S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Members of Zuari Cement Limited

Report on the Financial Statements

We have audited the accompanying standalone financial statements of Zuari Cement Limited ("the Company"), which comprise the Balance Sheet as at December 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.

S.R. Batliboi & Associates LLP Bengaluru

Opinion

In our opinion and to the best of our information and according to the explanations given to us, 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 December 31, 2016, its profit, 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 obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

   (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

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

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

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

   (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 30 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.

Bengaluru

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 & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

Kaustav Ghose

per Kaustav Ghose
Partner
Membership Number: 057828
Place of Signature: Bengaluru
Date: February 9, 2017

Annexure 1

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

Re: Zuari Cement Limited ('the Company')

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

(b) All fixed assets were physically verified by the management in the previous year in accordance with a planned programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment / fixed assets are held in the name of the Company.

(ii) The inventory, except for goods in transit, stock lying with third parties and clinker included in work in progress, has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable and no material discrepancies were noticed on such physical verification. As explained to us, stock of clinker included in work in progress, is stored in sealed containers, the content of which cannot be verified.

(iii) (a) The Company has modified the terms and conditions regarding loans granted in the earlier years to Gulbarga Cement Limited, a party covered in the register maintained under section 189 of the Companies Act 2013. The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 during the current year. In our opinion and according to the information and explanations given to us, the terms and conditions (including revised terms and conditions) of the grant of such loans are not prejudicial to the Company's interest.

Based on the revised terms and conditions the year the repayment of the loan is restructured and has been deferred by five years from the date each instalment was initially due. Hence, the repayment of the principal and the interest on aforesaid loan is not yet due. Accordingly, para 3 (iii) (b) and 3 (iii) (c) of the Order is not applicable.

(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 cement, 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, service tax, customs 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, service tax, sales-tax, duty of custom, duty of excise, value added tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

S.R. Batliboi & Associates LLP Bengaluru

(c) According to the records of the Company, the dues of income-tax, sales-tax, service tax, duty of custom, 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 (INR in lakhs)	Amount paid under protest (INR in lakhs)	Period to which the amount relates	Forum where dispute is pending
Central Sales Tax Act, 1956	Surcharge & Turnover Tax	12.95	12.95	1994-95	AP High Court
Central Excise Act, 1944	Excise Duty	395.90	-	Jul 2012 to Dec 2015	The Principal Commissioner of Central Excise, Chennai Zone
Central Excise Act, 1944	Excise Duty	943.30	-	Mar 2011 to Dec 2015; Mar 2007 to Apr 2007	Commissioner of Central Excise, Hyderabad – III Commissionerate
Central Excise Act, 1944	Excise Duty	3,595.30	-	Apr 2010 to Mar 2012	Custom Excise & Service Tax Appellate Tribunal, Hyderabad
Central Excise Act, 1944	Excise Duty	941.70	-	Apr 2015 to Dec 2015	Commissioner of Central Excise, Nellore
Central Excise Act, 1944	Excise Duty	6,640.00	29.50	Apr 2007 to Jun 2014	Commissioner of Central Excise, Tirupathi
Central Excise Act, 1944	Excise Duty	1,028.39	-	Jul 2014 to Mar 2015	Principal Commissioner of Central Excise – Nellore
Central Excise Act, 1944	Cenvat Credit	7.60	-	Apr 2015 to Dec 2015	Additional Commissioner of Central Excise – Nellore
Central Excise Act, 1944	Cenvat Credit	25.44	-	Aug 2013 to Jun 2014	Additional Commissioner of Central Excise – Tirupathi
Central Excise Act, 1944	Cenvat Credit	422.60	50.00	Dec 2007 to Aug 2011	Custom Excise & Service Tax Appellate Tribunal, Hyderabad
Central Excise Act, 1944	Cenvat Credit	5.00	-	Sep 2011 to Dec 2011	Commissioner Appeals
Central Excise Act, 1944	Cenvat Credit	4.18	0.31	Jul 2014 to Mar 2015	Commissioner Appeals, Guntur
Central Excise Act, 1944	Cenvat Credit	50.10	-	Jan 2012 to Jul 2013	Commissioner of Central Excise, Tirupathi

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Name of the statute	Nature of the dues	Amount (INR in lakhs)	Amount paid under protest (INR in lakhs)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Cenvat Credit – Service Tax	288.00	-	Jul 2015 to Feb 2008	Commissioner of Central Excise, Hyderabad – III Commissionerate
Central Excise Act, 1944	Cenvat Credit – Service Tax	12.50	-	Jan 2006 to Dec 2006	Custom Excise & Service Tax Appellate Tribunal, Hyderabad
Finance Act, 1994	Cenvat Credit – C&F	1,900.80	-	Jan 2005 to Sep 2014	Commissioner of Service tax
Central Excise Act, 1944	Cenvat Credit – Cess	16.30	-	Aug 2014 to Jun 2015	Commissioner of Central Excise, Hyderabad – III Commissionerate
Central Excise Act, 1944	Cenvat Credit – Cess	138.00	-	Jul 2010 to Jun 2015	Custom Excise & Service Tax Appellate Tribunal, Hyderabad
Central Excise Act, 1944	Cenvat Credit-Service tax	41.80	-	Aug 2011 to Mar 2016	Additional Commissioner, Chennai I Commissionerate
Central Excise Act, 1944	Cenvat Credit-Service tax	5.42	2.51	Jul 2009 to May 2014	Custom Excise & Service Tax Appellate Tribunal, Regional Bench, Hyderabad
Central Excise Act, 1944	Cenvat Credit-Service tax	12.97	-	Apr 2015 to Mar 2016	Commissioner of Central Excise, Hyderabad – III Commissionerate
Central Excise Act, 1944	Cenvat Credit-Service tax	19.60	-	Apr 2011 to Jan 2016	Additional Commissioner of Central Excise, Nellore
Central Excise Act, 1944	Cenvat Credit-Service tax	0.61	-	Apr 2008 to Oct 2009	Assistant Commissioner of Central Excise, Kadapa
Central Excise Act, 1944	Cenvat Credit-Service tax	35.20	-	2005 – 2009	Custom Excise & Service Tax Appellate Tribunal, Hyderabad
Central Sales Tax Act, 1956	CST – Stock Transfer	1,070.04	-	1997 – 1998	Andhra Pradesh High court
Central Sales Tax Act, 1956	CST – Stock Transfer	4,277.30	1,215.50	2002 – 2005	Sales Tax Appellate Tribunal
Central Sales Tax Act, 1956	CST – Stock Transfer	229.33	24.30	1998 – 1999	Supreme Court of India

Name of the statute	Nature of the dues	Amount (INR in lakhs)	Amount paid under protest (INR in lakhs)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise Duty	501.41	-	2011 – 2015	Central Excise & Service Tax Audit Commissionerate
Central Excise Act, 1944	ED - Input tax Credit	34.13	20.00	2007 – 2008	Assistant Commissioner CT, Kadapa
Central Excise Act, 1944	ED - Input tax Credit	10.30	10.30	2011 – 2013	Custom Excise & Service Tax Appellate Tribunal
Tamil Nadu General Sales Tax Act, 1959	Input tax credit-sales tax	79.34	52.90	2011 – 2012	Sales Tax Appellate Tribunal, Chennai
Tamil Nadu General Sales Tax Act, 1959	Zero rated SEZ sales	2.07	0.52	Jul 2012 to Jun 2013	Additional Commissioner CT, Chennai
Tamil Nadu General Sales Tax Act, 1959	Zero rated SEZ sales	20.60	-	May 2015 to Aug 2015	Joint Commissioner of Commercial Taxes, Chennai
Andhra Pradesh Value Added Tax Act, 2005	Entry Tax	1.40	1.40	2002 – 2004	Supreme Court of India
Andhra Pradesh Value Added Tax Act, 2005	Entry Tax	178.30	-	2009 – 2011	Andhra Pradesh High court
Andhra Pradesh Value Added Tax Act, 2005	Entry Tax	184.50	184.50	2007 - 2008; 2009 - 2011 and 2012 - 2013	Sales Tax Appellate Tribunal, Vizag
Central Excise Act, 1944	Excise Duty	65.30	-	Nov 2007 - Dec 2008; Jan 2014 - Oct 2015	Commissioner of Central Excise, Hyderabad – III Commissionerate
Kerala Value Added Tax Rules, 2005	Sales Tax	154.46	46.34	2012 – 2014	Assistant Commissioner, Special Circle-2, Cochin
Tamil Nadu General Sales Tax Act, 1959	Sales Tax	16.10	5.76	1991 – 1993	Commercial Tax Officer, Chennai
Tamil Nadu General Sales Tax Act, 1959	Sales Tax	3.95	0.08	1993 – 1994	Chennai High court
Odisha Entry Tax Act, 1999	Entry Tax	36.10	7.10	2005 - 2006; 2001 – 2013	Sales Tax Tribunal
Odisha Sales Tax Act, 1947	Sales Tax	1.93	1.00	2004 – 2005	Appellate Authority
Odisha Sales Tax Act, 1947	Sales Tax	40.20	23.50	1992 – 1993	Orissa High Court

S.R. Batliboi & Associates LLP Bengaluru

Name of the statute	Nature of the dues	Amount (INR in lakhs)	Amount paid under protest (INR in lakhs)	Period to which the amount relates	Forum where dispute is pending
Odisha Sales Tax Act, 1947	Sales Tax	1.00	0.50	1991 – 1992	Sales Tax Tribunal
Central Excise Act, 1944	Misc. Demands	5.80	-	2011 – 2016	Additional Commissioner, Chennai Commission
Andhra Pradesh General Sales Tax Act, 1957	Input Ta Credit-sales tax	39.80	-	Apr 2011 to Mar 2013	Appellate Deputy Commissioner (CT), Tirupathi
Andhra Pradesh General Sales Tax Act, 1957	Sales Tax	18,630.00	-	2012 – 2013	Additional Commissioner (CT), LTU Kadapa Division, Kadapa
Tamil Nadu General Sales Tax Act, 1959	Input Credit – Sales Tax	0.54	0.14	2015 – 2016	Joint Commissioner, Chennai
The Customs Act, 1962	Customs Duty	653.10	37.00	Feb 2012 - Feb 2013	Custom Excise & Service Tax Appellate Tribunal
The Customs Act, 1962	Customs Duty	1,666.90	35.60	Jan 2012 - Dec 2012	Supreme Court of India
The Income-tax Act, 1961	Income Tax	200.00	200.00	2006 – 2007	Assistant Commissioner of Income Tax, Kadapa
The Income-tax Act, 1961	Transfer Pricing	3,090.00	3,030.00	2008 – 2009	Assistant Commissioner of Income Tax, Kadapa
The Income-tax Act, 1961	Income Tax	1,000.00	-	2008 – 2009	Andhra Pradesh High court
The Income-tax Act, 1961	Transfer Pricing	3,480.00	-	2009 – 2010	Transfer Pricing Officer
The Income-tax Act, 1961	Transfer Pricing	610.00	-	2010 – 2011	Income Tax Appellate Tribunal, Hyderabad
The Income-tax Act, 1961	Transfer pricing	1,280.00	-	2011 – 2012	Dispute Resolution Panel, Bangalore
The Income-tax Act, 1961	Transfer Pricing	2,550.00	-	2012 – 2013	Transfer Pricing Officer
The Income-tax Act, 1961	Income Tax	170.00	-	2012 – 2013	Assessing Officer , Kadapa

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or government or dues to debenture holders.

(ix) In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of term loans for the purposes for which they were raised.

(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 on the Company by the officers and employees of the Company has been noticed or reported during the year.

Bengaluru

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

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

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, 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 & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

Kaustav Ghose

per Kaustav Ghose
Partner
Membership Number: 057828
Place of Signature: Bengaluru
Date: February 9, 2017

Bengaluru

Annexure 2

Annexure to the Independent Auditor's Report of even date on the standalone financial statements of Zuari Cement Limted

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 Cement Limited ("the Company") as of December 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 and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at December 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.

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 Companies Act, 2013, the financial statements of the Company, which comprise the Balance Sheet as at December 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, and our report dated February 9, 2017 expressed an unqualified opinion.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

Kaustav Ghose

per Kaustav Ghose
Partner
Membership Number: 057828
Place of Signature: Bengaluru
Date: February 9, 2017

Zuari Cement Limited
Balance sheet as at December 31, 2016
Rupees in lakhs, unless otherwise stated

	Note	December 31, 2016	December 31, 2015
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	27,496.14	27,496.14
Reserves and surplus	4	1,04,934.25	1,04,708.05
		1,32,430.39	1,32,204.19
Non-current liabilities			
Long term borrowings	5	15,244.21	65,361.52
Deferred tax liabilities (net)	6	19,239.31	16,294.17
Other long-term liabilities	7	3,128.70	3,136.27
Long-term provisions	8	5,739.73	6,597.52
		43,351.95	91,388.98
Current liabilities			
Short-term borrowings	9	4.35	541.61
Trade payables	10	29,539.96	17,136.35
Other current liabilities	11	83,319.72	55,146.97
Short-term provisions	8	10,556.65	984.21
		1,23,420.71	73,849.09
		2,99,203.05	2,97,443.26
ASSETS			
Non current assets			
Fixed assets			
Tangible assets	12	1,95,824.88	1,83,217.06
Intangible assets	13	251.42	2,307.89
Capital work-in-progress		5,158.36	21,833.84
		2,01,234.66	2,07,358.79
Non-current investments	14	13,594.92	13,591.92
Long term loans and advances	15	18,441.37	21,770.49
Other non current assets	16	7,859.88	4,943.65
		39,896.17	40,305.68
Current assets			
Inventories	17	16,479.13	18,252.25
Trade receivables	18	12,420.15	9,439.15
Cash and bank balances	19	19,974.32	12,858.02
Short-term loans and advances	15	9,066.03	8,668.29
Other current assets	16	132.59	521.11
		58,072.22	49,738.82
		2,99,203.05	2,97,443.26
Summary of significant accounting policies	2		

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

As per our report of even date attached
For S.R. Batliboi & Associates LLP
Chartered Accountants
Firm registration number: 101049W/E300004

Kaustav Ghose
per Kaustav Ghose
Partner
Membership no.: 057828

Place: Bangalore
Date: February 09, 2017

For and on behalf of Board of Directors of
Zuari Cement Limited
CIN: U26942AP2010PLC050415

Kevin Gerard Gluskie Chairman DIN - 07413549	Jamshed Naval Cooper Managing Director DIN - 01527371	Krishna Srivastava Whole-time Director DIN - 03159151	Juan-Francisco Defalque Director DIN - 07318811
Akila Krishnakumar Director DIN - 06629992	R. Ramakrishnan Director DIN - 00680202	Soek Peng Sim Director DIN - 06958955	
Varaprasad Kalepalli Chief Finance Officer	L. R. Neelakanta Company Secretary		

Place: Gurgaon
Date: February 09, 2017

Zuari Cement Limited
Statement of profit and loss for the year ended December 31, 2016
Rupees in lakhs, unless otherwise stated

	Note	December 31, 2016	December 31, 2015
Income			
Revenue from operations (gross)	20	2,12,529.12	1,90,992.39
Less: excise duty		(26,714.06)	(24,436.61)
Revenue from operations (net)		1,85,815.06	1,66,555.78
Other income	21	1,960.19	1,556.38
Total revenue		1,87,775.25	1,68,112.16
Expenses			
Cost of raw material and packing material consumed	22	27,734.04	20,673.21
Change in inventories of finished goods and work-in-progress	23	2,084.14	(1,495.02)
Employee benefits expense	24	8,674.72	8,401.53
Finance costs	25	6,983.54	7,522.28
Depreciation and amortisation	26	16,172.43	14,249.93
Other expenses	27	1,12,902.02	1,09,107.24
Total expenses		1,74,550.89	1,59,008.16
Profit /(loss) before tax		13,224.36	9,104.00
Tax expense			
Current tax		2,152.22	3,010.00
Minimum alternative tax credit		(2,074.01)	(1,910.00)
Net current tax expense		78.21	1,100.00
Deferred tax charge/(credit)		2,945.14	3,100.00
Total tax expense		3,023.35	4,200.00
Profit/(loss) after tax		10,201.01	4,904.00
Earnings per equity share [nominal value of share Rs. 10/- (December 31, 2015: Rs. 10/-)]	28		
Basic		3.71	1.78
Diluted		3.71	1.78
Summary of significant accounting policies	2		

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

As per our report of even date attached
For S.R. Batliboi & Associates LLP
Chartered Accountants
Firm registration number: 101049W/E300004

Kaustav Ghose

per Kaustav Ghose
Partner
Membership no.: 057828

Place: Bangalore
Date: February 09, 2017

For and on behalf of Board of Directors of
Zuari Cement Limited
CIN: U26942AP2000PLC050415

Kevin Gerard Gluskie
Chairman
DIN - 07413549

Jamshed Naval Cooper
Managing Director
DIN - 01527371

Krishna Srivastava
Whole-time Director
DIN - 03159151

Jean-Francisco Defalque
Director
DIN - 07318811

Akila Krishnakumar
Director
DIN - 06629992

R. Ramakrishnan
Director
DIN - 00580090

Seck Peng Sim
Director
DIN - 06958955

Varaprasad Kalepalli
Chief Finance Officer

L. R. Neelakanta
Company Secretary

Place: Gurgaon
Date: February 09, 2017

Zuari Cement Limited
Cash flow statements for the year ended December 31, 2016
Rupees in lakhs, unless otherwise stated

	December 31, 2016	December 31, 2015
Cash flow from operating activities		
Profit /(loss) before tax	15,224.36	9,104.00
Adjustment to reconcile profit before tax to net cash flows		
Depreciation and amortisation	16,172.43	14,747.92
Interest income	(1,059.06)	(1,211.88)
Interest expense	6,748.75	7,080.47
(Gain)/Loss on sale of fixed assets, net	(2.17)	91.83
Provision for bad and doubtful debts, net	188.01	90.59
Unrealised foreign exchange differences (gain)/loss	32.09	(21.25)
Profit on sale of current investments, net	(470.53)	(31.00)
Operating profit before working capital changes	**36,833.88**	**29,850.68**
Movements in working capital:		
Increase / (decrease) in trade payables	12,350.84	2,559.72
Increase / (decrease) in long-term provisions	(853.79)	1,909.77
Increase / (decrease) in short-term provisions	(402.37)	806.63
Increase / (decrease) in Other long-term liabilities	(7.67)	(2.59)
Increase / (decrease) in other current liabilities	3,912.25	4,095.20
Decrease / (increase) in trade receivables	(5,168.97)	800.94
Decrease / (increase) in inventories	1,773.12	823.86
Decrease / (increase) in long-term loans and advances	28.08	(463.32)
Decrease / (increase) in short-term loan and advances	(1,151.49)	(926.12)
Decrease / (increase) in other non-current assets	-	13.76
Decrease / (increase) in other current assets	101.05	1,142.79
Cash generated from /(used in) operations	**47,411.53**	**40,618.82**
Direct taxes paid (net of refunds)	(2,618.02)	(1,390.55)
Net cash flow from/ (used in) operating activities (A)	**44,793.51**	**39,228.27**
Cash flows from investing activities		
Purchase of fixed assets, including CWIP and capital advances	(8,904.55)	(17,146.79)
Proceeds from sale of fixed assets	40.73	125.59
Purchase of non-current investments	(3.00)	-
Purchase of current investments	(39,000.00)	(19,020.00)
Proceeds from sale/maturity of current investments	39,470.53	19,145.15
Redemption/ maturity of bank deposits (having original maturity of more than twelve months)	0.48	70.29
Interest received	402.07	613.70
Net cash flow from/ (used in) investing activities (B)	**(7,994.16)**	**(18,192.86)**
Cash flows from financing activities		
Proceeds from long-term borrowings	-	33,550.00
Repayment of long-term borrowings	(21,934.46)	(46,564.34)
Increase / (decrease) in short-term borrowings	(557.26)	(37.94)
Interest paid	(7,230.86)	(9,027.09)
Net cash flow from/ (used in) in financing activities (C)	**(29,722.58)**	**(24,079.47)**
Net increase/(decrease) in cash and cash equivalents (A + B + C)	7,076.77	(1,092.96)
Cash and cash equivalents at the beginning of the year	12,898.03	13,990.99
Cash and cash equivalents at the end of the year	**19,974.80**	**12,898.03**

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Zuari Cement Limited
Cash flow statements for the year ended December 31, 2016
Rupees in lakhs, unless otherwise stated

	December 31, 2016	December 31, 2015
Components of cash and cash equivalents		
Cash on hand	2.09	3.50
Balance with banks:		
- On current accounts	6,721.74	6,285.92
- Deposits with original maturity of less than three months	13,250.01	6,608.61
Total cash and cash equivalents (note 19)	19,973.84	12,898.03

Summary of significant accounting policies (note 2)

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

As per our report of even date attached
For S.R. Batliboi & Associates LLP
Chartered Accountants
Firm registration number: 101049W/E300004

Kaustav Ghose

per Kaustav Ghose
Partner
Membership no.: 057828

Place: Bangalore
Date: February 09, 2017

For and on behalf of Board of Directors of
Zuari Cement Limited
CIN: U26942AP2000PLC050415

Kevin Gerard Gluskie	Jamshed Naval Cooper	Krishna Srivastava	Juan-Francisco Defalque
Chairman	Managing Director	Whole-time Director	Director
DIN - 07413549	DIN - 01527371	DIN - 03159151	DIN - 07318811
Akila Krishnakumar	R. Ramakrishnan	Soek Peng Sim	
Director	Director	Director	
DIN - 06629992	DIN - 00680302	DIN - 06958955	
Varaprasad Kolapalli	L. R. Neelakanta		
Chief Finance Officer	Company Secretary		

Place: Gurgaon
Date: February 09, 2017

1. Corporate information

Zuari Cement Limited (hereinafter referred to as "ZCL" or "the Company") is domiciled in India. The Company is engaged in the manufacturing of Portland cement. The Company was a joint venture between Zuari Global Limited ("ZGL") and Ciments Français S.A. ("CF", part of the Italcementi Group) up to May 31, 2016. Pursuant to CF's acquisition of 50% stake held by ZGL, the Company became a wholly owned subsidiary of CF ('the Holding Company'), effective May 31, 2016. The Ultimate Holding Company upto June 30, 2016 was Italcementi S.p.A ('the Ultimate Holding Company').

During the year, HeidelbergCement AG has completed the acquisition of Italcementi S.p.A from Italmobiliare. Accordingly, HeidelbergCement AG has become the ultimate holding Company w.e.f. July 1, 2016.

2. Basis of 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 notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention, except derivative financial instruments which have been measured at fair value.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below.

2.1. Summary of significant accounting policies

Change in accounting policy

Pursuant to application of Schedule II to the Companies Act, 2013, the company has changed the manner of depreciation for its fixed asset. The Company has reassessed the estimated useful life of fixed assets. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of fixed assets, though these rates in certain cases are different from lives prescribed under Schedule II. Further, the company identifies and determines cost of each component/part of the asset separately, if the component/part have a cost which is significant to the total cost of the asset having useful life that is materially different from that of the remaining asset. These components are depreciated over their useful lives; the remaining asset is depreciated over the life of the principal asset.

The company has used transitional provisions of Schedule II to adjust the above impact arising on its first application. If an asset has zero remaining useful life on the date of transitional provisions of Schedule II becoming effective, i.e., January 1, 2016, its carrying amount, after retaining any residual value, is charged to the opening balance of retained earnings. The carrying amount of other assets whose remaining useful life is not Nil on January 1, 2016, is depreciated over their remaining useful lives.

Considering the applicability of Schedule II to the Companies Act, 2013, the management has re-estimated useful lives and residual values of all its fixed assets. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of fixed assets, though these rates in certain cases are different from lives prescribed under Schedule II. Hence, this change in accounting policy did not have any material impact on financial statements of the company.

a. Use of estimates

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

Rupees in lakhs, unless otherwise stated

b. **Tangible fixed assets**

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

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 period during which such expenses are incurred.

The company 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 company 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.

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

c. **Depreciation**

Leasehold land is amortized on a straight line basis over the period of lease, i.e., 30 years.

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. The identified components are depreciated over their useful lives; the remaining asset is depreciated over the life of the principal asset. The company has used the following rates to provide depreciation on its fixed assets.

Asset category	Useful lives estimated by the management (years)
Buildings	5 – 58
Plant and machinery	2 – 20
Railway sidings	20
Furniture and fittings	5 – 15
Motor vehicles	4 – 10
Office equipment	3 – 20
Computer hardware	3 – 6

Assets costing less than Rs. 5,000 are fully depreciated in the year of purchase.

Cost of mineral reserve embedded in the cost of freehold mining land is depreciated in proportion of actual quantity of minerals extracted to the estimated quantity of extractable mineral reserves. Freehold non mining land is not depreciated.

d. **Intangible assets**

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. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Intangible assets are amortized on a straight line basis over the estimated useful economic life. The company uses a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. If the persuasive evidence exists to the affect that useful life of an intangible asset exceeds ten years, the company amortizes the intangible asset over the best estimate of its useful life. Such intangible assets and intangible assets not yet available for use are tested for impairment annually, either individually or at the cash-generating unit level. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

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

A summary of amortization policies applied to the company's intangible assets is as below:

Asset category	Useful lives estimated by the management (years)
Goodwill	10
Computer software	1 – 5

e. **Leases**

Where the company is lessee

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

Where the company is lessor

Leases in which the company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in property, plant and equipment. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

f. **Borrowing costs**

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

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.

g. **Impairment of fixed 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.

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.

h. **Government grants and subsidies**

Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the company will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

When the grant or subsidy relates to revenue, it is recognized as income on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset.

Government grants of the nature of promoters' contribution are credited to capital reserve and treated as a part of the shareholders' funds.

i. **Investments**

Investments, which are readily realizable and intended to be held for not more than one 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. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued.

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 an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

j. **Inventories**

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

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

Traded goods are valued at lower of cost and net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis.

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

k. **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. The following specific recognition criteria must also be met before revenue is recognized:

Sale of goods

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer. 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 revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year. Sales are reported net of sales tax, incentives and rebates.

Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

l. **Foreign currency translation**

Foreign currency transactions and balances

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.

Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

Exchange differences

Exchange differences arising on settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the period in which they arise.

The forward exchange contracts taken to hedge existing assets or liabilities are translated at the closing exchange rates and resultant exchange differences are recognised in the same manner as those on the underlying foreign currency assets or liabilities.

m. Retirement and other employee benefits

i. Superannuation Fund (being administered by Trusts) and Employees' State Insurance Corporation (ESIC) are defined contribution schemes and the contributions are charged to the statement of profit and loss for the period when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.

ii. Retirement benefits in the form of provident fund contributed to statutory provident fund is a defined contribution scheme and the payments are charged to the statement of profit and loss for the period when the payments to the respective funds are due. There are no obligations other than contribution payable to provident fund authorities.

iii. Gratuity liability (being administered by a Trust) is a defined benefit obligation and is provided for on the basis of an actuarial valuation done using projected unit credit method at the end of each financial year. Actuarial gains and losses for defined benefit plans are recognized in full in the period in which they occur in the statement of profit and loss.

iv. 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 purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

n. 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 enacted in India and tax laws prevailing in the respective tax jurisdictions where the company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences 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 realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each reporting date, the company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset 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 realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The company writes-down the carrying amount of 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 realized. 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.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

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.

o. **Segment reporting**

The Company is primarily engaged in the manufacturing of cement and hence entire operation represents a single primary segment. The company operates within India only and hence geographical segment is not applicable to the company.

p. **Earnings Per Share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

q. **Provisions**

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

Where the company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

r. **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.

s. **Site restoration expenses**

The Company provides for the estimated expenses to reclaim the quarries used for mining. The total estimate of restoration expenses is apportioned over the estimate of mineral reserves and a provision is made based on the minerals extracted during the year.

Site restoration expenses are incurred on an ongoing basis and until the closure of the mine. The actual expenses may vary based on the nature of reclamation and the estimate of reclamation expenses.

t. **Cash and cash equivalents**

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

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Zuari Cement Limited
Notes to financial statements for the year ended December 31, 2016
Rupees in lakhs, unless otherwise stated

3. Share capital

	December 31, 2016	December 31, 2015
Authorized shares		
Equity shares		
300,000,000 (December 31, 2015: 300,000,000), equity shares of Rs. 10/- each	30,000.00	30,000.00
Preference shares		
140,000,000 (December 31, 2015: 140,000,000), 9% convertible cumulative preference shares of Rs. 10/- each	14,000.00	14,000.00
	44,000.00	44,000.00
Issued, subscribed and fully paid-up shares		
Equity shares		
274,961,400 (December 31, 2015: 274,961,400), equity shares of Rs. 10/- each	27,496.14	27,496.14
	27,496.14	27,496.14

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	December 31, 2016		December 31, 2015	
	Number of shares	Amount	Number of shares	Amount
Shares outstanding at the beginning and end of the year	27,49,61,400	27,496.14	27,49,61,400	27,496.14

(b) Terms/ rights attached to equity shares
Equity shares
The company has only one class of equity shares having par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended December 31, 2016, the amount of per share dividend recognized as distributions to equity shareholders was Rs. 3.00 (December 31, 2015: Nil).

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) Shares held by holding/ ultimate holding company and/ or their subsidiaries/ associates
Out of the equity shares issued by the company, shares held by its holding company, ultimate holding company and their subsidiaries/ associates are as below:

	December 31, 2016	December 31, 2015
Ciments Français S.A, the Holding Company	26,64,61,350	26,64,61,350
Compagnie Pour l'Investissement Financier En Inde	85,00,000	85,00,000
Investcim S.A.S	10	10
Sax S.A.S	10	10
Calcipar S.A.S	10	10
Tercim S.A.S	10	10
Menaf S.A.S	10	10

(d) Details of shareholders holding more than 5% shares in the company

	December 31, 2016		December 31, 2015	
	Number of shares	Amount	Number of shares	Amount
Ciments Français S.A, the Holding Company	26,64,61,350	26,646.14	26,64,61,350	26,646.14

4. Reserves and surplus

	December 31, 2016	December 31, 2015
Securities premium account		
At the commencement and at the end of the year	37,201.93	37,201.93
	37,201.93	37,201.93
Surplus in the statement of profit and loss		
At the commencement of the year	67,506.12	62,602.12
Add: Net profit/(loss) for the year	10,201.01	4,904.00
Less: Appropriations		
Proposed dividend on equity shares for the year ended on December 31, 2016: Rs. 3.00 per share (December 31, 2015: Nil)	(8,248.84)	-
Tax on proposed equity dividend	(1,725.97)	-
At the end of the year	67,732.32	67,506.12
	1,04,934.25	1,04,708.05

5. Long-term borrowings

	Non-current portion		Current maturities	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Term loans				
Indian rupee loan from banks (secured)				
- BNP Paribas Bank	-	-	-	11,800.00
- HDFC Bank Limited***	-	20,833.33	41,666.67	4,166.67
- Axis Bank Limited***	-	7,695.00	7,695.00	855.00
- Hongkong and Shanghai Banking Corporation Limited	-	20,833.33	-	4,166.67
	-	49,361.66	49,361.67	20,988.34
Other loans and advances				
Deferred payment liability				
- Sales tax deferral loan**	15,244.21	16,000.26	756.05	946.13
	15,244.21	16,000.26	756.05	946.13
The above amount includes				
Secured borrowings	15,244.21	65,361.92	50,117.72	21,934.47
Amount disclosed under the head "other current liabilities" (note 11)	-	-	(50,117.72)	(21,934.47)
	15,244.21	65,361.92	-	-

Details of repayment terms, interest and maturity	Security
Term loan from BNP Paribas Bank, with a total outstanding balance of Rs. Nil (December 31, 2015: Rs. 1,800.00 Lakhs) [Non-current: Nil (December 31, 2015: Rs. Nil), Current: Rs. Nil (December 31, 2015: Rs. 1,800.00 Lakhs)]. The loan is repaid in full on September 30, 2016.	Term loans from banks are secured by hypothecation (pari passu) over - Movable fixed assets (plant and machinery installed or not) at Chennai Grinding Unit including clinker and cement facilities existing on May 9, 2012 - Movable fixed assets (plant and machinery whether installed or not) at Yerraguntla - Clinker and cement facilities which currently exists and as they evolve on pari passu basis with other banks. - Ciments Français S.A. has given an irrecoverable and unconditional corporate guarantee as additional security.
Term loan from BNP Paribas Bank, with a total outstanding balance of Rs. Nil (December 31, 2015: Rs. 10,000.00 Lakhs) [Non-current: Nil (December 31, 2015: Rs. Nil), Current: Rs. Nil (December 31, 2015: Rs. 10,000.00 Lakhs)]. The rate of interest ranges from 9.50% to 10.50% per annum. The loan is repaid in full on October 31, 2016.	Term loans from banks are secured by hypothecation (pari-passu) over - Movable fixed assets of the Company at the plant in Yerraguntla and Chennai. - Ciments Français S.A. has given an irrecoverable and unconditional corporate guarantee as additional security.
Term loan from HDFC Bank Limited, with total outstanding balance of Rs. 41,666.67 Lakhs (December 31, 2015: 25,000.00 Lakhs) [Non-current: Rs. Nil (December 31, 2015: 20,833.33), Current: Rs. 41,666.67 Lakhs (December 31, 2015: 4,166.67 Lakhs)] is repayable in 6 semi-annual installments starting from July 2016. The rate of interest ranges from 9.40% to 9.75% per annum.	Term loans from banks are secured pari-passu charge over - All movables at Yerraguntla, Sitapuram, Chennai and Sholapur including movable plant and machinery, machinery spares, tools and accessories, and all other movable assets, present and future.
Term loan from Axis Bank Limited, with total outstanding balance of Rs. 7,695.00 Lakhs (December 31, 2015: Rs. 8,550.00 Lakhs) [Non current: Rs. Nil (December 31, 2015: 7,695.00 Lakhs), Current: Rs. 7,695.00 Lakhs (December 31, 2015: 855.00 Lakhs)] , is repayable in 10 equal semi annual installments starting from September 2016. The rate of interest ranges from 9.6% to 9.75% per annum.	Term loans from banks are secured pari-passu charge over - First pari-passu charge on the movable fixed assets of the Company, present and future located in Yerraguntla, Sitapuram, Chennai and Solapur.
Term loan from Hongkong and Shanghai Banking Corporation Limited, with total outstanding balance of Rs. Nil (December 31, 2015: 25,000.00 Lakhs) [Non current: Rs. Nil (December 31, 2015: 20,833.33), Current: Rs. Nil (December 31, 2015: 4,166.67 Lakhs)] is repayable in 6 semi-annual installments starting from July 2016. The loan was transferred to HDFC Bank Limited during the current year.	Term loans from banks are secured pari-passu charge over Plant and machinery at Yerraguntla. Corporate Guarantee from Ciments Français S.A.

**To promote the industries in backward area (i.e. at Yerraguntla, Andhra Pradesh), Government of Andhra Pradesh, announced an interest free sales tax loan facility. To avail the facility, the Company has entered into an agreement with the Government of Andhra Pradesh for deferring payment of sales tax collected during the period February 15, 1999, to February 14, 2013 (fourteen (14) years). The deferred amount will be repaid by the year ended March 31, 2027. The amount repayable within a period of one year from the reporting date, i.e. Rs. 756.05 Lakhs (December 31, 2015: Rs. 946.13 Lakhs), is included in current maturities of long-term borrowings. It is secured by way of movable and immovable properties of the Company.

Rupees in lakhs, unless otherwise stated

***The Company has intimated the banks for pre-payment of outstanding loans by March 31, 2017. Accordingly, the entire term loan balance as at December 31, 2016 is classified as Current maturities of long term borrowings (note 5).

6. Deferred tax liabilities (net)

	December 31, 2016	December 31, 2015
Deferred tax liability		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	22,368.69	21,017.61
Gross deferred tax liability	22,368.69	21,017.61
Deferred tax asset		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	2,296.92	3,105.97
Provision for doubtful debts and advances	110.17	45.74
Provision for employee related liabilities	701.01	1,145.12
Provision for obsolescence	-	413.64
Lease equalization reserve	21.28	11.47
Gross deferred tax asset	3,129.38	4,723.44
Net deferred tax liability	19,239.31	16,294.17

7. Other long-term liabilities

	December 31, 2016	December 31, 2015
Payable to KSK Energy Ventures Limited [note 14(i)]	2,300.00	2,300.00
Income received in advance	725.60	759.63
Lease equalization reserve	100.10	76.74
	3,125.70	3,136.37

8. Provisions

	Long-term		Short-term	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Provision for employee benefits				
Gratuity (note 31)	123.73	112.18	-	-
Compensated absences	-	-	581.84	984.21
	123.73	112.18	581.84	984.21
Others				
Provision for litigation [note 30(b)]	4,574.02	5,501.54	-	-
Provision for site restoration expense (note 30(c))	1,041.58	983.80	-	-
Proposed equity dividend	-	-	8,248.84	-
Provision for tax on proposed equity dividend	-	-	1,725.97	-
	5,616.60	6,485.34	9,974.81	-
	5,739.73	6,597.52	10,556.65	984.21

9. Short-term borrowings

	December 31, 2016	December 31, 2015
Cash credit from banks (secured)	4.35	541.61
	4.35	541.61

Cash credit from banks carry interest ranging between 9% to 10% per annum computed on a monthly basis on the actual amount utilized and are repayable on demand. These are secured by hypothecation of inventory of raw materials, work-in-progress, finished goods, stores and spares not relating to plant and machinery, bills receivable and book debts, both present and future including goods in transit.

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Rupees in lakhs, unless otherwise stated

10. Trade payables

	December 31, 2016	December 31, 2015
Acceptances	-	2,064.38
Due to micro and small enterprises*	-	-
Due to creditors other than micro and small enterprises	15,851.28	5,912.77
Due to related parties	13,688.70	9,199.15
	29,539.98	17,176.30

*The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated August 26, 2008, which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at December 31, 2016 has been made in the financial statements based on information received and available with the Company. Further in the view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Micro, Small and Medium Enterprise Development Act, 2006 is not expected to be material. The Company has not received any claim for interest from any supplier under the said Act.

11. Other current liabilities

	December 31, 2016	December 31, 2015
Current maturities of long-term borrowings (note 5)	50,112.32	31,934.43
Discount / incentive payable	12,387.75	11,219.05
Statutory liabilities	4,795.00	4,514.98
Advance from customer	2,693.85	1,765.44
Dealer deposits	2,723.54	2,354.26
Accrued expenses	7,872.03	5,838.32
Capital creditors	1,412.58	4,823.21
Employee related liabilities	1,791.05	2,152.12
Income received in advance	33.03	33.03
Current portion of lease equalisation reserve	7.16	-
Derivative liability	37.09	-
Interest accrued but not due on borrowings	-	502.11
	83,319.73	65,146.97

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Zuari Cement Limited
Notes to financial statements for the year ended December 31, 2016
Rupees in lakhs, unless otherwise stated

12. Tangible assets

	Freehold non mining land**	Freehold mining land#	Leasehold land@	Buildings	Plant and machinery	Railway sidings	Furniture and fittings	Motor vehicles	Office equipment	Computer hardware	Total
Cost or valuation											
At January 1, 2015	6,712.00	2,027.47	5,000.00	50,883.25	1,64,240.61	20,553.53	520.70	692.49	351.13	1,113.14	2,56,095.32
Additions/Adjustments*	-	163.38	-	8,357.59	21,412.09	-	111.56	158.99	90.89	209.02	26,501.52
Disposals	(46.22)	-	-	-	(587.17)	-	(8.47)	(51.43)	(3.28)	(84.58)	(780.15)
At December 31, 2015	6,665.78	2,190.85	5,000.00	59,240.84	1,85,065.53	20,553.53	623.79	800.05	438.74	1,237.58	2,81,816.69
Additions/Adjustments*	-	3,978.34	-	5,281.53	10,168.97	7,119.44	32.36	35.92	32.51	136.53	26,785.60
Disposals	-	-	-	-	-	-	(9.17)	(115.62)	(3.39)	(39.64)	(167.82)
At December 31, 2016	6,665.78	6,169.19	5,000.00	64,522.37	1,95,234.50	27,672.97	646.98	720.35	467.86	1,334.47	3,08,434.47
Depreciation											
At January 1, 2015	-	-	198.57	9,223.73	72,387.43	3,122.25	283.54	250.91	146.45	735.04	86,460.91
Charge for the year	-	-	167.00	1,745.73	9,942.06	632.50	54.65	113.20	28.29	118.02	12,701.45
Disposals	-	-	-	-	(432.15)	-	(5.42)	(26.71)	(3.16)	(82.29)	(562.73)
At December 31, 2015	-	-	365.57	10,969.46	81,897.34	3,754.74	332.77	337.40	171.58	770.77	98,599.63
Charge for the year	-	216.57	167.00	1,974.59	10,252.78	1,218.03	55.03	71.35	36.10	147.77	14,139.22
Disposals	-	-	-	-	-	-	(5.84)	(82.01)	(2.55)	(38.86)	(129.26)
At December 31, 2016	-	216.57	532.57	12,944.05	92,150.12	4,972.77	381.96	326.74	205.13	879.68	1,12,609.59
Net Block											
At December 31, 2015	6,665.78	2,190.85	4,634.43	48,271.38	1,03,168.19	16,798.79	291.02	462.65	267.16	466.81	1,83,217.06
At December 31, 2016	6,665.78	5,952.62	4,467.43	51,578.32	1,03,084.38	22,700.20	265.02	393.61	262.73	454.79	1,95,824.88

* Includes interest cost capitalised aggregating Rs. Nil (December 31, 2015: Rs. 2,409.29 Lakhs)

**Freehold land includes Rs. 516.21 Lakhs in respect of land at Yerraguntala of which conveyance documents have been submitted to the Registering Authority for registration. Pursuant to the scheme of arrangement between Zuari Global Limited (formerly "Zuari Industries Limited") and the Company, sanctioned by the Honourable High Court of Bombay on January 12, 2001, the cement undertaking of Zuari Global Limited stood vested in the Company with effect from April 1, 2000. The Company is taking necessary steps for securing the title deeds in respect of land at Yerraguntala in its name.

During the year, the Company has reclassified the cost of freehold land into mining land and non-mining land. Cost of mineral reserve embedded in the cost of freehold mining land has been depreciated in proportion of actual quantity of minerals extracted to the estimated quantity of mineral reserve.

@ Represents non refundable premium paid to Cochin Port Trust for allotment of 2.40 hectares of land for a period of thirty years effective from September 24, 2013.

Rupees in lakhs, unless otherwise stated

13. Intangible assets

	Computer software	Goodwill	Total
Cost or valuation			
At January 1, 2015	1,664.17	17,991.98	19,656.15
Additions/Adjustments	-	-	-
Disposals	-	-	-
At December 31, 2015	1,664.17	17,991.98	19,656.15
Additions/Adjustments	6.74	-	6.74
Disposals	-	-	-
At December 31, 2016	1,670.91	17,991.98	19,662.89
Amortisation			
At January 1, 2015	908.19	14,393.60	15,301.79
Charge for the year	247.27	1,799.20	2,046.47
Disposals	-	-	-
At December 31, 2015	1,155.46	16,192.80	17,348.26
Charge for the year	234.03	1,799.18	2,033.21
Disposals	-	-	-
At December 31, 2016	1,389.49	17,991.98	19,381.47
Net Block			
At December 31, 2015	508.71	1,799.18	2,307.89
At December 31, 2016	281.42	-	281.42

14. Non-current investments

	December 31, 2016	December 31, 2015
Trade investments (valued at cost unless stated otherwise)		
Unquoted equity instruments		
Investment in subsidiaries		
A. 509,940 (December 31, 2015: 509,940) equity shares of Rs. 10/- each fully paid up in Sitapuram Power Limited. [refer note (i)]	2,350.99	2,350.99
B. 22,496,691 (December 31, 2015: 22,496,691) equity shares of Rs. 10/- each fully paid up in Gulbarga Cement Limited.	8,474.33	8,474.33
	10,825.32	10,825.32
Other investments		
A. 22,460 (December 31, 2015: 22,460) equity shares of Rs. 10/- each fully paid up of Energon Power Resources Private Limited. [refer note (ii)]	2.32	2.32
B. 33,962 (December 31, 2015: Nil) equity shares of Rs. 10/- each fully paid up of Echanda Urja Private Limited. [refer note (iii)]	3.40	-
	5.72	2.32
	10,831.04	10,827.64
Preference shares (unquoted)		
Investment in subsidiaries		
A. 2,749,000 (December 31, 2015: 2,749,000) 0.01% cumulative redeemable preference shares of Rs. 100/- each fully paid up in Sitapuram Power Limited redeemable after 20 years from the date of issue.	2,749.00	2,749.00
	2,749.00	2,749.00
Other investments		
A. 14,419 (December 31, 2015: 14,419) cumulative compulsory non-participative preference shares of Rs. 100/- each fully paid up in Energon Power Resources Private Limited. [refer note (ii)]	14.88	14.88
	14.88	14.88
	2,763.88	2,763.88
	13,594.92	13,591.52

(i). Investments in Sitapuram Power Limited and Power Arrangement Agreement

The Company has promoted a Special Purpose Vehicle (SPV) by entering into a Share Subscription Agreement (SSA) with KSK Energy Ventures Limited (KSK) by the name of Sitapuram Power Limited (SPL) to set up a 43 MW Captive Power Plant (CPP) in Sitapuram to cater to its power requirements. The Company's stake in SPL is 51% and balance is held by KSK.

KSK is engaged in the business of development of power projects and shall be responsible for implementing and executing this project. During the intervening period till the power project is commissioned, to procure uninterrupted power supply, the Company has entered into a Power Arrangement Agreement (PAA) with KSK for the supply of 38 MW of power per annum and has paid an interest free advance of Rs. 2,300.00 Lakhs which shall be refunded by KSK after 10 years from commissioning of the plant (i.e.) March 2008.

In accordance with the SSA, the Company is committed to purchase the balance 49% stake in SPL from KSK on expiry of 10 years from the date of commissioning of the plant. The consideration to be paid, though not ascertainable as at the balance sheet date, is Re. 1 plus the value of net assets as on the date of acquisition. The consideration will stand reduced to the extent of debts in SPL. Additionally, a sum of Rs. 2,300.00 Lakhs is payable to KSK for development efforts at the end of 10 years. Accordingly, the same has been provided in the books and debited to cost of investments in subsidiary.

The SSA also provides an option whereby the Company can voluntarily buy out KSK's stake anytime after 3 years from the commissioning of the plant. The purchase consideration will be the present value of discounted cash flows (discounted value of projected cash flows, which will include the opening values of the statement of accounts and discounted at a discounting rate of 14% per annum) attributable to KSK's investment in the SPL as on date of transfer. For the purpose of the discounted cash flow referred herein, it is assumed that the SPL will be debt-free.

(ii). Investments in Energon Power Resources Private Limited

The Company, during the year ended December 31, 2014, had executed a Share Subscription and Shareholders Agreement (SSHA) dated June 2, 2014 with Energon Power Resources Private Limited ("EPRPL") and Energon Renewables Private Limited. Pursuant to the terms of SSHA, the Company has invested a sum of Rs. 17.20 Lakhs to acquire 2.89% equity stake in the Company in 2014. This will provide an entitlement of 6 MW dedicated wind energy capacity in EPRPL for the Company.

(iii). Investment in Echanda Urja Private Limited

The Company, during the year ended December 31, 2016, had executed a Shareholders Agreement (SHA) dated April 26, 2016 with Echanda Urja Private Limited ("EUPL") and NuPower Renewables Private Limited. Pursuant to the terms of SHA, the Company has invested a sum of Rs. 3.40 Lakhs to acquire 1.59% equity stake in the Company in 2016. This will provide an entitlement of 3,000 KVA dedicated wind energy capacity in EUPL for the Company.

Rupees in lakhs, unless otherwise stated

15. Loans and advances

	Non-current		Current	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Loan and advances to related parties				
Unsecured, considered good				
Inter-corporate loan to Gulbarga Cement Limited	6,348.69	6,114.19	-	734.50
	6,348.69	6,114.19	-	734.50
Capital advances				
Unsecured, considered good	359.33	4,962.25	-	-
	359.33	4,962.25	-	-
Security deposit				
Unsecured, considered good				
Electricity deposits	2,153.79	2,446.29	-	-
Balance with government authorities	154.84	114.61	4,502.23	6,539.07
Supplier deposits	1,013.23	752.49	-	-
Rental deposits	-	159.00	483.59	379.07
Other deposits	-	-	23.33	25.38
	3,321.86	3,512.39	5,009.15	6,943.52
Other loans and advances				
Unsecured, considered good				
Advance income tax, net of provision for tax	826.49	238.44	-	-
Long term business advance	2,300.00	2,300.00	-	-
Amount paid under protest	4,785.00	6,583.15	-	-
Employee advances	-	-	143.54	117.24
Advance to supplier	-	-	1,855.38	2,091.57
Prepaid expenses	-	40.00	464.68	511.48
Others loan and advances	-	-	1,593.28	269.98
	7,911.49	9,181.59	4,056.88	2,990.27
	18,441.37	23,770.42	9,066.03	8,668.29

16. Other assets

	Non-current		Current	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Interest accrued on loan to Gulbarga Cement Limited	3,380.95	2,416.49	-	309.60
Interest accrued on fixed deposits	-	-	55.71	33.58
Derivative asset	-	-	-	19.29
Non-current bank balances (note 19)	37.71	37.71	-	-
Due from related parties	-	-	76.88	158.64
MAT Credit entitlement	4,461.22	2,489.46	-	-
	7,859.88	4,943.66	132.59	521.11

17. Inventories (valued at lower of cost and net realizable value)

	December 31, 2016	December 31, 2015
Raw materials	1,244.57	1,577.15
Packing materials	635.25	523.94
Work-in-progress	2,623.53	3,704.99
Finished goods	3,561.72	4,589.11
Stores and spares	3,817.06	3,379.50
Less: Provision for obsolete and slow moving inventories	(1,672.25)	(1,058.45)
	10,209.88	12,619.69
Coal and fuel*	6,269.25	5,632.56
	16,479.13	18,252.25

*Including goods in transit aggregating to Rs. 2,150.54 lakhs (December 31, 2015: Rs. 30.13 lakhs).

18. Trade receivables

	December 31, 2016	December 31, 2015
Outstanding for a period exceeding six months from the date they are due for payment		
Secured, considered good	37.26	22.86
Unsecured, considered good	131.20	414.54
Doubtful	318.32	133.61
	486.78	571.01
Less: Provision for doubtful receivables	(318.32)	(133.61)
	168.46	437.40
Other receivables		
Secured, considered good	2,394.68	1,533.92
Unsecured, considered good	9,857.01	7,467.87
	12,251.69	9,001.79
	12,420.15	9,439.19

19. Cash and bank balances

	Non-current		Current	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Cash and cash equivalents:				
Cash on hand			2.09	3.50
Balance with banks				
- On current accounts			6,721.74	6,285.92
- Deposits with original maturity of less than three months			13,250.01	6,608.61
			19,973.84	12,898.03
Other bank balances				
Deposits with remaining maturity for more than 12 months	37.71	37.71	-	-
Deposits with remaining maturity for less than 12 months	-	-	0.48	-
	37.71	37.71	0.48	-
Amount disclosed under non-current assets (note 16)	(37.71)	(37.71)	-	-
	-	-	19,974.32	12,898.03

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Rupees in lakhs, unless otherwise stated

20. Revenue from operations

	December 31, 2016	December 31, 2015
Revenue from operations		
Sale of products		
Cement	1,97,543.46	1,82,287.47
Clinker	12,270.80	7,442.81
Others	601.87	552.95
	2,10,416.13	1,90,283.23
Other operating revenue		
Scrap sales	218.35	531.21
Revenue from disposal of hazardous waste	567.34	23.47
Sales tax incentive	1,327.30	154.48
Revenue from operations (gross)	2,12,529.12	1,90,992.39
Less: Excise duty	26,714.06	24,436.61
Revenue from operations (net)	1,85,815.06	1,66,555.78

21. Other Income

	December 31, 2016	December 31, 2015
Interest income		
On bank deposits	161.97	323.51
On inter corporate loan	705.41	725.49
Others	189.68	154.73
Profit on sale of current investments, net	470.53	31.90
Provision no longer required written back	47.58	71.05
Rental income	57.80	47.57
Gain on sale of fixed assets, net	2.17	-
Foreign exchange gain, net	115.58	-
Miscellaneous income	207.47	194.20
	1,960.19	1,556.38

22. Cost of raw material and packing material consumed

	December 31, 2016	December 31, 2015
Inventory of materials at the beginning of the year	1,804.59	1,875.61
Add: purchases	27,809.67	20,601.99
Less: closing stock	1,880.22	1,804.59
	27,734.04	20,673.21

a. Break-up of cost of raw materials and packing materials consumed

	December 31, 2016	December 31, 2015
Packing bags	5,531.00	5,188.09
Aluminous laterite	4,625.09	2,887.76
Limestone	4,966.13	6,032.64
Gypsum	2,402.64	2,450.14
Flyash	2,303.03	2,089.29
Laterite	600.70	532.49
Copper slag	552.04	291.29
Granulated slag	323.52	561.38
Cement purchases	4,707.54	-
Others	1,693.95	639.21
	27,734.04	20,673.21

b. Break-up of cost of inventory - raw materials and packing materials

	December 31, 2016	December 31, 2015
Laterite	86.44	13.88
Gypsum	315.10	219.92
Flyash	51.01	59.57
Aluminous laterite	333.94	672.65
Packing bags	635.25	627.44
Copper slag	52.50	28.72
Red mud	11.90	98.94
Others	394.28	93.57
	1,880.22	1,804.59

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Rupees in lakhs unless otherwise stated

23. Change in inventories of finished goods and work-in-progress

	December 31, 2016	December 31, 2015
Opening stock		
Finished goods	4,589.11	3,079.06
Work-in-progress	3,704.98	3,737.89
	8,294.09	6,816.95
Less: closing stock		
Finished goods	3,561.32	4,589.11
Work-in-progress	2,623.63	3,704.98
	6,184.95	8,294.09
Excise duty on change in stock of finished goods	(25.00)	32.12
	2,084.14	(1,445.02)

Movement in inventory

Finished goods	Bulk cement	Packed Cement	Less: Excise duty on finished goods	Total*
December 31, 2016				
Opening inventory	2,014.24	2,574.37	(331.99)	4,257.12
Closing inventory	2,014.24	1,546.58	(306.99)	3,254.33
Increase/ (decrease) in inventory [A]	-	1,027.79	(25.00)	1,002.79
December 31, 2015				
Opening inventory	1,876.92	1,202.14	(299.87)	2,779.19
Closing inventory	2,014.24	2,574.37	(331.99)	4,257.12
Increase/ (decrease) in inventory [B]	(137.32)	(1,372.23)	32.12	(1,477.93)

Work in progress	Clinker	Raw mill	Crushed limestone	Total
December 31, 2016				
Opening inventory	3,273.65	106.14	325.19	3,704.98
Closing inventory	2,192.30	106.14	325.19	2,623.63
Increase/ (decrease) in inventory [C]	1,081.35	-	-	1,081.35
December 31, 2015				
Opening inventory	3,377.58	132.58	227.73	3,737.89
Closing inventory	3,273.65	106.14	325.19	3,704.98
Increase/ (decrease) in inventory [D]	103.93	26.44	(97.46)	32.91

Total movement in inventory			
for the year ended December 31, 2016	Finished goods + Work in progress	[A + C]	2,084.14
for the year ended December 31, 2015	Finished goods + Work in progress	[B + D]	(1,445.02)

*Total inventory of finished goods exclude excise duty.

24. Employee benefits expense

	December 31, 2016	December 31, 2015
Salaries, wages and bonus	7,644.22	7,533.38
Contribution to provident fund and other funds	673.51	635.84
Staff welfare expenses	356.99	232.31
	8,674.72	8,401.53

25. Finance costs

	December 31, 2016	December 31, 2015
Interest expense:		
On term loans and cash credit from banks	6,113.03	6,500.92
Others	635.72	579.55
Bank charges	234.79	442.81
	6,983.54	7,523.28

26. Depreciation and amortisation

	December 31, 2016	December 31, 2015
Depreciation on tangible fixed assets	14,239.22	12,701.45
Amortisation of intangible fixed assets	2,033.21	2,046.47
	16,272.43	14,747.92

27. Other expenses

	December 31, 2016	December 31, 2015
Power and fuel	50,516.77	51,899.50
Freight outward [after netting off freight recoveries from customers Rs. 14,632.88 lakhs and (December 31, 2015: Rs. 13,169.25 lakhs)]	37,836.24	33,757.17
Consumption of stores, loose tools and spare parts	5,307.09	6,250.72
Rent	1,207.42	1,174.02
Rates and taxes	532.97	523.54
Legal and professional	286.07	1,195.62
Payment to auditor*	60.00	56.10
Repairs and maintenance:		
- plant and machinery	2,032.44	1,366.13
- buildings	29.19	86.85
- others	704.59	691.94
Technical know how	5,110.97	4,554.61
Contract labour expenses	1,194.22	1,060.65
Provision for bad and doubtful debts, net	188.01	95.59
Selling and distribution expenses	2,118.08	1,934.64
Sales commission	1,413.27	868.95
Advertisement and sales promotion	823.29	1,014.40
Corporate social responsibility	131.86	171.38
Cash discount	606.20	600.71
Loss on sale of fixed assets, net	-	91.83
Insurance	670.09	642.27
Traveling and conveyance	723.84	645.02
Communication	223.38	206.42
Foreign exchange loss, net	-	139.68
Site restoration expenses	58.18	73.30
Miscellaneous expenses	1,149.15	914.09
	1,12,902.02	1,09,107.24

*Payment to auditor

	December 31, 2016	December 31, 2015
As statutory auditor	27.00	31.00
Other matters	30.00	23.00
Reimbursement of expenses	3.00	2.10
	60.00	56.10

28. Earnings per share (EPS)

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

	December 31, 2016	December 31, 2015
Profit after tax available to equity shareholders	10,201.01	4,904.00
Net profit for calculation of basic/Diluted EPS	10,201.01	4,904.00
Weighted average number of equity shares in calculating Basic/Diluted EPS (in lakhs)	2,749.61	2,749.61
Basic and diluted EPS (in Rs.)	3.71	1.78

Zuari Cement Limited
Notes to financial statements for the year ended December 31, 2016
Rupees in lakhs, unless otherwise stated

29. Related party disclosures

a. Names of related parties and related party relationship
Names of related parties where control exists irrespective of whether transactions have occurred or not:

Ultimate holding company	HeidelbergCement AG w.e.f. July 1, 2016 Italcementi S.p.A upto June 30, 2016
Holding company	Ciments Français S.A
Subsidiary companies	Sitapuram Power Limited Gulbarga Cement Limited

Related parties under AS 18 with whom transactions have taken place during the year

Fellow subsidiaries	Boavo Solutions S.p.A. CTG S.p.A. Interbulk Trading SA Devnya Cement Suez Cement Company SAE Shymkent Cement Company Limited Compagnie Pour l'Investissement Financier En Inde (CIFI) Singha Cement (Pvt.) Limited Asia Cement Public Company Limited HeidelbergCement India Limited Cochin Cements Limited HeidelbergCement AG Ciments Calcia SA

Additional related parties as per the Companies Act, 2013 with whom transactions have taken place during the year

Chief Financial Officer	Mr. Varaprasad Kalepalli, w.e.f. October 25, 2016 Mr. Sunnim Ly upto September 30, 2016
Company Secretary	Mr. L. R. Neelakanta
Key Management Personnel	Mr. Krishna Srivastav, Whole time director Mr.Nabil Paul Francis, Managing Director, upto July 31, 2016

b. Related party transactions
The following table provides the total amount of transactions that have been entered in to with related parties for the relevant periods

i. Transactions during the year:

Name of related party	Nature of transaction	December 31, 2016	December 31, 2015
Sitapuram Power Limited	Purchase of power	9,263.02	10,454.00
	Reimbursement of expenses	5.53	4.00
Gulbarga Cement Limited	Interest on inter-corporate loan (gross)	505.41	753.46
	Cross charge of expenses	285.16	280.29
Singha Cement (Pvt.) Limited	Sale of manufactured products	1,744.29	1,053.00
	Services provided	1,715.05	1,806.00
Ciments Français S.A	Technical know how	981.27	1,553.00
	Sub license fee	293.55	1,088.00
	Expenses recoverable	480.43	55.00
	Guarantee fee	15.45	66.00
Italcementi S.p.A	Technical know how	2,958.87	-
	Sub license fee	876.50	-
	Procurement fee	8.09	-
	Information Technology recharges and other technical services	229.17	230.00
	Agency comission	-	38.00
Boavo Solutions S.p.A.	E-Procurement Consultancy and other services	92.98	90.00
CTG S.p.A.	Consultancy charges	11.67	261.00
Interbulk Trading SA	Purchase of fuel	6,282.54	2,133.00
Suez Cement Company SAE	Expenses recoverable	50.93	50.93
Asia Cement Public Company Limited	Expenses recoverable	-	10.00

Rupees in lakhs, unless otherwise stated

HeidelbergCement AG	Expenses recoverable	25.95	-
HeidelbergCement India Limited	Sale of manufactured products	158.62	-

i. Transactions during the year (Contd.)

Name of related party	Nature of transaction	December 31, 2016	December 31, 2015
Cochin Cements Limited	Sale of manufactured products	571.21	-
Ciments Calcia SA	Reimbursement of expenses	22.90	-

ii. Balance outstanding at the year end

Nature of transaction	Name of related party	December 31, 2016	December 31, 2015
Receivable	Gulbarga Cement Limited	-	195.81
	HeidelbergCement AG	25.95	-
	HeidelbergCement India Limited	138.62	-
	Cochin Cements Limited	413.16	-
	Singha Cement (Pvt.) Limited	575.85	406.58
	Suez Cement Company SAE	50.93	12.83
Payable	Sitapuram Power Limited	392.77	451.73
	Ciments Calcia SA	17.79	-
	Interbulk Trading SA	-	-
	Dravo Solutions S.p.A.	8.53	32.91
	Italcementi S.p.A.	3,477.16	196.88
	Ciments Français S.A.	9,748.84	8,251.56
	CTG S.p.A.	56.54	264.07
Interest accrued but not due on inter-corporate loan	Gulbarga Cement Limited	3,360.55	2,726.09
Inter-corporate loan given	Gulbarga Cement Limited	6,848.69	6,848.69

iii. Transactions with key management personnel*

	December 31, 2016	December 31, 2015
Remuneration		
- Mr. Varaprasad Kalepalli	7.40	-
- Mr. Sunnica Ly	53.53	89.80
- Mr. L. R. Nadukuda	52.69	48.08
- Mr. Krishan Srivastav	215.14	119.91
- Mr.Nabil Paul Francis	58.42	124.07

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

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Zuari Cement Limited
Notes to financial statements for the year ended December 31, 2016
Rupees in lakhs, unless otherwise stated

30. Contingencies and Provision for litigations

a. Contingent liabilities not provided for

	December 31, 2016	December 31, 2015
Sales Tax/Trade Tax/Entry Tax	4,563.35	4,462.79
Excise Duty/Service Tax/CENVAT Credit	3,497.59	15,544.08
Customs duty	942.14	942.14
Income tax matters	15,414.78	13,558.26
Electricity charges	-	4,727.46
Stamp duty and registration charges	1,514.62	1,514.62
Railway claims	-	25.85
	25,932.48	40,775.20

b. Provision for litigations

	Balance as at January 1, 2016	Additions during the year charged to respective expenses head	Amounts reversed/utilised during the year	Balance as at December 31, 2016
Electricity duty	245.38	-	120.62	124.76
	(245.38)	-	-	*(245.38)*
Sales tax matters	2,374.61	-	476.79	1,897.82
	(966.30)	*(1,408.31)*	-	*(2,374.61)*
Electricity charges	29.74	-	-	29.74
	(29.74)	-	-	*(29.74)*
Custom duty	1,377.89	-	-	1,377.89
	(1,266.08)	*(111.81)*	-	*(1,377.89)*
Employees State Insurance	127.93	53.00	180.93	-
	(127.93)	-	-	*(127.93)*
Life Tax	94.86	-	-	94.86
	(94.86)	-	-	*(94.86)*
Railway claims	301.13	-	301.13	-
	(51.13)	*(250.00)*	-	*(301.13)*
Additional power cost	950.00	98.95	-	1,048.95
	-	*(950.00)*	-	*(950.00)*
Total	5,501.54	151.95	1,079.47	4,574.02
	(2,781.42)	*(2,720.12)*	-	*(5,501.54)*

Note: Figures in brackets are for the previous period

Above provisions have been made against demands raised by various authorities. All these cases are under litigation and are pending with various authorities, expected timing of resulting outflow of economic benefits cannot be specified. Amount deposited under protest against these provisions are shown under long term loan and advances (note 15)

c. Movement of provision for site restoration expenses during the period as required by Accounting Standard 29

	December 31, 2016	December 31, 2015
Opening provision	983.80	960.00
Add: Provision made during the period	58.18	23.80
Less: Provision utilised during the period	-	-
Closing provision	1,041.98	983.80

Site restoration expense is incurred on an ongoing basis and until the closure of mines. The actual expenses may vary based on the nature of restoration and the estimate of restoration expenses.

Zuari Cement Limited
Notes to financial statements for the year ended December 31, 2016
Rupees in lakhs, unless otherwise stated

31. Gratuity

The Company has two post-employment funded plans, namely Gratuity and Superannuation

Gratuity being administered by a Trust is computed as 15 days salary, for every completed year of service or part thereof in excess of 6 months and is payable on retirement/termination/resignation. The benefit vests on the employee after completing 5 years of service. The Gratuity plan for the Company is a defined benefit scheme where annual contributions as demanded by the insurer are deposited to a Gratuity Trust Fund established to provide gratuity benefits. The Trust Fund has taken a Scheme of Insurance, whereby these contributions are transferred to the insurer. The Company makes provision of such gratuity asset/liability in the books of accounts on the basis of actuarial valuation as per the projected unit credit method.

Retirement benefits in the form of Superannuation Fund (being administered by Trusts) are funded defined contribution schemes and the contributions are charged to the Statement of profit and loss of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable.

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss and the amounts recognized in the balance sheet for the Gratuity

Statement of profit and loss
Net employee benefit expense (recognized in employee cost)

	December 31, 2016	December 31, 2015
Current service cost	139.19	104.33
Interest cost on benefit obligation	123.32	120.98
Expected return on plan assets	(121.35)	(104.07)
Net actuarial (gain)/loss recognized	95.71	(28.96)
Past service cost/(credit) recognized	-	-
Net benefit expense	236.87	92.28

Balance Sheet
Details of provision for gratuity

	December 31, 2016	December 31, 2015
Defined benefit obligation	1,804.93	1,629.31
Fair value of plan assets	1,681.20	1,517.13
	123.73	112.18
Less: Unrecognized past service cost	-	-
Plan liability	123.73	112.18

Changes in the present value of the defined benefit obligation are as follows

	December 31, 2016	December 31, 2015
Opening defined benefit obligation	1,629.31	1,531.03
Current service cost	139.19	104.33
Interest cost on benefit obligation	123.32	120.98
Actuarial (gain)/loss recognized	105.50	(4.85)
Past service cost/(credit) recognized		-
Benefits paid	(192.38)	(122.18)
Closing defined benefit obligation	1,804.93	1,629.31

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

	December 31, 2016	December 31, 2015
Opening fair value of plan assets	1,517.13	1,421.84
Expected return	121.35	104.06
Contribution by employer	175.11	89.30
Actuarial gain/(loss) recognized	9.79	24.11
Benefits paid	(142.18)	(122.18)
Closing fair value of plan assets	1,681.20	1,517.13

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

	December 31, 2016	December 31, 2015
Discount rate	6.70%	8%
Expected rate of return on assets	7.75%	8%
Future salary increase rate	7.50%	10% Management 5% Non-management

Note
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.

The expected return on plan assets is based on market expectations, at the beginning of the period, for returns over the entire life of the related obligation.

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

	December 31, 2016	December 31, 2015
Investments with insurer and cash	100%	100%

The principal plan asset consists of a scheme of insurance taken by the Trust, which is a qualifying insurance policy.

Amounts for the current and previous years are as follows:

	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012
Defined benefit obligation	1,804.93	1,625.31	1,531.03	1,358.65	1,319.68
Plan assets	1,681.20	1,513.13	1,421.84	1,435.65	1,255.07
Surplus/(deficit)	123.73	112.18	109.19	(77.00)	64.61
Experience loss/(gain) on plan liabilities	139.76	19.38	(33.28)	34.52	36.18
Experience loss/(gain) on plan assets	9.79	24.11	23.64	26.97	78.98

32. Capital and other commitments

i. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. 1,083.05 lakhs (December 31, 2015: Rs. 1,151.36 lakhs).

ii. The Company is further committed as follows:

- Agreement with Sitapuram Power Limited for off take of 160 to 175 Million Kwh in one financial year as per Power Purchase Agreement dated July 21, 2009 and subsequent revised arrangement.
- Agreement with Singareni Collieries for 2.94 lakhs MT of coal in each financial year for three years commencing from April 1, 2014. However advance intimation of non lifting minimum offtake can be given quarterwise.

33. Leases

i. Operating lease: company as lessee

The Company is obligated under non-cancellable leases for office premises. Total rental expenses under such leases during the year amounted to Rs. 389.50 lakhs (December 31, 2015: Rs. 408.07 lakhs). Future minimum rentals payable under non-cancellable operating leases are as follows:

	December 31, 2016	December 31, 2015
Not later than one year	276.81	362.10
Later than one year but not later than five years	513.97	1,188.50
Later than five years	9,171.38	2,091.09

The Company has also taken cancellable operating leases for office premises, godowns, residential apartments and guest houses, which are renewable at the option of both the lessor and lessee. Total rental expense under cancellable leases amounted to Rs. 917.92 lakhs (December 31, 2015: Rs. 765.96 lakhs).

ii. Operating lease: company as lessor

The Company has leased out railway sidings under non-cancellable lease. Total rental income under such leases during the year amounted to Rs. 45.92 lakhs (December 31, 2015: Rs. 45.92 lakhs). Future minimum lease payments expected to receive under non-cancellable operating leases are as follows:

	December 31, 2016	December 31, 2015
Not later than one year	45.92	45.92
Later than one year but not later than five years	183.68	183.68
Later than five years	826.52	872.44

The Company has also leased out its office premises and godowns during the year under cancellable operating lease agreements. Total rental income under cancellable leases amounted to Rs. 11.98 lakhs (December 31, 2015: Rs. 1.65 lakhs).

34. Supplementary statutory information

a. Expenditure in foreign currency (on accrual basis)

	December 31, 2016	December 31, 2015
Technical knowhow expenses and sub license fee	5,110.97	4,651.44
Software license fee and consultancy fees	379.31	648.44
Interest expenses	-	36.27
Others	2,452.28	1,742.71
	7,942.56	7,078.86

b. Earnings in foreign currency

	December 31, 2016	December 31, 2015
FOB value of export of goods	13,367.66	9,170.41
Other Income (Income from freight services)	1,715.05	1,805.38
	15,082.71	10,975.79

c. Value of imports calculated on CIF basis

	December 31, 2016	December 31, 2015
Coal and fuel	23,650.91	23,413.25
Raw materials	177.79	-
Packing materials	71.28	443.55
Stores and spares	368.19	620.14
Consumables	405.28	-
Capital goods	224.20	1,568.01
	24,897.88	26,044.93

d. Imported and indigenous raw materials and packing materials consumed:

	December 31, 2016		December 31, 2015	
	Amount	%	Amount	%
Imported	249.66	0.90%	442.56	2.14%
Indigenous	27,485.20	99.10%	20,230.65	97.86%
	27,734.86	100.00%	20,673.21	100.00%

e. Imported and indigenous stores and spares consumed:

	December 31, 2016		December 31, 2015	
	Amount	%	Amount	%
Imported	360.50	7.07%	479.28	10.09%
Indigenous	4,746.19	92.93%	4,271.04	89.91%
	5,106.69	100.00%	4,750.32	100.00%

35. Derivative instruments and unhedged foreign currency exposure

a. Derivatives outstanding as at the reporting date

	Currency	December 31, 2016		December 31, 2015	
		In foreign currency (in lakhs)	Amount in INR (in lakhs)	In foreign currency (in lakhs)	Amount in INR (in lakhs)
Forward exchange contracts (to hedge trade payables)	USD	69.82	4,744.73	31.62	2,097.56
		69.82	4,744.73	31.62	2,097.56

b. Particulars of unhedged foreign currency exposure as at the reporting date

	Currency	December 31, 2016		December 31, 2015	
		In foreign currency (in lakhs)	Amount in INR (in lakhs)	In foreign currency (in lakhs)	Amount in INR (in lakhs)
Capital creditors	EUR	-	-	0.79	56.35
	USD	0.15	10.19	-	-
			10.19		56.35
Trade payables	EUR	0.71	50.85	1.90	137.56
	USD	0.09	6.20	0.06	3.87
			57.05		141.43
Advance to supplier	USD	1.13	76.99	17.10	2,460.77
	EUR	0.98	70.23	0.05	3.57
			147.22		2,464.34
Due from related parties	EUR	-	-	0.18	12.83
			-		12.83
Due to related parties	EUR	42.54	3,046.91	128.05	9,284.42
			3,046.91		9,284.42
Capital advances	CHF	0.69	46.34	0.79	57.05
	EUR	1.01	72.10	0.79	57.05
	USD	-	-	0.06	4.29
			118.44		118.39
			3,379.81		12,077.76

*USD – US Dollar, EUR – Euro, JPY-Japanese Yen, GBP – British Pound Sterling

36. Sales tax incentive

The Company is entitled to benefits under Package Scheme of Incentives - 2007 as notified by Government of Maharashtra for the Manufacturing set up for cement production facility at Solapur, Maharashtra w.e.f. September 1, 2015. Under the said policy, the Company is entitled for refund of Value Added Tax (VAT), exemption from electricity duty and waiver of stamp duty for a period of seven (7) years. Accordingly, as at December 31, 2016, the Company has recognised Rs. 1,323.30 lakhs (December 31, 2015: Rs. 154.48 lakhs) as income and disclosed under "Other operating revenue".

37. Details of CSR expenditure:

a. Gross amount required to be spent by the company during the year.

During the year, the gross amount required to be spent by the Company on activities related to Corporate Social Responsibility (CSR) amounted to Rs. Nil (December 31, 2015: Rs. 8.37 lakhs).

b. Amount spent during the year

	December 31, 2016	December 31, 2015
Education, medical and community development	171.86	171.38
	171.86	171.38

Rupees in lakhs, unless otherwise stated

38. Previous year figures
The financial statements as at and for the year ended December 31, 2015 were audited by another firm of Chartered Accountants and have been regrouped / reclassified wherever necessary to conform with current year classification.

As per our report of even date attached
For S.R. Batliboi & Associates LLP
Chartered Accountants
Firm registration number: 101049W/E300004

per Kaustav Ghose
Partner
Membership no.: 057828

Place: Bengaluru
Date: February 09, 2017

For and on behalf of Board of Directors of
Zuari Cement Limited
CIN: U26942AP2000PLC050315

Kevin Gerard Gluskie Chairman DIN - 07413549	**Jamshed Naval Cooper** Managing Director DIN - 01527371	**Krishna Srivastava** Whole-time Director DIN - 03159151	**Jean-Francisco Defalque** Director DIN - 07318811
Anita Krishnakumar Director DIN - 06629592	**R. Ramakrishnan** Director DIN - 00880202	**Sock Peng Sim** Director DIN - 00958955	
Varaprasad Kalepalli Chief Finance Officer	**L. R. Neelakanta** Company Secretary		

Place: Gurgaon
Date: February 09, 2017

ZUARI CEMENT LIMITED

FORM AOC-1

STATEMENT PURSUANT TO FIRST PROVISO TO SUB-SECTION (3) OF SECTION 129 READ WITH RULE 5 OF COMPANIES (ACCOUNTS) RULES, 2014

Rupees in lakhs, unless otherwise stated

Sl. No.	Particulars	Company 1	Company 2
1	Name of the Subsidiary Company	Sitapuram Power Limited	Gulbarga Cement Limited
2	Reporting period for the subsidiary concerned	December 31, 2016	December 31, 2016
3	Reporting currency	Indian Rupees (INR)	Indian Rupees (INR)
4	Share Capital	4,000.00	10,488.05
5	Reserves & surplus	4,687.23	25,591.63
6	Total Assets	21,859.09	46,370.51
7	Total Liabilities	13,171.86	10,290.83
8	Investments	-	-
9	Turnover*	13,695.37	-
10	Profit/(Loss) before taxation	361.90	(782.94)
11	Provision for taxation	290.81	-
12	Profit after taxation	71.09	(782.94)
13	Proposed Dividend	-	-
14	% of shareholding	50.99%	21.45%

* Gulbarga Cement Limited is yet to commence operations.

For and on behalf of Board of Directors of
Zuari Cement Limited
CIN: U26942AP1956PLC000415

Kevin Gerard Gluskie
Chairman
DIN - 07012576

Jamshed Naval Cooper
Managing Director
DIN - 01527371

Krishna Srivastava
Whole-time Director
DIN - 03159153

Jean-Francois Defalque
Director
DIN - 07318811

Akila Krishnakumar
Director
DIN - 06629992

R. Ramakrishnan
Director
DIN - 03680302

Siek Peng Sian
Director
DIN - 06958955

Varaprasad Kalepalli
Chief Finance Officer

L. R. Neelakanta
Company Secretary

Place: Gurgaon
Date: February 09, 2017