAIL to reduce the annual contractual quantity based on which the Company is confident that the Take or Pay amount will not be material. Further, in terms of Contract with GAIL, this Take or Pay amount can be utilised for future Make up Gas supplies. The Company is in discussion with GAIL to reduce / waive the Take or Pay charges, hence no provision has been made for the aforesaid demand amount.

27. Estimated amount of contracts remaining to be executed not provided for

₹ In Lacs

Particulars	Year Ended 31st March, 2016	Year Ended 31st March, 2015
Estimated amount of contracts remaining to be executed on capital account not provided for	**6,172.84**	4,336.31

Notes to financial statements for the year ended 31st March, 2016

28. Value of imports on CIF basis are in respect of

₹ In Lacs

Particulars	Year Ended 31st March, 2016	Year Ended 31st March, 2015
Raw Materials	**1,62,650.96**	1,63,230.68
Spare Parts	**220.62**	200.49
Capital goods	**374.51**	749.93
Traded goods	**1,44,483.77**	1,26,173.08

29. (a) Imported and indigenous raw materials consumption

₹ In Lacs

Particulars	%	Year Ended 31st March, 2016	%	Year Ended 31st March, 2015
Indigenously obtained	**27.59%**	**67,625.63**	36.99%	1,01,340.77
Imported	**72.41%**	**1,77,480.68**	63.01%	1,72,654.53
Total	**100.00%**	**2,45,106.31**	100.00%	2,73,995.30

(b) The Company has taken a view that "Stores and Spares" cover only such items as go directly into production, hence disclosure for indigenous and imported stores consumption is not disclosed.

30. Expenditure in foreign currency (on accrual Basis) :

₹ In Lacs

Particulars	Year Ended 31st March, 2016	Year Ended 31st March, 2015
Basic engineering design and technical fee	**1,960.67**	303.23
Travelling expenses	**54.73**	29.38
Interest expense	**1,355.45**	595.71

31. Earning in Foreign Currency (on accrual basis) :

₹ In Lacs

Particulars	Year Ended 31st March, 2016	Year Ended 31st March, 2015
Prepayment Discount	**44.93**	140.43
Market Development Income	**90.01**	-

32. Remittances in foreign currency in respect of dividend :

Particulars	Year Ended 31st March, 2016	Year Ended 31st March, 2015
Period to which it relates	**1 April 2014 to 31 March 2015**	1 April 2013 to 31 March 2014
Number of non-resident shareholders	**2**	2
Number of equity shares held on which dividend was due	**74,91,750**	74,91,750
Amount remitted (in USD)	**2,26,653.56**	3,71,430.34
Amount remitted (₹ in Lacs)	**149.84**	224.75

The above information pertains to those non-resident shareholders where direct remittances have been made by the Company.

Notes to financial statements for the year ended 31st March, 2016

33. Particulars of Foreign Currency Exposures:

i) Forward Contracts outstanding as at the Balance Sheet Date:

Details of derivatives	31st March, 2016	31st March, 2015	Purpose
Buy (Amount in USD)	**29,45,32,780**	24,57,27,161	To hedge the purchases of raw materials, traded goods and buyers credit

ii) Unhedged foreign currency exposures as at the Balance Sheet date:

Particulars		31st March, 2016	31st March, 2015
Accrued Interest	USD	**6,77,825.00**	158,538.77
	(₹ in Lacs)	**449.09**	99.09
Trade Payables	USD	**29,87,279.62**	32,124,984.70
	(₹ in Lacs)	**1979.22**	20,078.12
Claims Receivable	USD	**57,90,748.68**	534,969.52
	(₹ in Lacs)	**3,836.66**	334.36
	Exchange Rate	**1 USD = 66.2550 INR**	1 USD = 62.5000 INR

34. Managerial Remuneration

₹ In Lacs

Particulars	Year Ended 31st March, 2016	Year Ended 31st March, 2015
Salary	**196.23**	195.75
Contribution to Provident fund and Superannuation fund	**25.92**	21.63
Perquisites	**16.35**	12.18
Total	**238.50**	229.56

* As the liabilities of gratuity and leave encashment are provided on an actuarial basis for the Company as a whole, the amounts pertaining to the directors are not included above.

Remuneration paid to Managing Director is in excess by ₹ 149.82 Lacs from limits specified in Schedule V of the Companies Act, 2013 in view of inadequacy of profits. The Company has made an application seeking approval from Central Government for payment of managerial remuneration to Managing Director in excess of the limits specified under the Companies Act, 2013, for the financial year ended March 31st, 2016, Approval is awaited.

35. Following are the details of loans and advances given to subsidiaries and associates in which directors are interested :

₹ In Lacs

Sr. No.	Particulars	Name of the entity	Balance outstanding as on 31st March 2016	Maximum amount outstanding during the year
1	Loans and advances in the nature of loans to subsidiaries	Zuari Agri Sciences Limited (formerly known as Zuari Seeds Limited)	**Nil (750.00)**	975.00 (750.00)
		Zuari Fertilisers and Chemicals Limited	**54,547.95 (21,799.25)**	54,547.95 (21,799.25)
2	Loans and advances in the nature of Loans where there is no repayment schedule or repayment is beyond seven years	-	**Nil (Nil)**	Nil (Nil)

₹ In Lacs

Sr. No.	Particulars	Name of the entity	Balance outstanding as on 31st March 2016	Maximum amount outstanding during the year
3	Loans and advances in the nature of loans where there is no interest or interest is below Section 186 of the Companies Act.2013	-	**Nil (Nil)**	Nil (Nil)
4	Loans and advances in the nature of loans to firms / companies in which directors are interested	-	**Nil (Nil)**	Nil (Nil)
5	Investments by the loanees in the shares of the Company or any of its subsidiaries	-	**Nil (Nil)**	Nil (Nil)

36. Information in respect of Joint Ventures :

₹ In Lacs

S. No	Particulars	Zuari Maroc Phosphates Private Limited (Consolidated)		Zuari Speciality Fertilizers Limited(formerly known as Zuari Rotem Speciality Fertilisers Limited)		MCA Phosphate Pte. Limited	
		(Audited)		(Unaudited)		(Unaudited)	
1	Proportion of ownership interest	**50%**		**50% (upto 10th Dec, 15)**		**30%**	
2	Country of incorporation	**India**		**India**		**Singapore**	
3	Accounting period ended	**31.03.2016**	31.03.2015	10.12.2015	31.03.2015	**31.03.2016**	31.03.2015
4	Assets	**2,56,506.55**	1,97,236.25	-	1,879.04	**12,261.97**	10,772.98
5	Liabilities	**1,81,492.44**	1,26,088.19	-	1,441.03	**12.65**	11.90
6	Revenue	**2,41,314.05**	2,12,307.16	1,398.26	3,294.36	**-**	-
7	Depreciation & Amortization	**1,411.33**	1,684.27	38.13	59.43	**-**	-
8	Other expenses	**2,35,860.08**	2,08,628.68	1,496.84	3,167.20	**16.60**	15.07
9	Profit before tax	**3,712.00**	1,994.22	(136.71)	67.73	**(16.60)**	(15.07)
10	Contingent Liabilities	**23,680.79**	18,654.17	-	0.61	**-**	-
11	Capital Commitments	**10,688.78**	17,248.88	-	-	**-**	-

The above details represent proportionate amount of the Company's share in the Joint Ventures.

37. Segmental Information

- **Primary Segment**

  The Company is engaged in the manufacture, sale and trading of fertilizers and seeds which, in the context of Accounting Standard 17 (Segmental Information) notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 , is considered as the only business segment. Accordingly, no separate segmental information has been provided herein.

- **Secondary Segment – Geographical Segment**

  The Company operates in India and therefore caters to the needs of the domestic market. Therefore, there is only one geographical segment and hence, segment information is not required to be disclosed.

Notes to financial statements for the year ended 31st March, 2016

38. Related Party disclosures under Accounting Standard – 18

The list of related parties as identified by the management is as under:

A. Related parties where control exists:

I. Subsidiaries of the Company:

(1) Zuari Agri Sciences Limited (formerly known as Zuari Seeds Limited)

(2) Zuari Fertilisers and Chemicals Limited

(3) Mangalore Chemicals & Fertilisers Limited
(subsidiary of Zuari Fertilisers and Chemicals Limited w.e.f. 18th May, 2015)

(4) Zuari Speciality Fertilisers Limited (formerly known as Zuari Rotem Speciality Fertilizers Limited)
(upto 10th December, 2015 as joint venture and thereafter as subsidiary of the Company)

B. Related parties with whom transactions have taken place during the year.

I. Enterprises in respect of which Company is an associate :-

(1) Zuari Global Limited

(2) Indian Furniture Products Limited

(3) Soundarya IFPL Interiors Limited
(subsidiary of Indian Furniture Products Limited w.e.f. 04th December, 2014)

(4) Simon India Limited

(5) Zuari Management Services Limited

(6) Zuari Infraworld India Limited

(7) Brajbhumi Nirmaan Private Limited
(Joint Venture of Zuari Infraworld India Limited (w.e.f. 31st December 2014)

(8) Rosewood Agencies Private Limited (Subsidiary of Braj bhumi Nirmaan Private Limited)

(9) Neobeam Agents Private Limited (Subsidiary of Braj bhumi Nirmaan Private Limited)

(10) Mayapur Commercial Private Limited (Subsidiary of Braj bhumi Nirmaan Private Limited)

(11) Nexus Vintrade Private Limited (Subsidiary of Braj bhumi Nirmaan Private Limited)

(12) Bahubali Tradecomm Private Limited (Subsidiary of Braj bhumi Nirmaan Private Limited)

(13) Hopeful Sales Private Limited (Subsidiary of Braj bhumi Nirmaan Private Limited)

(14) Divine Realdev Private Limited (Subsidiary of Braj bhumi Nirmaan Private Limited)

(15) Kushal Infraproperty Private Limited (Subsidiary of Braj bhumi Nirmaan Private Limited)

(16) Beatle Agencies Private Limited(Subsidiary of Braj bhumi Nirmaan Private Limited)

(17) Suhana Properties Private Limited(Subsidiary of Braj bhumi Nirmaan Private Limited)

(18) Saket Mansions Private Limited(Subsidiary of Braj bhumi Nirmaan Private Limited)

(19) Murari Enclave Private Limited (100% subsidiary of Rosewood Agencies Private Limited)
Ceased to be subsidiary w.e.f. 29th March 2016

(20) Damodar Enclave Private Limited (100% subsidiary of Neobeam Agents Private Limited)
Ceased to be subsidiary w.e.f. 16th December 2015

(21) Natwar Enclave Private Limited (100% subsidiary of Mayapur Commercial Private Limited) Ceased to be a subsidiary w.e.f. 29th March 2016

(22) Banibihari Enclave Private Limited (100% subsidiary of Nexus Vintrade Private Limited) Ceased to be a subsidiary w.e.f. 29th March 2016

(23) Pranati Niketan Private Limited (Joint Venture of Zuari Infraworld India Limited (w.e.f. 31st December 2014)

(24) Darshan Nirmaan Private Limited (Joint Venture of Zuari Infraworld India Limited (w.e.f. 31 December 2014)

(25) Zuari Infra Middle East Limited (subsidiary of Zuari Infraworld India Limited (w.e.f. 10th September,2014)

(26) SJM Elysium Properties LLC(subsidiary of Zuari Infra Middle East Limited (w.e.f. 21st December,2015)

(27) Globex Limited (upto 30th October, 2015 liquidated thereafter)

(28) Zuari Investments Limited

(29) Zuari Insurance Brokers Limited - Subsidiary of Zuari Investments Limited

(30) Zuari Commodity Trading Limited – Subsidiary of Zuari Investments Limited

(31) Zuari Sugar and Power Limited – Subsidiary of Zuari Investments Limited (up to 14th January 2015 and thereafter wholly owned subsidiary of Zuari Global Limited)

(32) Gobind Sugar Mills Limited (subsidiary of Zuari Investment Limited w.e.f . 25th August 2014)

(33) Zuari Indian Oil Tanking Private Limited (formerly known as Zuari Indian Oil Tanking Limited) -Joint Venture of Zuari Global Limited

(34) Gulbarga Cements Limited (Joint Venture of Zuari Global Limited up to 12th January, 2015)

II Joint Ventures of the Company:

(1) Zuari Maroc Phosphates Private Limited (formerly known as Zuari Maroc Phosphates Limited)

(2) Paradeep Phosphates Ltd - Subsidiary of Zuari Maroc Phosphates Private Limited (formerly known as Zuari Maroc Phosphates Limited)

(3) Zuari Speciality Fertilisers Limited(formerly known as Zuari Rotem Speciality Fertilisers Limited) (upto 10th December, 2015 and thereafter as subsidiary of the Company)

(4) MCA Phosphates Pte. Limited

III. Key Management Personnel

(1) Mr. Kapil Mehan – Managing Director (w.e.f. 1st April 2015)

(2) Mr. N. Suresh Krishnan – Managing Director (up to 31st March 2015)

(3) Mr. Akshay Poddar - Executive Director (up to 19th December 2014)

IV. Relatives of Key Management Personnel of the Company

(1) Mr. S. K. Poddar (Father of Mr. Akshay Poddar)

C. Related Party Transaction As Per Accounting Standard 18 For Zuari Agro Chemicals Limited

Following transactions were carried out with related parties in the ordinary course of business for the Year ended 31st March'2016

Notes to financial statements for the year ended 31st March, 2016

C. Related Party Transaction As Per Accounting Standard 18 For Zuari Agro Chemicals Limited

Following transactions were carried out with related parties in the ordinary course of business for the Year ended 31st March 2016.

₹ in Lacs

Sl. No	Transaction details	Year ended 31st March 2016					Year ended 31st March 2015				
		Subsi-diaries	Joint Ventures	Enterprises having Significant Influence	Enterprises owned or significantly influenced by key management personnel or their relatives	Key Manage-ment Personnel	Subsi-diaries	Joint Ventures	Enterprises having Significant Influence	Enterprises owned or significantly influenced by key management personnel or their relatives	Key Manage-ment Personnel
1	**Payment made on their behalf**										
	- Zuari Agri Sciences Limited	10.69	-	-	-	-	1.12	-	-	-	-
	- Zuari Management Services Limited	-	-	81.45	-	-	-	-	4.54	-	-
	- Paradeep Phosphates Limited	-	764.91	-	-	-	-	75.69	-	-	-
	- Zuari Speciality Fertilisers Limited	0.24	-	-	-	-	-	0.22	-	-	-
	- Zuari Investments Limited	-	-	-	-	-	-	-	2.87	-	-
	- Zuari Fertilisers and Chemicals Limited	2.06	-	-	-	-	22.86	-	-	-	-
	- Gobind Sugar Mills Limited	-	-	-	-	-	-	-	0.24	-	-
	- Simon India Limited	-	-	-	-	-	-	-	0.30	-	-
	- Indian Furniture Products Limited	-	-	-	-	-	-	-	0.05	-	-
	- Gulbarga Cement Limited			-	-				0.01	-	
	- Mangalore Chemicals & Fertilisers Limited	836.92	-	-	-	-	-	-	-	-	-
	- Zuari Global Limited	-	-	4.12	-	-	-	-	82.00	-	-
	- Zuari Maroc Phosphates Private Limited	-	0.00	-	-	-	-	-	-	-	-
2	**Payment made on our behalf**										
	- Zuari Agri Sciences Limited	85.59	-	-	-	-	9.35	-	-	-	-
	- Paradeep Phosphates Limited	-	4.59	-	-	-	-	9.22	-	-	-
	- Zuari Fertilisers and Chemicals Limited	-	-	-	-	-	0.69	-	-	-	-
	- Zuari Global Limited	-	-	160.17	-	-	-	-	7.50	-	-
	- Simon India Limited	-	-	-	-	-	-	-	0.29	-	-
	- Gobind Sugar Mills Limited	-	-	9.35	-	-	-	-	-	-	-
	- Zuari Management Services Limited	-	-	12.16	-	-	-	-	6.00	-	-
	- Indian Furniture Products Limited	-	-	-	-	-	-	-	0.03	-	-
	- Globex Limited	-	-	-	-	-	-	-	2.01	-	-
	- Zuari Investment Limited	-	-	-	-	-	-	-	0.01	-	-
	- Adventz Industries India Limited	-	-	-	-	-	-	-	0.02	-	-
	- Mangalore Chemicals & Fertilisers Limited	98.33	-	-	-	-	-	-	-	-	-
	- Zuari Infraworld India Limited	-	-	0.01	-	-	-	-	-	-	-
	- Mr. S.K.Poddar	-	-	-	-	0.13	-	-	-	-	-
3	**Material Taken on Swap Basis**										
	- Paradeep Phosphates Limited	-	-	-	-	-	-	2,546.47	-	-	-
4	**Director deposit given**										
	- Zuari Agri Sciences Limited	3.00	-	-	-	-	-	-	-	-	-
	- Zuari Fertilisers and Chemicals Limited	2.00	-	-	-	-	-	-	-	-	-
	- Zuari Speciality Fertilisers Limited	-	1.00	-	-	-	-	-	-	-	-
5	**Director deposit received**										
	- Zuari Global Limited	-	-	1.00	-	-	-	-	-	-	-
	- Zuari Management Services Limited	-	-	1.00	-	-	-	-	-	-	-

₹ in Lacs

Sl. No	Transaction details	Year ended 31st March 2016					Year ended 31st March 2015				
		Subsi-diaries	**Joint Ventures**	**Enterprises having Significant Influence**	**Enterprises owned or significantly influenced by key management personnel or their relatives**	**Key Manage-ment Personnel**	Subsi-diaries	Joint Ventures	Enterprises having Significant Influence	Enterprises owned or significantly influenced by key management personnel or their relatives	Key Manage-ment Personnel
6	**Service charges paid**										
	- Zuari Management Services Limited	**-**	**-**	**198.35**	**-**	**-**	-	-	414.47	-	-
	- Indian Furniture Products Limited	**-**	**-**	**0.26**	**-**	**-**	-	-	-	-	-
	- Mangalore Chemicals & Fertilisers Limited	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
	- Zuari Agri Sciences Limited	**59.78**	**-**	**-**	**-**	**-**	226.34	-	-	-	-
	- Zuari Investment Limited	**-**	**-**	**0.01**	**-**	**-**	-	-	-	-	-
7	**Inter-corporate Deposits /Loans/ Advances given**										
	- Zuari Fertilisers and Chemicals Limited	**32,748.70**	**-**	**-**	**-**	**-**	8,426.00	-	-	-	-
	- Zuari Agri Sciences Limited	**225.00**	**-**	**-**	**-**	**-**	-	-	-	-	-
	- Indian Furniture Products Limited	**-**	**-**	**-**	**-**	**-**	-	-	700.00	-	-
8	**Repayment of Inter-corporate Deposits / loans given**										
	- Zuari Fertilisers and Chemicals Limited	**-**	**-**	**-**	**-**	**-**	1,455.00	-	-	-	-
	- Zuari Agri Sciences Limited	**975.00**	**-**	**-**	**-**	**-**	-	-	-	-	-
9	**Contribution made in Equity**										
	- Zuari Agri Sciences Limited	**975.00**	**-**	**-**	**-**	**-**	-	-	-	-	-
	- Zuari Speciality Fertilisers Limited	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
10	**Advance given for purchase of shares**										
	- Zuari Global Limited	**-**	**-**	**-**	**-**	**-**	-	-	11,920.00	-	-
11	**Purchase of finished goods**										
	- Zuari Speciality Fertilisers Limited	**1,538.29**	**2,737.81**	**-**	**-**	**-**	-	6,431.21	-	-	-
	- Zuari Global Limited	**-**	**-**	**-**	**-**	**-**	-	-	3,973.74	-	-
	- Mangalore Chemicals & Fertilisers Limited	**87.11**	**-**	**-**	**-**	**-**	-	-	-	-	-
	- Zuari Fertilisers and Chemicals Limited	**2,800.64**	**-**	**-**	**-**	**-**	246.22	-	-	-	-
	- Paradeep Phosphates Limited	**-**	**64.72**	**-**	**-**	**-**	-	-	-	-	-
	- Zuari Agri Sciences Limited	**161.75**	**-**	**-**	**-**	**-**	-	-	-	-	-
12	**Purchase of raw material**										
	- Mangalore Chemicals & Fertilisers Limited	**92.20**	**-**	**-**	**-**	**-**	-	-	-	-	-
13	**Purchase Return of finished goods**										
	- Zuari Agri Sciences Limited	**-**	**-**	**-**	**-**	**-**	20.64	-	-	-	-
14	**Rebate received on purchase of finished goods**										
	- Paradeep Phosphates Limited	**-**	**142.31**	**-**	**-**	**-**	-	-	-	-	-
15	**Sale of Finished Goods**										
	- Gobind Sugar Mills Limited	**-**	**-**	**593.92**	**-**	**-**	-	-	-	-	-
	- Zuari Speciality Fertilisers Limited	**-**	**-**	**-**	**-**	**-**	-	192.00	-	-	-
	- Zuari Agri Sciences Limited	**335.25**	**-**	**-**	**-**	**-**	-	-	-	-	-
	- Mangalore Chemicals & Fertilisers Limited	**25,270.67**	**-**	**-**	**-**	**-**	-	-	-	-	-
	- Zuari Fertilisers and Chemicals Limited	**1,026.87**	**-**	**-**	**-**	**-**	-	-	-	-	-
16	**Purchase of Assets**										
	- Indian Furniture Products Limited	**-**	**-**	**144.86**	**-**	**-**	-	-	68.81	-	-
17	**Sale of Fixed Assets**										
	- Zuari Global Limited	**-**	**-**	**-**	**-**	**-**	-	-	3.24	-	-

Notes to financial statements for the year ended 31st March, 2016

₹ in Lacs

Sl. No	Transaction details	Year ended 31st March 2016					Year ended 31st March 2015				
		Subsi-diaries	**Joint Ventures**	**Enterprises having Significant Influence**	**Enterprises owned or significantly influenced by key management personnel or their relatives**	**Key Manage-ment Personnel**	Subsi-diaries	Joint Ventures	Enterprises having Significant Influence	Enterprises owned or significantly influenced by key management personnel or their relatives	Key Manage-ment Personnel
18	**Interest Paid**										
	- Zuari Speciality Fertilisers Limited	**35.67**	**-**	**-**				12.64			
	- Gobind Sugar Mills Limited	**-**	**-**	**0.04**	**-**	**-**	-	-	-	-	-
19	**Interest Accrued/Received on loan/deposit/ trade receivable**										
	- Zuari Fertilisers and Chemicals Limited	**5,468.11**	**-**	**-**	**-**	**-**	1,820.89	-	-	-	-
	- Zuari Speciality Fertilisers Limited	**-**	**-**	**-**	**-**	**-**	-	12.47	-	-	-
	- Zuari Agri Sciences Limited	**62.90**	**-**	**-**	**-**	**-**	101.25	-	-	-	-
	- Mr. N. Suresh Krishnan	**-**	**-**	**-**	**-**	**-**	-	-	-	-	1.34
	- Gobind Sugar Mills Limited	**-**	**-**	**94.37**	**-**	**-**	-	-	-	-	-
	- Mangalore Chemicals & Fertilisers Limited	**1,810.16**	**-**	**-**	**-**	**-**	-	-	-	-	-
20	**Service Income Received**										
	- Zuari Fertilisers and Chemicals Limited	**152.89**	**-**	**-**	**-**	**-**	124.57	-	-	-	-
21	**Rent Paid**										
	- Zuari Global Limited	**-**	**-**	**48.08**	**-**	**-**	-	-	44.73	-	-
	- Zuari Management Services Limited	**-**	**-**	**-**	**-**	**-**	-	-	11.69	-	-
22	**Dividend Paid**										
	- Zuari Global Limited	**-**	**-**	**168.23**	**-**	**-**	-	-	252.35	-	-
	- Zuari Management Services Limited	**-**	**-**	**101.58**	**-**	**-**	-	-	152.37	-	-
	- Mr. S.K.Poddar	**-**	**-**	**-**	**-**	**-**	-	-	-	-	2.59
	- Mrs. Jyotsna Poddar	**-**	**-**	**-**	**-**	**-**	-	-	-	-	1.43
23	**Managerial Remuneration**										
	- Mr. N. Suresh Krishnan	**-**	**-**	**-**	**-**	**-**	-	-	-	-	196.16
	- Mr. Kapil Mehan	**-**	**-**	**-**	**-**	**238.50**	-	-	-	-	-
	- Mr. Akshay Poddar	**-**	**-**	**-**	**-**	**-**	-	-	-	-	33.39
24	**Bank guarantee given on their behalf**										
	- Zuari Fertilisers and Chemicals Limited	**-**	**-**	**-**	**-**	**-**	3,075.00	-	-	-	-
25	**Bank guarantee expired and returned**										
	- Zuari Fertilisers and Chemicals Limited	**3,075.00**	**-**	**-**	**-**	**-**	-	-	-	-	-
26	**Corporate guarantee given on their behalf**										
	- Zuari Fertilisers and Chemicals Limited	**30,000.00**	**-**	**-**	**-**	**-**	-	-	-	-	-
	- Zuari Agri Sciences Limited	**3,900.00**	**-**	**-**	**-**	**-**	1,100.00	-	-	-	-
27	**Corporate guarantee reduced to the extent of loan paid**										
	- Zuari Fertilisers and Chemicals Limited	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
28	**Sitting fees Paid**										
	- Mr. N. Suresh Krishnan	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
	- Mr. Akshay Poddar	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
	- Mr. S.K.Poddar	**-**	**-**	**-**	**-**	**-**	-	-	-	-	1.85

Notes:

Zuari Agro Chemicals Limited has acquired remaining 50% of equity share capital in Zuari Rotem Speciality Fertilizers Limited from joint venturer Rotem Amfert Negev Ltd on 11th December 2015 and it has became 100% subsidiary of Zuari Agro Chemicals Ltd.

With effect from 30th December 2015, name of "Zuari Rotem Speciality Fertilizers Limited" has been changed to "Zuari Speciality Fertilisers Limited"

Notes to financial statements for the year ended 31st March, 2016

Balance Outstanding For The Period Ended 31st March 2016

₹ in Lacs

Sl. No	Transaction details	Year ended 31st March 2016					Year ended 31st March 2015				
		Subsi-diaries	**Joint Ventures**	**Enterprises having Significant Influence**	**Enterprises owned or significantly influenced by key management personnel or their relatives**	**Key Manage-ment Personnel**	Subsi-diaries	Joint Ventures	Enterprises having Significant Influence	Enterprises owned or significantly influenced by key management personnel or their relatives	Key Manage-ment Personnel
1	**Loan/ ICD Given**										
	- Zuari Fertilisers and Chemicals Limited	**54,547.95**	**-**	**-**	**-**	**-**	21,799.25	-	-	-	-
	- Zuari Agri Sciences Limited	**-**	**-**	**-**	**-**	**-**	750.00	-	-	-	-
	- Mr. N. Suresh Krishnan	**-**	**-**	**-**	**-**	**-**	-	-	-	-	18.00
2	**As Trade Payables**										
	- Zuari Maroc Phosphates Private Limited	**-**	**18.67**	**-**	**-**	**-**	-	18.68	-	-	-
	- Zuari Speciality Fertilisers Limited	**1,643.21**	**-**	**-**	**-**	**-**	-	1,048.84	-	-	-
	- Zuari Fertilisers and Chemicals Limited	**-**	**-**	**-**	**-**	**-**	78.42	-	-	-	-
	- Zuari Management Services Limited	**-**	**-**	**-**	**-**	**-**	-	-	4.91	-	-
	- Gobind Sugar Mills Limited			**0.94**							
	- Zuari Agri Sciences Limited	**13.10**	**-**	**-**	**-**	**-**	131.59	-	-	-	-
	- Paradeep Phosphates Limited	**-**	**27.50**	**-**	**-**	**-**	-	-	-	-	-
	- Indian Furniture Products Limited	**-**	**-**	**27.62**	**-**	**-**	-	-	7.66	-	-
3	**As Trade Receivable**										
	- Gobind Sugar Mills Limited	**-**	**-**	**742.44**	**-**	**-**	-	-	156.73	-	-
	- Mangalore Chemicals & Fertilisers Limited	**19,160.72**	**-**	**-**	**-**	**-**	-	-	-	-	-
	- Zuari Agri Sciences Limited	**141.94**	**-**	**-**	**-**	**-**	-	-	-	-	-
4	**As Advances Recoverable**										
	- Simon India Limited	**-**	**-**	**-**	**-**	**-**	-	-	0.30	-	-
	- Adventz Industries India Limited	**-**	**-**	**2.05**	**-**	**-**	-	-	2.05	-	-
	- Paradeep Phosphates Limited	**-**	**-**	**-**	**-**	**-**	-	24.59	-	-	-
	- Indian Furniture Products Limited	**-**	**-**	**700.00**	**-**	**-**	-	-	692.05	-	-
	- Zuari Management Services Limited	**-**	**-**	**79.05**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	- Zuari Infraworld India Limited	**-**	**-**	**4.67**	**-**	**-**	-	-	4.69	-	-
	- Zuari Fertilisers and Chemicals Limited	**266.44**	**-**	**-**	**-**	**-**	-	-	-	-	-
	- Zuari Global Limited			**-**							
	- Gulbarga Cement Limited	**-**	**-**	**(0.00)**	**-**	**-**	-	-	0.01	-	-
	- Zuari Speciality Fertilisers Limited	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
5	**Accrued Service Income**										
	- Zuari Indian Oiltanking Private Limited	**-**	**-**	**404.50**	**-**	**-**	-	-	606.74	-	-
6	**Advance against purchase of Investment**										
	- Zuari Global Limited	**-**	**-**	**11,920.00**	**-**	**-**	-	-	11,920.00	-	-
7	**Interest Accrued/Received on loan/deposit/ trade receivable**										
	- Zuari Agri Sciences Limited	**-**	**-**	**-**	**-**	**-**	225.19	-	-	-	-
	- Gobind Sugar Mills Limited	**-**	**-**	**94.37**							
	- Mangalore Chemicals & Fertilisers Limited	**1,920.28**	**-**	**-**	**-**	**-**	-	-	-	-	-
	- Mr. N. Suresh Krishnan	**-**	**-**	**-**	**-**	**-**	-	-	-	-	8.76

Notes to financial statements for the year ended 31st March, 2016

₹ in Lacs

Sl. No	Transaction details	Year ended 31st March 2016					Year ended 31st March 2015				
		Subsi-diaries	**Joint Ventures**	**Enterprises having Significant Influence**	**Enterprises owned or significantly influenced by key management personnel or their relatives**	**Key Manage-ment Personnel**	Subsi-diaries	Joint Ventures	Enterprises having Significant Influence	Enterprises owned or significantly influenced by key management personnel or their relatives	Key Manage-ment Personnel
8	**Bank guarantee given on their behalf**										
	- Zuari Fertilisers and Chemicals Limited	-	-	-	-	-	3,075.00	-	-	-	-
9	**Corporate Guarantee**										
	- Zuari Agri Sciences Limited	**5,000.00**	-	-	-	-	1,100.00	-	-	-	-
	- Zuari Fertilisers and Chemicals Limited	**30,000.00**	-	-	-	-	-	-	-	-	-
10	**Deposit Received**										
	- Gobind Sugar Mills Limited	-	-	**0.50**	-	-	-	-	0.25	-	-

Notes :

Zuari Agro Chemicals Limited has acquired remaining 50% of equity share capital in Zuari Rotem Speciality Fertilizers Limited from joint venturer Rotem Amfert Negev Ltd on 11th December 2015 and it has became 100% subsidiary of Zuari Agro Chemicals Ltd.

With effect from 30th December 2015, name of “Zuari Rotem Speciality Fertilizers Limited” has been changed to “Zuari Speciality Fertilisers Limited”.

39. Earnings Per Share (EPS) :

Particulars	Year Ended 31st March, 2016	Year Ended 31st March, 2015
Profit after taxation as per statement of Profit and Loss (₹ in Lacs)	**(1589.37)**	1,236.60
Weighted average number of shares used in computing earnings per share	**4,20,58,006**	4,20,58,006
Basic and Diluted Earnings per share - Basic and diluted (in Rupees) (annualised)	**(3.78)**	2.94
Face value per share (in Rupees)	**10**	10

40. Department of Fertilizers (DOF), Government of India, issued an office memorandum dated July 8, 2013, whereby Imported Phosphatic and Potassic (P&K) fertilizers dispatched by the Fertiliser companies to their warehouse for onward sale during the month of February and March 2013 without having any supply plan issued by DOF was regularized as per Nutrient Based Subsidy (NBS) rates applicable for the year 2013-14. However, these NBS rates, as per the Government of India's policy, are notified after approval by Cabinet Committee for Economic Affairs (CCEA) before the start of financial year and therefore, cannot be changed before next financial year. Accordingly, the Company has recognized ₹ 2,223.11 Lacs in the previous years being the difference between the applicable NBS rates of 2012-13 and 2013-14 for the dispatches made to its warehouse during February and March 2013 but sold in 2012-13 and 2013-14 respectively. During the previous year 2014-15 the Company has reversed the subsidy income of ₹ 274.08 Lacs for the quantities imported and dispatched during the month of February and March 2013. The Company is in discussions with the Department of Fertilisers for receiving the short amount of subsidy and, if required, take appropriate legal steps to recover the aforesaid differential subsidy amount. The Company is hopeful to realise the aforesaid subsidy amount, hence no provision for balance amount of ₹ 1,949.03 Lacs has been made in the accounts.

41. Employee benefits :

A. Gratuity

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet.

Statement of Profit and Loss

Net employee benefit expense (recognized in Employee Cost) for the year ended 31st March, 2016

₹ In Lacs

Particulars	2015 – 16	2014-15
Current Service Cost	**120.14**	314.24
Interest Cost	**194.84**	202.23
Expected return on plan assets	**(187.02)**	(185.93)
Net actuarial (gain)/loss recognized in the year	**(232.01)**	(147.70)
Net benefit expense/(income)*	**(104.05)**	182.84
Actual return on plan assets	**188.69**	185.78

Excluding ₹ 22.00 Lacs (Previous year ₹ 3.38 Lacs) for Gratuity receipt of employees transferred from other company and ₹ 60.13 Lacs (Previous year ₹ Nil) for Gratuity expenses transferred to other companies.

Notes to financial statements for the year ended 31st March, 2016

Balance sheet

Amounts for the current and previous four periods are as follows:

₹ In Lacs

Particulars	2015-16	2014-15	2013-14	2012-13	2011-12
Defined benefit obligation	**2,149.82**	2,445.55	2,436.90	2,512.98	2,287.93
Fair value of plan assets	**2,292.51**	2,331.06	2,503.05	2,237.70	2,206.00
Plan asset/(liability)	**142.69**	(114.49)	66.15	(275.28)	(81.93)
Experience (gain)/loss on obligation	**(177.47)**	(210.09)	(193.14)	(117.01)	(71.70)
Experience gain/(loss) on plan assets	**1.67**	(0.15)	9.50	(18.69)	-

Changes in the present value of the defined benefit obligation for the year ended 31st March, 2016 are as follows :

₹ In Lacs

Particulars	2015 – 16	2014-15
Opening defined obligation	**2,445.55**	2,436.90
Current service cost	**120.14**	314.24
Interest Cost	**194.84**	202.23
Transfer In	**(38.11)**	19.81
Benefits paid	**(342.24)**	(379.78)
Actuarial (gain)/loss on obligation	**(230.34)**	(147.85)
Closing defined benefit obligation	**2,149.82**	2,445.55

Changes in the fair value of plan assets are as follows:

₹ In Lacs

Particulars	2015 – 16	2014-15
Opening fair value of plan assets	**2,331.06**	2,503.06
Expected return	**187.02**	185.93
Contribution by employer	**115.00**	2.20
Benefits paid	**(342.24)**	(379.78)
Service cost (Transfer in)	**-**	19.81
Actuarial gain/(loss) on plan asset	**1.67**	(0.15)
Closing fair value of plan assets	**2,292.51**	2,331.06

The Company expects to contribute ₹ Nil (Previous year ₹ 114.49 Lacs) towards gratuity during the year 2016-17.

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

Particulars	2015 – 16	2014-15
Investment with insurer (Life Insurance Corporation of India)	**100%**	100%

The overall expected rate of return is determined based on the market prices prevailing at that date, applicable to the period over which the obligation is to be settled. These rates are different from the actual rate of return during the current year.

Notes to financial statements for the year ended 31st March, 2016

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

Particulars	2015 – 16	2014–15
Discount rate	**7.75%**	8.00%
Expected rate of return on assets	**8.00%**	8.00%
Increase in Compensation cost	**9.00% for first 2 years and 7.50% thereafter**	**9.00%**
Employee turnover	**8.00%**	8.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

B. Post Retirement Medical Benefit Plan

The Company has a defined benefit post retirement medical benefit plan, for its employees. The Company provides medical benefit to those employees who leave the services of the Company on retirement. As per the plan, retired employee and the spouse will be covered till the age of 85 years and the dependent children till they attain the age of 25 years. In case of death of retired employee, the spouse will be covered till the age of 85 years and the dependent children till they attain the age of 25 years. The plan is not funded by the Company.

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet.

Statement of Profit and Loss

Net employee benefit expense (recognized in Employee Cost) for the year ended 31st March, 2016

₹ In Lacs

Particulars	2015 – 16	2014 -15
Current Service Cost	**132.89**	-
Interest Cost	**-**	-
Net actuarial (gain)/loss recognized in the year	**-**	-
Net benefit expense/(income)	**132.89**	-

Balance sheet

Details of provision for Post Retirement Medical benefits as at 31st March, 2016:

₹ In Lacs

Particulars	2015-16	2014-15	2013-14	2012-13	2011-12
Defined benefit obligation	**132.89**	-	-	-	-
Plan (liability)	**(132.89)**	-	-	-	-
Experience (gain)/loss on obligation	**-**	-	-	-	-

Changes in the present value of the defined benefit obligation for the year ended 31st March, 2016 are as follows :

₹ In Lacs

Particulars	2015 – 16	2014 -15
Opening defined obligation	**-**	-
Current service cost	**132.89**	-
Interest Cost	**-**	-

Notes to financial statements for the year ended 31st March, 2016

₹ In Lacs

Particulars	2015 – 16	2014 -15
Transfer In	-	-
Benefits paid	-	-
Actuarial (gain)/loss on obligation	-	-
Closing defined benefit obligation	132.89	-

The principal assumptions used in determining Post Retirement Medical Benefits obligation for the Company's plans are shown below:

₹ In Lacs

Particulars	2015 – 16	2014 -15
Discount rate	8.00%	-
Premium/ medical cost inflation rate	0.00%	-
Employee turnover	8.00%	-

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

C. Provident Fund

As per the Guidance Note on implementing AS-15, Employee Benefits (revised 2005) issued by the Accounting Standard Board (ASB), provident funds set up by employers, which requires interest shortfall to be met by the employer, needs to be treated as defined benefit plan. During the current year, actuarial valuation of Provident Fund was carried out in accordance with the guidance note issued by Actuary Society of India.

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet.

Statement of Profit and Loss :

₹ In Lacs

Particulars	2015 – 16	2014 -15
Current Service Cost	245.07	293.64
Interest Cost	-	-
Net Asset / (Liability)	-	-
Reversal of provision	-	-
Net benefit expense/(income)	245.07	293.64

Balance sheet

Funding Status and amount recognized in the Balance Sheet :

₹ In Lacs

Particulars	2015-16	2014-15	2013-14	2012-13	2011-12
Defined benefit obligation	11,832.82	10,895.97	10,189.21	9,725.10	9,251.53
Fair value of plan assets	12,049.03	11,075.78	10,300.22	9,815.42	9,205.55
Plan asset*/(liability)	216.21	179.81	111.00	90.32	(45.98)

Notes to financial statements for the year ended 31st March, 2016

₹ In Lacs

Particulars	2015-16	2014-15	2013-14	2012-13	2011-12
(Gain)/Loss on Plan Liabilities **	**15.09**	-	-	-	-
(Gain)/Loss on Plan Assets **	**48.47**	-	-	-	-

* Plan asset has not been recognized in the previous year financial statement, as the surplus of the trust is distributable among the beneficiaries of the provident fund trust.

** The information related to experience adjustment on plan assets and liabilities were not available in respect of earlier years, but the amount would not be material in the opinion of the management.

Changes in the present value of the defined benefit obligation for the year ended 31st March, 2016 are as follows :

₹ In Lacs

Particulars	2015 – 16	2014 -15
Opening defined benefit obligation	**10,895.97**	10,189.21
Current service cost	**245.07**	293.64
Interest Cost	**930.07**	815.14
Contributions by Employee / plan participants	**632.23**	600.46
Benefits Paid out of funds	**(1,245.67)**	(1,048.07)
Actuarial (gain)/loss on obligation	**15.09**	(15.13)
Settlements / transfer in	**359.85**	60.73
Closing defined benefit obligation	**11,832.82**	10,895.97

Changes in the fair value of plan assets are as follows :

₹ In Lacs

Particulars	2015 – 16	2014 -15
Opening fair value of plan assets	**11,075.78**	10,300.22
Expected return on plan assets	**943.33**	901.27
Employer Contribution	**245.07**	293.64
Plan participants / Employee contribution	**632.23**	600.46
Benefits paid	**(1,245.67)**	(1,048.07)
Actuarial gains/ (loss) on plan assets	**48.48**	(32.46)
Settlements / Transfer in	**349.80**	60.73
Closing fair value of plan assets	**12,049.03**	11,075.78

The Company expects to Contribute ₹ 269.57 Lacs (Previous year ₹ 300.00 Lacs) to provident fund trust in the financial year 2016-17.

The principal assumptions used in determining provident fund obligations :

Particulars	31st March, 2016	31st March, 2015
Discount Rate	**7.80%**	8.75%
Expected Rate of Return	**8.80%**	8.75%
Employee turnover Rate	**1% - 3%**	1% - 3%

Notes to financial statements for the year ended 31st March, 2016

D. Defined Contribution Plan

₹ In Lacs

Particulars	Year Ended 31st March, 2016	Year Ended 31st March, 2015
Contribution to Superannuation Fund	**215.98**	246.46
Contribution to Family Pension Scheme	**99.12**	81.77
Contribution to Contributory Pension Fund	**118.57**	133.51
Contribution to National Pension Fund	**9.60**	10.10
Total	**443.27**	471.84

42. Disclosure as per Section 22 of "The Micro, Small and Medium Enterprises Development Act, 2006".

₹ In Lacs

Sl. No.	Particulars	Year Ended 31st March, 2016	Year Ended 31st March, 2015
i)	The principal amount and the interest due thereon remaining unpaid to any supplier:		
	- Principal amount	**270.12**	Nil
	- Interest thereon	**28.21**	0.52
ii)	the amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day.	**Nil**	Nil
iii)	the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	**Nil**	Nil
iv)	the amount of interest accrued and remaining unpaid	**29.02**	0.81
v)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small investor	**Nil**	Nil

43. a. The Company has obtained office premises, apartments, warehouses and vehicles on operating leases for the period upto 6 years. In all the cases, the agreements are further renewable at the option of the Company except in case of vehicle lease agreement. There is an escalation clause in the respective lease agreements except on vehicle lease. All these leases are cancellable in nature. The total lease payments in respect of such leases recognized in the statement of profit and loss for the year are ₹ 2059.07 Lacs (31 March 2015: ₹ 1,558.59 Lacs).

b. Operating Leases:

The Company obtained office premises and retail outlets on operating leases. These leases have an average life ranging between 2 years to 12 years and renewable at the option of the Company. There are no restrictions imposed by the lease arrangements. There are no subleases.

₹ In Lacs

Sl. No.	Particulars	2015-16	2014-15
i)	Lease payments for the year	**251.99**	74.27
ii)	Payable for a period not later than one year	**262.60**	98.40
iii)	Payable for a period later than one year and not later than 5 years	**1,042.61**	329.40
iv)	Payable for the period later than 5 years	**714.18**	218.71

Notes to financial statements for the year ended 31st March, 2016

44. Based on the circulars received for revision in uniform freight relating to secondary freight and direct road movement, the Company has accrued additional freight subsidy income of ₹ 480.25 Lacs (upto Previous year ₹ 2,072.86 Lacs) relating to Urea and ₹ Nil (upto Previous year ₹ 2,910.62 Lacs) for Phosphoric and Potassic Fertilisers, for which the claims are yet to be submitted. The Company is hopeful to realise above entire amount of ₹ 5,463.73 Lacs.

45. In the financial year 2013-14, Ministry of Agriculture, Government of India, has declared 47,635 MT (₹ 15,565.23 Lacs) of DAP, imported by the Company as not meeting the standards specified by Fertilizer Control Order, 1985 (FCO). During the previous financial year, out of the total quantity, based on the permission given by Department of Fertilisers (DOF), 31,174.15 MT had been re-exported back and out of 16,460.85 MT remaining material lying in the field, 15,484.80 MT had been used as raw material for non-agriculture purpose. The Company had based on its estimate accounted for claim of ₹ 2,712.87 Lacs (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 and accordingly the Company has considered the aforesaid amount as fully recoverable.

46. Zuari Fertilisers and Chemicals Limited (ZFCL), a wholly owned subsidiary of the Company has acquired additional 36.56% (totaling 53.03%) equity shares of Mangalore Chemicals & Fertilizers Limited (MCFL) and therefore MCFL has become a subsidiary of ZFCL w.e.f. May 18, 2015. Consequently, MCFL has also become subsidiary of Zuari Agro Chemicals Limited.

47. The Company has purchased balance 50% of equity shares held by Rotem Amfert Negav Limited in Zuari Speciality Fertilisers Limited (formerly known as Zuari Rotem Speciality Fertilizers Limited) (ZSFL), a joint venture company for ₹ 1,332.33 Lacs and therefore ZSFL has become a subsidiary of Company w.e.f. December 11, 2015.

48. The Board of Directors of the Company at its meeting held on December 29, 2015, has considered and approved, the scheme of amalgamation of Zuari Fertilisers and Chemicals Limited (ZFCL), Zuari Speciality Fertilisers Limited (formerly known as Zuari Rotem Speciality Fertilizers Limited) (“ZSFL”) and Zuari Agri Sciences Limited (“ZASL”) with the Company under the provisions of Sections 391 to 394 of the Companies Act, 1956 and other applicable provisions of Companies Act, 1956/ Companies Act, 2013 (“Scheme” and such amalgamation referred to as “Amalgamation”), as recommended by the Audit Committee of the Company.

The Amalgamation shall be subject to the approval/ sanction of the Scheme of Amalgamation by the Hon’ble High Court of Bombay at Goa and such other authority, as may be necessary.

The appointed date of the Amalgamation is April 01, 2015. It is pertinent to note that as a consequence of Amalgamation, there will be no change in the shareholding pattern of the Company, given that the Company is not required to issue any shares pursuant to the Amalgamation as all the Transferor Companies, ie, ZFCL, ZSFL and ZASL are wholly-owned subsidiaries of the Company. Further, upon the scheme becoming effective, the Transferor Companies i.e. ZFCL, ZSFL and ZASL will be dissolved without winding up and the shares held by the Company in the Transferor Companies shall be cancelled and extinguished without any act or deed.

49. During the financial year 2013-14, the Company had sold part of freehold land at a consideration of ₹ 16,359.32 Lacs. The possession of the said parcel of land was handed over on 28thMarch, 2014, however the transfer of title is under progress. The Company had received full consideration from the buyer in the financial year 2013-14.

50. In terms of Demerger of fertilizer undertaking from Zuari Global Limited in an earlier year, the title deeds of Immovable properties are in the process of being transferred in the name of the Company.

51. The Company has during the year, received an insurance claim of ₹ 1,070.25 Lacs from the insurance company on the account of damage claim to boiler feed water pump on 8th August 2014, which is included under other income in statement of profit and loss.

52. During the year, Company has floated Voluntary Retirement Scheme for the employees. Total 12 employees have opted for deferred payment under Voluntary Retirement Scheme. The total outgo will be ₹ 222.18 Lacs, which has been fully charged as an exceptional item in the Statement of Profit and Loss as per accounting policy followed.

Notes to financial statements for the year ended 31st March, 2016

53. Disclosure required under Section 186 (4) of the Companies Act 2013.

a. Particulars of Loans given :

₹ In Lacs

Sr. No.	Name of the Loanee	Opening Balance as on 01.04.2015	Loan Given	Loan Repaid	Outstanding Balance as on 31.03.2016	Purpose
1	Zuari Fertilisers and Chemicals Limited	21,799.25	32,748.70	-	54.547.95	General Business Purpose
2	Zuari Agri Sciences Limited	750.00	225.00	975.00	-	General Business Purpose

b) Particulars of Guarantee given made :

₹ In Lacs

Sr. No.	Name of the Entity	Opening Balance As on 01.04.2015	Guarantee Given	Guarantee Discharged	Closing Balance As on 31.03.2016	Purpose
1	Zuari Fertilisers and Chemicals Limited (ZFCL) (Bank Guarantee)	3,075.00	-	3,075.00	-	Compliance with the provisions of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations for making public offer to the shareholders of Mangalore Chemicals & Fertilisers Limited.
2	Zuari Fertilisers and Chemicals Limited (ZFCL) (Corporate Guarantee)	-	30,000.00	-	30,000.00	Guarantee given during the year to IL & FS Financial Services Limited of ₹ 15,000 Lacs and to HDFC Limited of ₹ 15,000 Lacs - to Secure the loan taken by ZFCL to acquire the shares of Mangalore Chemicals & Fertilisers Limited. During the year ZFCL has paid back loan of ₹ 9000 Lacs.
3	Zuari Agri Sciences Limited (Corporate Guarantee)	1,100.00	3,900.00	-	5,000.00	General Business purpose

c. Particulars of Investments made during the year:

₹ In Lacs

Sr. No.	Name of the Investee	Investment Made	Purpose
1	MCA Phosphates Pte Limited	1,696.11	Strategic investment
2	Zuari Agri Sciences Limited	975.00	Strategic investment
3	Zuari Speciality Fertilisers Limited (formerly known as Zuari Rotem Speciality Fertilizers Limited)	1,332.33	Strategic investment

Notes to financial statements for the year ended 31st March, 2016

54. In light of Section 135 of the Companies Act, 2013, the Company has incurred expenses on Corporate Social Responsibility (CSR) aggregating to ₹ 44.85 Lacs for CSR activities carried out during the current year.

Sl. No.	Particulars	₹ In Lacs
a)	Gross amount required to be spent by the Company during the year	-
b)	Amount spent during the year on the following in cash :	
	1. Construction/ acquisition of any asset	-
	2. On purposes other than (i) above	
	- Skills Development	9.28
	- Slum Development, Sanitation, Health, Education	19.99
	- Sanitation	4.87
	- Safe drinking water	10.37
	- Promoting education	0.34

55. Previous year's figures have been reclassified /regrouped where ever necessary to confirm to current years classification.

As per our report of even date

For S. R. Batliboi & Co. LLP
Chartered Accountants
Firms Registration
No.301003E / E300005

per Anil Gupta
Partner
Membership No: 87921

Place : New Delhi
Date : 13th May, 2016

For and on behalf of Board of Directors of Zuari Agro Chemicals Limited

S.K. Poddar
Chairman
DIN: 00008654

Kapil Mehan
Managing Director
DIN: 01215092

Marco Wadia
Director
DIN: 00244357

V. Seshadri
Vice President – Finance

R. Y. Patil
Chief General Manager
& Company Secretary
FCS: 2845

Place : Gurgaon
Date : 13th May, 2016

INDEPENDENT AUDITOR'S REPORT

To the Members of ZUARI AGRO CHEMICALS LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Zuari Agro Chemicals Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") its associates and joint controlled entities, comprising of the consolidated Balance Sheet as at March 31, 2016, the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated financial statements').

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms with the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with 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. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the 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, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Basis for qualified opinion

a) We refer to Note 43 wherein it is mentioned that, the Holding Company is carrying receivable of ₹ 2,712.87 Lacs on account of claim raised on a product supplier for loss suffered on purchase of material which did not meet the specified standards. The said claim is subject to confirmation from the supplier. In the absence of independent confirmation from the supplier and other related information, we are unable to comment on the appropriateness of the accounting the claim including consequential effects, if any, that may arise in this regard in these accompanying consolidated financial statements.

b) We report that a subsidiary company, M/S Mangalore Chemical & Fertilizers Limited had engaged an independent firm of accountants to carry out a forensic review into transactions in relation to investment in the preference shares of Bangalore

Beverages Limited and advances made to United Beverages Holding Limited and have indicated that the these transactions may have involved irregularities. The subsidiary has provided an aggregate amount of Rs 21,668 Lacs against the above in their books. The subsidiary company M/S Mangalore Chemical & Fertilizers Limited is taking necessary legal advice in connection with the findings and taking necessary steps in this regard. Pending legal advice on the above matters, we are unable to comment on including consequential effects, if any to be made in these accompanying consolidated financial statements.

Qualified opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, the aforesaid consolidated 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 consolidated the state of affairs of the Group, its associates and jointly controlled entities as at March 31, 2016, of their consolidated profit/loss and their consolidated 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, to the extent applicable, we report that:

   (a) We have sought and except for the matter described in of the Basis for Qualified Opinion paragraph, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;

   (b) Except for the effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept by the Company so far as appears from our examination of those books and the reports of the other auditors;

   (c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss, and consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;

   (d) Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid consolidated 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) The matter described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Group;

   (f) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the auditors who are appointed under Section 139 of the Act, of its subsidiary companies, associate companies and jointly controlled companies incorporated in India, none of the directors of the Group's companies, its associates and jointly controlled companies incorporated in India is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

   (g) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above;

   (h) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Holding Company and its subsidiary companies, associate companies and jointly controlled companies incorporated in India, refer to our separate report in "Annexure 1" to this report;

   (i) 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 consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group, its associates and jointly controlled entities – Refer Note 30(a) to the consolidated financial statements;

ii. The Group, its associates and jointly controlled entities did not have any material foreseeable losses on long-term contracts including derivative contracts.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, its subsidiaries, associates and jointly controlled companies incorporated in India.

Other Matter

(a) The accompanying consolidated financial statements include total assets of Rs 2,96,166.21 Lacs as at March 31, 2016, and total revenues and net cash outflow of Rs 2,49,540.80 Lacs and Rs 4,041.17 Lacs respectively for the year ended on that date, in respect of 2 subsidiaries, which have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary is based solely on the report of such other auditor.

(b) The accompanying consolidated financial statements include total assets of ₹ 11,969.33 Lacs as at March 31, 2016, and total revenues and net cash flows of ₹ Nil and ₹ 15.62 Lacs for the year ended on that date, in respect of a jointly controlled entity, which have not been audited, which unaudited financial statements and other unaudited financial information have been furnished to us. Our opinion, in so far as it relates amounts and disclosures included in respect of jointly controlled entity and our report in terms of sub-sections (3) and (11) of Section 143 of the Act in so far as it relates to the aforesaid jointly controlled entity, is based solely on such unaudited financial statement and other unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements and other financial information are not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements above, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management

For S.R. BATLIBOI & CO. LLP
Chartered Accountants
ICAI Firm registration number: 301003E/ E300005

per Anil Gupta
Partner
Membership No.: 87921

Place: New Delhi
Date: May 13, 2016

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF ZUARI AGRO CHEMICALS LIMITED

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

To the Members of Zuari Agro Chemicals Limited

In conjunction with our audit of the consolidated financial statements of Zuari Agro Chemicals Limited as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting of Zuari Agro Chemicals Limited (hereinafter referred to as the "Holding Company"), its subsidiary companies, and jointly controlled companies which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Qualified Opinion

According to the information and explanations given to us and based on the report issued by other auditors on internal financial controls system over financial reporting in case of its subsidiary companies and jointly controlled companies, which are companies incorporated in India, the following material weakness has been identified as at March 31, 2016:

a) The Holding Company's internal financial controls over evaluation of provision for doubtful advances were not operating effectively which could potentially result in the Holding Company not recognising provision for doubtful advances.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the holding Company's annual or interim consolidated financial statements will not be prevented or detected on a timely basis.

In our opinion, the Holding Company, its subsidiary companies and jointly controlled companies, which are companies incorporated in India, have, maintained in all material respects, an adequate internal financial controls system over financial reporting based on the internal control over financial reporting criteria established by the Holding 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, and except for the possible effects of the material weakness described above on the achievement of the objectives of the control criteria, the Holding Company, its subsidiary companies and jointly controlled company's internal financial controls over financial reporting were operating effectively as of March 31, 2016.

Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Holding Company, insofar as it relates to 2 subsidiary companies which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiary companies incorporated in India.

We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India as specified under section 143(10) of the Act, the consolidated financial statements of the Holding Company, which comprise the Consolidated Balance Sheet as at March 31, 2016, and the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, and our report dated May 13, 2016 expressed qualified opinion.

For S. R. Batliboi & CO. LLP
Chartered Accountants
ICAI Firm Registration Number : 301003E/E300005

per Anil Gupta
Partner
Membership Number : 87921

Place : New Delhi
Date : May 13, 2016

Consolidated Balance Sheet as at 31st March, 2016

₹ in Lacs

	Notes	31st March, 2016	31st March, 2015
I. EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	3	**4,205.80**	4,205.80
(b) Reserves and surplus	4	**87,281.37**	96,474.73
		91,487.17	1,00,680.53
Minority interest	5	**30,831.01**	10,353.23
Non-current liabilities			
(a) Long-term borrowings	6	**74,424.97**	22,069.44
(b) Deferred tax liabilities (net)	7	**4,608.98**	2,601.49
(c) Trade payables	8	**28.55**	18.41
(d) Other long term liabilities	8	**11,518.54**	7,683.77
(e) Long-term provisions	9	**2,326.16**	304.09
		92,907.20	32,677.20
Current liabilities			
(a) Short-term borrowings	10	**5,56,513.36**	3,17,305.23
(b) Trade payables	8		
Total outstanding dues of Micro and Small Enterprises		**261.73**	0.81
Total outstanding dues of creditors other than Micro and Small Enterprises		**1,11,203.62**	1,13,921.90
(c) Other current liabilities	8	**54,125.59**	30,431.88
(d) Short-term provisions	9	**6,096.32**	6,474.85
		7,28,200.62	4,68,134.67
Total		**9,43,426.00**	6,11,845.63
II. ASSETS			
Non-current assets			
(a) Goodwill on consolidation (Refer note. 33 (a))		**30,943.40**	1,832.98
(b) Fixed assets			
i) Tangible assets	11.1	**1,55,829.88**	46,281.58
ii) Intangible assets	11.2	**683.98**	637.05
iii) Capital work-in-progress		**19,000.62**	42,389.56
(c) Non Current Investments	12	**11,954.96**	20,865.32
(d) Loans and advances	13	**31,414.39**	25,127.41
(e) Other non-current assets	14	**325.05**	545.01
		2,50,152.28	1,37,678.91
Current assets			
(a) Current investments	15	**63.60**	71.09
(b) Inventories	16	**1,10,707.92**	98,789.41
(c) Trade receivables	17	**5,21,686.00**	3,30,990.09
(d) Cash and bank balances	18	**3,772.24**	3,617.85
(e) Loans and advances	13	**17,964.44**	7,146.55
(f) Other current assets	14	**39,079.53**	33,551.73
		6,93,273.72	4,74,166.72
Total		**9,43,426.00**	6,11,845.63
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.R. Batliboi & Co. LLP
Chartered Accountant
Firms Regn. No.301003E/E300005

per Anil Gupta
Partner
Membership No: 87921

Place : New Delhi
Dated : May 13, 2016

For and on behalf of Board of Directors of Zuari Agro Chemicals Limited

S. K. Poddar
Chairman
DIN : 00008654

Kapil Mehan
Managing Director
DIN : 01215092

Marco Wadia
Director
DIN : 00244357

V. Seshadri
Vice President
- Finance

R. Y. Patil
Chief General Manager
& Company Secretary

Place : Gurgaon
Date : May 13, 2016

Consolidated Statement of Profit and Loss for the year ended 31st March, 2016

₹ in Lacs

			Notes	31st March, 2016	31st March, 2015
I.	**Income**				
	(a)	Revenue from operations (gross)	19	**10,04,261.57**	7,66,496.79
		Less: excise duty	19	**4,515.61**	2,957.36
	(b)	Revenue from operations (net)		**9,99,745.95**	7,63,539.44
	(c)	Other income	20	**8,515.69**	7,113.47
	Total Revenue			**10,08,261.65**	7,70,652.91
II	**Expenses**				
	(a)	Cost of raw material consumed	21	**5,07,146.09**	4,09,665.84
	(b)	Purchase of traded goods	22	**2,61,135.05**	1,76,288.69
	(c)	"(Increase)/decrease in inventories of finished goods, work-in-progress and traded goods"	23	**3,219.12**	5,753.57
	(d)	Employee benefits expense	24	**21,163.38**	14,371.86
	(e)	Depreciation and amortization expense	26	**7,231.64**	3,005.56
	(f)	Finance costs	27	**50,015.44**	31,828.61
	(g)	Other expenses	25	**1,68,982.98**	1,27,427.61
	(h)	Exceptional items	28	**552.82**	-
	Total			**10,19,446.52**	7,68,341.74
III	**Profit/(Loss) before tax (I-II)**			**(11,184.87)**	2,311.17
IV	**Tax expenses**				
	(a)	Current tax		**860.56**	829.07
	(b)	MAT credit entitlement (including ₹ 28.93 Lacs for earlier years)		**(889.49)**	(829.07)
	(c)	Deferred tax charge		**(2,267.63)**	1,092.77
	(d)	Income tax credit of earlier years (Net)		**(141.55)**	(430.56)
	Total tax expense / (credit)			**(2,438.12)**	662.21
V	**Profit/(Loss) for the year (III-IV)**			**(8,746.75)**	1,648.97
VI	Add: Share in the losses of Associates			**(484.49)**	(211.54)
VII	Less: Shares of Minority interest in profits/(Loss)			**(130.40)**	540.18
VIII	**Net Profit/(Loss) attributable to shareholders of Zuari Agro Chemicals Limited**			**(9,100.84)**	897.25
	Basic		35		
	Earnings per equity share (nominal value of share ₹ 10/-)			**₹ (21.64)**	₹ 2.13
	Diluted				
	Earnings per equity share (nominal value of share ₹ 10/-)			**₹ (21.64)**	₹ 2.13

Summary of significant accounting policies 2.1

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For and on behalf of Board of Directors of Zuari Agro Chemicals Limited

For S.R. Batliboi & Co. LLP
Chartered Accountant
Firms Regn. No.301003E/E300005

S. K. Poddar
Chairman
DIN : 00008654

Kapil Mehan
Managing Director
DIN : 01215092

Marco Wadia
Director
DIN : 00244357

per Anil Gupta
Partner
Membership No: 87921

V. Seshadri
Vice President
- Finance

R. Y. Patil
Chief General Manager
& Company Secretary

Place : New Delhi
Dated : May 13, 2016

Place : Gurgaon
Date : May 13, 2016

Consolidated Cash Flow Statement for the year ended 31st March, 2016

₹ in Lacs

	PARTICULARS	Year ended 31st March, 2016	Year ended 31st March, 2015
A.	**CASH FLOW FROM OPERATING ACTIVITIES:**		
	Profit / (Loss) before tax	**(11,184.87)**	2,311.17
	Adjustment for :		
	Depreciation / amortisation	**7,231.64**	3,005.57
	Foreign currency Translation Reserve	**0.57**	(0.14)
	Loss/(Gain) on disposal of fixed assets (net)	**495.55**	(293.38)
	Bad debts, claims and advances written off	**149.52**	56.65
	Provision for doubtful debts, claims and advances	**218.71**	238.72
	Gain on Sale of current Investments	**(1.84)**	-
	Unrealized foreign exchange fluctuation loss	**2,006.89**	168.27
	Excess provision / unclaimed liabilities / unclaimed balances written back	**(364.50)**	(932.40)
	Reversal of charge of diminution in the value of Fertiliser Companies Government of India Special Fertiliser Bonds.	**(197.30)**	(1,766.26)
	Interest expense	**34,376.98**	22,404.90
	Interest income	**(5,952.72)**	(3,223.59)
	Dividend income	**(5.43)**	(286.80)
		37,958.08	19,371.52
	Operating profit before working capital changes	**26,773.21**	21,682.69
	Changes in working Capital :		
	Decrease / (Increase) in inventories	**8,145.63**	(13,243.23)
	Decrease in trade receivables	**(1,01,538.58)**	44,666.13
	(Increase) in other assets	**(525.46)**	(4,068.29)
	(Increase) in Loans and advances	**(8,036.93)**	(997.25)
	Increase in trade payables and other current liabilities	**(35,121.14)**	36,696.91
	Increase / (Decrease) in provisions	**(1,669.83)**	14.26
		(1,38,746.31)	63,068.53
	Cash (used) in operations	**(1,11,973.10)**	84,751.22
	Direct tax paid (net of refunds)	**(2,883.49)**	(864.17)
	Net cash flow from/(used in) operating activities (A)	**(1,14,856.59)**	83,887.05
B.	**CASH FLOW FROM INVESTING ACTIVITIES:**		
	Purchase of fixed assets, including tangible assets, CWIP and Capital Advances	**(25,999.22)**	(19,021.99)
	Proceeds from sale of fixed assets	**288.58**	518.36
	Proceeds from Sale of current investments	**18,413.52**	48,481.05
	Purchase of non current investments	**(1,695.86)**	(12,490.92)
	Purchase of Investment in Subsideries/JV	**(42,664.86)**	-
	Purchase of current investments	**(18,404.19)**	(48,473.75)
	Dividend received	**5.43**	286.80
	Interest received	**5,413.01**	2,105.89
	Redemption/ maturity of bank deposits (having original maturity of more than three months)	**92.38**	8.87
	Investment in bank deposits (having original maturity of more than 3 months)	**(357.76)**	(47.56)
	Net cash flow (used in) investing activitites (B)	**(64,908.97)**	(28,633.24)

Consolidated Cash Flow Statement for the year ended 31st March, 2016

₹ in Lacs

	PARTICULARS	Year ended 31st March, 2016	Year ended 31st March, 2015
C.	**CASH FLOW FROM FINANCING ACTIVITIES:**		
	Proceeds from long term borrowing	**60,815.04**	8,943.75
	Repayment of long term borrowing	**(17,586.48)**	(563.58)
	Proceeds from buyers credit	**5,65,990.96**	2,55,982.94
	Repayment of buyers credit	**(4,63,665.62)**	(2,49,371.68)
	Proceeds / (Repay) from short term borrowings	**66,888.00**	(46,297.99)
	Dividend Paid	**(1,382.04)**	(1,471.17)
	Interest paid	**(36,457.10)**	(21,902.27)
	Net cash flow (used in) financing activitites (C)	**1,74,602.76**	(54,680.01)
	Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)	**(5,162.80)**	573.82
	Net Cash of Other Group Companies on acquisition	**5,044.42**	-
	Cash & Cash Equivalents (Opening)	**3,516.45**	2,942.63
	Cash & Cash Equivalents (Closing) (Refer below)	**3,398.08**	3,516.45

₹ in Lacs

CASH AND CASH EQUIVALENTS	As at 31st March, 2016	As at 31st March, 2015
Cash in hand	**9.07**	3.01
Cheque in hand	**147.35**	66.28
With banks		
- on current accounts	**1,411.39**	1,525.36
- on cash credit accounts	**-**	155.43
- on unclaimed Dividends*	**430.26**	14.62
on deposits accounts	**1,400.00**	1,751.75
Cash and Cash Equivalents	**3,398.08**	3,516.45

* These balances are not available for use as they represent corresponding unpaid dividend liabilities

As per our report of even date

For S. R. Batliboi & Co. LLP
Chartered Accountant
Firms Regn. No.301003E/E300005

per Anil Gupta
Partner
Membership No: 87921

Place : New Delhi
Dated : May 13, 2016

For and on behalf of Board of Directors of Zuari Agro Chemicals Limited

S. K. Poddar
Chairman
DIN : 00008654

Kapil Mehan
Managing Director
DIN : 01215092

Marco Wadia
Director
DIN : 00244357

V. Seshadri
Vice President
- Finance

R. Y. Patil
Chief General Manager
& Company Secretary

Place : Gurgaon
Date : May 13, 2016

Notes to the Consolidated Financial Statements of the Zuari Group for the financial year 2015–16

1. Basis for preparation

The Consolidated Financial Statements relate to Zuari Agro Chemicals Limited (hereinafter referred to as the "Company") and its subsidiary companies (collectively hereinafter referred to as the "Group") its associates and joint controlled entities.

These financial statements have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP).The Group has prepared these financial statements to comply in all material respects with the accounting standards notified under Section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rule 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies have been consistently applied by the Group and are consistent with those used in previous year, except for the change in accounting policies explained below.

2.1 Summary of Significant Accounting Policies

I) Change in accounting policies

(a) Component Accounting

The Group has adopted component accounting as required under Schedule II to the Companies Act, 2013 from 1 April 2015. The Group was previously not identifying components of fixed assets separately for depreciation purposes; rather, a single useful life/depreciation rate was used to depreciate each item of fixed assets.

Due to application of Schedule II to the Companies Act, 2013, and AS 10, the Group has changed the manner of depreciation for its fixed assets. Now, the Group identifies and determines cost of each component/part of the asset separately, if the component/part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset. These components are depreciated separately over their useful life; the remaining components are depreciated over the life of the principal asset. The Group has used transitional provisions of Schedule II to adjust the impact of component accounting arising on its first application. If a component has zero remaining useful life on the date of component accounting becoming effective, i.e. 1st April, 2015, its carrying amount, after retaining any residual value, is charged to the opening balance of retained earnings. The carrying amount of other components, i.e. components whose remaining useful life is not nil on 1st April, 2015, is depreciated over their remaining useful lives.

The Group has also changed its policy on recognition of cost of major inspection/overhaul. Earlier Group used to charge such cost of major inspection/overhaul directly to statement of profit and loss, as incurred. On application of component accounting, the major inspection/approval cost is identified as a separate component of the asset at the time of purchase of new asset and subsequently the cost of such major inspection/overhaul is depreciated separately over the period till next major inspection/overhaul. Upon next major inspection/overhaul, the cost of new major inspection/overhaul are added to the assets cost and any amount remaining from the previous inspection/overhaul is derecognised.

Had the Group continued to use the earlier policy of depreciating fixed assets, its financial statements for the year would have been impacted as below:

Depreciation for the current year would have been lower by ₹ 921.98 Lacs, repair and maintenance expense for the current year would have been higher by ₹ 195.66 Lacs, loss before tax for the current year would have been lower by ₹ 726.32 Lacs and net fixed assets would correspondingly have been higher by ₹ 726.32 Lacs.

On the date of component accounting becoming applicable, i.e. 1st April, 2015, there was no component having zero remaining useful life. Hence, no amount has been directly adjusted against reserves.

(b) Post Retirement Medical Benefit Scheme

Till 31st March, 2015, the Parent Company was accounting for liability in respect of its scheme towards post-retirement medical benefits to its employee on payment basis. The Parent Company has, during the year, changed the basis of such liability from payment basis to accrual basis. The Parent Company has during the year, provided for such liability of ₹ 132.89 Lacs on the basis of year end actuarial valuation. The above change has resulted into loss before tax of the Group being higher by ₹ 132.89 Lacs.

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 revised Schedule III notified under the Companies Act, 2013.

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.

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

III) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (Indian GAAP) requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, uncertainty about the assumptions and estimates could result in the outcomes requiring material adjustments to the carrying amounts of assets and liabilities in future period.

IV) Principles of Consolidation

In the preparation of these Consolidated Financial Statements, investments in Subsidiaries, associate and Joint Venture entities have been accounted for in accordance with AS 21(Accounting for Consolidated Financial Statements), AS 23 (Accounting for Investments in Associates in Consolidated Financial Statements) and AS –27 (Financial Reporting of Interests in Joint Ventures) respectively notified under the Companies (Accounts) Rule 2014. The Consolidated Financial Statements have been prepared on the following basis-

i) Subsidiary companies have been consolidated on a line-by-line basis by adding together the book values of the like items of assets, liabilities, income and expenses, after eliminating all significant intra-group balances and intra-group transactions and also unrealized profits or losses.

ii) Interests in the assets, liabilities, income and expenses of the joint ventures have been consolidated using proportionate consolidation method. For the purpose of proportionate consolidation, consolidated financial statements of the Joint Ventures and their subsidiaries have been used. Intra Group balances, transactions and unrealized profits/losses have been eliminated to the extent of the Group's proportionate share.

iii) The difference of the cost to the company of its investment in subsidiaries and joint ventures over its proportionate share in the equity of the investee company as at the date of acquisition of stake is recognized in the financial statements as Goodwill or Capital Reserve, as the case may be.

iv) Minorities interest in net profit of consolidated subsidiaries for the year has been identified and adjusted against the income in order to arrive at the net income attributable to the shareholders of the company. Their share of net assets has been identified and presented in the Consolidated Balance Sheet separately. Where accumulated losses attributable to the minorities are in excess of their equity, in the absence of the contractual obligation on the minorities, the same have been accounted for by the Holding Company.

v) As far as possible, the consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Parent Company's standalone financial statements. Differences in accounting policies have been disclosed separately.

vi) Investments in Associates have been accounted for using the equity method. The excess of cost of investment over the proportionate share in equity of the Associate as at the date of acquisition of stake has been identified as Goodwill and included in the carrying value of the Investment in the Associate. Similarly, the excess of proportionate share in equity of the associate over the cost of investment as at the date of acquisition of stake has been identified as Capital Reserve. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the share of net assets of the Associate. However, the share of losses is accounted for only to the extent of the cost of investment. Subsequent profits of such Associates are not accounted for unless the accumulated losses (not accounted for by the Group) are recouped. Where the Associate has prepared and presented consolidated financial statements, such financial statements have been used for the purpose of equity accounting. In other cases, standalone financial statements of Associates have been used.

vii) The financial statements of the Group entities used for the purpose of consolidation are drawn up to same reporting date as that of the Parent Company i.e. year ended March 31, 2016.

V) Tangible Assets

Fixed assets are stated at cost less accumulated depreciation/amortization and impairment losses, if any. The cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. 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 Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Machinery spares which are specific to a particular item of fixed asset and whose use is expected to be irregular are capitalized as fixed assets.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the year during which such expenses are incurred. The replaced assets are discarded at their book value (Net of accumulated depreciation) where book values are ascertainable and at estimated net book values, wherever it is not ascertainable. Replaced assets held for disposal are stated at lower of their net book value and net realisable value and shown under “Other Assets”.

Gains or losses arising from de-recognition of tangible assets are measured as the difference between the net disposable proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is derecognized.

The Group adjusts exchange differences arising on translation/ settlement of long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset to the cost of the asset and depreciates the same over the remaining life of the asset. In accordance with MCA circular dated 09 August, 2012, exchange differences adjusted to the cost of fixed assets are total differences, arising on long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset, for the period. In other words, the Group does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

Expenditure on new projects and substantial expansion:

Expenditure directly relating to construction activity is capitalized. Indirect expenditure incurred during construction period is capitalized as part of the indirect construction cost to the extent to which the expenditure is related to construction activity or are incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period which are not related to the construction activity nor are incidental thereto are charged to the statement of profit and loss. Income earned during construction period is deducted from the total of the indirect expenditure.

All direct capital expenditure on expansion is capitalized. As regards indirect expenditure on expansion, only that portion is capitalized which represents the marginal increase in such expenditure involved as a result of capital expansion. Both direct and indirect expenditure are capitalized only if they increase the value of the asset beyond its original standard of performance.

VI) Intangibles

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in an amalgamation in the nature of purchase is their fair value as at the date of amalgamation. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangibles representing computer software are amortized using the Straight Line Method over the estimated useful lives of three years.

Notes to the Consolidated Financial Statements of the Zuari Group for the financial year 2015–16

VII) Research and development Costs

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the Company can demonstrate all the following:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete the asset
- Its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of adequate resources to complete the development and to use or sell the asset
- The ability to measure reliably the expenditure attributable to the intangible asset during development.

Following the initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized on a straight line basis over the period of expected future benefit from the related project, i.e., the estimated useful life of five years. Amortization is recognized in the statement of profit and loss. During the period of development, the asset is tested for impairment annually.

In case of subsidiary company, expenditure incurred on development of new products as covered under AS-26 for which future economic benefits will flow over a period of time is amortised, over the estimated useful life of the asset or 5 years whichever is earlier.

Research and Development expenditure of revenue nature are charged to statement of profit and loss, while capital expenditure is added to the cost of fixed assets in the year in which these are incurred.

Goodwill (as per scheme of amalgamation)

In case of a subsidiary company, Goodwill is amortized over a period of twenty years, subject to available surplus for the year before amortization of goodwill, based on the order of Hon'ble High Court of Bombay at Panaji (Goa).

VIII) Depreciation

Depreciation on tangible fixed assets (other than specific asset referred under paras (c) to (e) below) is calculated on a straight line basis using the rates arrived at, based on the useful lives estimated by the management. For this purpose, a major portion of the plant has been considered as continuous process plant. The identified components are depreciated separately over their useful lives; the remaining components are depreciated over the life of principal asset. The Group has used the following rates to provide depreciation on its fixed assets which are equal to the rates specified in Schedule II to Companies Act, 2013.

Class of Assets	Useful lives estimated by the management (Years)
Factory buildings	30 years
Other buildings (RCC structures)	60 years
Other buildings (other than RCC structures)	30 years
Roads & Culverts	3,5,10 years
Plant and equipments (Continuous process plant)	25 years
Plant and equipments (Non continuous process)	5-20 years
Furniture and fixtures	10 years
Office equipments	3-6 years
Vehicles	8 years
Railway Siding	15 years

a) Premium paid on acquisition of leasehold land is being amortized over the period of the respective leases i.e 99 years and 95 years.

b) Leasehold Improvements are depreciated over the primary period of lease i.e three years or useful lives of the assets, whichever is shorter.

c) The useful lives of components of certain plant and equipment are estimated as 5 to 20 years. These lives are lower than those indicated in Schedule II.

d) In case of a subsidiary, the management has estimated, supported by independent assessment by professionals, the useful lives of the following classes of assets.

   i. The useful lives of certain plant and machinery having gross block of ₹ 320.85 Lacs are estimated as 30 to 40 year. These lives are higher than those indicated in schedule II.

   ii. The useful lives of certain buildings having gross block of ₹ 358.05 Lacs are estimated as 15 year. These lives are lower than those indicated in schedule II.

e) Insurance/Machinery spares are depreciated prospectively over the estimated remaining useful lives of the respective mother assets.

f) Fixed assets whose value is less than ₹ 5,000/- are depreciated fully in the year of purchase. The useful life in this case is estimated as one year.

IX) Impairment of Tangible and Intangible Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit and loss, except for previously revalued plant, property and equipment, where the revaluation was taken to revaluation reserve. In this case, the impairment is also recognized in the revaluation reserve up to the amount of any previous revaluation.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

X) Goodwill

Goodwill represents the difference between the Group's share in the net worth of the investee company and the cost of acquisition at each point of time of making the investment. For this purpose, the Group's share of net worth of the investee company is determined on the basis of the latest financial statements of that company available at the date of acquisition, after making necessary adjustments for material events between the date of such financial statements and the date of respective acquisition.

Notes to the Consolidated Financial Statements of the Zuari Group for the financial year 2015–16

XI) Inventories

i) Inventories are valued at the lower of Cost and Net Realizable Value (except to the extent stated in (ii) below). The Cost for this purpose 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) Finished goods (traded): Moving weighted average method

e) 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 Realisable Value is the estimated selling price including applicable subsidy in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

ii) In respect of subsidiary of a joint venture, inventory of waste product (Treated Gypsum) lying at various warehouses other than factory are valued at net realizable value.

XII) Investments

Investments that are readily realisable and intended to be held for not more than a year from the date of which such investments are made are classified as current investments. All other investments are classified as long-term investments. On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments. On disposal of investments, the difference between its carrying amount and net disposal proceeds is charged to the Statement of profit and loss.

XIII) Retirement and other Employee Benefits

i) Provident Fund

Retirement benefits in the form of Provident Fund is a defined benefit obligation in respect of the Parent Company and a subsidiary of joint venture company and is provided for on the basis of actuarial valuation of projected unit credit method made at the end of each financial year. The difference between the actuarial valuation of the provident fund of employees at the year end and balance of own managed fund is provided for as liability in the books in terms of the provisions under the Employee Provident Fund and Miscellaneous Provisions Act, 1952.

In case of other companies in the Group, Provident fund is a define contribution scheme. The companies do not have any other obligation other than contribution made to the fund. The companies recognize contribution payable to the fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

ii) Pension Fund

Family Pension Funds and National Pension Scheme are defined contribution schemes. The Group does not have any other obligation other than contribution made to the fund. The Group recognises contribution payable to the fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

iii) Gratuity

In respect of the Group, retirement benefit in the form of gratuity is defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year (except in case of a subsidiary company where the number of employees are below 50 and it is provided for on gross undiscounted basis. The company estimates the impact of actuarial valuation to be negligible).

The Parent Company, two subsidiaries and a subsidiary of joint venture have taken insurance policy under the Group Gratuity Scheme with the Life Insurance Corporation of India (LIC) to cover the gratuity liability of the employees.

iv) Post-Retirement Medical Benefit

In respect of a Parent Company and a subsidiary of a joint venture, post-retirement medical benefit is a defined benefit obligation which is provided for based on actuarial valuation on projected unit credit method made at the end of each financial year.

v) Leave Encashment

Accumulated leave, which is expected to be utilised within the next 12 months, is treated as short-term employees benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Group treats accumulated leave expected to be carried forward beyond twelve months as long term employee benefit for measurement purpose. Such long term compensated absences are provided for based on actuarial valuation using the projected unit credit method at the year end (except in case of a subsidiary company where the number of employees are below 50 and it is provided for on gross undiscounted basis. The company estimates the impact of actuarial valuation to be negligible).

The Group presents the leave as a current liability in the balance sheet; to the extent it does not have an unconditional right to defer the settlement for 12 months after the reporting date. Where the Group has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

vi) Superannuation, Contributory Pension Fund and Death Benevolent Fund

The Parent Company, two subsidiary companies and a subsidiary of the joint venture have approved Superannuation Fund and Contributory Pension Fund which are defined contribution schemes. These companies have no obligation, other than contribution payable to the Superannuation Fund and Contributory Pension Fund to Life Insurance Corporation of India (LIC) against the insurance policies taken with them. These companies recognize contribution payable to the fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

One of the subsidiary of joint venture company also has a Death Benevolent Fund which is a defined contribution scheme, the company has no obligation other than contribution payable to the Fund to Life Insurance Corporation of India (LIC) against the insurance policy taken with them. This company recognises contribution payable to the fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

vii) Actuarial gains/losses related to gratuity, post-retirement medical benefits, long term leave encashment and provident fund in form of defined obligation plan are immediately taken to the statement of profit and loss and are not deferred.

viii) Payments made/to be made under the voluntary retirement scheme are charged to the statement of profit and loss immediately.

Notes to the Consolidated Financial Statements of the Zuari Group for the financial year 2015–16

XIV) Foreign Currency Transactions

i) Initial recognition:

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.

ii) Conversion :

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

iii) Exchange Differences:

The Group accounts for exchange differences arising on translation / settlement of foreign currency monetary items as below:

a) Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset.

b) Exchange differences arising on other long-term foreign currency monetary items are accumulated in the 'Foreign Currency Monetary Item Translation Difference Account' and amortized over the remaining life of the concerned monetary item.

c) All other exchange differences are recognized as income or as expense in the period in which they arise

For the purpose of (a) and (b) above, the Group treat a foreign corrency monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination. In accordance with MCA circular dated 09 August 2012, exchange differences for this purpose, are total differences arising on long-term foreign currency monetary items for the period. In other words, the Group does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

iv) Forward exchange contracts entered into to hedge foreign currency risk of an existing asset/ liability:

The premium or discount arising at the inception of forward exchange contracts is amortized as expense or income over the life of the contract. Exchange differences on such contracts are recognized in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year. Any gain/ loss (including premium or discount arising at the inception of foreign exchange contract till the date the concerned fixed asset is put to use) arising on forward contracts which are long-term foreign currency monetary items is recognized in accordance with paragraph (iii)(a) and (iii)(b) above.

XV) Revenue Recognition

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

(i) Revenue from sale of goods, including concession in respect of Urea, DAP, MOP and Complex 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 Group collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Group. 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.

Concessions in respect of Urea as notified under the New Pricing Scheme & New Urea Policy, 2015 is recognized with adjustments for escalation/de-escalation in the prices of inputs and other adjustments as estimated by the management in accordance with the known policy parameters in this regard.

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.

Uniform freight subsidy on Urea, Complex fertilisers, Imported DAP and MOP has been accounted for in accordance with the parameters and notified rates.

(ii) 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. Interest income is included under the head "other income" in the statement of profit and loss.

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

(iv) Revenue from sale of Scrap/Waste (treated waste) products lying at the factory are accounted for in the year of sale.

(v) Dispatch money on shipment is accounted for based on realization or acceptance of claim.

(vi) Revenue from service is recognized as per the terms of contracts with customer when the related services are performed.

XVI) Borrowing costs

Borrowing costs includes interest and amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. In case of significant long term loans, the axillary cost incurred in connection with the arrangement of borrowings are amortised over the period of respective loan.

XVII) Government Grants and subsidies

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

When the grant or subsidy relates to an expense 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.

XVIII) Leases

Finance Leases

Finance leases, which effectively transfer to the company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the 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 as finance costs in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs of lease are capitalized.

A leased asset is depreciated on a straight-line basis over the useful life of the asset. However, if there is no reasonable certainty that the company will obtain the ownership by the end of the lease term, the capitalized asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset or the lease term.

Operating Lease

Where the company is the lessee:

Leases, where the lessor effectively retain 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.

XIX) Accounting for taxes

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Deferred income taxes reflect the impact of timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the company has carry forward of unabsorbed depreciation and tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits. Unrecognised deferred tax assets of earlier years are re-assessed at each balance sheet date and recognised to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as “MAT Credit Entitlement.” The company reviews the “MAT credit entitlement” asset at each reporting date and writes down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the specified period.

XX) Provision

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimates required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

XXI) Earnings per Share

Basic Earnings per Share (EPS) 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 earnings per share, 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.

XXII) Derivative Instruments

In accordance with the ICAI announcement, derivative contracts, other than foreign currency forward contracts covered under AS 11, are marked to market on portfolio basis, and the net loss, if any, after considering the offsetting effect of gain on the underlying hedged item, is charged to the statement of profit and loss. Net gain, if any, after considering the offsetting effect of loss on the underlying hedged item, is ignored.

XXIII) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A Contingent liability also arises in extremely rare cases where there is liability that cannot be recognised because it cannot be measured reliably. The company does not recognise a contingent liability but discloses its existence in the financial statements.

XXIV) Cash and Cash Equivalents

Cash and cash equivalents in the cash flow statement comprises cash at bank and in hand and short term investments with original maturity periods of three months or less.

XXV) Fertiliser Companies' Government of India Special Bonds

Fertiliser Companies' Government of India Special Bonds issued by Government of India in lieu of subsidy receivables are intended to be kept for short term purposes and are valued at lower of cost and market value. These bonds are included in 'Other Assets'.

XXVI) Segment reporting

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Group as a whole.

Notes to the Consolidated Financial Statements of the Zuari Group for the financial year 2015–16

3. Share Capital

₹ in Lacs

Particulars	31st March, 2016	31st March, 2015
Authorised :		
6,50,00,000 (31st March, 2015:: 6,50,00,000) Equity Shares of ₹ 10/- each	**6,500.00**	6,500.00
	6,500.00	6,500.00
Issued *		
4,20,58,006 (31st March, 2015: 4,20,58,006) Equity Shares of ₹ 10/- each fully paid	**4,205.80**	4,205.80
Subscribed and Paid-up *		
4,20,58,006 (31st March, 2015:: 4,20,58,006) Equity Shares of ₹ 10/- each fully paid	**4,205.80**	4,205.80
Total	**4,205.80**	4,205.80

a. Reconcilation of shares outstanding at the beginning and end of the reporting year

Equity Shares	31st March, 2016		31st March, 2015	
	In Numbers	**₹ in Lacs**	In Numbers	₹ in Lacs
At the beginning of the year	**4,20,58,006**	**4,205.80**	4,20,58,006	4,205.80
Issued during the year	**-**	**-**	-	-
Outstanding at the end of the year	**4,20,58,006**	**4,205.80**	4,20,58,006	4,205.80

b. Terms/Rights attached to equity Shares

The Parent Company has only one class of equity shares having a par value of ₹ 10/- Share. Each shareholder of equity shares is entitled to one vote per share. The parent Company declares and pay dividends in Indian rupees. The dividend proposed by Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting.

During the year ended31st March, 2016, the amount of per share dividend recognised as distribution by the parent company to equity shareholders was NIL per share, (31st March, 2015 :: ₹ 2/-)

In the event of liquidation of the Parent Company, the holders of equity shares will be entitled to receive remaining assets of the Parent Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Details of shareholders holding more than 5% of shares in the company

Name of Shareholder	31st March, 2016		31st March, 2015	
	No. of shares held	**% Holding in Class**	No. of shares held	% Holding in Class
Zuari Global Limited	**84,11,601**	**20.00**	84,11,601	20.00
SIL Investments Limited	**32,08,000**	**7.63**	32,08,000	7.63
Texmaco Infrastructure & Holdings Limited	**30,00,125**	**7.13**	30,00,125	7.13
Globalware Trading & Holdings Limited	**70,12,000**	**16.67**	70,12,000	16.67
Zuari Management Services Limited	**50,78,909**	**12.08**	50,78,909	12.08

As per records of the Parent Company including its register of share holders/members and other declarations received from share holders regarding beneficial interest, the above share holding represents both legal and beneficial ownership of shares.

d. **Shares issued for consideration other than cash, during the period of five years immediately preceding the reporting date:**

Equity Shares	31st March, 2016		31st March, 2015	
	In Numbers	₹ in Lacs	In Numbers	₹ in Lacs
Equity shares allotted as fully paid-up pursuant to the Scheme of Arrangement and Demeger for consideration other than cash	**2,94,40,604**	**2,944.06**	2,94,40,604	2,944.06

* Pursuant to the Scheme of Arrangement and Demerger ("the Scheme") between Zuari Agro Chemicals Limited and Zuari Global Limited, Zuari Agro Chemicals Limited had issued 29,440,604 equity shares of ₹ 10/- each aggregating to ₹ 2944.06 Lacs to the existing shareholders of Zuari Global Limited in the ratio of 1 fully paid up Equity share of ₹ 10/- each of Zuari Agro Chemicals Limited during the financial year ending 31st March, 2013. Out of the above shares issued pursuant to the Scheme, 8,051 (previous year 8,051) Equity Shares entitlements have been kept in abeyance pursuant to section 126 of the Companies Act, 2013 in accordance with instructions from the Special Court (Trial of Offences relating to Transactions in Securities) Act, 1992 and in respect of shareholders who could not exercise their rights in view of disputes, mistakes, discrepancy in holdings, etc.

4. Reserves and Surplus

₹ in Lacs

Particulars	31st March, 2016	31st March, 2015
Capital Reserve		
Balance as per last financial statements	**18,105.05**	18,105.05
Adjusted on consolidation (Refer Note No. 33 (b))	**(93.08)**	-
Closing balance	**18,011.97**	18,105.05
Business Restructuring Reserve *		
Balance as per last financial statements	**65,404.84**	65,404.84
Closing balance	**65,404.84**	65,404.84
General Reserve		
Balance as per last financial statements	**6,150.00**	6,000.00
Add: Amount transferred from surplus balance in the statement of profit and loss	**-**	150.00
Closing balance	**6,150.00**	6,150.00
Surplus / (deficit) in the statement of profit and loss		
Balance as per last financial statements	**6,814.98**	8,024.52
Charged to reserves due to implementation of Schedule II of the Companies Act, 2013	**-**	(944.39)
Net profit/(loss) for the year	**(9,100.84)**	897.25
Less : Appropriations		
Proposed final equity dividends:: ₹ NIL per equity share (31st March, 2015:: ₹ 2.00/- per equity share)	**-**	841.16
Tax on proposed equity dividend	**-**	171.24
Transfer to general reserve	**-**	150.00
Total appropriations	**-**	1,162.40
Net surplus / (deficit) in the statement of profit and loss	**(2,285.86)**	6,814.98
Foreign currency translation reserve		
Balance as per last financial statements	**(0.14)**	-

Notes to the Consolidated Financial Statements of the Zuari Group for the financial year 2015–16

₹ in Lacs

Particulars	31st March, 2016	31st March, 2015
Exchange difference during the year on net investment in non - integral operations	**0.57**	(0.14)
Closing balance	**0.43**	(0.14)
Total reserves and surplus	**87,281.37**	96,474.72

* The said reserve be treated as free reserve and be restricted and not utilised for declaration of dividend by the Parent Company.

5. Minority Interest

₹ in Lacs

Particulars	31st March, 2016	31st March, 2015
	Paradeep Phosphates Ltd. (Subsidiary of Zuari Maroc Phosphate Private Limited)	Paradeep Phosphates Ltd. (Subsidiary of Zuari Maroc Phosphate Private Limited)
Percentage Share of Minority	**19.55%**	19.55%
Share in Equity Share Capital	**5,624.45**	5,624.45
Share in the Reserves	**5,484.30**	4,728.78
Total	**11,108.75**	10,353.23
Particulars	**Mangalore Chemicals & Fertilizers Ltd. (Subsidiary of Zuari Fertilizers and Chemicals Limited)**	Mangalore Chemicals & Fertilizers Ltd. (Subsidiary of Zuari Fertilizers and Chemicals Limited)
Percentage Share of Minority	**46.97%**	-
Share in Equity Share Capital	**5,568.77**	-
Share in the Reserves	**14,153.49**	-
Total	**19,722.26**	-
Total	**30,831.01**	10,353.23

6. Long Term Borrowings

₹ in Lacs

Particulars	Non Current		Current Maturities	
	31st March, 2016	31st March, 2015	31st March, 2016	31st March, 2015
Foreign currency term loan from financial institution (secured)	**9,201.81**	12,170.44	**3,681.11**	3,477.27
Indian rupee term loan from others (secured)	**17,062.50**	-	**3,937.50**	-
Foreign currency term loan from banks (secured)	**6,735.49**	-	**1,305.52**	-
Indian rupee term loan from banks (secured)	**39,166.30**	9,899.00	**6,881.00**	500.00
Finance lease obligations (secured)	**-**	-	**3.66**	-
Indian rupee term loan from banks (un-secured)	**2,258.87**	-	**3,388.30**	-
Total	**74,424.97**	22,069.44	**19,197.09**	3,977.27

Notes to the Consolidated Financial Statements of the Zuari Group for the financial year 2015–16

₹ in Lacs

Particulars	Non Current		Current Maturities	
	31st March, 2016	31st March, 2015	**31st March, 2016**	31st March, 2015
The above amount includes				
Secured borrowings	**72,166.10**	22,069.44	**15,808.79**	3,977.27
Unsecured borrowings	**2,258.87**	-	**3,388.30**	-
Less: Amount disclosed under the head other current liabilities (Refer Note no 8)	**-**	-	**19,197.09**	3,977.27
Total	**74,424.97**	22,069.44	**-**	-

1. Foreign currency loan taken from International Financial Corporation(IFC) in respect of subsidiary of a joint venture at an interest rate of 6 month LIBOR + 2.85% p.a (3.35% p.a. w.e.f. 1st November 2014) and repayable in 9 half yearly installments of USD 55.55 Lacs commencing from 15th June 2015. The loan is secured by way of first pari passu with the mortgages and charges created in respect of immovable properties and movable properties and second pari passu with the charges created in respect of current assets excluding GOI Bonds specifically pledged to HDFC Bank.

2. In case of a subsidiary company, an Indian rupee loan of ₹ 21,000.00 Lacs from HDFC Limited & IL&FS Financial Services Ltd. (including current maturities of ₹ 3,937.50 Lacs) (31st March, 2015 :: ₹ NIL (including current maturities Nil) secured by equitable mortgage of specific unencumbered land parcel (at Zuarinagar in Goa) owned by the Parent Company and further secured by way of pledge of shares held in Mangalore Chemicals & Fertilisers Ltd (MCFL) by the group. The loan is repayable in 16 quarterly installments after a moratorium period of one year from the date of first disbursement and carries interest of 12.50% p.a. (31st March, 2015: NIL)

3. In case of subsidiary of a subsidiary company, foreign currency loans of ₹ 8041.01 Lacs (including current maturities of ₹ 1305.52 Lacs) (31st March, 2015 :: ₹ NIL (including current maturities ₹ NIL) secured by first charge on the project specific assets, and first / second pari-passu charge on all of the subsidiary company's assets including all movable and immovable assets both present and future excluding assets specifically charged to other lenders. Loan of ₹ 6,516.21 Lacs repayable in half yearly instalments over a balance period of 6 years and carries interest @ 2.60% p.a. and loan of ₹ 1,524.80 Lacs is repayable in half yearly instalments over a balance period of 7 years and carries interest @ 1.40% pa

4. Rupee term loan from a bank of ₹ 9,000.00 Lacs (including current maturities ₹ 1,125.00 Lacs) (31st March, 2015 :: Nil (including current maturities Nil) carries interest rate of 10.90% p.a. The loan is repayable in 8 equal quarterly installments starting from March, 2017 with the last installment due on December, 2018. The loan is secured by exclusive charge by way of mortgage over a specific immovable property, by deposit of title deeds,located within the state of Goa of the Parent Company.

5. Rupee term loan from a bank of ₹ 16,000.00 Lacs (including current maturities ₹ 1,000.00 Lacs) (31st March, 2015 :: Nil (including current maturities Nil) carries interest rate of 10.90 % p.a. The loan is repayable in 14 quarterly installments starting from December, 2016 with the last installment due on February' 2020. The loan is secured/ to be secured by first pari passu charge by way of mortgage of immovable assets of the Parent Company located within its fertiliser plant in Goa, by deposit of title deeds and hypothecation of movable fixed assets of the Parent Company.

6. In case of subsidiary of a subsidiary company, Indian rupee loans of ₹ 6,375.87 Lacs (including current maturities of ₹ 1,756.00 Lacs) (31st March, 2015 :: ₹ NIL (including current maturities ₹ NIL) secured by first charge on the project specific assets, and first / second pari-passu charge on all of the subsidiary company's assets including all movable and immovable assets both present and future excluding assets specifically charged to other lenders. Loan of ₹ 4,719.87 Lacs is repayable in monthly instalments over balance period of 3 years 8 months and carries interest @ 13.75% p.a. and loan of ₹ 1,656.00 Lacs is repayable in monthly instalments over a balance period of 3 years and carries interest @ 13.25% p.a.

7. In case of a subsidiary company, an Indian rupee loan of ₹ 2,171.43 Lacs from Corporation Bank (including current maturities of ₹ 500 Lacs) (31st March, 2015 :: ₹ 2,649.00 Lacs (including current maturities ₹ 500 Lacs) secured by equitable mortgage of land at Mahad & hypothecation of plant, machinery and other movable assets. The loan carries interest rate of 12% p.a.and repayable in 24 quarterly installments commencing from December, 2014.

Notes to the Consolidated Financial Statements of the Zuari Group for the financial year 2015–16

8. In case of a subsidiary of joint venture, term loans from banks of ₹ 12,500.00 Lacs (including current maturities of ₹ 2,500.00 Lacs) (31st March, 2015 :: ₹ 7,750.00 Lacs (including current matuturities ₹ Nil) first pari passu with the mortgages and charges created in respect of immovable properties and movable properties and second pari passu with the charges created in respect of current assets excluding GOI bonds specifically pleged to HDFC Bank. The loans carry interest rate of 10.90% - 11.20% and repayable in 20 quarterly instalments commencing from 30th April, 2015 & 31st May, 2016
9. In case of subsidiary of a subsidiary company, finance lease obligations of ₹ 3.66 Lacs (including current maturities of ₹ 3.66 Lacs) are secured by hypothecation of assets acquired under the facility.
10. In case of subsidiary of a subsidiary company, an Indian rupee loan of ₹ 5,647.17 Lacs (including current maturities of ₹ 3 388.30 Lacs) (31st March, 2015 : ₹ NIL) (including current maturities NIL) carries interest @ 10.50% p.a. and is repayable in quarterly instalments over a balance period of 18 months.

7. Deferred tax liabilities (Net)

₹ in Lacs

Particulars	31st March, 2016	31st March, 2015
Deferred tax liabilities		
Fixed assets impact of difference between tax depreciation and depreciation/ amortisation charged for the financial reporting	**24,284.26**	6,766.53
Payment of statutory dues, not debited to statement of profit and loss but claimed in income tax	**449.28**	346.08
Others	**15.05**	-
Gross deferred tax liabilities	**24,748.59**	7,112.61
Deferred tax assets		
Provision for doubtful debts and advances	**182.42**	132.94
Expenses allowable in income tax on payment basis and deposition of statutory dues	**4,125.85**	3,053.63
Brought forward losses and unabsorbed depreciation	**16,685.74**	2,608.49
Gross deferred tax assets	**20,994.01**	5,795.06
	3,754.58	1,317.55
Less: Deferred tax assets (net) not recognised by the subsidiary of a joint venture	**854.40**	1,283.94
Net deferred tax liabilities/(assets)	**4,608.98**	2,601.49

In respect of two subsidiaries, one joint venture & a subsidiray of joint venture, deferred tax assets in respect of unabsorbed depreciation and business losses have not been created in the absence of taxable profit which will be available for set off against profits in future years in terms of Accounting Standard AS-22 (Accounting for taxes on income).

8. Other Liabilities

₹ in Lacs

Particulars	Non Current		Current	
	31st March, 2016	31st March, 2015	**31st March, 2016**	31st March, 2015
Trade Payables (Including Acceptance)				
Total outstanding dues of Micro and Small Enterprises (Refer Note No. 52)	**-**	-	**261.73**	0.81
Total outstanding dues of creditors other than Micro and Small Enterprises	**28.55**	18.41	**1,11,203.62**	1,13,921.90
	28.55	18.41	**1,11,465.35**	1,13,922.71

Notes to the Consolidated Financial Statements of the Zuari Group for the financial year 2015–16

₹ in Lacs

Particulars	Non Current		Current	
	31st March, 2016	31st March, 2015	**31st March, 2016**	31st March, 2015
Other Liabilities				
Trade deposits - dealers	**11,362.44**	7,603.00	**289.37**	286.08
Current maturities of long term borrowings (Refer Note No. 6)	**-**	-	**19,197.09**	3,977.27
Unclaimed statutory liabilities to be credited to Investor Education and Protection Fund as and when due :				
- Unclaimed dividends	**-**	-	**430.26**	14.62
Interest accrued but not due on loans and deposits	**-**	-	**1,898.61**	951.72
Deferred income - PSI grant (Refer Note no 54)	**136.68**	71.76	**16.83**	7.64
Forward cover payable	**-**	-	**10,518.18**	4,513.17
Advances from dealers and others	**-**	-	**7,894.39**	9,009.63
Payables towards capital goods*	**19.43**	9.01	**5,516.57**	3,536.53
Interest on other dues	**-**	-	**24.53**	14.27
Employee benefit payable	**-**	-	**894.86**	602.01
Statutory obligations	**-**	-	**6,490.72**	7,203.88
Other dues	**-**	-	**954.18**	315.06
	11,518.54	7,683.77	**54,125.59**	30,431.88
Total	**11,547.10**	7,702.18	**1,65,590.94**	1,44,354.59

* Including ₹ 37.41 Lacs outstanding due to Micro and Small Enterprises

9. Provisions

₹ in Lacs

Particulars	Long-term		Short-term	
	31st March, 2016	31st March, 2015	**31st March, 2016**	31st March, 2015
Provision for employee benefits				
Gratuity (Refer Note No. 46 (i))	**1,770.70**	0.22	**205.87**	291.72
Provision for voluntary retirement scheme	**198.07**	45.10	**69.21**	22.83
Post retirement medical benefits (Refer Note No.46(ii))	**165.93**	113.53	**20.38**	3.25
Leave encashment	**-**	-	**4,530.57**	3,644.03
	2,134.70	158.85	**4,826.03**	3,961.84
Others provisions				
Provision for current tax	**-**	-	**0.03**	191.58
Provision for wealth tax	**-**	-	**-**	114.97
Provision for proposed equity dividend	**-**	-	**-**	841.16

Notes to the Consolidated Financial Statements of the Zuari Group for the financial year 2015–16

₹ in Lacs

Particulars	Long-term		Short-term	
	31st March, 2016	31st March, 2015	**31st March, 2016**	31st March, 2015
Provision for tax on proposed equity dividend	**-**	-	**-**	171.24
Provision for contractors	**191.46**	145.24	**-**	-
Others	**-**	-	**1,270.26**	1,194.05
	191.46	145.24	**1,270.29**	2,513.01
Total	**2,326.16**	304.09	**6,096.32**	6,474.85

a) The movement for "Provision – Contractors" during the year is as follows :

₹ in Lacs

Particulars	31st March, 2016	31st March, 2015
Opening balance	**145.24**	135.59
Additions during the year	**54.00**	10.95
Amount used during the year	**(7.78)**	(1.30)
Closing balance	**191.46**	145.24

b) The movement for "Provision – Others" during the year is as follows :

₹ in Lacs

Particulars	31st March, 2016	31st March, 2015
Opening balance	**1,194.05**	1,284.68
Additions during the year	**76.86**	72.99
Amount used during the year	**-**	-
Unused amount reversed during the year	**(0.64)**	(163.62)
Closing balance **	**1,270.26**	1,194.05

** Includes the following provisions

₹ in Lacs

Particulars	31st March, 2016	31st March, 2015
Ground rent (Refer Note No. 39 below)	**858.14**	784.64
Land compensation (including interest) (Refer Note no. 40 below)	**175.09**	175.09
Employees' state insurance (Refer Note no. 41 below)	**90.32**	86.96
Provision for others (freight claim)	**146.71**	147.36
Total	**1,270.26**	1,194.05

10. Short Term Borrowings

₹ in Lacs

Particulars		31st March, 2016	31st March, 2015
Secured - From Banks			
a.	**Cash credit (Including working capital demand loans)** (The rate of Interest on cash credit varies between 9.30% to 14.85% (31st March, 2015: 10.20% to 13.50%) and are repayable over a period of 1 to 90 days)	**1,51,505.37**	97,521.73

Notes to the Consolidated Financial Statements of the Zuari Group for the financial year 2015–16

₹ in Lacs

	Particulars	31st March, 2016	31st March, 2015
b.	**Buyers credit** (The rate of Interest on buyers credit varies between 0.78% - 1.84% (31st March, 2015: 0.55% to 1.66%) and are repayable over a period of 6-330 days)	**2,76,111.36**	1,24,323.61
c.	**Short term loans** (The rate of interest is 10% (31st March, 2015: 10.9%) bridge loan against subsidy receivable secured/to be secured by pari-passu first charge on receivables of the Parent Company to the extent loan availed and repayable at the end of 60th day from the date of availment)	**30,000.00**	30,000.00
d.	**Bill discounted with Bank** (The rate of interest is 9.30% and repayable over a period of 53 to 80 days)	**7,616.41**	3,823.28
e.	**Suppliers credit** (The loan is taken 6 month LIBOR rate plus spread of 0.48% - 0.58 % and repayable over a period of 13 to 101 days)	**5,406.06**	5,673.77
f.	**Others** (The loan is taken at a rate of 9.30% p.a. (31st March, 2015: 10.00%) and repayable with in 20 to 55 days. The loan is secured by Government of India Fertiliser Bonds held by the subsidiary of joint venture)	**19,735.00**	19,735.00
	Secured Borrowings	**4,90,374.21**	2,81,077.38
Unsecured			
a.	**Short term loan from banks** (The rate of Interest on loans varies between 10.00% - 10.65% p.a. (31st March, 2015 11.00% - 11.25% p.a.) and are repayable over a period of 30 to 90 days)	**65,000.00**	35,750.00
b.	**Buyers credit** (The loan carries an interest of 1.4% - 1.7% (31st March, 2015: LIBOR plus spread between 0.55% - 0.66%) and are repayable over a tenure up to 6 months)	**537.49**	227.89
c.	**Bill discounted with Bank** (The rate of interest varies between 10.00% - 10.75% (31st March, 2015: 10.30% p.a.) and repayable over a period of 90 days)	**601.66**	249.96
	Unsecured Borrowings	**66,139.15**	36,227.85
Total		**5,56,513.36**	3,17,305.23

(a) The cash credit (including working capital demand loans) of ₹ 49,598.47 Lacs (31st March, 2015 :: ₹ 68,912.43 Lacs) and buyers credit of ₹ 1,65,959.06 Lacs (31st March,2015 :: ₹ 1,04,288.59 Lacs) of Parent Company are secured by the first charge by way of hypothecation on the current assets (excluding assets against which specific loans have been obtained), both present and future, wherever situated pertaining to the Parent Company and the Parent Company's present and future book debts outstanding, moneys receivable, claims, bills, contracts, engagements, rights and assets.

(b) In respect of subsidiary of the joint venture company, cash credit (including working capital demand loans) of ₹ 47810.94 Lacs (31st March, 2015 :: ₹ 25,833.97 Lacs) and the buyers credit of ₹ 37,873.84 Lacs (31st March, 2015 :: ₹ 20,035.02 Lacs), and suppliers credit of ₹ 5406.06 Lacs (31st March, 2015 Rs 5,673.77 Lacs) are secured by first charge by way of hypothecation on all current assets and second charge on all immovable and movable properties of the subsidiary of the joint venture company (other than certain current assets hypothecated/pledged in favour of banks by way of first charge, both present and future, on pari passu basis in favour of all consortium banks.

(c) In respect of a subsidiary, cash credit of ₹ 3861.84 Lacs (31st March, 2015: ₹ 731.24 Lacs) from banks is secured by equitable mortgage of, land, hypothecation of stock in trade, book debts, plant and machinery and vehicles, both present and future. The cash credit is repayable on demand.

Notes to the Consolidated Financial Statements of the Zuari Group for the financial year 2015–16

(d) In respect of subsidiary company, cash credit ₹ 1171.18 Lacs (31st March, 2015 :: ₹ 332.09 Lacs) form banks is secured by hypothecation of inventory cum book debts and all current assets of subsidiary company. The cash credit is repayable on demand.

(e) In respect of the subsidiary of the joint venture company, bill discounted from bank of ₹ 7616.41 Lacs (31st March, 2015: Rs 3,823.28 Lacs) is against letter of credit issued by another bank which is having security by first charge by way of hypothecation on all current assets and second Charge on all immovable & movable properties of the subsidiary of joint venture company (other than certain current assets hypothecated/pledged in favour of banks by way of first charge, both present and future on pari-passu basis in favour of all consortium banks.

(f) In respect of a subsidiary, cash credit of ₹ 1701.31 Lacs (31st March, 2015: ₹ 1,712 Lacs) is secured by hypothetication of inventories and book debts. The cash credit is repayable on demand.

(g) In respect of a subsidiary of subsidiary company, cash credit (including demand loans) of ₹ 47,361.64 Lacs (31st March, 2015 :: NIL) and the buyers credit of ₹ 72,278.50 Lacs (31st March, 2015 :: NIL), are secured by first pari-passu charge on present and future stock of fertilizers including work-in-progress and raw materials, book debts, outstanding monies, receivables, claims, bills, contracts, engagements, securities, investments, rights and fixed assets of the subsidiary company (except assets effectively otherwise hypothecated / charged or mortgaged to the lenders).

11.1 Tangible assets

₹ in Lacs

Particulars	Freehold Land	Land (leasehold)	Leasehold Improve-ments	Buildings	Railway Siding	Plant & machinery	Furniture & fixtures	Office equipment	Vehicles	Total
Cost										
As at 31.03.2014	1,012.39	103.35	6.27	16,242.96	1,941.78	80,268.64	893.81	2,442.81	838.22	1,03,750.23
Additions during the year	0.54	0.41	-	573.10	151.66	6,573.65	130.62	330.10	232.05	7,992.12
Disposals during the year	-	-	-	0.38	-	1,341.75	26.03	140.49	180.54	1,689.20
Exchange differences	-	-	-	-	-	108.07	-	-	-	108.07
Borrowing Costs	-	-	-	-	-	21.44	-	-	-	21.44
As at 31.03.2015	1,012.93	103.76	6.27	16,815.68	2,093.44	85,630.04	998.40	2,632.41	889.73	1,10,182.66
Additions during the year	-	396.00	-	6,062.93	166.32	42,296.45	207.72	537.31	27.79	49,694.52
Additions during the year (acquisition adjustment)	6,867.78	15.53	-	7,360.76	703.15	83,193.73	619.57	1,533.90	290.79	1,00,585.23
Disposals during the year	-	-	-	22.84	139.70	4,797.10	44.93	176.54	203.38	5,384.49
Exchange differences	-	-	-		-	1,650.23	-	-	-	1,650.23
Borrowing Costs	-	-	-	786.64	-	3,090.52	-	-	-	3,877.16
As at 31.03.2016	**7,880.71**	**515.30**	**6.27**	**31,003.18**	**2,823.21**	**2,11,063.86**	**1,780.76**	**4,527.09**	**1,004.92**	**2,60,605.30**
Depreciation										
As at 31.03.2014	-	8.23	6.27	7,737.38	1,521.74	49,578.98	570.76	1,494.98	324.77	61,243.10
Charge for the year	-	0.44	-	375.95	26.73	1,970.56	75.62	255.93	124.14	2,829.35
Charged to Reserves due to implementation of Schedule II of the Companies Act 2013	-	-	-	667.06	127.29	339.57	25.10	133.96	0.12	1,293.10
Deductions during the year	-	-	-	0.38	-	1,228.93	11.32	133.10	90.75	1,464.48
As at 31.03.2015	-	8.66	6.27	8,780.01	1,675.76	50,660.17	660.16	1,751.77	358.28	63,901.08
Charge for the year	-	12.23	-	645.65	72.47	5,718.61	148.96	352.36	118.47	7,068.76

Notes to the Consolidated Financial Statements of the Zuari Group for the financial year 2015–16

₹ in Lacs

Particulars	Freehold Land	Land (leasehold)	Leasehold Improve-ments	Buildings	Railway Siding	Plant & machinery	Furniture & fixtures	Office equipment	Vehicles	Total
Additions during the year (acquisition adjustment)	-	0.98	-	2,802.03	210.49	33,965.20	354.13	879.25	203.66	38,415.74
Deductions during the year	-	-	-	8.66	132.72	4,165.51	38.58	166.05	98.65	4,610.16
As at 31.03.2016	**-**	**21.88**	**6.27**	**12,219.03**	**1,826.00**	**86,178.48**	**1,124.68**	**2,817.33**	**581.77**	**1,04,775.42**
Net block										
As at 31.03.2015	1,012.93	95.10	-	8,035.67	417.68	34,969.87	338.24	880.65	531.45	46,281.58
As at 31.03.2016	**7,880.71**	**493.42**	**-**	**18,784.15**	**997.21**	**1,24,885.38**	**656.09**	**1,709.77**	**423.16**	**1,55,829.88**

Notes :

(1) Additions to buildings during the year include ₹ 201.25 Lacs (31st March, 2015: ₹ NIL) constructed/errected on rented land.

(2) Addition of ₹ 396.00 Lacs under land (leasehold) represents land wherein lease cum sale agreement is for a period of 10 years. Lesser shall sell the property during the currency of the lease period or at the end of the lease period, registration of such is pending.

(3) In respect of a subsidiary of a joint venture conveyance deed /patta have been executed for 2,104.05 acres (Zuari Agro Group's proportionate share 1,052.03 acres) against possession of 2,282.11 acres (Zuari Agro Group's proportionate share 1,141.06 acres) of land owned by the entity therby resulting in pending conveyance deeds in respect of 178.06 acres (Zuari Agro Group's proportionate share 89.03 acres) valuing ₹ 13.97 Lacs (being proportionate share of Zuari Agro Group's proportionate share).

11.2 Intangible assets

₹ in Lacs

Particulars	Software	Internally Generated Asset	Goodwill (as per scheme of amalgamation)	Total
Gross block				
As at 31.03.2014	1,392.80	273.04	576.57	2,242.41
Purchase	170.06	-	-	170.06
Deductions	0.81	-	-	0.81
As at 31.03.2015	1,562.05	273.04	576.57	2,411.66
Purchase	198.78	-	-	198.78
Purchase/Acquistion	352.34	-	-	352.34
Deductions	257.91	-	-	257.91
As at 31.03.2016	**1,855.27**	**273.04**	**576.57**	**2,704.88**
Amortization				
As at 31.03.2014	1,201.51	224.46	172.97	1,598.94
Charge for the year	151.23	24.98	-	176.21
Deductions	0.54	-	-	0.54
As at 31.03.2015	1,352.21	249.44	172.97	1,774.61
Charge for the year	139.29	23.59	-	162.88
additions-acquistion	331.51	-	-	331.51
Deductions	248.11	-	-	248.11

Notes to the Consolidated Financial Statements of the Zuari Group for the financial year 2015–16

₹ in Lacs

Particulars	Software	Internally Generated Asset	Goodwill (as per scheme of amalgamation)	Total
As at 31.03.2016	**1,574.90**	**273.02**	**172.97**	**2,020.89**
Net block				
As at 31.03.2015	209.85	23.60	403.60	637.05
As at 31.03.2016	**280.37**	**0.02**	**403.60**	**683.98**

Note :

In respect of a subsidiary company, goodwill has not been amortized during the current year, pursuant to the scheme of amalgamation approved by the High Court of Bombay at Panaji (Goa) in an earlier year. As per the order of the High Court of Bombay at Panaji (Goa), Goodwill needs to be amortized over a period of twenty years, without having regard to the Accounting Standard, subject to available surplus for the year before amortization of goodwill.

11.3 Pre-operative and trial run expenses (pending allocation) (included under capital work in progress)

₹ in Lacs

Particulars	As at 31st March, 2016	As at 31st March, 2015
Opening balance brought forward	**4,310.19**	2,176.91
Opening stock of trial run		
Work-in-progress (Refer Note No. 16)	**937.40**	-
Finished goods (Refer Note No. 16)	**570.38**	-
Cost of raw materials consumed	**1,171.40**	1,504.05
Employee benefits expenses		
Salaries, wages and bonus	**113.92**	196.20
Staff welfare expenses	**6.50**	1.86
Other Expenses		
Stores and spares Consumed	**31.35**	64.46
Power, fuel and water	**323.59**	145.14
Bagging and other contracting charges	**23.60**	118.24
Outward freight and handling	**12.03**	43.54
Rent	**0.14**	(5.74)
Rates and taxes	**3.81**	15.82
Insurance	**8.41**	36.24
Exchange differences (net)	**713.78**	834.31
Miscellaneous expenses	**8.37**	95.79
Borrowing Costs		
Interest expenses	**2,339.20**	1,069.36
Bank charges	**84.11**	144.37
Interest Income on Bank Deposits	**(3.69)**	(17.44)
SUB-TOTAL (A)	**10,654.49**	**6,423.08**

₹ in Lacs

Particulars	As at 31st March, 2016	As at 31st March, 2015
Less:		
Sale of products	-	376.70
Closing stock		
Work-in-progress (Refer Note No. 16)	-	937.40
Closing stock of finished goods (Refer Note No. 16)	-	570.38
SUB-TOTAL (B)	-	1,884.48
TOTAL (A-B)	**10,654.49**	4,538.60
Less : Stock transferred on account of trial run		
Work-in-progress	**(1,759.06)**	-
Finished goods	**(938.05)**	-
Less: Transfer to loans and advance	-	(152.25)
Less: Allocated to fixed assets	**(6,831.70)**	(76.15)
Closing balance carried forward	**1,125.68**	4,310.19

12. Non-Current Investments

₹ in Lacs

	Particulars	31st March, 2016		31st March, 2015	
Other than Trade, Quoted					
a	NIL (31st March, 2015: 1,95,14,211) Equity Shares of ₹ 10/- each fully paid up of Mangalore Chemicals and Fertilisers Limited		-		10,121.73
Other than Trade, Unquoted					
b	2,00,000 (31st March, 2015: 2,00,000) Redeemable cumulative preference shares of ₹ 1/- each Bangalore Beverages Limited with coupon rate of 10% p.a. repayable after 20 years	**20,000.00**		-	
Less : Provision for diminution in value of investments		**(20,000.00)**	-	-	-
Trade, Quoted					
Associate					
3,13,78,561 (31st March, 2015: 2,29,19,362) Equity Shares of Fosfatos del Pacifico S.A. of 1 Peruvian Nuevo Sol fully paid up		**12,439.45**		10,955.13	
			11,954.96		10,743.59
Less : share of (loss) for the current year		**(484.49)**		(211.54)	
Total			**11,954.96**		20,865.32
Aggregate market value of quoted Investments			**24,690.28**		35,711.28
Total			**24,690.28**		35,711.28

Notes to the Consolidated Financial Statements of the Zuari Group for the financial year 2015–16

13. Loans and Advances

(Considered good unless otherwise stated)

₹ in Lacs

Particulars	Non Current		Current	
	31st March, 2016	31st March, 2015	**31st March, 2016**	31st March, 2015
Capital advances				
Unsecured, considered good				
Related Parties (Refer Note No. 50)	**700.00**	904.31	**-**	-
Others	**1,599.71**	1,694.47	**-**	-
	2,299.71	2,598.78	**-**	-
Sales tax & entry tax deposits				
Unsecured, considered good	**-**	-	**1,322.23**	1,024.04
Doubtful	**0.21**	0.21	**-**	-
	0.21	0.21	**1,322.23**	1,024.04
Less: Provision for Doubtful Advances	**0.21**	0.21	**-**	-
	-	-	**1,322.23**	1,024.04
Security deposits				
Unsecured, considered good	**1,718.33**	958.99	**327.16**	120.85
	1,718.33	958.99	**327.16**	120.85
Loans and advances to related parties				
Unsecured, considered good (Refer Note No. 50)	**11,920.00**	11,920.00	**95.59**	38.40
	11,920.00	11,920.00	**95.59**	38.40
Advances recoverable in cash or kind				
Unsecured, considered good				
Inter corporate deposits	**-**	-	**2,000.00**	2,000.00
Advance for investment	**-**	397.76	**-**	-
Others (Refer Note No 55)	**3,959.27**	4,474.62	**10,941.14**	1,683.41
Doubtful	**2.50**	2.50	**1,668.20**	-
	3,961.77	4,874.88	**14,609.34**	3,683.41
Less: Provision for doubtful advances	**2.50**	2.50	**1,668.20**	-
	3,959.27	4,872.38	**12,941.14**	3,683.41
Other Loans and Advances				
Secured, considered good				
Loans to employees	**24.92**	41.95	**13.42**	18.83
Unsecured, considered good				
Loans to employees	**89.48**	126.91	**23.34**	36.81
MAT credit entitement	**5,951.46**	1,268.90	**-**	-
Advance income tax (net of provision for income tax)	**5,420.39**	3,338.82	**27.22**	19.35

₹ in Lacs

Particulars	Non Current		Current	
	31st March, 2016	31st March, 2015	**31st March, 2016**	31st March, 2015
Prepaid expenses	**-**	0.68	**2,086.42**	537.32
VAT credit receivable	**30.83**	-	**280.38**	123.05
Balances with customs, port trust, excise authorities and other government authorities	**-**	-	**847.55**	1,544.49
	11,517.09	4,777.27	**3,278.33**	2,279.84
	31,414.39	25,127.42	**17,964.44**	7,146.54
Loans to employees include				
Due from Managing Director of the Parent Company	**-**	13.20	**-**	4.80

(i) The Parent Company, two subsidiary companies, subsidiary of a joint venture company have till date recognised ₹ 5951.46 Lacs (upto 31st March, 2015 :: ₹ 1268.90 Lacs) as Minimum Alternate Tax (MAT) credit entitlement which represents that portion of the MAT Liability, the credit of which would be available based on the provision of Section 115 JAA of the Income tax Act, 1961. These companies based on the future profitability projections and also profit earned during the year is confident that there would be sufficient taxable profits in future which enable the respective companies to utilize the above MAT credit entitement.

14. Other Assets

(Unsecured, considered good unless otherwise stated)

₹ in Lacs

Particulars	Non Current		Current	
	31st March, 2016	31st March, 2015	**31st March, 2016**	31st March, 2015
Interest accrued on GOI bonds, loans and advances and deposits	**-**	0.20	**700.24**	494.58
Interest receivable from customers				
- Related parties (Refer Note No. 50)	**-**	-	**94.37**	-
- Others	**-**	-	**2,308.71**	2,046.25
Interest accrued on loans to employees	**73.36**	88.89	**10.66**	14.02
Claim Receivables				
- Related parties (Refer Note No. 50)	**-**	-	**3,382.19**	586.35
- Others, considered good	**-**	-	**4,870.37**	4,560.36
- Others, considered doubtful	**110.65**	110.65	**-**	-
Less: Provision for Doubtful Receivables	**(110.65)**	(110.65)	**-**	-
Claim for entry tax receivable	**-**	-	**760.46**	760.46
Accrued non operating income				
- Related parties (Refer Note No. 50)	**202.25**	404.50	**202.25**	202.25
- Others	**-**	-	**140.85**	-
Unamortised premium on forward contracts*	**-**	-	**4,525.78**	3,093.51
PSI grant receivable (Refer Note No 54)	**43.50**	38.10	**47.60**	13.54

Notes to the Consolidated Financial Statements of the Zuari Group for the financial year 2015–16

₹ in Lacs

Particulars	Non Current		Current	
	31st March, 2016	31st March, 2015	**31st March, 2016**	31st March, 2015
Discarded fixed assets	**-**	-	**60.71**	2.96
Fertilisers Companies Government of India Special Bonds (net of dimunition)	**-**	-	**21,974.75**	21,777.45
Other receivable	**-**	-	**0.59**	-
	319.12	531.69	**39,079.53**	33,551.73
Non current bank balances (Refer Note No 18)	**5.93**	13.32	**-**	-
Total	**325.05**	545.02	**39,079.53**	33,551.73

(i)* The unamortised foreign exchange premium on outstanding forward exchange contracts is being carried forward to be charged to statement of profit and loss of subsequent year.

(ii) Interest accrued on employee's loan include amount due from officer of the Parent Company ₹ NIL (31st March, 2015 : ₹ 9.41 Lacs) (including ₹ NIL from the Managing Director of the Parent Company (31st March, 2015 : ₹ 8.76 Lacs)).

(iii) Details of value of Fertiliser Companies' Government of India Special Bonds which are pledged as security towards borrowings are as follows:

₹ in Lacs

Particulars	31st March, 2016	31st March, 2015
7.00% Fertiliser Companies' Government of India Special Bonds 2022	**13,448.50**	13,448.50
6.20 % Fertiliser Companies' Government of India Special Bonds 2022	**2,571.28**	2,571.28
6.65 % Fertiliser Companies' Government of India Special Bonds 2023	**7,271.25**	7,271.25
Sub total	**23,291.03**	23,291.03
Less : Diminution in the value of GOI Bonds	**1,316.28**	1,513.58
Total	**21,974.75**	21,777.45

(represents proportionate share of the Zuari Agro Group, in respect of the subsidiary of the joint venture)
The afforsaid bonds have been valued at market rates published by Clearing Corporation of India Limited (CCIL).

15. Current Investments

₹ in Lacs

Particulars	31st March, 2016	31st March, 2015
Investments in Mutual Funds		
Quoted Mutual Funds (Valued at lower of cost and fair value, unless stated otherwise) 4160.427 @ ₹ 1,000 each (31 March 2015: 4649.9405 @ ₹ 1000 each) Units of Reliance Liquid Fund - Treasury Plan-Institutional Option - Daily Dividend	**63.60**	71.09
Total	**63.60**	71.09
Net asset value of qouted current Investments	**63.60**	71.09
Aggregate amount of quoted Investments	**63.60**	71.09

Notes to the Consolidated Financial Statements of the Zuari Group for the financial year 2015–16

16. Inventories (valued at lower of cost and net realisable value)

₹ in Lacs

Particulars	31st March, 2016	31st March, 2015
Raw materials (includes material in transit ₹ 19,129.93 Lacs (31st March, 2015 :: ₹ 16,546.87 Lacs), (including trial run stock of ₹ NIL, 31st March, 2015: ₹ 302.12 Lacs)	**44,686.41**	45,110.70
Packing materials (includes in transit with others ₹ 60.18 Lacs (31st March, 2015 :: ₹ NIL), includes material lying with others ₹ NIL (31st March, 2015 :: ₹ 60.61 Lacs)	**846.02**	1,071.64
Work-in-progress (including trial run stock of ₹ NIL, 31st March, 2015 : ₹ 937.40 Lacs)	**4,454.64**	6,778.31
Finished goods (includes in transit ₹ 5,918.49 Lacs (31st March, 2015 :: ₹ 2,345.97 Lacs (including trial run stock of ₹ NIL, 31st March, 2015: ₹ 570.38 Lacs)	**20,327.86**	13,991.14
Traded goods (includes in transit ₹ 241.58 Lacs (31st March, 2015 :: ₹ 15,928.99 Lacs) and includes material lying with others ₹ 166.84 (31st March, 2015 :: ₹ 338.80 Lacs))	**25,787.17**	25,282.39
Fuel oil (includes in transit ₹ 2,360.55 Lacs, 31st March, 2015: ₹ NIL)	**3,404.36**	247.31
Stores and spares (includes in transit ₹ 60.09 Lacs, 31st March, 2015: ₹ NIL)	**11,144.84**	6,272.08
Waste (Treated Gypsum)	**56.62**	35.84
Total	**1,10,707.92**	98,789.40

17. Trade receivables

₹ in Lacs

Particulars	Non Current		Current	
	31st March, 2016	31st March, 2015	**31st March, 2016**	31st March, 2015
Trade receivables outstanding for a period exceeding six months from the date they are due for payment				
Secured, considered good	**-**	-	**2,090.42**	756.34
Unsecured, considered good (including subsidy receivable ₹ 71,098.21 Lacs (31st March, 2015 :: ₹ 21,529.89 Lacs)	**-**	-	**87,375.99**	29,602.25
Unsecured, considered doubtful	**368.93**	225.97	**482.22**	404.07
	368.93	225.97	**89,948.63**	30,762.66
Less: Provision for doubtful debts	**368.93**	225.97	**482.22**	404.07
(A)	**-**	-	**89,466.41**	30,358.59
Other receivables				
Secured, considered good	**-**	-	**5,605.03**	3,332.54
Unsecured, considered good (including subsidy receivable ₹ 2,67,349.49 Lacs (31st March,2015 ₹ 2,16.316.44 Lacs)	**-**	-	**4,26,614.56**	2,97,298.96
(B)	**-**	-	**4,32,219.59**	3,00,631.50
Total	**-**	-	**5,21,686.00**	3,30,990.09

Notes to the Consolidated Financial Statements of the Zuari Group for the financial year 2015–16

18. Cash and bank balances

₹ in Lacs

Particulars		Non Current		Current	
		31st March, 2016	31st March, 2015	**31st March, 2016**	31st March, 2015
Cash and cash equivalents					
a.	Balances with banks				
	- On Current accounts	**-**	-	**1,411.39**	1,525.36
	- Deposits with original maturity of less than three months	**-**	-	**1,400.00**	1,751.75
	- On Cash credit accounts	**-**	-	**-**	155.43
	- On Unpaid dividend accounts	**-**	-	**430.26**	14.62
b.	Cash on hand	**-**	-	**9.07**	3.01
c.	Cheques on hand			**147.35**	66.28
		-	-	**3,398.08**	3,516.45
Other bank balances					
	Deposits with remaining maturity for more than 12 months	**2.58**	-	**-**	-
	Deposits with remaining maturity for more than 3 months but less than 12 months	**-**	-	**73.17**	101.40
	Margin Money deposits	**3.35**	13.32	**301.00**	-
		5.93	13.32	**374.17**	101.40
	Amount disclosed under non current assets (Refer Note no. 14)	**(5.93)**	(13.32)	**-**	-
Total		**-**	-	**3,772.24**	3,617.84

19. Revenue from operations

₹ in Lacs

Particulars	**31st March, 2016**	31st March, 2015
Revenue from operations		
Sale of goods		
Finished/Waste goods	**7,00,159.31**	5,56,498.80
Traded goods	**3,03,620.47**	2,09,688.78
Other operating revenues		
Scrap Sales	**481.78**	309.22
Revenue from operations (gross)	**10,04,261.57**	7,66,496.79
Less : Excise duty	**4,515.61**	2,957.36
Revenue from operations (net)	**9,99,745.95**	7,63,539.44

Details of goods sold

a. Sales of Finished goods and Traded goods include government subsidies. Subsidies include ₹ 4754.63 Lacs (31st March, 2015 :: ₹ 513.92 Lacs) in respect of earlier years, including subsidy of ₹ 677.25 Lacs (31st March, 2015 :: ₹ 513.92 Lacs) notified during the year.

b. Subsidy for Urea has been accounted based on Stage III parameters of the New Pricing Scheme and other adjustments as estimated in accordance with the known Policy parameters in this regard. The stage III of New Pricing Scheme which was operational for the period 1st October, 2006 to 31st March, 2010 was extended on provisional basis. Department of Fertilisers have notified on 2nd April, 2014, modified NPS-III for existing urea units upto 31st May 2015. Department of fertilisers have notified on 25th May 2015, New Urea Policy 2015 for existing gas based urea manufacturing units effective from 1st June 2015 to 31st March, 2019.

c. Government of India has notified the pooling of Gas in Fertiliser (Urea) sector effective from June 2015. As per the notification domestic Gas is pooled with Re-gassified Liquefied Natural Gas (RLNG) to provide natural Gas at uniform delivered price to all Natural Gas Grid connected Urea manufacturing plants.

d. Excise duty on sales amounting to ₹ 4515.61 Lacs (31st March, 2015 :: ₹ 2,957.37 Lacs) has been reduced from sales in Statement of Profit and Loss and excise duty on increase / decrease in stock amounting to ₹ 100.12 Lacs (31st March, 2015 :: ₹ 5.30 Lacs) has been considered as expense in financial statements.

e. Sale of goods is net of rebates aggregating to ₹ 2430.96 Lacs (31st March, 2015 : NIL) relating to earlier years determined by management during the year.

20. Other income

₹ in Lacs

Particulars	31st March, 2016	31st March, 2015
Interest Income on		
Income Tax Refund	**5.39**	16.14
Bank deposits	**8.29**	21.60
Interest on Government of India Fertiliser Bonds	**1,584.35**	1,584.35
Intercorporate loans	**361.19**	360.12
Overdue debtors, employee loans etc.	**3,993.50**	1,241.38
Dividend Income on		
Current investments	**5.43**	53.14
Non-Current investments (Non Trade)	**-**	233.66
Rent Income	**127.10**	131.12
Service Income - Staff development and other supports	**352.90**	41.88
Insurance claim (Refer Note No. 60)	**1,174.36**	-
Reversal of charge of diminution in the value of Fertiliser Companies Government of India Special Fertiliser Bonds.	**197.30**	1,766.26
Excess provisions/unclaimed liabilities/unclaimed balances written back	**364.50**	932.40
Profit on disposal of Fixed Assets (net)	**-**	293.38
Profit on sale of current investments	**1.84**	-
Miscellaneous income	**339.55**	438.05
Total	**8,515.69**	7,113.47

21. Cost of Raw Materials consumed:

₹ in Lacs

Particulars	31st March, 2016	31st March, 2015
Opening stock	**44,808.58**	22,159.76
Add: Transfer on acquisition of subsidiary	**8,703.10**	-
Add: Transfer from trial run	**1,426.06**	-

₹ in Lacs

Particulars	31st March, 2016	31st March, 2015
Add : Purchases	**4,97,205.80**	4,27,593.72
Add : Trading goods transferred to raw materials	**2,727.62**	5,145.77
Less : Stock of raw material transfer to traded goods	**(3,038.67)**	(424.84)
Less: Inventory at the end of the year	**(44,686.41)**	(44,808.58)
Cost of raw materials consumed	**5,07,146.09**	4,09,665.84

22. Details of purchase of traded goods:

₹ in Lacs

Particulars	31st March, 2016	31st March, 2015
Traded goods purchase details		
Traded fertilisers:		
DAP	**1,35,009.24**	74,875.90
MOP	**69,443.06**	75,831.99
Phosphoric Acid	**-**	1,273.97
SSP	**26.05**	-
Speciality Fertilisers	**18,601.73**	6,983.50
NPK	**13,275.21**	28.53
Ammonia	**1,934.18**	2,588.69
Urea	**7,854.06**	-
Pesticides	**13,610.07**	14,093.27
Others	**1,381.47**	612.86
Total	**2,61,135.05**	1,76,288.69

23. (Increase)/decrease in inventories

₹ in Lacs

Particulars	31st March, 2016	31st March, 2015
Inventories at the end of the year		
Finished goods	**20,327.86**	13,420.76
Traded goods	**25,787.17**	25,282.39
Work-in-progress	**4,454.64**	5,840.91
Waste - treated gypsum	**56.62**	35.84
	50,626.29	44,579.90
Inventories at the beginning of the year		
Finished goods	**13,420.76**	14,954.90
Traded goods	**25,282.39**	33,582.50
Work-in-progress	**5,840.91**	6,233.65
Waste traded gypsum	**35.84**	37.12
Traded goods transferred from raw materials	**3,038.67**	424.84

Notes to the Consolidated Financial Statements of the Zuari Group for the financial year 2015–16

₹ in Lacs

Particulars	31st March, 2016	31st March, 2015
Less: Captive consumption	**(2,727.62)**	(5,145.77)
Add: Stock transferred on acount of acquisition of subsidiary		
Finished goods	**2,109.00**	-
Traded goods	**4,050.35**	-
Work-in-progress	**98.00**	-
Add: Stock transferred on account of trial run		
Finished goods	**938.05**	246.22
Work-in-progress	**1,759.06**	-
	53,845.41	50,333.46
Total	**3,219.12**	5,753.57

24. Employee benefits expense

₹ in Lacs

Particulars	31st March, 2016	31st March, 2015
Salaries, wages and bonus	**16,354.63**	10,934.73
Contribution to provident and other funds (Refer Note: 46 (iii) & (iv))	**1,431.18**	1,151.58
Gratuity (Refer Note: 46(i))	**742.05**	332.90
Post retirement medical benefits (Refer Note: 46(ii)	**132.89**	-
Staff welfare expenses	**2,502.63**	1,952.65
Total	**21,163.38**	14,371.86

25. Other expenses

₹ in Lacs

Particulars	31st March, 2016		31st March, 2015	
Stores and spares consumed		**3,933.53**		4,060.93
Consumption of packing materials		**8,050.21**		6,500.54
Increase in excise duty and cess on stocks		**100.12**		5.30
Foundation seeds expenses		**0.10**		0.35
Power, fuel and water		**47,586.04**		45,216.54
Bagging and other contracting charges		**4,345.33**		3,549.22
Outward freight and handling		**66,873.41**		41,496.66
Rent		**4,773.46**		2,765.62
Lease rentals		**365.86**		550.32
Rates and taxes		**225.32**		802.14
Insurance		**1,812.35**		889.47
Repairs and maintenance				
Plant & machinery	**8,281.90**		4,776.59	
Buildings	**917.30**		869.86	

Notes to the Consolidated Financial Statements of the Zuari Group for the financial year 2015–16

₹ in Lacs

Particulars	31st March, 2016		31st March, 2015	
Others	**828.83**		485.25	
		10,028.03		6,131.69
Cash rebate		**2,488.17**		2,254.34
Commission		**161.66**		293.88
Project expenses written off (shelved Project)		**0.03**		283.14
Subsidy claims written off		**40.60**		149.67
Bad debts, claims and advances written off	**149.52**		237.38	
Less: Adjusted against provision	**-**	**149.52**	(180.73)	56.65
Provision for doubtful debts, claims and advances		**218.71**		238.72
Loss on disposal of fixed assets (net)		**495.55**		-
Donations		**60.06**		21.00
CSR Expenses		**189.20**		105.31
Exchange differences (net)		**7,026.39**		4,331.65
Miscellaneous expenses		**10,059.33**		7,724.48
Total		**1,68,982.98**		1,27,427.61

26. Depreciation and amortisation expense

₹ in Lacs

Particulars	31st March, 2016	31st March, 2015
Depreciation of tangible assets	**7,068.76**	2,829.35
Amortization of intangible assets	**162.88**	176.21
Total	**7,231.64**	3,005.57

27. Finance costs

₹ in Lacs

Particulars	31st March, 2016	31st March, 2015
Interest expense (including interest expenses on income tax of ₹ 2.84 Lacs (31st March, 2015 :: interest income on income tax reversal of ₹ 27.39 Lacs))	**34,376.98**	22,404.90
Foreign exchange variation to the extent considered as an adjustment to borrowing cost	**13,988.09**	8,681.03
Bank charges	**1,650.37**	742.69
Total	**50,015.44**	31,828.61

28. Exceptional Items

₹ in Lacs

Particulars	31st March, 2016	31st March, 2015
Expenses		
Voluntary Retirement Scheme payment to employees	**552.82**	-
	552.82	-

Notes to the Consolidated Financial Statements of the Zuari Group for the financial year 2015–16

29. List of Subsidiaries, Joint Ventures and Associated considered for Consolidation:

a. Following Subsidiaries have been consolidated on line by line basis:

Name of the Company	Country of Incorporation	Proportion of Ownership Interest as at March 31, 2016	Proportion of Ownership Interest as at March 31, 2015
Zuari Agri Sciences Limited	India	**100.00%**	100.00%
Zuari Fertilisers and Chemicals Limited(consolidated including its 53.03% subsidiary – Mangalore Chemicals & Fertilizers Limited w.e.f 18th May 2015) (Refer Note c below)	India	**100.00%**	100.00%
Zuari Speciality Fertilisers Limited (formerly known as Zuari Rotem Speciality Fertilizers Limited) w.e.f. 10th December 2015 earlier consolidated as joint venture(Refer note d below)	India	**100.00%**	-

b. Following Joint Ventures have been consolidated on proportionate basis:

Name of the Company	Country of Incorporation	Proportion of Ownership Interest as at March 31, 2016	Proportion of Ownership Interest as at March 31, 2015
Zuari Maroc Phosphates Private Limited (consolidated including its 80.45% subsidiary – Paradeep Phosphates Limited)	India	**50%**	50%
Zuari Speciality Fertilisers Limited(formerly known as Zuari Rotem Speciality Fertilizers Limited) upto 9th December 2015 thereafter consolidated as subsidiary.	India	**-**	50%
MCA Phosphates Pte. Limited (including its associate Fosfatos del Pacifico S.A.) (refer note e below)	Singapore	**30%**	30%

(c) Zuari Fertilisers and Chemicals Limited (ZFCL), a subsidiary of the Group has acquired additional 36.56% (totalling 53.03%) equity shares of Mangalore Chemicals and Fertilizers Limited (MCFL) and therefore MCFL has become a subsidiary of ZFCL w.e.f. May 18, 2015. Consequently, MCFL has also become a subsidiary of the Group.

(d) During the year, the Group has acquired balance 50% of equity shares of Zuari Speciality Fertilisers Limited (earlier known as Zuari Rotem Speciality Fertilizers Limited) held by Rotem Amfert Negev Ltd in Zuari Rotem Speciality Fertilizers Limited a joint venture company between the Group and Rotem Amfert Negev Ltd.

(e) Financial Statements of MCA Phosphates Pte. Limited for the year ended March 31, 2016 are unaudited. Also, financial statements of its associate Fosfatos del Pacifico S.A. have been derived by deducting three months period ended 31st March, 2015 from the figures of audited financial statements for the year ended 31st December, 2015 and adding three months period ended 31st March, 2016 figures.

(f) During the year the Group has acquired stake in the following entities. The effect of increase/(decrease) in assets and liabilities are as follows:-

Company Name	Nature	Asset	Liability
Mangalore Chemicals & Fertilizers Limited	Subsidiary	2,51,337.97	1,88,295.85
Zuari Speciality Fertilisers Limited	Subsidiary	1,441.71	1,846.36

Notes to the Consolidated Financial Statements of the Zuari Group for the financial year 2015–16

30. a) Contingent liabilities (not provided for)

₹ in Lacs

		Particulars	As at March 31, 2016		As at March 31, 2015	
			Parent company & its subsidiaries	*Joint ventures	Parent company & its subsidiaries	*Joint ventures
I	**Demands / Claims from Government Authorities ****					
	A	**Demands from Income Tax Authorities**				
	i	Income Tax Dept. has filed an appeal before Hon'ble Supreme Court against the joint venture company towards penalty for the Assessment year 2004-05, but disputed by the joint venture company.	**-**	**324.38**	-	324.38
	ii	Certain Disallowances made by Income Tax Department in assessment orders for the financial years 2008-09 to 2012-13 against which the subsidiary of joint venture has filed appeal before ITAT.	**-**	**2469.53**	-	1,158.48
	iii	The Income Tax Dept. completed the denovo assessment for the financial year 2006-07 based on instruction of Commissioner of Income Tax (CIT), where expenses of ₹ 373.15 Lacs (being proportionate share of Group) were disallowed along with demand on account of Short Term Capital Gain for ₹ 14.38 Lacs (being proportionate share of Group) has been raised. The aforesaid disallowance was quashed by CIT (A) vide Order dated 07.01.2015. As far as STCG Tax of ₹ 14.38 Lacs (being Proportionate share of Group) is concerned, the AO was directed to re-compute the same during the year, the above demand was dropped by AO.	-	-	**-**	**6.79**
	iv	Demand in respect of Assessment Year 2012-13 for which an appeal is pending with CIT (Appeals)	**1,550.66**	**-**	1,550.66	-
	v	Disputed income tax demands relating to Assessment Years 2012-13 and 2013-14 under appeal in relation to a subsidiary company	**61.18**	**-**	-	-
	vi	Disputed income-tax liability for Assessment Year 2009-10 for a subsidiary company	**427.77**	**-**	**-**	**-**
	B	**Demands from Sales Tax and Other Authorities**				
	i	Sales tax demand for the year 2007-08 in Uttar Pradesh Region was stayed by the Hon'ble Allahabad High Court. The Appellate Authority rejected the appeal filed by subsidiary of the joint venture, which has now filed an appeal before the Sales Tax Tribunal and the matter is pending for hearing.	**-**	**45.27**	-	45.27
	ii	Odisha Sales Tax Authority demanded entry tax on sale of finished goods i.e. fertilizer for the financial year 2003-04. The matter was remanded to the original authority for fresh assessment by the Appellate Authority as fertilizer is non-scheduled goods under the Odisha Entry Tax Act. The matter was re-examined by the AO and AO in the denovo assessment Order quashed the initial demand. However, the AO raised a demand of ₹ 6.44 Lacs (being proportionate share of Group), which is on account of Entry tax on Custom Duty portion of the material cost. The subsidiary of the joint venture has filed an appeal before Appellate Authority and is confident that the demand would be quashed.	**-**	**6.44**	-	6.44

₹ in Lacs

		Particulars	As at March 31, 2016		As at March 31, 2015	
			Parent company & its subsidiaries	***Joint ventures**	Parent company & its subsidiaries	*Joint ventures
	iii	In respect of a subsidiary of a joint venture, branch transfers and export sales were disallowed and considered as inter-state sales.				
		(a) The matter was disposed of by the Additional Commissioner of Sales Tax (Appellate Authority) in FY 2011-12 confirming the original demand of Assistant Commissioner of Sales Tax. However, the Commissioner of Commercial Taxes granted stay in March 2012 on payment of ₹ 1,000 Lacs (being proportionate share of Group) till the disposal of the case by the Tribunal. The matter is pending with Tribunal. Further, the matter was also referred to Supreme Court by means of an Interlocutory Application. The Hon'ble Supreme Court vide order dated 30th April, 2012 clarified for hearing of the preliminary issue of jurisdiction involved in the Appeal at a priority	**-**	**5,210.26**	**-**	**5,210.26**
		(b) For the year 2001-02, the assessing officer raised a demand against which the subsidiary of the Joint Venture filed an appeal. The matter is pending for adjudication.	**-**	**1.34**	-	1.34

Notes to the Consolidated Financial Statements of the Zuari Group for the financial year 2015–16

₹ in Lacs

		Particulars	As at March 31, 2016		As at March 31, 2015	
			Parent company & its subsidiaries	***Joint ventures**	Parent company & its subsidiaries	*Joint ventures
	iv	In respect of subsidiary of a joint venture, Entry Tax on imported raw materials was exempted as per the sanctioned scheme of Board for Industrial and Financial Reconstruction (BIFR) applicable for a period from 1st April 2007 to 31st March 2014, the implementation of which was pending partially with the State Government. In the financial year 2013-14, the subsidiary of a joint venture filed a Writ Petition before the Hon'ble High Court of Odisha for giving direction to implement the BIFR sanctioned scheme so far as it relates to Entry Tax. The Hon'ble High Court of Odisha has issued direction to State Government to respond to the application filed by the subsidiary of a joint venture for implementation of the Sanctioned Scheme within a period of two months from the date of the receipt of copy of the order which was rejected by the State Government vide Order dated 11.04.2014 and CCT vide Order dated 28.04.2014. Being aggrieved, subsidiary of a joint venture filed a Misc. Application before the BIFR for implementation of the unimplemented part of the Sanctioned Scheme. Simultaneously, the subsidiary of a joint venture has approached Hon'ble High Court of Odisha through a Writ Petition. The assessment proceedings for the financial year 2012-13 and 2013-14 were initiated by the department, but the Hon'ble High Court of Odisha vide it's interim Order dated 08.12.2014, restrained the department for passing any final order without leave of the court. The matter is yet to come up for hearing before BIFR. Based on the original order of BIFR and interim stay granted by the Hon'ble Odisha High Court, the subsidiary of a joint venture had stopped paying Entry Tax on the imported raw material since September 2007. However, based on decision by the Supreme Court of India regarding the applicability of Entry Tax, the subsidiary of a joint venture has deposited 50% of the Entry Tax amount on imported raw materials. Since the subsidiary of a joint venture was exempt from payment of Entry Tax on imported goods for a period of 7 years i.e. financial year 2006-07 to 2013-14 in terms of the BIFR order, the liability for the Entry Tax amount has not been recognized in the books of account. However, from April 01, 2014, the subsidiary of a joint venture has recognized 100% liability of Entry Tax on imported raw materials in the books of account. The Management of the subsidiary of a joint venture is of the view that since the company was exempted from payment of Entry Tax in terms of the BIFR order, the liability on this account will not arise.	**-**	**4,271.13**	-	4,508.18

Notes to the Consolidated Financial Statements of the Zuari Group for the financial year 2015–16

₹ in Lacs

		Particulars	As at March 31, 2016		As at March 31, 2015	
			Parent company & its subsidiaries	***Joint ventures**	Parent company & its subsidiaries	*Joint ventures
	v	Odisha Sales Tax Authority levied penalty on Entry Tax on account of Custom Duty. The subsidiary of the joint venture filed an appeal before the Appellate Authority against such demand which is yet to be disposed off.	**-**	**32.55**	-	**32.55**
	vi	Odisha Sales Tax Authority levied interest of ₹ 1038.15 Lacs under Orissa Entry Tax Act for delay in payment of Entry Tax for the period April 2007 to March 2012 vide Order dated 30th December 2015. Being aggrieved with the Order, the subsidiary of the Joint Venture filed a Writ Petition before Orissa High Court. The High Court vide Order dated 1st March 2016 ordered for deposit of 50% of Entry Tax for the period 1st January 2010 to 31st March 2012. Based on the aforesaid direction, subsidiary company deposited an amount of ₹ 298.19 Lacs with the Commercial Tax Department. The Management of the subsidiary of a joint venture is of the view that since the company was exempted from payment of Entry Tax in terms of the BIFR order, the liability on this account will not arise.	**-**	**1,038.08**	-	-
	vii	Basic Customs Duty paid and refund claimed on Ammonia. Countervailing Duty (CVD) paid and refund claimed on import of MOP and Sulphuric Acid and Education Cess paid and refund claimed on DAP.	**-**	**156.55**	-	28.84
	viii	Sales Tax Demand for non-submission of declaration forms in respect of subsidiary of joint venture.	**-**	**3.80**	-	3.80
	ix	VAT Demand for the year 2005-06 in Bihar region on account of VAT Assessment. Entire demand amount has been deposited by the subsidiary of the joint venture.	**-**	**18.85**	-	18.85
	x	Demand Notice from Commercial Tax Department, Jaipur towards non submission of "F Form" for the year 2011-12 and 2012-13 in respect of the Parent Company.	**96.77**	**-**	124.23	-
	xi	Demand notice from Commercial Tax Department, Jaipur towards Excess Input Tax Credit availed for the year 2011-12 in respect of the Parent Company.	**22.33**	**-**	22.33	-

Notes to the Consolidated Financial Statements of the Zuari Group for the financial year 2015–16

₹ in Lacs

		Particulars	As at March 31, 2016		As at March 31, 2015	
			Parent company & its subsidiaries	*Joint ventures	Parent company & its subsidiaries	*Joint ventures
	xii	Demand notice from Customs department, Mumbai towards non eligibility of exemption under notification no. 04/06-CE dated 01/03/2006(as amended by notification no. 4/2011-CE dated 01/03/2011) towards Counter-Vailing Duty (CVD) for the imports at Navasheva port for the period 24.3.2011 to 02.12.2011. The Parent Company has filed an appeal with West Zonal Branch of the Customs, Excise and Service Tax Appellate Tribunal at Mumbai for waiver of pre-deposit and penalty. Tribunal has passed order in favour of assesse directing the Parent Company to deposit ₹ 1.00 Lacs and pre-deposit of penalty is waived and recovery thereof is stayed during the pendency of the appeal. Also the impugned order was set aside and matter is remanded to the Commissioner (Appeals) for deciding the appeal on merit. Commissioner of Customs (Appeals) uphold order passed by the Additional Commissioner of Customs (Import) and rejected the Appeal. Appeal filed before CESTAT Mumbai against the impugned order.	**26.10**	**-**	26.10	-
	xiii	Demand notice from Commercial Tax Department, Madhya Pradesh towards non submission of "C Form" for the year 2013-14 of the Parent Company.	**2.48**	**-**	-	-
	xiv	Demand notice from Customs Department, Chennai towards denial of import of MOP at concessional rate of duty for the period 01.04.2001 to 28.02.2006. The Parent Company has filed appeal with South Regional branch of the Customs, Excise and Service Tax Appellate Tribunal at Bangalore for waiver of pre-deposit and stay of impugned order.	**284.74**	-	284.74	**-**
	xv	Demand notice from Customs Department, Chennai towards denial of import of MOP at concessional rate of duty for the period 2002-03 and 2003-04. Appeal filed with South Regional branch of the Customs, Excise and Service Tax Appellate Tribunal at Bangalore for waiver of pre-deposit and stay of impugned order by the Parent Company.	**148.28**	-	148.28	**-**
	xvi	Customs Duty Differential on finalised Bill of Entries-Dharamatar Port-Order by Deputy Commissioner of Customs (P) Alibaug Division in respect of Parent Company. Impugned order is annulled by Commissioner of Customs (Appeals) with directions to the lower authority to adhere to the directions of the Hon'ble High Court of Bombay and pass a speaking order on merits.	**67.37**	**-**	67.37	**-**
	xvii	Service Tax on Mediation Fees in respect of Subsidiary of Joint Venture.	**-**	**22.90**	-	-

Notes to the Consolidated Financial Statements of the Zuari Group for the financial year 2015–16

₹ in Lacs

		Particulars	As at March 31, 2016		As at March 31, 2015	
			Parent company & its subsidiaries	***Joint ventures**	Parent company & its subsidiaries	*Joint ventures
	xviii	Disputed customs duty liability under appeal by Subsidiary Company before CESTAT.	**90.60**	**-**	-	-
	xix	Sales tax demand of a Subsidiary.	**2.87**	**-**	-	-
	xx	Others	**-**	**94.61**	-	94.10
II	**Other claims against the Company not acknowledged as debts****					
	i	Penal interest on loan from Government of India, due to delay.	**-**	**172.22**	-	172.22
	ii	Industrial Dispute and Miscellaneous Labour cases pending at various forums at different stages of dispute.	**-**	**256.57**	-	247.78
	iii	The Parent Company had a long term agreement for supply of water with Public Works Department (PWD), Government of Goa (GOG) dated October 20, 2006 which is valid upto March 31, 2016. Since PWD was not able to supply the daily required quantity of 10000 M3, the Parent Company had entered into another agreement on March 28, 2014 with Water Resource Department (WRD), Government of Goa. Consequently, the Parent Company had made representation for revision in the Contract with PWD, GOG for revision of minimum daily quantity from 8500 M3 to 1500 M3 effective May 1, 2014, however in absence of revision in agreement PWD, GOG has continued with raising invoices with daily minimum quantity of 8500 M3. The Parent Company is given to understand that proposal for revision of the agreement with PWD, GOG is in active consideration, hence Parent Company has been paying them monthly for minimum quantity of 1500 M3. Prior to expiry of the agreement, the Parent Company has made representation to the PWD, to continue supplying the Parent Company with 1500 m3 of water for domestic consumption.	**2050.29**	**-**	771.54	**-**
	iii	Bonus for 2014-15 pursuant to amendment to Payment of Bonus Act, 1965 of Subsidiary of Subsidiary	**6.03**	**-**	-	-
	iv	Interest on electricity duty on captive power generation. The Subsidiary of the Joint Venture has deposited a sum of ₹ 240 Lacs (being proportionate share of the Group) against the said demand which is appearing under the head "Other deposits" under Loans and Advances.	**-**	**441.17**	-	273.53
	v	Interest on water charges due to delay in payments	**-**	**265.29**	-	207.92

Notes to the Consolidated Financial Statements of the Zuari Group for the financial year 2015–16

₹ in Lacs

		Particulars	As at March 31, 2016		As at March 31, 2015	
			Parent company & its subsidiaries	*Joint ventures	Parent company & its subsidiaries	*Joint ventures
	vi	Department of Fertilizer, Government of India withheld the payment of subsidy on Imported DAP in one consignment amounting to ₹ 2, 676.06 Lacs (being proportionate share of the Group), being the subsidy amount including freight subsidy. The amount has been withheld on the basis of samples collected by the Department from Mundra Port which were reported to be deficient on account of water soluble P2O5 content as per Fertilizer Control Order (FCO) but there was no deficiency as regards to the nutrient content. The subsidiary of the joint venture has represented to the Department of Fertilizers to re-examine the case on the following grounds – (a) Failure is on account of water solubility and not on account of nutrient content. The nutrient content on which the Nutrient Based Subsidy is paid meets the FCO specifications (b) Water Solubility is more than 85% of the total P2O5 (c) All precautions were taken at the load port on having an international recognized inspection agency based on which the goods were shipped and dispatched. (d) The intimation on the original sample failure as well as the referee sample failure were received long after materials were dispatched well beyond the dispatch of the material to various destinations Both Indian Council of Agriculture Research (ICAR) and Department of Agriculture and Cooperation (DAC) have suggested that wherever water solubility is 85% or more of total P2O5, it should be considered as 'standard' in terms of nutritional value to fertilizers having 100% water soluble P2O5 content. Since, in the present case water solubility is more than 85% of water solubility as per FCO and a minor variation of 3% thereof does not justify holding the entire subsidy by GOI. The matter is under consideration by DOF. Therefore, the subsidiary of the joint venture expects a favourable outcome.	**-**	**2,676.06**	-	2,676.06
	vii	In respect of a subsidiary of the joint venture, the company has arranged for Dealer Channel Financing under Pass Through Arrangement with Yes Bank Ltd. at competitive rates wherein they have offered short term loans for a period of 180 days to the fertilizer dealers of the company based on the letters of recommendation issued by the subsidiary of the joint venture. During the year, the subsidiary of the joint venture has availed ₹ 5,000 Lacs (being proportionate share of Group) under this arrangement. The subsidiary of the joint venture being the Pass Through Agent for these transactions has also provided Corporate Guarantee to the Banks for repayment of the loan in case of default by the dealers. The subsidiary of the joint venture has collected Letters of Authority from the dealers for repayment of the Principal and Interest of the aforesaid loans to the banks directly as and when they become due. The subsidiary of the joint venture is confident that the loans will be repaid by the dealers within the extended credit period and hence no default would arise.	**-**	**5,000.00**	-	3,625.00

₹ in Lacs

		Particulars	As at March 31, 2016		As at March 31, 2015	
			Parent company & its subsidiaries	***Joint ventures**	Parent company & its subsidiaries	*Joint ventures
	viii	Demand towards contribution to Water Conservation Fund	**-**	**1,161.25**	-	-
	ix	Claims against the Company not acknowledged as debts	**88.02**	**12.62**	151.17	13.05

* Figures given in respect of Joint ventures represent proportionate share of Group in the contingent liabilities of these joint ventures.

** Based on discussions with the solicitors/ favourable decisions in similar cases/ legal opinions taken by the Group, the Management does not expect these claims to succeed and hence, no provision there against is considered necessary.

₹ In Lacs

	Particulars	As at March 31, 2016		As at March 31, 2015	
		Parent company & its subsidiaries	***Joint ventures**	Parent company & its subsidiaries	*Joint ventures
b)	Aggregate amount of guarantees issued by the banks to various Government Authorities and Others***	**16,211.99**	**777.37**	17,441.66	884.65

* Figures given in respect of Joint ventures represent proportionate share of Group in the contingent liabilities of these joint ventures.

*** In respect of Parent Company, bank guarantees of ₹ 15,497.92 Lacs (March 31,2015:₹ 17,430.38 Lacs) are secured by a charge created by way of hypothecation on the current assets, both present and future, wherever situated pertaining to the Parent Company and the Parent Company's present and future book debts outstanding, moneys receivable, claims, bills, contracts, engagements, rights and assets.

(c) The Parent Company has given a letter of Comfort to Ratnakar Bank Limited for the purpose of facilitating the loans of ₹ 2,000 Lacs (31st March, 2015 ₹ 2,000 Lacs) taken by Gobind Sugar Mills Limited.

(d) In respect of Parent Company, Guarantee issued by the Ratnakar Bank Limited of ₹ Nil (31st March, 2015 ₹ 3,075 Lacs) in favor of ICICI Securities Limited for the purpose of compliance with the provisions of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations for making public offer to the shareholders of Mangalore Chemicals & Fertilizers Limited

(e) The Parent Company has received a demand of ₹ 5,293 Lacs from Gas Authority of India Limited (GAIL) toward Take or Pay obligation. Even prior to receiving this demand, the Parent Company has represented to GAIL to reduce the annual contractual quantity based on which the Parent Company is confident that the Take or Pay amount will not be material. Further, in terms of Contract with GAIL, this Take or Pay amount can be utilized for future Make up Gas supplies. The Parent Company is in discussion with GAIL to reduce / waive the Take or Pay charges; hence no provision has been made for the aforesaid demand amount.

31. Estimated amount of contracts remaining to be executed not provided for

Particulars	As at March 31, 2016		As at March 31, 2015	
	Parent company & its subsidiaries	***Joint ventures**	Parent company & its subsidiaries	*Joint ventures
Estimated amount of contracts remaining to be executed on capital account not provided for	**6,971.63**	**10,688.88**	4,336.31	17,248.88

* Figures given in respect of Joint ventures represent proportionate share of Group.

32. Capitalisation of Mahad Project – SSP Fertiliser

The date of commencement of commercial production of SSP in subsidiary company has been taken as 1st June, 2015. Accordingly, directly attributable expenses including trial run production up to May 31st, 2015 have been considered for capitalization. In respect of main lump sum contract involving EPCM Services, Supplies, Civil Construction work and Erection and installation of Plant & Machinery, the management have allocated the costs over identified Plant & Machinery and Building on a reasonable basis duly certified by the technical staff of the subsidiary company. Further, the expenses directly attributable to the construction and trial run have been allocated over the different assets comprising of Plant & Machinery and Building.

Notes to the Consolidated Financial Statements of the Zuari Group for the financial year 2015–16

33. Goodwill / Capital Reserve on consolidation

(a) Goodwill (on Consolidation)

The Goodwill in the Consolidated Financial Statements represents the excess of the purchase consideration of investment over the Parent Company's share in the net assets of its subsidiaries – Zuari Agri Sciences Limited, Zuari Fertilisers and Chemicals Limited, Mangalore Chemicals & Fertilizers Limited and Zuari Speciality Fertilisers Limited.

₹ In Lacs

Investment in		Particulars	31st March, 2016	31st March, 2015
1	Zuari Agri Sciences Limited	(a) Cost of Investment	**1,417.60**	1,417.60
		(b) Parent Company's share in the net assets	**(377.78)**	(377.78)
	Sub-Total (1)	**Goodwill (a-b)**	**1,795.38**	1,795.38
2	Zuari Fertilisers and Chemicals Limited	(c) Cost of Investment	**5.00**	5.00
		(d) Parent Company's share in the net assets	**(32.60)**	(32.60)
	Sub-Total (2)	**Goodwill (c-d)**	**37.60**	37.60
3	Mangalore Chemicals & Fertilisers Limited	(c) Cost of Investment	**51,852.02**	-
		(d) Parent Company's share in the net assets	**23,639.85**	-
	Sub-Total (3)	**Goodwill (c-d)**	**28,212.18**	-
4	Zuari Speciality Fertilisers Limited(formerly known as Zuari Rotem Speciality Fertilizers Limited)	(c) Cost of Investment	**1,332.33**	-
		(d) Parent Company's share in the net assets	**341.01**	-
		(e) Goodwill (c-d)	**991.32**	-
		(f) Amount Adjusted from Capital Reserve	**93.08**	-
		Net Goodwill(e-f)	**898.24**	-
	Total (1+2+3+4)	**Total Goodwill (1+2+3+4)**	**30,943.40**	1,832.98

(i) The Group has recognized and is carrying forward goodwill of ₹ 1832.98 Lacs (March 31, 2015:₹ 1832.98 Lacs) in respect of Zuari Agri Sciences Limited and Zuari Fertilisers and Chemicals Limited. Based on the financial statement of the subsidiaries, their net worth is substantially lower than the Parent Company's investment in these subsidiary companies.

(ii) Goodwill on consolidation for all companies has been tested for impairment using the cash Flow projections, which are based on most recent financial budgets / forecasts approved by the management.

(b) Capital Reserve (on Consolidation)

The Capital Reserve in the Consolidated Financial Statements represents the excess of the Zuari Agro Chemicals Limited's share in the net assets of its joint ventures [Zuari Maroc Phosphates Private Limited and MCA Phosphates Pte. Limited] over the purchase consideration of investment.

₹ In Lacs

Investment in		Particulars	31st March, 2016	31st March, 2015
1	Zuari Maroc Phosphates Private Limited	(a) Parent Company's share in the net assets	**53,282.40**	53,282.40
		(b) Cost of investments	**17,981.62**	17,981.62
		(c) Adjustment of Goodwill appearing in joint venture's consolidated accounts	**18,029.27**	18,029.27
	Sub-Total (1)	**Capital Reserve (a-b-c)**	**17,271.51**	17,271.51

Notes to the Consolidated Financial Statements of the Zuari Group for the financial year 2015–16

₹ In Lacs

Investment in		Particulars	31st March, 2016	31st March, 2015
2	MCA Phosphates Pte. Limited	(a) Parent Company's share in the net assets	**10,950.68**	10,950.68
		(b) Cost of investments	**10,210.22**	10,210.22
	Sub-Total (2)	**Capital Reserve (a-b)**	**740.46**	740.46
3	Zuari Speciality Fertilisers Limited	(a) Parent Company's share in the net assets	**438.83**	438.83
		(b) Cost of investments	**345.75**	345.75
		Capital Reserve (a-b)	**93.08**	93.08
		Less : Amount adjusted with Goodwill	**(93.08)**	-
	Sub-Total (3)	**Net Capital Reserve**	**-**	93.08
	Total (1+2+3)	**Total Capital Reserve**	**18,011.97**	18,105.05

34. A subsidiary of a joint venture had entered into a borrowing agreement dated 4th August, 2011 with International Finance Corporation (IFC), Washington, USA for availment of External Commercial Borrowing (ECB) for USD 25 Million (being proportionate share of Group) for Brown-Field project at Paradeep Plant. The first tranche of ECB, USD 10 Million (being proportionate share of Group) was availed in April 2012 and balance amount of USD 15 Million (being proportionate share of Group) was disbursed on August, 2013. As per ECB guidelines, loan has been registered with Reserve Bank of India (RBI) having LRN No. 2011720. The pending matter of perfection of security agreement between the subsidiary of a joint venture was pursued with IDCO and Government Of Odisha for obtaining No Objection Certificate (NOC) for mortgaging lease-hold land of 241.02 acres (being proportionate share of the Group) and the same was obtained in the month of February 2016 and perfection of security was completed with the ROC Odisha in favour of IFC on 24th February 2016. However since the Project Funds Agreement has not been executed, IFC has continued to levy additional Interest @ 0.5% p.a., which has been duly accounted for in the books of Account. The company is pursuing the waiver of the additional interest with IFC.

35. Earnings Per Share (EPS):

Particulars	31st March, 2016	31st March, 2015
Profit/(loss) after taxation as per statement of profit and loss	**(9100.84)**	897.25
Weighted average number of shares used in computing earnings per share – Basic and Diluted (Nos.)	**42,058,006**	42,058,006
Earnings per share - Basic (in Rupees)	**(21.64)**	2.13
Face value per share (in Rupees)	**10.00**	10.00

36. Particulars of Foreign Currency Exposures:

(a) Forward Contracts outstanding as at the Balance Sheet Date (for the Parent Company and its subsidiaries):

Details of Derivatives	31st March, 2016	31st March, 2015	Purpose
Buy (Amount in USD)	**35,60,99,020**	24,57,27,161	To hedge the purchases of raw materials and traded goods and buyers credit

(b) Currency Swap as at Balance sheet date for a subsidiary

Details of Derivatives	31st March, 2016	31st March, 2015	Purpose
Amount in EURO	83,93,000	-	To hedge the foreign currency Loan and interest outflow
Amount in INR (in Lacs)	6973.69	-	

Notes to the Consolidated Financial Statements of the Zuari Group for the financial year 2015–16

(c) Forward Contracts outstanding as at the Balance Sheet Date for the joint venture entities (being the proportionate share of Group):

Details of Derivatives	31st March, 2016	31st March, 2015	Purpose
Buy (Amount in USD)	8,16,05,841	3,88,37,302	To hedge the purchases of raw materials and traded goods
Buy (Amount in USD)	30,00,000	55,55,555	To hedge foreign currency loan

(d) Unhedged foreign currency exposures as at the Balance Sheet Date (for the Parent Company and its subsidiaries):

Nature of Exposure	Outstanding amount in foreign currency as at 31st March, 2016	Outstanding amount in foreign currency as at 31st March, 2015	Foreign currency Involved
Trade Payables	**6,60,74,286**	34,661,488	USD
	43,777.77	21,663.43	₹ In Lacs
Claims receivable	**57,90,748**	5,34,970	USD
	3,836.66	334.36	₹ In Lacs
Advances Recoverable	**46,86,604**	5,405,615	USD
	3,105.11	3,378.51	₹ In Lacs
Accrued Interest	**9,72,954**	158,539	USD
	644.63	99.09	₹ In Lacs
Borrowings	**14,15,000**	-	EURO
	1,067.73	-	₹ In Lacs
	1 USD = 66.255 INR	1 USD = 62.5000 INR	Exchange Rate
	1 EURO =75.46 INR	-	Exchange Rate

(e) Unhedged foreign currency exposures as at the Balance Sheet Date for the joint venture entities (being the proportionate share of Group):

Nature of Exposure	Outstanding amount in foreign currency as at 31st March, 2016	Outstanding amount in foreign currency as at 31st March, 2015	Foreign currency Involved
Trade Payables and creditors of fixed assets	**32,53,780**	12,913,096	USD
	2,155.79	8,082.41	₹ In Lacs
Trade Payables	**77,340.55**	-	EURO
	58.63	-	₹ In Lacs
Trade Payables	**18,869.34**	-	SEK
	1.55	-	₹ In Lacs
Interest accrued but not due on borrowings	**1,68,689.16**	74,596	USD
	111.77	46.69	₹ In Lacs
Claims receivable	**53,68,613.69**	936,783	USD
	3,556.98	586.34	₹ In Lacs

Nature of Exposure	**Outstanding amount in foreign currency as at 31st March, 2016**	Outstanding amount in foreign currency as at 31st March, 2015	**Foreign currency Involved**
Foreign Currency Loan from financial institution including interest accrued but not due and commitment fees	**1,66,79,012.90**	19,715,997	USD
	11,050.68	12,340.40	₹ In Lacs
Short term borrowings, Buyers and Suppliers Credit	**-**	11,038,675	USD
	-	6,909.20	₹ In Lacs
	1 USD = 66.255 INR	1 USD = 62.5908 INR	Exchange Rate
	1 EURO = 75.80 INR	-	Exchange Rate
	1 SEK = 8.22 INR	-	Exchange Rate

37. (i) Operating Leases:

(a) The Parent Company has obtained office premises, apartments and warehouses and vehicles on operating leases for the period upto 6 years. In all cases, the agreements are further renewable at the option of the Parent Company except in the case of vehicle lease agreements. There is escalation clause in the respective lease agreements except on vehicle lease. All the leases are cancellable in nature. The total lease payments in respect of such leases recognized in the statement of profit and loss for the year are ₹ 2,059.07 Lacs (31 March 2015: ₹ 1,558.59 Lacs).

(b) In case of subsidiaries, operating leases are mainly in the nature of lease of office premises and godowns with no restrictions and are renewable / cancellable at the option of either of parties. There are no subleases. The aggregate amount of operating lease payments recognized in the statement of profit and loss is ₹ 1424.35 Lacs (March 31, 2015: ₹ 129.96 Lacs).

(c) In case of subsidiary of a joint venture, rent expense of ₹ 1033.41 Lacs (March 31, 2015: ₹ 996.08 Lacs) (being proportionate share of Group) represents expenses incurred in respect of only cancellable operating leases relating to premises (residential, office etc.) which are renewable by mutual consent.

(d) The Parent Company obtained office premises and retail outlets on operating leases. These leases have an average life ranging between 2 years to 12 years and renewable at the option of the Parent Company. There are no restrictions imposed by the lease arrangements. There are no subleases.

₹ in Lacs

Sl.No.	Particulars	2015-16	2014-15
i)	Lease payments for the year	**251.99**	74.27
ii)	Payable for a period not later than one year	**262.60**	98.40
iii)	Payable for a period later than one year and not later than 5 years	**1,042.61**	329.40
iv)	Payable for the period later than 5 years	**714.18**	218.71

(e) In respect of a subsidiary (a joint venture upto Dec 9, 2015), the company had taken vehicles on operating leases. The leases had an average life of upto 4 years. There are no restrictions placed upon the joint venture company by entering into these leases.

Further minimum rentals payable under non-cancellable operating leases are as follows (being proportionate share of Group):

₹ in Lacs

Sl.No.	Particulars	2015-16	2014-15
i)	Lease payment for the year	**4.63**	6.72
ii)	Payable for a period not later than one year	**3.38**	3.38
iii)	Payable for a period later than one year and not later than 5 years	**-**	1.82
iv)	Payable for the period later than 5 years	**-**	-

(ii) Finance Lease

One of the subsidiary company had taken vehicles on finance lease. These lease are for a period of 3-5 years. However, there is no escalation clause. Each renewal is at the option of lessee. Future minimum lease payments (MLP) under finance leases together with the present value of the net MLP are as follows:

Particulars	Total Minimum Lease Payments outstanding	Future interest on Outstanding	Present value of minimum lease payments
Payable not later than 1 year	3.71	0.05	3.66

38. (a) The subsidiary of a joint venture in an earlier year had received an Arbitration Award in its favour in the matter of Cargo Charges Tariff dispute with Paradeep Port Trust (PPT) for the years 1993 – 1999. PPT in earlier year had appealed with the higher authorities against such award which was confirmed by the Appellate Authority. However, as against the above order, the PPT had gone into further appeal with the Hon'ble High Court of Odisha, which in its interim order has directed the subsidiary of the joint venture not to execute award at this stage. The subsidiary of the joint venture has not recognised this award as income in the statement of profit and loss.

(b) Paradeep Port Trust (PPT) proposed a revision in scale of rates applicable to the subsidiary of a joint venture for cargo handling in the captive berth w.e.f. 1st April, 1999. The matter was referred to Tariff Authority of Major Ports (TAMP) on mutual consent of the parties under the direction of Hon'ble High Court of Orissa. During the previous year, TAMP had finalized the rates but PPT had not agreed with the order and filed a writ petition before the High Court of Odisha against the said order. Pending disposal of the case, the subsidiary of the joint venture has not recognised the amount receivable from PPT towards the excess amount paid over the applicable TAMP order.

39. In case of a subsidiary of a joint venture, the Land Policy of Port land has been revised as per the Land Policy Guidelines issued by the Ministry of Shipping, Government of India. Pursuant to the said Policy and pending outcome of negotiation with Paradeep Port Trust, the subsidiary of the joint venture, has made provision towards ground rent, interest and taxes amounting to ₹ 858.14 Lacs (being proportionate share of Group)(including ₹ 73.51 Lacs for the current year) (being proportionate share of Group) against the demand raised by Paradeep Port Trust.

40. In respect of a subsidiary of a joint venture, in terms of meeting for amicable settlement of dispute for additional compensation to the land losers, under the chairmanship of the Collector and District Magistrate, Jagatsinghpur, it was decided to pay additional compensation at the rate fixed to the claimants through the Special Land Acquisition Officer (Spl. LAO), Government of Odisha. Since the disbursement process to land losers has started in the financial year 2010-11 through Spl. LAO, the subsidiary of the joint venture had accounted for total estimated liability of ₹ 283.01 Lacs (including interest of ₹ 209.01 Lacs) (being proportionate share of Group) during the financial year 2010-11. The outstanding liability as on 31st March, 2016 stands at ₹ 175.09 Lacs (being proportionate share of Group) after making payment to Spl. LAO.

41. In respect of a subsidiary of the joint venture, Employees' State Insurance Corporation (ESIC) raised various demands from subsidiary of the joint venture in respect of both contract labourers and employees in earlier years, which were contested by the subsidiary of the joint venture in various Courts and Authorities. The subsidiary of the joint venture is continuing with the provision existing in the books.

42. In respect of Parent Company and subsidiary of subsidiary, based on the circulars received for revision in uniform freight relating to secondary freight and direct road movement, the Group has, during the year, accrued additional freight subsidy income of ₹ 2171.98 Lacs (upto March 31, 2015:₹ 2072.86 Lacs) relating to Urea and ₹ 1,136.65 Lacs (upto March 31, 2015:₹ 2,910.62Lacs) for Phosphoric and Potassic Fertilisers, for which the claims are yet to be submitted. The Group is hopeful to realise above entire amount of ₹ 8292.11 Lacs.

43. In respect of Parent Company, in the financial year 2013-14, Ministry of Agriculture, Government of India, had declared 47,635 MT (₹ 15565.23 Lacs) of DAP, imported by the Parent Company as not meeting the standards specified by Fertilizer Control Order, 1985 (FCO) .During the previous financial year, out of the total quantity, based on the permission given by Department of Fertilisers (DOF), 31,174.15 MT has been re-exported back and out of 16,460.85 MT remaining material lying in the field, 15,484.80 MT has been / is being used as raw material for non-agriculture purpose. The Parent Company had based on its estimate, accounted for claim of ₹ 2,712.87 Lacs (pending confirmation from the supplier) for loss suffered by it as the contract with the supplier provides that the Parent 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 and accordingly the Parent Company has considered the aforesaid amount as fully recoverable.

Notes to the Consolidated Financial Statements of the Zuari Group for the financial year 2015–16

44. In respect of one of the subsidiary, it has accumulated losses of ₹ 2747.39 Lacs as at 31st March, 2016 and its net worth has been substantially eroded. The subsidiary company has entered into certain new businesses in the current year and has operationally strengthened its activities which are expected to result in positive cash flows in future. Based on the above and future projections of the subsidiary company and release of new products, management is confident that the company will be able to generate sufficient profits in future years. As such, the financial statements of the subsidiary have been prepared on a going concern basis.

45. In respect of one of the subsidiaries, net worth is fully eroded as the accumulated loss of the subsidiary as at the reporting date stands at ₹ 12,569.21 Lacs as against the shareholder's fund of ₹ 1,535 Lacs. The subsidiary company has also incurred a net loss of ₹ 8,943.24 Lacs during the year. Further, based on the future profitability projections, the management does not foresee any uncertainty relating to future outcome in terms of the negative net worth turning positive. Considering the above, the financial statements of the subsidiary have been drawn up on going concern assumption, which, in the opinion of the management, is considered appropriate.

46. Employee Benefits

(i) The Group has defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service.

In respect of the Parent Company, two of the subsidiary companies, and a subsidiary of joint venture, scheme is funded with an insurance company in the form of a qualifying insurance policy.

The current year disclosures in the following tables summarize the components of the net gratuity expense recognized in the consolidated statement of profit and loss for the Group.

Statement of Profit and Loss

Net employee benefit expense (recognized in Employee Cost) for the year ended March 31, 2016:

₹ in Lacs

Particulars	Funded		Unfunded	
	31st March, 2016	31st March, 2015	**31st March, 2016**	31st March, 2015
Current service cost	**316.36**	496.57	**4.49**	9.98
Interest cost on benefit obligation	**462.95**	341.49	**2.12**	0.46
Expected return on plan assets	**(352.81)**	(324.28)	**-**	-
Net actuarial (gain)/loss recognized in the year	**(223.39)**	(198.56)	**(18.34)**	10.98
Past service cost (Vested Benefits)	**444.68**	-	**-**	-
Net benefit expense(Refer note a and b below)	**647.80**	315.22	**(11.73)**	21.42

(a) Excluding ₹ 5.35 Lacs (March 31, 2015: ₹ 3.38 Lacs) for Gratuity paid of employees transferred from other company, ₹ 4.58 Lacs expense (March 31, 2015: ₹ 0.36 lac expense) in respect of a joint venture.

(b) ₹ 96.05 Lacs, being credit in respect of the Parent Company has been written back to Excess liabilities written back.

Balance sheet

Details of Provision for gratuity benefit as at 31st March, 2016:

₹ in Lacs

Particulars	Funded					Unfunded				
	31st March, 2016	31st March, 2015	31st March, 2014	31st March, 2013	31st March, 2012	**31st March, 2016**	31st March, 2015	31st March, 2014	31st March, 2013	31st March, 2012
Present Value of Defined benefit obligation	**6,247.18**	4,216.54	4,030.81	4,030.99	3,736.53	**14.74**	26.48	5.06	3.33	-
Fair value of plan assets	**4,431.76**	3,952.66	4,022.13	3,731.09	3,635.16	**-**	-	-	-	-

Notes to the Consolidated Financial Statements of the Zuari Group for the financial year 2015–16

₹ in Lacs

Particulars	Funded					Unfunded				
	31st March, 2016	31st March, 2015	31st March, 2014	31st March, 2013	31st March, 2012	**31st March, 2016**	31st March, 2015	31st March, 2014	31st March, 2013	31st March, 2012
Plan assets/(liability)*	**(1815.41)**	(263.87)	(8.68)	(299.90)	(101.37)	**(14.74)**	(26.48)	(5.06)	(3.33)	-
Experience (gain)/loss on obligation	**(177.47)**	(266.35)	(100.26)	(144.56)	(32.48)	**-**	-	-	-	-
Experience gain/(loss) on plan assets	**1.67**	(5.55)	21.70	(7.48)	15.81	**-**	-	-	-	-

* Excluding ₹ 3.71 Lacs (March 31, 2015: ₹ 1.58 Lacs) in respect of joint venture which has computed the provision on actual computation basis. (Refer note 'b' below) also ₹ 142.68 Lacs being excess of plan assets over defined benefit obligation in respect of the Parent Company has been disclosed under Advances Recoverable in Cash or Kind in Note Number 13.

Changes in the present value of the defined benefit obligation for the year ended March 31, 2016 are as follows:

₹ in Lacs

Particulars	Funded		Unfunded	
	31st March, 2016	31st March, 2015	**31st March, 2016**	31st March, 2015
Opening defined benefit obligation	**4,216.54**	4,030.81	**26.48**	5.06
Adjustment due to acquisition of Subsidiary	**1,743.98**	-	**-**	-
Interest cost	**462.95**	341.49	**2.12**	0.46
Current service cost	**316.36**	496.57	**4.49**	9.98
Service cost (transfer in)	**9.17**	19.81	**-**	-
Service cost (vested benefits)	**444.67**	-	**-**	-
Benefits paid	**(736.23)**	(468.04)	**-**	-
Actuarial (gains)/losses on obligation	**(210.25)**	(204.10)	**(18.34)**	10.98
Closing defined benefit obligation	**6,247.18**	4,216.54	**14.74**	26.48

Changes in the fair value of plan assets are as follows:

₹ in Lacs

Particulars	Gratuity (Funded)	
	31st March, 2016	31st March, 2015
Opening fair value of plan assets	**3952.66**	4,022.13
Adjustment due to acquisition of Subsidiary	**376.33**	-
Adjustment to opening balance	**0.64**	-
Expected return on plan asset	**352.81**	324.28
Contributions by employer	**472.40**	60.04
Benefits paid	**(736.23)**	(468.04)
Actuarial gains/(losses)	**13.14**	(5.55)
Settlement/ Transfer In	**-**	19.81
Closing fair value of plan assets	**4,431.76**	3,952.66

1) Parent Company expects to contribute Nil (March 31, 2015: ₹ 114.49 Lacs) towards gratuity during the year 2016-17.
2) The subsidiary of a joint venture expects to contribute ₹ 52.64 Lacs (March 31, 2015 ₹ 129.35 Lacs) (being proportionate share of Group) to the gratuity fund during 2016-17.
3) The subsidiaries expect to contribute ₹ 134.50 Lacs (March 31, 2015 ₹ 20.03 Lacs) to the gratuity fund during 2016-17.

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

Particulars	Gratuity 2015-16	Gratuity 2014-15
Investment with insurer (Life Insurance Corporation of India)	**100%**	100%

The overall expected rate of return is determined based on the market prices prevailing at that date, applicable to the period over which the obligation is to be settled. These rates are different from the actual rate of return during the current year.

The principal assumptions used in determining gratuity liability are shown below:

Particulars	2015-16	2014-15
Discount Rate	**7.75%-8%**	8.00%
Expected rate of return on plan assets	**8.00%**	8.00% - 9.20%
Increase in Compensation cost	**9% for first two years and 7.5% thereafter**	9.00% - 10.00%
Employee turnover	**5.00% - 8.00%**	0.50% - 8.00%

(a) The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

(b) In the case of a subsidiary (joint venture upto 9th December 2015) the company has not performed any actuarial valuation for determining the gratuity liability under the Gratuity Scheme as at March 31, 2016 as the number of employee's of the company are below 50.The liability as at March 31, 2016, as reflected in the financial statements, has been determined on gross undiscounted basis.

(ii) The Parent Company and subsidiary of a joint venture have defined benefit post-retirement medical benefit plan which are unfunded. The following table summarizes the component of net benefits/expenses recognized in the statement of profit & loss and balance sheet for the plan.

Statement of Profit and Loss

Net employee benefit expense (recognized in Employee Cost) for the year ended March 31, 2016

₹ in Lacs

Sr. No.	Particulars	2015-16	2014-15
1	Current service Cost	**137.69**	4.35
2	Interest cost on benefit obligation	**-**	15.53
3	Net actuarial (gains) recognized in the year	**(63.35)**	(94.04)
4	Net benefit expense / (income)*	**74.34**	(74.17)

* Net of ₹ 58.55 Lacs in respect of subsidiary of a joint venture, which has been written back to Excess liabilities written back in Note number 20.

Balance Sheet

Details of Net / Liability recognized in the Balance Sheet as at March 31, 2016

₹ in Lacs

S. No.	Particulars	2015-16	2014-15
1	Present value of defined benefit obligation	**186.31**	116.78
2	Net(asset)/ liability	**186.31**	116.78

Notes to the Consolidated Financial Statements of the Zuari Group for the financial year 2015–16

Changes in the present value of the defined benefit obligation for the year ended March 31, 2016

₹ in Lacs

S. No.	Particulars	2015-16	2014-15
1	Present value of defined obligation at the beginning of the year	**116.78**	194.08
2	Current service cost	**137.69**	4.35
3	Interest cost	**-**	15.53
4	Benefits paid	**(4.80)**	(3.13)
5	Actuarial (gains) on obligation	**(63.35)**	(94.04)
6	Present value of defined benefit obligation at the end of the year	**186.31**	116.78

The principal assumptions used in determining liability are shown below:

S. No.	Particulars	2015-16	2014-15
1	Discount Rate	**8.00%**	8.00% p.a.
2	Rate of increase in salary	**-**	10.00% p.a.
3	Withdrawal Rate	**-**	5.00% p.a.
4	Medical cost escalation rate	**-**	4.00% p.a.
5	Mortality retirement	**LIC (1994-96) Ultimate Mortality Table**	LIC (1994-96) Ultimate Mortality Table

Amount for the current and previous four years are as follows:

₹ in Lacs

Particulars	2015-16	2014-15	2013-14	2012-13	2011-12
Defined benefit obligation	**186.31**	116.78	194.08	195.04	131.08
Surplus / (deficit)	**(186.31)**	(116.78)	(194.08)	(195.04)	(131.08)
Experience adjustment on plan liabilities gain / (loss)	**53.42**	94.04	18.03	(37.27)	(11.07)

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

(iii) Provident Fund

The Parent Company and a subsidiary of joint venture company have set up provident fund trusts, which are managed by respective companies. As per the Guidance Note on implementing AS-15, Employee Benefits (revised 2005) issued by the Accounting Standard Board (ASB), provident funds set up by employers, which require interest shortfall to be met by the employer, needs to be treated as defined benefit plans. The actuarial valuation of Provident funds was carried out in accordance with the guidance notes issued by Actuary Society.

In case of other companies in the Group, they do not have provident fund trust.

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet.

Statement of profit and loss

₹ in Lacs

Sr. No.	Particulars	2015-16	2014-15
1	Current service cost	**443.87**	494.54
2	Net benefit expense*	**443.87**	494.54

* Including ₹ 1.90 Lacs toward Research & Development expenses included under the head miscellaneous expenses and ₹ 8.61 Lacs included in Pre-operative expenses.

Notes to the Consolidated Financial Statements of the Zuari Group for the financial year 2015–16

Balance sheet

Funding status and amount recognised in the Balance Sheet as at March 31, 2016

₹ in Lacs

S. No.	Particulars	**2015-16**	2014-15	2013-14	2012-13	2011-12
1	Defined benefit obligation	**18,958.52**	17,471.81	15,888.16	14,681.02	13782.11
2	Fair value of plan assets	**19,233.32**	17,687.75	16,027.59	14,799.47	13734.69
3	Plan asset*/(liability)	**274.80**	215.94	139.44	118.45	(47.42)

* Plan asset has not been recognised in the financial statements, as the surplus of the trust is distributable among the beneficiaries of the provident fund trust.

Changes in the present value of the defined benefit obligation for the year ended March 31, 2016

₹ in Lacs

S. No.	Particulars	2015-16	2014-15
1	Opening defined benefit obligation	17,471.81	15,888.16
2	Current service cost	443.87	494.54
3	Interest cost	1,493.35	1,271.06
4	Contribution by employee/ plan participants	1,136.35	1,045.04
5	Benefits paid out of funds	(1,972.03)	(1,513.11)
6	Actuarial (gains)/losses on obligation	23.62	38.68
7	Settlements/ transfer in	361.55	247.45
8	Closing defined benefit obligation	18,958.52	17,471.81

Changes in the fair value of the plan assets for the year ended March 31, 2016

₹ in Lacs

S. No.	Particulars	2015-16	2014-15
1	Opening fair value of plan assets	17,687.75	16,027.59
2	Expected return on plan assets	1,507.30	1,402.42
3	Employer contribution	443.87	494.54
4	Plan participants/ employee contribution	1,136.35	1,045.04
5	Benefits paid out of funds	(1,972.03)	(1,513.11)
6	Actuarial (gains)/losses on plan assets	47.79	(16.18)
7	Settlements/ transfer in	382.28	247.45
8	Closing fair value of plan assets	19,233.32	17,687.75

The Parent Company and subsidiary of the joint venture expects to contribute ₹ 551.07 Lacs (approx.) (31st March, 2015 - ₹ 500 Lacs) to provident fund trust in the financial year 2016-17.

The principal assumptions used in determining liability are shown below:

S. No.	Particulars	**2015-16**	2014-15
1	Discount Rate	**8.00% - 8.75% p.a.**	8.75% p.a.
2	Expected rate of Return	**8.75% p.a.**	8.75% p.a.
3	Employee turnover rate	**1.00% - 3.00% p.a.**	1.00% -3.00% p.a.

Notes to the Consolidated Financial Statements of the Zuari Group for the financial year 2015–16

Details of contribution to provident fund in respect of other companies in the Group :

₹ in Lacs

Particulars	2015-16	2014-15
Contribution to Provident Fund	**202.92**	21.41

Details of Defined Contribution Plan in respect of the Group :

₹ in Lacs

Particulars	2015-16	2014-15
Contribution to Superannuation Fund	**359.28**	344.24
Contribution to Contributory pension fund	**193.97**	192.77
Employees Death Benevolent Fund	**1.89**	0.71
Contribution to Family Pension Fund	**180.55**	89.10
Contribution to National Pension Fund	**59.20**	16.31
Total	**794.89**	643.13

47. During the year, in order to rationalize the manpower cost, the Parent Company and subsidiary of a joint venture have floated Voluntary Retirement Scheme for their employees. Total 86 employees (including 74 Employees of the subsidiary of the joint venture) have opted for the scheme. The total expense of ₹ 552.82 Lacs (including ₹ 330.64 Lacs in respect of subsidiary of the joint venture) (being proportionate share of the Group) which has been charged as an exceptional item in the statement of profit and loss.

48. During the year, a sum of ₹ 34.17 Lacs (31st March, 2015 ₹ 62.5 Lacs) (being proportionate share of the group) including capital expenditure of ₹ 8.79 Lacs (31st March, 2015 ₹ 37.29 Lacs) (being proportionate share of the Group) was spent on research and development by a subsidiary company of the joint venture (excluding depreciation).Miscellaneous expenses in Note number 25 includes Research and Development expenditure of ₹ 42.33 Lacs (31st March, 2015 40.90 Lacs) in respect of a subsidiary on revenue account.

49. Segment Reporting

* **Primary Segment** – The Group is engaged in the manufacture, sale and trading of fertilizers and seed which in the context of Accounting Standard 17 (Segmental Information) notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014, is considered as the only business segment. Accordingly no separate segmental information has been provided herein.

* **Secondary Segment** – Geographical Segment

The Group operates in India and therefore caters to the needs of the domestic market. Therefore, there is only one geographical segment and hence, segment information is not required to be disclosed.

50. Related party disclosures under Accounting Standard – 18

A. The list of Related Parties as identified by the management is as under:

i) Joint ventures of the Group

1. Zuari Maroc Phosphates Private Limited.
2. Paradeep Phosphates Limited – Subsidiary of Zuari Maroc Phosphates Private Limited.
3. Zuari Rotem Speciality Fertilizers Limited (upto 10th December 2015)
4. MCA Phosphates Pte Limited

ii) Associate of the Group

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iii) Key Management Personnel of the Group

1. Mr. S. S. Nandurdikar, Managing Director of Paradeep Phosphates Limited(upto 31st March, 2015)
2. Mr. D. S. Ravindra Raju, Whole Time Director of Paradeep Phosphates Limited w.e.f. 1st November, 2014
3. Mr. N Suresh Krishnan, Managing Director of Zuari Agro Chemicals Limited (upto 31st March, 2015) Managing Director of Zuari Maroc Phosphates Private Limited (upto 16th October 2015) and Managing Director of Mangalore Fertilisers and Chemicals Limited w.e.f. 1st January 2016.
4. Mr. Akshay Poddar – Executive Director of Zuari Agro Chemicals Limited (upto 19th December, 2014)
5. Mr. Kaushal Jaiswal – Chief Executive Officer of Zuari Rotem Speciality Fertlizers Limited (upto 30th June, 2014) and Chief Executive Officer of Zuari Agri Sciences Ltd w.e.f. 1st September 2015.
6. Mr. V. L. Nageshwara Rao – Manager of Zuari Agri Sciences Limited (upto June 30,2015)
7. Mr. Kapil Mehen, Managing Director of Paradeep Phosphates Limited and Zuari Agro Chemicals Ltd (w.e.f 1st April, 2015)
8. Mr. K. Prabhakar Rao, Whole-time Director of Mangalore Fertilisers & Chemicals Limited.
9. Mr. Deepak Anand, Managing Director of Mangalore Fertilisers & Chemicals Limited (upto 31st December 2015)

iv) Relatives of Key Management Personnel

1 Mr. S. K. Poddar (Father of Mr. Akshay Poddar)

v) Other Venturers in respect of JV Entities

1. OCP S.A. Morocco
2. Rotem Amfert Negev Limited (upto 10th December 2015)
3. Indo Maroc Phosphore Limited
4. Bunge Maroc Phosphore
5. Phosphate De Boucraa SA

vi) Parties having significant influence

1. Zuari Global Limited
2. Indian Furniture Products Limited
3. Soundaryaa IFPL Interiors Limited – Subsidiary of Indian Furniture Products Limited w.e.f. 4th December, 2014
4. Simon India Limited
5. Zuari Management Services Limited
6. Zuari Infraworld India Limited
7. Zuari Infra Middle East Limited – Subsidiary of Zuari Infraworld India Limited w.e.f. 10th September, 2014
8. SJM Elysium Properties LLC (Subsidiary of Zuari Infra Middle East Limited w.e.f 21st December, 2015).
9. Gulbarga Cement Limited – Joint Venture of Zuari Global Limited up to 12th January, 2015
10. Globex Limited (upto 30th October, 2015 liquidated thereafter)

Notes to the Consolidated Financial Statements of the Zuari Group for the financial year 2015–16

11. Zuari Investments Limited
12. Zuari Insurance Brokers Limited- Subsidiary of Zuari Investments Limited
13. Zuari Commodity Trading Limited- Subsidiary of Zuari Investments Limited
14. Zuari Sugar and Power Limited - Subsidiary of Zuari Investments Limited
    (up to 14th January 2015 and thereafter wholly owned subsidiary of Zuari Global Limited)
15. Gobind Sugar Mills Limited – Subsidiary of Zuari Investments Limited w.e.f 25th August, 2014
16. Zuari Indian Oiltanking Private Limited- Joint Venture of Zuari Global Limited.
17. Braj bhumi Nirmaan Private Limited (Joint Venture of Zuari Infraworld India Limited
    (w.e.f 31st December, 2014)
18. Rosewood Agencies Private Limited (Subsidiary of Braj bhumi Nirmaan Private Limited)
19. Neobeam Agents Private Limited (Subsidiary of Braj bhumi Nirmaan Private Limited)
20. Mayapur Commercial Private Limited (Subsidiary of Braj bhumi Nirmaan Private Limited)
21. Nexus Vintrade Private Limited (Subsidiary of Braj bhumi Nirmaan Private Limited)
22. Bahubali Tradecomm Private Limited (Subsidiary of Braj bhumi Nirmaan Private Limited)
23. Hopeful Sales Private Limited (Subsidiary of Braj bhumi Nirmaan Private Limited)
24. Divine Realdev Private Limited (Subsidiary of Braj bhumi Nirmaan Private Limited)
25. Kushal Infraproperty Private Limited (Subsidiary of Braj bhumi Nirmaan Private Limited)
26. Beatle Agencies Private Limited(Subsidiary of Braj bhumi Nirmaan Private Limited)
27. Suhana Properties Private Limited(Subsidiary of Braj bhumi Nirmaan Private Limited)
28. Saket Mansions Private Limited(Subsidiary of Braj bhumi Nirmaan Private Limited)
29. Murari Enclave Private Limited (100% subsidiary of Rosewood Agencies Private Limited)
    Ceased to be subsidiary w.e.f 29th March, 2016
30. Damodar Enclave Private Limited (100% subsidiary of Neobeam Agents Private Limited)
    Ceased to be subsidiary w.e.f 16th December, 2016
31. Natwar Enclave Private Limited (100% subsidiary of Mayapur Commercial Private Limited)
    Ceased to be a subsidiary w.e.f 29th March, 2016
32. Banibihari Enclave Private Limited (100% subsidiary of Nexus Vintrade Private Limited)
    Ceased to be a subsidiary w.e.f 29th March, 2016
33. Pranati Niketan Private Limited (Joint Venture of Zuari Infraworld India Limited
    (w.e.f 31st December, 2014)
34. Darshan Nirmaan Private Limited (Joint Venture of Zuari Infraworld India Limited
    (w.e.f 31st December, 2014)
35. New Eros Tradecom Limited-Associate of Zuari Investments Limited
    (subsidiary of Gobind Sugar Mills Limited upto 22nd August, 2014)

vii) Enterprises owned or significantly influenced by key management personnel or their relatives

1. Gobind Sugar Mills Limited (upto 31st March, 2015)

The transactions with related parties are given below:

Notes to the Consolidated Financial Statements of the Zuari Group for the financial year 2015–16

b. Related party disclosures under Accounting Standard – 18

Following transactions were carried out with related parties in the ordinary course of business

₹ in Lacs

Sr. No	Transaction details	2015-16						2014-15					
		Joint Ventures	Joint Venturers	Key manage–ment personnel (KMP)	Enter-prises Having Signi-ficant Influences	Enterprises owned or signi-ficantly influenced by key manage-ment personnel or their relatives	Total	Joint Ventures	Joint Venturers	Key manage–ment personnel (KMP)	Enter-prises Having Signi-ficant Influences	Enterprises owned or signi-ficantly influenced by key manag-ement personnel or their relatives	Total
1	**Payment made on their behalf**												
	- Paradeep Phosphates Limited	**404.02**	-	-	-	-	**404.02**	53.33	-	-		-	53.33
	- Zuari Speciality Fertilisers Limited	-	-	-	-	-	-	0.41	-	-		-	0.41
	- Zuari Investment Limited	-	-	-	-	-	-	-	-	-	2.87	-	2.87
	- Zuari Management Services Limited	-	-	-	**81.50**	-	**81.50**	-	-	-	50.60	-	50.60
	- Zuari Infraworld India Limited	-	-	-	-	-	-	-	-	-	0.08	-	0.08
	- Simon India Limited	-	-	-	-	-	-	-	-	-	11.42	-	11.42
	- Indian Furniture Products Limited	-	-	-	-	-	-	-	-	-	0.33	-	0.33
	- Zuari Global Limited	-	-	-	**4.12**	-	**4.12**	-	-	-	82.04	-	82.04
	- Gulbarga Cement Limited	-	-	-	-	-	-	-	-	-	0.01	-	0.01
	- Gobind Sugar Mills Limited	-	-	-	-	-	-	-	-	-	0.24	-	0.24
2	**Payment made on our behalf**												
	- Paradeep Phosphates Limited	**48.41**	-	-	-	-	**48.41**	4.61	-	-	-	-	4.61
	- Zuari Global Limited	-	-	-	**160.19**	-	**160.19**	-	-	-	7.57	-	7.57
	- Simon India Limited	-	-	-	**1.14**	-	**1.14**	-	-	-	0.29	-	0.29
	- Zuari Management Services Limited	-	-	-	**27.36**	-	**27.36**	-	-	-	6.00	-	6.00
	- Zuari Investments Limited	-	-	-	-	-	-	-	-	-	0.23	-	0.23
	- Indian Furniture Products Limited	-	-	-	**5.29**	-	**5.29**	-	-	-	0.03	-	0.03
	- Globex Limited	-	-	-	-	-	-	-	-	-	1,586.31	-	1,586.31
	- Gobind Sugar Mills Limited	-	-	-	**9.35**	-	**9.35**	-	-	-	-	-	-
	- Adventz Industries India Limited	-	-	-		-	-	-	-	-	0.02	-	0.02
	- Zuari Infraworld India Limited	-	-	-	**0.01**	-	**0.01**	-	-	-	-	-	
3	**Material Taken on Swap basis**												
	- Paradeep Phosphates Limited	-	-	-	-	-	-	1,273.24	-	-	-	-	1,273.24
4	**Purchase of Fixed Assets**												
	- Simon India Limited	-	-	-	**4,586.61**	-	**4,586.61**	-	-	-	9,771.13	-	9,771.13
	- Indian Furniture Products Limited	-	-	-	**148.48**	-	**148.48**	-	-	-	70.34	-	70.34
5	**Service / Consultancy/Corporate Guarantee charges paid**												
	- Zuari Investment Limited	-	-	-	**0.01**	-	**0.01**	-	-	-	-	-	-
	- Zuari Management Services Limited	-	-	-	**198.35**	-	**198.35**	-	-	-	414.47	-	414.47
	- Indian Furniture Products Limited	-	-	-	**0.26**	-	**0.26**	-	-	-	-	-	-
	- Zuari Insurance Brokers Limited	-	-	-	-	-	-	-	-	-	2.81	-	2.81

Notes to the Consolidated Financial Statements of the Zuari Group for the financial year 2015–16

₹ in Lacs

Sr. No	Transaction details	2015-16						2014-15					
		Joint Ventures	Joint Venturers	Key manage–ment personnel (KMP)	Enter-prises Having Signi-ficant Influences	Enterprises owned or signi-ficantly influenced by key manage-ment personnel or their relatives	Total	Joint Ventures	Joint Venturers	Key manage–ment personnel (KMP)	Enter-prises Having Signi-ficant Influences	Enterprises owned or signi-ficantly influenced by key manag-ement personnel or their relatives	Total
6	**Managerial remuneration**												
	- Mr. S.S. Nandurdikar	-	-	-	-	-	-	-	-	79.46	-	-	79.46
	- Mr. D.S. Ravindra Raju	-	-	50.10	-	-	50.10	-	-	15.93	-	-	15.93
	- Mr.N.Suresh Krishnan	-	-	-	-	-	-	-	-	196.16	-	-	196.16
	- Mr.Akshay Poddar	-	-	-	-	-	-	-	-	33.39	-	-	33.39
	- Mr.Kaushal Jaiswal	-	-	50.53	-	-	50.53	-	-	41.62	-	-	41.62
	- Mr.Kapil Mehan	-	-	276.41	-	-	276.41	-	-	-	-	-	-
	- Mr.V.L.Nageswara Rao	-	-	7.30	-	-	7.30	-	-	26.79			26.79
	- Mr.K.Prabhakar Rao	-	-	62.44	-	-	62.44	-	-	-	-	-	-
7	**Purchase of finished goods, raw material,spares, etc**												
	- OCP S.A., Moracco	-	61,952.95	-	-	-	61,952.95	-	63,084.31	-	-	-	63,084.31
	- Zuari Speciality Fertilisers Limited	1,368.91	-	-	-	-	1,368.91	3,215.61	-	-	-	-	3,215.61
	- Zuari Global Limited	-	-	-	-	-	-	-	-	-	3,973.74	-	3,973.74
	- Paradeep Phosphates Limited	32.36	-	-	-	-	32.36	-	-	-	-	-	-
	- Rotem Amfert Nagev Limited	-	393.78	-	-	-	393.78	-	734.39	-	-	-	734.39
	- Indo Maroc Phosphores S.A.Morocco	-	4,035.68	-	-	-	4,035.68	-	5,874.81	-	-	-	5,874.81
8	**Sale of finished goods, raw material,spares, etc**												
	- Zuari Speciality Fertilisers Limited	-	-	-	-	-	-	96.00	-	-	-	-	96.00
	- Gobind Sugar Mills Limited	-	-	-	593.92	-	593.92	-	-	-	-	-	-
	- Paradeep Phosphates Limited	19.36	-	-	-	-	19.36						
9	**Demmuarge Expenses**												
	- OCP S.A., Moracco	-	127.96	-	-	-	127.96	-	76.62	-	-	-	76.62
	- Indo Maroc Phosphores S.A.Morocco	-	10.82	-	-	-	10.82	-	19.68	-	-	-	19.68
10	**Write back, Claims & Demmuarges**												
	- OCP S.A., Moracco	-	83.98	-	-	-	83.98	-	15.88	-	-	-	15.88
11	**Royalty paid**												
	-Rotem Amfert Nagev Limited	-	-	-	-	-	-	-	45.22	-	-	-	45.22
12	**Miscelleaneous Income/Rebate Received on purchase of finished goods**												
	- Paradeep Phosphates Limited	71.16	-	-	-	-	71.16	-	-	-	-	-	
13	**Management Fee Paid**												
	- Zuari Global Limited	-	-	-	-	-	-	-	-	-	9.96	-	9.96

Notes to the Consolidated Financial Statements of the Zuari Group for the financial year 2015–16

₹ in Lacs

Sr. No	Transaction details	2015-16						2014-15					
		Joint Ventures	**Joint Venturers**	**Key manage–ment personnel (KMP)**	**Enter-prises Having Signi-ficant Influences**	**Enterprises owned or signi-ficantly influenced by key manage-ment personnel or their relatives**	**Total**	Joint Ventures	Joint Venturers	**Key manage–ment personnel (KMP)**	Enter-prises Having Signi-ficant Influences	Enterprises owned or signi-ficantly influenced by key manag-ement personnel or their relatives	Total
14	**Rent Paid**												
	- Zuari Global Limited	-	-	-	48.08	-	48.08	-	-	-	44.73	-	44.73
	- Zuari Management Services Limited	-	-	-	-	-	-	-	-	-	11.69	-	11.69
15	**Sitting Fee Paid**												
	- Mr.S.K.Poddar	-	-	-	-	-	-	-	-	1.85	-	-	1.85
16	**Interest received on loan/deposit/ trade receivable**												
	- Mr.N.Suresh Krishnan	-	-	-	-	-	-	-	-	1.34	-	-	1.34
	- Gobind Sugar Mills Limited	-	-	-	94.37	-	94.37	-	-	-	-	-	
	- Zuari Speciality Fertilisers Limited	-	-	-	-	-	-	6.24	-	-	-	-	6.24
17	**Interest Paid**												
	- Zuari Speciality Fertilisers Limited	-	-	-	-	-	-	6.32	-	-	-	-	6.32
	- Gobind Sugar Mills Limited	-	-	-	0.04	-	0.04	-	-	-	-	-	-
18	**Sale of fixed assets**												
	- Zuari Global Limited	-	-	-	-	-	-	-	-	-	3.24	-	3.24
19	**Dividend paid**												
	- Zuari Global Limited	-	-	-	168.23	-	168.23	-	-	-	252.35	-	252.35
	- Zuari Management Services Limited	-	-	-	101.58	-	101.58	-	-	-	152.37	-	152.37
20	**Inter-Corporate Deposit/Loan/ Advance paid**												
	- Indian Furniture Products Limited	-	-	-	-	-	-	-	-	-	700.00	-	700.00
21	**Advance given for purchase of shares**												
	- Zuari Global Limited	-	-	-	-	-	-	-	-	-	11,920.00	-	11,920.00
22	**Director deposit given**												
	- Zuari Speciality Fertilisers Limited	0.50	-	-	-	-	0.50	-	-	-	-	-	-
23	**Director deposit received**												
	- Zuari Global Limited	-	-	-	1.00	-	1.00	-	-	-	-	-	-
	- Zuari Management Services Limited	-	-	-	1.00	-	1.00	-	-	-	-	-	-
24	**Dispatch money written off**												
	- OCP S.A., Moracco	-	52.89	-	-	-	52.89	-	-	-	-	-	-
25	**Advances written back**												
	- Globex Limited	-	-	-	528.58	-	528.58	-	-	-	-	-	-

Notes to the Consolidated Financial Statements of the Zuari Group for the financial year 2015–16

Related Party disclosures under Accounting Standard – 18

Balance Outstanding at the year end

₹ in Lacs

Sr. No	Transaction details	2015-16						2014-15					
		Joint Ventures	Joint Venturers	Key manage–ment personnel (KMP)	Enter-prises Having Signi-ficant Influences	Enterprises owned or significantly influenced by key management personnel or their relatives	Total	Joint Ventures	Joint Venturers	Key manage–ment personnel (KMP)	Enter-prises Having Signi-ficant Influences	Enterprises owned or significantly influenced by key management personnel or their relatives	Total
1	**Loan/ICD given**												
	- Mr.N.Suresh Krishnan	-	-	-	-	-	-	-	-	18.00	-	-	18.00
2	**Advance against purchase of Investment**												
	- Zuari Global Limited	-	-	-	11,920.00	-	11,920.00	-	-	-	11,920.00	-	11,920.00
3	**Advance Recoverable**												
	- Paradeep Phosphates Limited	-	-	-	-	-	-	12.30	-	-	-	-	12.30
	- Simon India Limited	-	-	-	-	-	-	-	-	-	0.30	-	0.30
	- Adventz Industries India Limited	-	-	-	2.05	-	2.05	-	-	-	2.06	-	2.06
	- Bunge Maroc Phosphore	-	-	-	-	-	-	-	10.24	-	-	-	10.24
	- Zuari Infraworld India Limited	-	-	-	4.67	-	4.67	-	-	-	4.75	-	4.75
	- OCP S.A., Moracco	-	9.82	-	-	-	9.82	-	9.81	-	-	-	9.81
	- Zuari Indian Oiltanking Private Limited	-	-	-	404.50	-	404.50	-	-	-	606.74	-	606.74
	- Zuari Management Services Limited	-	-	-	79.05	-	79.05	-	-	-	-	-	-
	- Indian Furniture Products Limited	-	-	-	700.00	-	700.00	-	-	-	699.95	-	699.95
	- Gulbarga Cement Limited	-	-	-	-	-	-	-	-	-	0.01	-	0.01
4	**As Trade Receivable**												
	- Paradeep Phosphates Limited	26.86	-	-	-	-	26.86	7.50	-	-	-	-	7.50
	- Gobind Sugar Mills Limited	-	-	-	742.44	-	742.44	-	-	-	156.73	-	156.73
5	**As Trade Payable and creditors for fixed assets**												-
	- OCP S.A., Moracco	-	5,650.47	-	-	-	5,650.47	-	8,285.61	-	-	-	8,285.61
	- Paradeep Phosphates Limited	38.47	-	-	-	-	38.47	0.17	-	-	-	-	0.17
	- Zuari Speciality Fertilisers Limited	-	-	-	-	-	-	524.72	-	-	-	-	524.72
	- Zuari Maroc Phosphates Private Limited	9.34	-	-	-	-	9.34	9.34	-	-	-	-	9.34
	- Simon India Limited	-	-	-	2,337.27	-	2,337.27	-	-	-	2,012.75	-	2,012.75
	- Rotem Amfert Nagev Limited	-	-	-	-	-	-	-	60.78	-	-	-	60.78
	- Indo Maroc Phosphores S.A.Morocco	-	26.87	-	-	-	26.87	-	213.33	-	-	-	213.33
	- Zuari Management Services Limited	-	-	-	1.82	-	1.82	-	-	-	16.31	-	16.31
	- Zuari Investments Limited	-	-	-	-	-	-	-	-	-	0.02	-	0.02
	- Phosphates De Boucraa SA	-	-	-	-	-	-	-	-	-	3.06	-	3.06
	- Indian Furniture Products Limited	-	-	-	32.68	-	32.68	-	-	-	-	-	-
	- Zuari Global Limited	-	-	-	0.04	-	0.04	-	-	-	94.35	-	94.35
	- Globex Limited	-	-	-	-	-	-	-	-	-	1,584.30	-	1,584.30
	- Gobind Sugar Mills Limited	-	-	-	0.94	-	0.94	-	-	-	-	-	-
	- Style Spa Furniture Limited	-	-	-	-	-	-	-	-	-	-	-	-
6	**Claim Recoverable**												
	- OCP S.A., Moracco	-	3,371.36	-	-	-	3,371.36	-	576.11	-	-	-	576.11
	- Bunge Maroc Phosphore	-	-	-	10.84	-	10.84	-	-	-	-	-	-
7	**Depsoit Received**												
	- Gobind Sugar Mills Limited	-	-	-	0.50	-	0.50	-	-	-	0.25	-	0.25
8	**Interest on Loan/ICD**												
	- Mr.N.Suresh Krishnan	-	-	-	-	-	-	-	-	8.76	-	-	8.76
9	**Interest Acrcrued/Received on Loan / Deposit/Trade receivable**												
	- Gobind Sugar Mills Limited	-	-	-	94.37	-	94.37	-	-	-	-	-	-

Notes to the Consolidated Financial Statements of the Zuari Group for the financial year 2015–16

51. Details of the Group's share in Joint Ventures included in the Consolidated Financial Statements are as follows:

₹ in Lacs

Sl. No.	Particulars	As at March 31, 2016	As at March 31, 2015
I.	**EQUITY AND LIABILITIES**		
	Reserves and surplus	**45,936.86**	43,419.14
	Minority Interest	**11,108.75**	10,353.23
	Non-Current Liabilities		
	Long term borrowings	**19,201.81**	19,920.44
	Deferred tax liabilities (Net)	-	95.96
	Other long term liabilities	**280.06**	354.53
	Long-term provisions	**546.47**	258.99
	Current Liabilities		
	Short-term borrowings	**1,18,442.20**	75,910.97
	Trade payables	**23,270.76**	17,301.83
	Other Current Liabilities	**16,999.74**	10,870.15
	Short-term provisions	**2,724.63**	2,707.84
	Total	**2,38,511.26**	181,193.08

₹ in Lacs

Sl. No.	Particulars	As at March 31, 2016	As at March 31, 2015
II	**ASSETS**		
	Non-current assets		
	Tangible assets	**46,700.81**	18,871.02
	Intangible assets	**49.91**	79.82
	Capital work-in-progress (including pre-operative expense)	**7,979.31**	26,216.73
	Non-current Investment	**11,954.96**	10,743.59
	Long-term loans and advances	**4,258.31**	2,719.20
	Other Non-Current Assets	-	38.10
	Current investments	**63.60**	71.09
	Inventories	**35,737.27**	38,796.92
	Trade receivables	**1,11,621.46**	64,307.29
	Cash and bank balances	**1,866.52**	2,536.52
	Short-term loans and advances	**2,818.19**	3,168.48
	Other current assets	**27,335.69**	23,675.44
	Total	**2,50,386.01**	191,224.20

₹ in Lacs

Sl. No.	Particulars	As at March 31, 2016	As at March 31, 2015
I	**INCOME**		
	Revenue from operations (gross)	**2,40,793.97**	209,481.41

Notes to the Consolidated Financial Statements of the Zuari Group for the financial year 2015–16

₹ in Lacs

Sl. No.	Particulars	As at March 31, 2016	As at March 31, 2015
	Less: excise duty	**1,617.65**	1,343.69
	Revenue from operations (net)	**2,39,176.32**	208,137.73
	Other income	**2,236.82**	4,309.08
	Total Revenue (I)	**2,41,413.15**	212,446.80
II	**EXPENDITURE**		
	Cost of raw materials consumed	**1,58,053.54**	132,875.18
	Purchase of traded goods	**31,268.87**	26,224.34
	(Increase)/decrease in inventories	**(3,997.55)**	2,018.18
	Employee benefit expense	**5,912.94**	5,416.90
	Depreciation and amortization expense	**1,449.46**	1,146.95
	Finance costs	**9,668.93**	8,263.60
	Other expenses	**36,447.42**	33,858.07
	Exceptional items	**330.64**	
	Total Expenditure (II)	**2,39,134.25**	2,09,803.21
III	**Profit before tax**	**2,278.89**	2,643.59
	Tax expenses		
	Current income tax	**851.76**	399.39
	MAT Credit Entitlement	**(851.76)**	(399.39)
	Deferred tax	**(39.72)**	(4.05)
	Income tax expenses/credit of earlier years	**(153.84)**	(169.77)
IV	**Total tax expense/credit**	**(193.55)**	(173.82)
V	**Profit after tax**	**2,472.45**	2,817.42
VI	**Share in Losses of Associates**	**(484.49)**	(211.54)
VII	**Share of Minority in Profits/(Losses)**	**755.52**	(540.18)
VIII	**Profit for the year**	**2,743.48**	2,065.70

52. Disclosure as per Section 22 of "The Micro, Small and Medium Enterprises Development Act, 2006".

₹ in Lacs

Sl. No.	Particulars	2015-16	2014-15
i)	The principal amount and the interest due thereon remaining unpaid to any supplier:		
	- Principal amount	**270.12**	Nil
	- Interest thereon	**29.02**	0.81
ii)	the amount of interest paid by the buyer in terms of section 18, along with the amounts of the payment made to the supplier beyond the appointed day.	**Nil**	Nil

Notes to the Consolidated Financial Statements of the Zuari Group for the financial year 2015–16

₹ in Lacs

Sl. No.	Particulars	2015-16	2014-15
iii)	the amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	**Nil**	Nil
iv)	the amount of interest accrued and remaining unpaid	**29.02**	0.81
v)	the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small investor	**Nil**	Nil

53. Department of Fertilizers (DOF), Government of India, issued an office memorandum dated July 8, 2013, whereby Imported Phosphatic and Potassic (P&K) fertilizers dispatched by the fertiliser companies to their warehouse for onward sale during the month of February and March 2013 without having any supply plan issued by DOF was regularized as per Nutrient Based Subsidy (NBS) rates applicable for the year 2013-14. However, these NBS rates, as per the Government of India's policy, are notified after approval by Cabinet Committee for Economic Affairs (CCEA) before the start of financial year and therefore, cannot be changed before next financial year. Accordingly, the Parent Company had recognized ₹ 2,223.11 Lacs in the previous years being the difference between the applicable NBS rates of 2012-13 and 2013-14 for the dispatches made to its warehouse during February and March 2013 but sold in 2012-13 and 2013-14 respectively. During the previous year, the Parent Company had reversed the subsidy income of ₹ 274.08 Lacs for the quantities imported and dispatched during the month of February and March 2013. The Parent Company is in discussions with the Department of Fertilisers for receiving the short amount of subsidy and, if required, take appropriate legal steps to recover the aforesaid differential subsidy amount. The Parent Company is hopeful to realise the aforesaid subsidy amount, hence no provision for balance amount of ₹ 1,949.03 Lacs has been made in the accounts.

54. In case of a subsidiary company (joint venture upto 10th December 2015) has been granted Eligibility Certificate by the Directorate of Industries, Government of Maharashtra vide letter No JDI/PUNE/PSI-2007/EC-12/2012/732 dated 19-7-2012. As per the Eligibility Certificate, the Joint Venture is entitled to:

    (a) Electricity Duty Exemption for a period of 15 years from date of Commercial production.

    (b) 25% refund of annual VAT and CST liability (after set-off) on sale of manufactured goods.

    In terms of the Accounting Standard (AS 12) "Accounting for Government Grants" notified under the Companies Act, 2013, the eligible incentive is considered as a capital grant and has been set-up as deferred income, being recognised in the statement of profit and loss over the life of the eligible fixed assets.

    Incentive receivable in respect of VAT and CST liability aggregating ₹ 153.51 Lacs as at March 31, 2016 has been set up as deferred income and is being recognised in the statement of profit and loss on systematic basis over the life of the eligible fixed assets. During the year, ₹ 11.05 Lacs (being proportionate share of Group) [March 31,2015: ₹ 7.64 Lacs (being proportionate share of Group)] has been credited to the statement of profit and loss. The subsidiary company received an amount of ₹ 11.87 Lacs[March 31,2015: ₹ 14.62 Lacs (being proportionate share of Group)] from the sales tax department as refund claims.

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

55. In respect of one of the subsidiary company, the company is planning to set up a phosphatic fertilizer plant in Ras-Al-Khaimah in United Arab Emirates in collaboration with Ras-Al -Khaimah Maritime City Free Zone Authority. Expenditure on consultancy and related expenditure amounting to ₹ 3,105.11 Lacs(31st March, 2015: 3376.35 Lacs) have been shown under loans and advances, pending decision on issue of shares to the company in the proposed joint venture project or transfer of expenses to a group entity, which will enter into the joint venture with the overseas party.

56. In respect of Parent Company, during the financial year 2013-14, the Parent Company had sold part of freehold land at a consideration of ₹ 16,359.32 Lacs. The possession of the said parcel of land was handed over on 28thMarch, 2014; however the transfer of title is under progress. The Parent Company had received full consideration from the buyer during the earlier year.

Notes to the Consolidated Financial Statements of the Zuari Group for the financial year 2015–16

57. In respect one of the of joint venture of the company, in respect of investment made by joint venture in its subsidiary, as per Article 3.4 of the Share Purchase Agreement dated 28th February, 2002, the joint venture had preferred a claim on the Government of India of ₹ 7,577.50 Lacs (being proportionate share of the Group). The matter was referred to an Arbitral Tribunal which in its award dismissed the claim of the joint venture. The joint venture has filed a petition in the Hon'ble High Court of Delhi against the award of the Arbitral Tribunal.

58. In respect of Parent Company, in terms of Demerger of fertilizer undertaking from Zuari Global Limited in an earlier year, the title deeds of Immovable properties are in the process of being transferred in the name of the Parent Company.

59. The Board of Directors of the Parent Company at its meeting held on December 29, 2015, has considered and approved, the scheme of amalgamation of Zuari Fertilisers and Chemicals Limited (ZFCL), Zuari Speciality Fertilizers Limited (formerly known as Zuari Rotem Speciality Fertilizers Limited) (ZSFL) and Zuari Agri Sciences Limited (ZASL) with the Company under the provisions of Sections 391 to 394 of the Companies Act, 1956 and other applicable provisions of Companies Act, 1956/ Companies Act, 2013 ("Scheme" and such amalgamation referred to as "Amalgamation"), as recommended by the Audit Committee of the Company.

    The Amalgamation shall be subject to the approval/ sanction of the Scheme of Amalgamation by the Hon'ble High Court of Bombay at Goa and such other authority, as may be necessary.

    The appointed date of the Amalgamation is April 01, 2015. It is pertinent to note that as a consequence of Amalgamation, there will be no change in the shareholding pattern of the Company, given that the Company is not required to issue any shares pursuant to the Amalgamation as all the Transferor Companies, i.e., ZFCL, ZSFL and ZASL are wholly-owned subsidiaries of the Company. Further, upon the scheme becoming effective, the Transferor Companies i.e. ZFCL, ZSFL and ZASL will be dissolved without winding up and the shares held by the parent company in the Transferor Companies shall be cancelled and extinguished without any act or deed.

60. The Parent Company has during the year, received an insurance claim of ₹ 1,070.25 Lacs from the insurance company on the account of damage claim to boiler feed water pump on 8th August, 2014, which is included under other income in the statement of profit and loss.

61. a. Remuneration paid to Managing Director of the Parent Company is in excess by ₹ 149.82 Lacs from limits specified in Schedule V of the Companies Act, 2013 in view of inadequacy of profits. The Parent Company has made an application seeking approval from Central Government for payment of managerial remuneration to Managing Director in excess of the limits specified under the Companies Act, 2013, for the financial year ended March 31st, 2016, Approval is awaited.

    b. In case of one of the subsidiary company, managerial remuneration paid/ provided to the whole time director aggregating to ₹ 9.89 Lacs is subject to approval of the members, vide special resolution in the ensuing Annual General Meeting.

62. During the year, the Audit Committee of a subsidiary had directed expeditious investigation in relation to all the transactions with United Breweries Holdings Ltd. (UBHL) and its group companies (UB Group) referred in paragraph (a) & (b) below. Pursuant to the directions of the Audit Committee, an independent firm of accountants were engaged to carry out the forensic investigation as required and presentation made by them, at the meeting of Audit Committee and Board of Directors of the subsidiary held on May 06, 2016, stated that during the earlier financial years, the transactions involved in investment in the preference shares of the Bangalore Beverages Limited (BBL), a UB Group entity and advance to UBHL, may have involved irregularities and elements of mismanagement in the Company. The company is taking necessary legal advice in connection with the findings of an independent firm of accountants.

63. a. During the financial years 2010-11 and 2011-12, payments of ₹ 5200 Lacs were made to UBHL by the subsidiary which were adjusted over a periods towards certain amounts payable to UBHL. The outstanding dues of ₹ 1668 Lacs as on March 31, 2016 from UBHL is provided as exceptional item in view of the uncertainty of recoverability. However, the aforesaid transaction pertains to period prior to company become subsidiary of the parent company, the said amount has been adjusted as goodwill.

    b. During the earlier financial years, funds were invested by the Subsidiary as subscription to optionally convertible redeemable cumulative preference shares of ₹ 100/- each with a coupon rate of 0.001% repayable after 20 year in BBL during 2012-13 for ₹ 20,000 Lacs. The said investment in the preference share capital of BBL was redeemed by fresh issue and subscription of 200,000 redeemable cumulative preference shares of ₹ 1/- each with a coupon rate of 10% repayable after 20 years at a premium of ₹ 9,999/- per share during 2013-14. In June 2015, an attempt was made for early redemption by mutual consent as per the terms of issue of the said preference shares which was futile. Accordingly, in view of the developing circumstances, a provision for the investment in the preference share capital of ₹ 20,000 Lacs in BBL is made. However, the aforesaid transaction pertains to period prior to company become subsidiary of the parent company, the said amount has been adjusted as goodwill.

Notes to the Consolidated Financial Statements of the Zuari Group for the financial year 2015–16

64. Disclosure required under Schedule III of Companies Act, 2013

Sl. No.		Name of the Entity in the	Net Assets, i.e., total assets minus total liabilities		Share in Profit or Loss	
			As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount
		Zuari Agro Chemicals Limited (Consolidated)	100.00	91,487.17	100.00	(9,100.84)
1		**Parent**				
		Zuari Agro Chemicals Limited	86.07	78,747.31	17.46	(1,589.37)
2		**Indian Subsidiaries**				
	i	Zuari Agri Science Limited (formerly known as Zuari Seeds Limited)	1.14	1,045.03	1.52	(138.57)
	ii	Zuari Fertilisers & Chemicals Limited	7.97	7,287.00	123.40	(11,230.22)
	iii	Zuari Speciality Fertilisers Limited	0.92	838.67	(0.60)	54.92
3		**Minority Interests in subsidiaries**	(33.70)	(30,831.01)	(1.43)	130.40
4		**Indian Joint Venture**				
	i	Zuari Maroc Phosphates Private Limited (formerly known as Zuari Maroc Phosphates Limited)	81.99	75,013.90	(42.48)	3,865.84
	ii	Zuari Speciality Fertilisers Limited	-	-	-	-
5		**Foreign Joint Venture**				
	i	MCA Phosphates Pte. Limited	13.07	11,956.82	5.51	(501.09)
6		**Elimination and Adjustment due to Consolidation**	(57.46)	(52,570.44)	(3.38)	307.26
Total			**100.00**	**91,487.28**	**100.00**	**(9,100.83)**

65. Figures pertaining to the subsidiaries and joint ventures companies have been reclassified wherever considered necessary to bring them in line with the Parent Company's financial statements. Figures reported with respect to the joint ventures and their subsidiaries represent the Groups proportionate share only.

66. Previous year figures have been regrouped/ recasted wherever necessary to confirm to this year's classification.

As per our report of even date

For and on behalf of Board of Directors of Zuari Agro Chemicals Limited

For S.R. Batliboi & Co. LLP
Chartered Accountant
Firms Regn. No.301003E/E300005

S. K. Poddar
Chairman
DIN : 00008654

Kapil Mehan
Managing Director
DIN : 01215092

Marco Wadia
Director
DIN : 00244357

per Anil Gupta
Partner
Membership No: 87921

V. Seshadri
Vice President
- Finance

R. Y. Patil
Chief General Manager
& Company Secretary
FCS : 2845

Place : New Delhi
Dated : May 13, 2016

Place : Gurgaon
Date : May 13, 2016