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August 12, 2019

The Secretary,
BSE Ltd.,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400 001
BSE scrip Code: 534742

National Stock Exchange of India Ltd,
Exchange Plaza, 5th floor,
Plot No. cm, 'G' Block, Bandra-Kurla Complex,
Bandra (E).
Mumbai - 400 051
NSE Symbol: ZUARI

Dear Sirs,

Sub: **Outcome of the Board Meeting under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

With reference to the above subject, we hereby inform you that:

a) The meeting of the Board of Directors was held on Monday, the 12th August, 2019 at 3.30 P.M. and concluded at 6:10 P.M.

b) The Board has considered and approved Unaudited Financial Results for the quarter ended 30th June, 2019. A Copy of the approved results alongwith Limited Review Report is enclosed herewith.

Thanking You,

Yours Faithfully,
For Zuari Agro Chemicals Limited

R.Y. Patil
Vice President & Company Secretary

Encl: As above

S.R. BATLIBOI & CO. LLP
Chartered Accountants

2nd & 3rd Floor
Golf View Corporate Tower - B
Sector - 42, Sector Road
Gurugram - 122 002, Haryana, India
Tel : +91 124 681 6000

Independent Auditor's Review Report on the Quarterly Unaudited Standalone Ind AS and Year to Date Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

Review Report to
The Board of Directors
Zuari Agro Chemicals Limited

1. We have reviewed the accompanying statement of unaudited standalone Ind AS financial results of Zuari Agro Chemicals Limited (the 'Company') for the quarter ended June 30, 2019 and year to date from April 01, 2019 to June 30, 2019 (the 'Statement') attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Regulation') as amended, read with SEBI Circular No. CIR/CFD/CMD1/44/2019 dated March 29, 2019 ('the Circular').

2. The preparation of the Statement in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, read with the Circular is the responsibility of the Company's management and has been approved by the Board of Directors of the Company. Our responsibility is to express a conclusion on the Statement based on our review.

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

4. Attention is drawn to Note 13 of the unaudited standalone Ind AS financial results explaining the evaluation of recoverable amount as required under Ind AS 36 "Impairment of Assets" to assess impairment provision, if any, on the Company's investment of INR 119.43 crores in the rock phosphates mining project through MCA Phosphates Pte Ltd, a joint venture company. The joint venture company has provided for diminution in the entire value of the said investment which is under arbitration. The Company has, based on valuation carried by an external valuer, assessed that the indicative value is higher than its carrying amount as at March 31, 2019. However, complete details used in such valuation were not made available to us and we were unable to review the valuation report and pending such review and in absence of other sufficient appropriate audit evidence, we are unable to comment on the adjustments, if any, required to be made to the unaudited standalone Ind AS financial results, in this regard. This is a matter continuing from the previous quarter and year ended March 2019.

5. **Emphasis of Matter**

   a) We draw attention to Note 15 of the unaudited standalone Ind AS financial results, wherein the Company is carrying a receivable of INR 19.49 crores in relation to the subsidy income accrued during the year ended March 31, 2013. Based on the legal opinion obtained by the Company, the amount is fully recoverable from the department of fertilizers. Pending settlement of the differential subsidy amount as more fully explained in note, the Company has not made any provision in this regard in the unaudited standalone Ind AS financial results.

   b) We draw attention to Note 6 of the unaudited standalone Ind AS financial results, regarding Goods and Services Tax ('GST') credit on input services recognized by the Company based on its assessment and on a legal opinion obtained by the Company and reliance placed on an order of High Court of Gujarat providing interim relief in a similar matter. The Company has also filed a writ petition in the High Court of Bombay at Goa .

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c) We draw attention to Note 10 of the unaudited standalone Ind AS financial results, which states that there are conditions indicating the existence of material uncertainty over timely discharge of its liabilities and its consequential impact on company's ability to continue as a going concern, and management's assessment that the Company will be able to discharge its liabilities. These conditions are including but not limited to significant delays in receipt of subsidy from Government of India, cash loss incurred during the quarter of INR 110.16 crores on account of delayed monsoons in its operating territories and stoppage of one of its plant having impact on company's liquidity situation including but not limited to downgrade of credit ratings of Company's long term and short term borrowings, devolvement of certain letters of credit, over-utilisation of the cash credit facilities, delay in payment of certain term loan instalments, over-utilisation of certain fund based facilities and recall of borrowing facilities by two lenders.

Our conclusion is not modified in respect of the above matters.

6. Based on our review conducted as above, except for the possible effects of the our observations in para 4 above, nothing has come to our attention that causes us to believe that the accompanying Statement prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of the Regulation, read with the Circular, including the manner in which it is to be disclosed, or that it contains any material misstatement.

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

per Pravin Tulysan
Partner
Membership No.: 108044
UDIN: 19108044AAAAAT9504

Place: Gurugram
Date: August 12, 2019

Independent Auditor's Review Report on the Quarterly Unaudited Consolidated Ind AS and Year to Date Financial Results of the Parent Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

Review Report to
The Board of Directors
Zuari Agro Chemicals Limited

1. We have reviewed the accompanying Statement of unaudited Consolidated Ind AS Financial Results of Zuari Agro Chemicals Limited ('the Parent') and its subsidiaries (the Parent and its subsidiaries together referred to as 'the Group'), and its share of the net profit after tax and total comprehensive profit of its joint ventures for the quarter ended June 30, 2019 and year to date from April 01, 2019 to June 30, 2019 (the 'Statement') attached herewith, being submitted by the Parent pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ('the Regulation'), read with SEBI Circular No. CIR/CFD/CMD1/44/2019 dated March 29, 2019 ('the Circular').

2. This Statement, which is the responsibility of the Parent's Management and approved by the Parent's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India read with the Circular. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

   We also performed procedures in accordance with the Circular issued by the Securities and Exchange Board of India under Regulation 33(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, to the extent applicable except with respect to one joint venture, for which the respective component auditor has not responded to our review instructions including information requested of them, for discharging our duties as principal auditor pursuant to the requirements of the Circular.

4. Attention is drawn to Note 17 of the unaudited Consolidated Ind AS financial results which includes the Group's share of net loss after tax of INR 0.35 crores and total comprehensive loss of INR 0.78 crores for the quarter ended June 30, 2019 and for the period from April 01, 2019 to June 30, 2019, as considered in the unaudited Consolidated Ind AS financial results, in respect of one joint venture located outside India, based on their interim financial results which have not been reviewed by any auditor. These unreviewed financial results and other unreviewed financial information have been approved and furnished to us by the management. The Parent Company's management has converted such unreviewed financial results of such joint venture located outside India from accounting principles generally accepted in its respective country to accounting principles generally accepted in India. Accordingly, we are unable to comment on the financial impact, if any, on the unaudited Consolidated Ind AS financial results if the same had been reviewed.

5. Attention is drawn to Note 13 of the unaudited Consolidated Ind AS financial results explaining the evaluation of recoverable amount as required under Ind AS 36 "Impairment of Assets" to assess impairment provision, if any, on the Parent Company's investment of INR 119.43 crores in the rock phosphates mining project through MCA Phosphates Pte Ltd, a joint venture company. The joint venture company has provided for diminution in the entire value of the said investment which is under arbitration. The Parent Company has, based on valuation carried by an external valuer, assessed that the indicative value is higher than its carrying amount as at March 31, 2019. However, complete details used in such valuation were not made available to us and we were unable to review the valuation report and pending such review and in absence of other sufficient appropriate audit evidence, we are unable to comment on the adjustments, if any, required to

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made to the unaudited Consolidated Ind AS financial results, in this regard. This is a matter continuing from the previous quarter and year ended March 31, 2019.

6. **Emphasis of Matter**

a) We draw attention to Note 15 of the unaudited Consolidated Ind AS financial results, wherein the Parent Company is carrying a receivable of INR 19.49 crores in relation to the subsidy income accrued during the year ended March 31, 2013. Based on the legal opinion obtained by the Parent Company, the amount is fully recoverable from the department of fertilizers. Pending settlement of the differential subsidy amount as more fully explained in note, the Parent Company has not made any provision in this regard in the unaudited Consolidated Ind AS financial results.

b) We draw attention to Note 6 of the unaudited Consolidated Ind AS financial results, regarding Goods and Services Tax ('GST') credit on input services recognized by the Group based on its assessment and on a legal opinion obtained by the Parent Company and a subsidiary and reliance placed on an order of High Court of Gujarat providing interim relief in a similar matter. The Parent Company has also filed a writ petition in the High Court of Bombay at Goa.

c) We draw attention to Note 10 of the unaudited consolidated Ind AS financial results, which states that there are conditions indicating the existence of material uncertainty over timely discharge of its liabilities and its consequential impact on Parent Company's ability to continue as a going concern, and management's assessment that the Parent Company will be able to discharge its liabilities. These conditions are including but not limited to significant delays in receipt of subsidy from Government of India, cash loss incurred during the quarter of INR 110.16 crores on account of delayed monsoons in its operating territories and stoppage of one of its plant having impact on Parent company's liquidity situation including but not limited to downgrade of credit ratings of Parent Company's long term and short term borrowings, devolvement of certain letters of credit, over-utilisation of the cash credit facilities, delay in payment of certain term loan instalments, over-utilisation of certain fund based facilities and recall of borrowing facilities by two lenders.

Our conclusion is not modified in respect of the above matters.

7. The Statement includes the results of the following entities:

1.	Zuari Agro Chemicals Limited
Subsidiaries	
2.	Mangalore Chemicals and Fertilisers Limited
3.	Adventz Trading DMCC
Joint Ventures	
4.	Zuari Maroc Phosphates Private Limited
5.	Paradeep Phosphates Limited (subsidiary of Zuari Maroc Phosphates Private Limited)
6.	MCA Phosphates Pte. Limited
Associates of Joint Ventures	
7.	Fosfatos del Pacifico S.A. (associate of MCA Phosphates Pte. Limited)
8.	Zuari Yoma Agri Solutions Limited (associate of Paradeep Phosphates Limited)

8. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review of other auditors referred to in paragraph 9 below, except for the possible effects of our observations in para 4 and 5 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with recognition and measurement principles laid down in the aforesaid Indian Accounting Standard specified under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Regulation, read with the Circular, including the manner in which it is to be disclosed, or that it contains any material misstatement.

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9. We did not review the interim financial results of one subsidiary and one joint venture, included in the unaudited Consolidated Ind AS financial results, whose interim financial results reflect total revenues of INR 1.12 crores, total net loss after tax of INR 0.90 crores and total comprehensive loss of INR 0.91 crores for the quarter ended June 30, 2019 and for the period from April 01, 2019 to June 30, 2019. The unaudited Consolidated Ind AS financial results also includes the Group's share of net profit after tax of INR 3.50 crores and total comprehensive income of INR 3.14 crores for the quarter ended June 30, 2019 and for the period from April 01, 2019 to June 30, 2019, as considered in the unaudited Consolidated Ind AS financial results, in respect of one joint venture, whose interim financial results have not been reviewed by us. These interim financial results have been reviewed by other auditors, whose reports have been furnished to us by the management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures in respect of these subsidiary and joint venture is based solely on the report of the other auditors and procedures performed by us as stated in paragraph 3 above. Our conclusion on the Statement is not modified in respect of the above matter.

10. One of the subsidiary is located outside India whose financial results and other financial information have been prepared in accordance with accounting principles generally accepted in its respective country and which have been reviewed by other auditor under generally accepted auditing standards applicable in its respective country. The Parent's management has converted the financial results of such subsidiary located outside India from accounting principles generally accepted in its respective country to accounting principles generally accepted in India. We have reviewed these conversion adjustments made by the Parent's management. Our conclusion in so far as it relates to the balances and affairs of such subsidiary located outside India is based on the report of other auditor and the conversion adjustments prepared by the management of the Parent and reviewed by us.

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

per Pravin Tulsyan
Partner
Membership No.: 108044
UDIN: 19108044AAAAAU1879

S.R. BATLIBOI & CO. LLP GURUGRAM

Place: Gurugram
Date: August 12, 2019

ZUARI AGRO CHEMICALS LIMITED

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

STATEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2019

(Rs. in Crore)

S. No	Particulars	STANDALONE				CONSOLIDATED			
		3 months ended 30/06/2019	3 months ended 31/03/2019	3 months ended 30/06/2018	Year ended 31/03/2019	3 months ended 30/06/2019	3 months ended 31/03/2019	3 months ended 30/06/2018	Year ended 31/03/2019
		Unaudited	Audited - Refer Note 16 below	Unaudited	Audited	Unaudited	Audited - Refer Note 16 below	Unaudited	Audited
1	**Revenue**								
	(a) Revenue from Operations	1,147.30	1,403.88	1,346.83	5,126.55	1,873.77	1,999.64	2,000.52	8,102.90
	(b) Other Income	10.65	0.29	15.72	68.87	13.08	1.66	16.88	45.52
	Total Income	1,157.95	1,404.17	1,362.55	5,195.42	1,886.85	2,001.30	2,017.40	8,148.42
2	**Expenses**								
	(a) Cost of raw material and components consumed	453.41	668.96	599.76	2,838.52	759.20	1,017.15	879.33	4,401.76
	(b) Purchases of traded goods	81.77	164.05	697.05	1,560.25	164.85	257.80	938.48	2,208.47
	(c) Changes in inventories of finished goods, traded goods and work-in-progress	396.89	310.12	(281.63)	(464.63)	547.99	311.27	(323.47)	(564.06)
	(d) Employee benefits expense	25.72	25.22	24.63	100.66	45.61	43.45	43.61	175.62
	(e) Depreciation and amortisation expense	14.14	11.82	10.89	45.50	25.74	23.03	20.72	87.46
	(f) Finance costs	118.96	117.42	84.64	383.26	154.28	139.22	111.96	487.90
	(g) Other expenses	191.36	247.11	238.89	966.29	315.27	362.98	365.81	1,566.49
	Total expense	1,282.25	1,544.70	1,374.23	5,429.85	2,012.94	2,154.90	2,036.44	8,363.64
3	**Profit / (Loss) before exceptional items and tax (1-2)**	(124.30)	(140.53)	(11.68)	(234.43)	(126.09)	(153.60)	(19.04)	(215.22)
4	Exceptional items	-	11.62	-	11.62	-	11.62	-	11.62
5	Share of profit of joint ventures					3.16	0.21	4.76	55.35
6	**Profit / (Loss) before tax (3+4+5)**	(124.30)	(128.91)	(11.68)	(222.81)	(122.93)	(141.77)	(14.28)	(148.25)
7	**Tax expense/ (credit)**								
	(a) Current Tax	-	(14.93)	-	(14.93)	-	(17.17)	-	(0.96)
	(b) Deferred Tax Charge/ (Credit)	-	15.08	(3.35)	3.27	0.17	12.77	(6.29)	7.85
	Income tax expense/ (credit)	-	0.15	(3.35)	(11.66)	0.17	(4.40)	(6.29)	6.89
8	**Profit / (Loss) for the period/year (6-7)(a)**	(124.30)	(129.06)	(8.33)	(211.15)	(123.10)	(137.37)	(7.99)	(155.14)
9	**Other Comprehensive income / (expense) (net of tax)**								
	A Items that will not be reclassified to profit or loss								
	Re-measurement gains (losses) on defined benefit plans	(0.10)	(2.61)	1.98	(0.40)	(0.56)	(2.60)	2.16	(1.56)
	Income tax relating to items that will not be reclassified to profit or loss	-	0.91	(0.69)	0.14	0.16	0.91	(0.76)	0.55
	Net (loss)/gain on FVTOCI financial instruments	(6.13)	(6.14)	(10.65)	(28.78)	(6.13)	(6.14)	(10.65)	(28.78)
	Share of OCI of joint ventures					(0.36)	(0.55)	(0.46)	(0.93)
	B Items that will be reclassified to profit or loss								
	Share of OCI of joint ventures					(0.44)	-	5.95	-
	Exchange differences on translation of foreign operations					-	(1.28)	0.15	7.32
	Total Other Comprehensive Income/(loss) (b)	(6.23)	(7.84)	(9.36)	(29.04)	(7.33)	(9.66)	(3.61)	(23.40)
10	**Total Comprehensive Income/(loss) for the period/year (a+b)**	(130.53)	(136.90)	(17.69)	(240.19)	(130.43)	(147.03)	(11.60)	(178.54)
11	Profit attributable to:								
	Owners of the equity					(123.08)	(134.57)	(6.15)	(170.58)
	Non-controlling interest					(0.02)	(2.80)	(1.84)	15.44
	Other comprehensive income attributable to:								
	Owners of the equity					(7.19)	(9.66)	(3.67)	(23.05)
	Non-controlling interest					(0.14)	-	0.06	(0.35)
	Total comprehensive income attributable to:								
	Owners of the equity					(130.27)	(144.23)	(9.82)	(193.63)
	Non-controlling interest					(0.16)	(2.80)	(1.78)	15.09
12	Paid-up Equity Share Capital (face value Rs. 10/- per share)	42.06	42.06	42.06	42.06	42.06	42.06	42.06	42.06
13	Other Equity as per balance sheet of previous accounting year	-	-	-	391.60	-	-	-	1,227.88
14	Earnings/ (Loss) per share (of Rs.10/- each) (not annualised):								
	(a) Basic (Rs.)	(29.55)	(30.69)	(1.98)	(50.20)	(29.26)	(32.00)	(1.46)	(40.56)
	(b) Diluted (Rs.)	(29.55)	(30.69)	(1.98)	(50.20)	(29.26)	(32.00)	(1.46)	(40.56)

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ZUARI AGRO CHEMICALS LIMITED ★

Notes:

1. The above unaudited standalone and unaudited consolidated Ind AS financial results of Zuari Agro Chemicals Limited ("the Company") and the Group comprising its Subsidiaries and its Joint Ventures (including Joint venture's subsidiary and associates), for the quarter ended on June 30, 2019 have been reviewed by the Audit Committee and taken on record by the Board of Directors of the Company in their respective meetings held on Aug 12, 2019. The Statutory Auditors have conducted "Limited Review" of these results in terms of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended and have expressed qualified report on the above results.

2. These unaudited standalone and unaudited consolidated Ind AS financial results have been prepared in accordance with the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Companies Act 2013 read with the Companies (Indian Accounting Standards) Rules 2015, as amended, from time to time.

3. The Company and the Group has adopted Ind AS 116 "Leases" effective April 1, 2019 and applied the standard to its Leases using the modified retrospective approach. Accordingly, comparative information has not been restated. As on April 1, 2019, Right of use asset at an amount equivalent to the lease liability have been recognised and consequently there has been no adjustment to the opening balance of retained earnings as on April 1, 2019.

   In the Statement of profit and loss for the current quarter, the nature of expenses in respect of operating leases has changed from rent in previous periods to depreciation cost for the right to use asset and finance cost for interest accrued on lease liability. The adoption of this standard had no significant impact on these financial results.

4. The certificate of CEO and CFO in terms of regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of above results have been placed before the Board of Directors.

5. The unaudited consolidated financial results comprise the unaudited financial results of the Company and its subsidiaries, herein after referred to as "the Group" including its Joint Ventures (including Joint venture's subsidiary and associates) as mentioned below:

   Subsidiaries:

   a) Mangalore Chemicals & Fertilizers Limited (MCFL)
   b) Adventz Trading DMCC (ATD)

   Joint Ventures:

   a) Zuari Maroc Phosphates Private Limited (ZMPPL)
   b) Paradeep Phosphates Limited (PPL) (subsidiary of ZMPPL)
   c) MCA Phosphates Pte Ltd (MCAP)

   Associate of Joint Ventures:

   a) Fosfatos del Pacifico S.A. (FDP) (associate of MCAP)
   b) Zuari Yoma Agri Solutions Limited (associate of PPL)

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ZUARI AGRO CHEMICALS LIMITED

6. Vide notification number 26/ 2018 dated June 13, 2018, the Government has amended the definition of "Net Input Tax Credit (ITC)" for the purpose of GST refund on account of inverted duty structure with effect from July 01, 2017 to include ITC availed only on inputs which excludes input services. The Company and the Group including the Company has claimed GST refund with respect to input services effective July 01, 2017 till April 17, 2018 which aggregates to Rs. 18.79 crores and Rs. 30.85 crores (net of amount eligible for recovery as subsidy), respectively. Further, during the quarter ended June 30, 2019, the Company and the Group including the Company has recognised GST input tax credit of Rs. 5.62 crores and Rs. 9.68 crores, respectively, relating to the quarter ended June 30, 2019 on input services.

   Management, based on an opinion obtained by the Group and also relying on similar fact pattern in an order dated September 18, 2018 of the High Court of Gujarat in respect of an application of another company on similar matter wherein ad-interim relief was granted, is of the view that to the extent the aforesaid Notification denies grant of refund of unutilized tax credit in respect of tax paid on input services is ultra vires to the Central Goods and Services Tax Act, 2017. The Company has also filed a writ petition in the Hon'ble High Court of Bombay at Goa in this regard.

   Accordingly, the management is confident of refund in respect of tax paid on input services and that no liability including interest, if any, would arise from the same.

7. During the quarter ended September 30, 2018, the Company had received demand notice of Rs. 27.67 crores towards excess refund on account of input tax credit on input services till the period ended March 31 2018. As the Company has filed writ petition in the Hon'ble High Court of Bombay at Goa, challenging the notifications no. 21/2018-CT dated April 18, 2018 & No. 26/2018-CT dated June 13, 2018 and based on the legal opinion obtained, is confident that the demand will not sustain, thereby no provision has been made in the books of account.

8. Mangalore Chemicals and Fertilizers Limited (MCFL), a subsidiary of the Company had engaged an independent firm to carry out forensic review of certain transactions relating to investment in preference shares of Bangalore Beverages Limited and advances to United Breweries (Holdings) Limited, which indicated that these transactions may have involved irregularities. These investment and advances aggregating to Rs. 216.68 crores in the books of the subsidiary company were fully provided for during the year ended March 31, 2016.

   Zuari Fertilisers and Chemicals Limited (ZFCL), the then holding company of MCFL, (now merged with the Company) had filed a petition before the National Company Law Tribunal, Bengaluru ("NCLT") to claim accountability of erstwhile promoter group for the aforesaid irregularities. The matter is currently pending before the NCLT.

9. During the quarter ended June 30, 2019, a settlement agreement dated June 17, 2019 was entered into between Zuari Agro Chemicals Limited (ZACL), McDowells Holdings Limited (MHL) and Mangalore Chemicals and Fertilizers Limited (MCFL). Zuari fertilizers and Chemicals Limited (ZFCL) (now merged with ZACL) had given an inter-corporate deposit (ICD) of Rs. 20.00 Crore to MHL during the financial year ending March 31, 2012. During the financial year March 31, 2018 an amount of Rs. 13.94 crores was provided for in the books of account by ZACL against amount of Rs. 23.33 Crore outstanding for ICD and accrued Interest. During the financial year ending March 31, 2019, an amount of Rs. 9.39 crores was received by ZACL. Vide this settlement agreement, MHL has given the shareholding rights of 1,185,151 shares of MCFL for Rs. 5.91 crores to ZACL against the amount outstanding as part settlement. The Company has recognised an income of Rs. 5.91 crore in the current quarter in unaudited Standalone results.

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10. The Direct Benefit Transfer (DBT) for subsidy income was rolled out by Department of Fertilizers (DoF) during the year 2016-17 and by February 1, 2018 was on a pan India basis. Due to this new subsidy transfer framework there has been a transitional delay in realisation of subsidy from DoF i.e. from the erstwhile mechanism of point of dispatch (sales to dealers/distributors by the Company) to point of retail sale (sales to beneficiary by the dealers/distributors), and which also impacted the working capital cycle of the Company and the Company obtains cash credit and short-term loans to meet its short term working capital requirements. Significant delays in receipt of subsidy from the Government of India and the consequent deterioration of our liquidity position, also led to elongation of the working capital cycle of our Company. Further, due to a drought like situation in our markets during the Rabi Season especially in certain parts of Maharashtra and Karnataka, our Company was unable to pass on the increase in the prices of the raw materials to the farmers which contributed to the cash flow mismatch and reduced financial flexibility of our Company. The Company also incurred cash losses during the quarter due to delayed monsoons in its operating territories and stoppage of one of our NPK plant.

    The delays in receipt of subsidy also impacted the Company's ratings and the credit ratings assigned to our long term and short term borrowings were downgraded from [ICRA] BB (Negative) to [ICRA] D and from [ICRA] A4 to [ICRA] D, due to our Company's inability to meet its obligation in relation to the payment of certain letters of credit which led to devolvement and over-utilisation of the cash credit facilities availed by our Company for more than 30 days, delay in payment of certain term loan instalments, over-utilisation of certain fund based facilities availed by our Company. Also, two of lenders have recalled the borrowing facilities availed by the Company on account of downgrade of ratings.

    The management has assessed the financial position of the Company considering its business projections including transforming certain short-term loans to long-term debt to repay its committed liabilities in the near future. Considering the strength of the Company's business plans and future outlook as assessed by the management, the management is confident that it will be able to realize its assets and discharge its liabilities in the normal course of business.

11. The unaudited standalone Ind AS financial results of the Company for the quarter June 30, 2019 have been prepared on the basis of notified concession price of Urea under New Urea Policy 2015, which are further adjusted for input price escalation / de-escalation, as estimated on the basis of prescribed norms.

    Mangalore Fertilizers and Chemicals Limited (MCFL), a subsidiary company, recognises Urea concession income as per Government of India (GOI) notification dated June 17, 2015 which is based on estimates and changes, if any, and are recognised in the year of finalization of the prices by the GOI under the scheme. Accordingly, revenue for the year ended March 31, 2019 include additional urea concession income of Rs. 30.51 crores relating to immediately preceding financial year recognised on finalisation of escalation/de-escalation claims. The urea concession income for the year ended March 31, 2019 is pending finalisation by the GOI.

    The subsidy on Phosphatic and Pottasic fertilizers has been accounted based on the rates announced by the GOI under Nutrient Based Subsidy Policy, from time to time.

12. Under the provision of Ind AS 108, the Company/Group operates in a single segment of fertilizer operations and therefore separate segment disclosures have not been given.

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13. In respect of the Company's investment of Rs. 119.43 crores in the rock phosphate mining project (which is under development) through MCA Phosphate Pte Limited (MCAP), a joint venture company, there has been a deadlock between the Company and its JV partner Mitsubishi in its rock phosphate mining project through MCAP about certain impairments recorded in the financial statements of MCAP for financial years 2015-16 and 2016-17. On February 15, 2018, MCAP had issued a share offer notice by virtue of which the Company was offered to subscribe to certain ordinary shares. In light of the objections already raised by the Company in regard to the impairment and adoption of accounts and the nominal value at which the shares were issued, it did not subscribe to the rights issue. On May 30, 2018, the Company obtained a clarification from the JV partner that its shareholding in MCAP has been diluted from 30% to 0.17% with effect from April 01, 2018.

The Company initiated legal proceedings before the High Court of Singapore on June 4, 2018 seeking certain relief. An order has been passed by the High Court of Singapore on August 13, 2018 mandating that *inter alia* no steps should be taken: i) in respect of any matter specified as a super-majority decision in the shareholders agreement dated December 20, 2011, without the prior written consent of the Company, to, among other things, preserve the Company's original investment; and ii) no steps should be taken to change the shareholding of MCAP or to amend the Articles of Association of MCAP or to act in any manner inconsistent with the shareholders agreement mentioned above. The Company has initiated arbitration proceedings against the JV partner in accordance with the arbitration rules of the International Chamber of Commerce (ICC). The ICC, vide its order dated December 4, 2018 on an application for interim relief amended the order passed by the High Court of Singapore by allowing the respondents (i.e. Mitsubishi Corporation and MCA Phosphate Pte Limited) to exercise contractual options to purchase or sell shares of MCA Phosphates Pte. Limited in accordance with the terms of any applicable agreements. Mitsubishi Corporation has agreed not to exercise such contractual options till the final award is issued in the aforesaid arbitration. The Company has filed its claim with the arbitration tribunal on April 23, 2019. Basis the Company's discussions with its counsel for the arbitration, the Company is confident that the reliefs sought by the Company in its claim will be awarded in its favour by the arbitration tribunal constituted by ICC.

The Company had not considered any impairment loss till the time of finalization of the financial statements for the year ended March 31, 2018. During the quarter ended June 30, 2018, the Company had assessed the fair value of the said investment based on the fair valuation done by an independent valuer and had concluded that the impairment loss was required to be recognised. Accordingly, the Company had recognised an impairment loss of Rs. 11.62 crores in the standalone and consolidated financial results and the figures for the year ended March 31, 2018 were appropriately restated and disclosed under exceptional items as per Ind AS 8 "Accounting Policies, Change in Accounting Estimates and Errors".

For the year ended March 31, 2019, as per the requirement of arbitration proceedings, the valuation of MCAP investment in Fosfatos del Pacifico S.A. (FDP), the mining project company, was done by an independent valuer for the purpose of submission of the valuation report of the said investment to ICC, which indicates a value higher than the carrying value of investment in the books of the Company. Based on the report of independent valuer, impairment loss of Rs. 11.62 crores recognised for the year March 31, 2018 has been reversed in March 31, 2019 and disclosed as an exceptional income. Accordingly exceptional items for the year ended March 31, 2019 represents write back of impairment of the Company's investment in the rock phosphate mining project (which is under development) through MCA Phosphates Pte Ltd (MCAP).

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14. The Company is planning to set up a Phosphatic fertilizer plant in Ras-Al-Khaimah (RAK) in United Arab Emirates in collaboration with Ras-Al-Khaimah Maritime City Free Zone Authority and has incurred an expenditure on feasibility study and related expenditure amounting to Rs. 32.12 crores in earlier years. The JV Company has been incorporated and definitive agreement between the shareholders have been completed which also provides for the re-imbursement of these expenses by the JV Company. These expenditures have been approved by the JV Company. The Company is in discussion with various EPC contractors with regard to the implementation of the project and has also signed a MoU for its rock phosphate requirements with an integrated Phosphate fertilizer company. The current license of the JV Company for the free zone was due for renewal on annual basis. The process for extension of license has been initiated by the JV Company.

15. The Company is carrying a receivable of Rs. 19.49 crore for the period February 2013 and March 2013 on account of accrual of subsidy income at higher rate in comparison to rate at which subsidy is granted. However, as per the office memorandum dated April 16, 2018 issued by the Department of Fertilizer, the Government has ex-post facto approved the subsidy paid on specific quantity of P&K fertilizer received in the district during February 2013 and March 2013 months in different year since 2012-13 at the rates fixed for the next financial year which were lower than the rate approved by cabinet /CCEA for that year. The Company has represented to the Department of Fertilizer that the material moved in February 2013 and March 2013 was part of the approved movement plan of January 2013 and hence Nutrient Based Subsidy rates of 2013 should be applicable. The Company has also filed writ petition at Hon'ble High Court of Delhi against Department of Fertilizer to recover this amount. The Writ Petition has been finally disposed of with a direction to the Department to decide the Petitioner's representation within a period of 8 weeks after granting the Petitioner an opportunity to be heard. The Company is in the process of submitting the representation in this regard to Department of Fertilizers and is hopeful to realize the aforesaid amount, hence, no provision has been made in the accounts.

16. The figures of the preceding quarter ended March 31, 2019 are the balancing figures between the audited figures for the full financial year and the published year to date figures up to the third quarter of that financial year.

17. The unaudited consolidated Ind AS financial results include the Group's share of total comprehensive loss (comprising of loss and other comprehensive loss) of Rs. 0.78 crores for the quarter ended June 30, 2019 in respect of one joint venture including its associate, both located outside India, whose financial statements and other financial information have not been subject to review and has been compiled by the management in accordance with accounting principles generally accepted in the respective country. The Company's management has converted the financial statements of such joint venture located outside India from accounting principles generally accepted in the respective country to accounting principles generally accepted in India.

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18. One of the two granulation plant was shut down from May 16, 2019 after evaluating the market conditions and inventory position. The Urea plant was shut down from July 04, 2019 due to leak of the Pg-Reboiler in the Co2 removal section of the Ammonia Plant. After the repair of the PG- Reboiler in the Co2 removal section of Ammonia plant, the plant could not be started due to non-availability of gas supply caused due to non-payment of dues to GAIL, which was due to liquidity issues arising mainly out of delay in release of subsidy.

    The Ammonia, Urea and ABC plants of MCFL, a subsidiary, were shutdown from February 13, 2019 to April 7, 2019 for planned maintenance activities and were again shutdown from May 14, 2019 to June 11, 2019 due to reduced supply of water.

19. Previous period's figures have been re-grouped / re-classified wherever necessary, to correspond with those of the current period's classification.

For and on behalf of Board of Directors

Sunil Sethy
Managing Director
DIN: 00244104

Date: August 12, 2019
Place: Gurugram

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