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August 21, 2020

BSE Limited
Floor 25, P.J. Towers,
Dalal Street,
Mumbai - 400 001
BSE scrip Code: 534742

National Stock Exchange of India Ltd,
Exchange Plaza, 5th floor,
Bandra-Kurla Complex,
Bandra (E).
Mumbai - 400 051
NSE Symbol: ZUARI

Dear Sirs,

Sub: Notice of the 11th Annual General Meeting and Annual Report for the Financial Year 2019-20.

Please find enclosed herewith, the Notice of the 11th Annual General Meeting of the Company scheduled to be held on Monday, 14th September, 2020 at 11.00 A.M. (IST) through Video Conference / Other Audio Visual Means and Annual Report of the Company for the financial year 2019-20, pursuant to Reg 34(1) of SEBI (Listing Obligations and Disclosure Requirements)Regulations, 2015.

Thanking you

Yours faithfully
For Zuari Agro Chemicals Limited

Vijayamahantesh Khannur
Company Secretary

ZUARI AGRO CHEMICALS LTD. ★ Zuarinagar ★

Encl : As above


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11th Annual Report 2019-2020
Standing with farmers
as they serve the nation.
ZUARI AGRO CHEMICALS LIMITED
दिल से
प्रणाम,
जय हो
किसान.

CORPORATE INFORMATION

Board of Directors

Saroj Kumar Poddar
Chairman

Akshay Poddar
Director

N. Suresh Krishnan
Director

Marco P. A. Wadia
Independent Director

Kiran Dhingra
Independent Director

Dipankar Chatterji
Independent Director

L M Chandrasekaran
Independent Director

Senior Management Personnel

Nitin M. Kantak
Executive Director

Madan Mohan Pandey
President Agri Business

Key Management Personnel:

R K Gupta
Chief Financial Officer

Vijayamahantesh Khannur
Company Secretary

Statutory Auditors

S.R. Batliboi & Co. LLP,
Chartered Accountants,
3rd & 6th Floor, World Mark-1,
IGI Airport Hospitality District Aerocity,
New Delhi – 110 087, India.

Bankers

1. State Bank of India
2. Canara Bank
3. Union Bank of India (Erstwhile Corporation Bank)
4. Bank of Baroda
5. HDFC Bank Ltd.
6. Axis Bank Ltd.
7. ICICI Bank Ltd.
8. IDBI Bank Ltd.
9. Coöperatieve Rabobank U.A.

Lgeal Advisors

Khaitan & Co.

The Address of Our Share Transfer Agent

Link Intime India Pvt. Limited
C-101, 247 Park, LBS Marg, Vikhroli West,
Mumbai - 400 083
Tel: 022-49186000
Fax: 022-49186060
Email: helpdesk@linkintime.co.in
Website: www.linkintime.com

Listed On

National Stock Exchange of India Limited & BSE Limited

Registered Office

Zuari Agro Chemicals Limited
Jai Kisaan Bhawan, Zuarinagar,
Goa - 403 726
Tel: 91-832-2592180 / 81
website : www.zuari.in

Corporate Office

Zuari Agro Chemicals Limited
Adventz Centre
3rd Floor, No. 28, Union Street
Off Cubbon Road, Bangalore – 560 00
Karnataka, India.
Tel: +91 80 46812500/555

CONTENTS

ZUARI AGRO CHEMICALS LIMITED
CIN- L65910GA2009PLC006177
Registered Office: Jai Kisaan Bhawan, Zuarinagar, Goa 403 726
Website : www.zuari.in, Tel.: 0832-2592431

NOTICE

NOTICE is hereby given that the Eleventh Annual General Meeting of the Members of Zuari Agro Chemicals Limited ("the Company") will be held on **Monday, the 14th September, 2020 at 11.00 a.m.** (IST) through Video Conference ("VC") / Other Audio Visual Means ("OAVM") ("hereinafter referred to as "electronic mode") to transact the following business:

Ordinary Business:

1. **To receive, consider and adopt:**
   (a) The Audited Financial Statements of the Company for the financial year ended 31st March, 2020 and the Reports of the Board of Directors and Auditors thereon.
   (b) The Audited Consolidated Financial Statements of the Company for the financial year ended 31st March, 2020 and the Report of the Auditors thereon.
2. To re-appoint Mr. Akshay Poddar (DIN 00008686) who retires by rotation and being eligible, offers himself for re-appointment.

Special Business:

3. **Ratification of Remuneration to Cost Auditor:**

   To consider and if thought fit, to pass, the following resolution as an **Ordinary Resolution;**

   RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the remuneration payable to Mr. Irudayam Savari Muthu, Cost Accountant having firm Registration No. 100107, appointed by the Board of Directors of the Company as Cost Auditor to conduct the audit of the cost records of the Company for the Financial Year 2020-21, being ₹2,75,000/- (Rupees Two lakhs seventy five thousand only) plus applicable taxes and out of pocket expenses incurred by him in connection with the aforesaid audit, be and is hereby ratified and confirmed.

4. **Appointment of Mr. Dipankar Chatterji as an Independent Director:**

   To consider and if thought fit, to pass, the following resolution as an **Ordinary Resolution;**

   RESOLVED THAT pursuant to the provisions of Section 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) read with Schedule IV of the Companies Act, 2013 and the applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Dipankar Chatterji (DIN: 00031256), in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act, proposing his candidature for appointment as Director, be and is hereby appointed as an Independent Director of the Company for a period of three (3) years with effect from 14th February, 2020 to 13th February, 2023, not liable to retire by rotation.

5. **Continuation of directorship of Mr. S. K. Poddar as Non-Executive Director of the Company:**

   To consider and if thought fit, to pass, the following resolution as a **Special Resolution;**

   RESOLVED THAT pursuant to Regulation 17(1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions, if any, of the Companies Act, 2013 and the applicable Rules made thereunder, including any amendment(s), statutory modification(s) and/or re-enactment thereof for the time being in force, approval of the Members of the Company be and is hereby granted to Mr. S. K. Poddar (DIN 00008654), who will attain the age of seventy five (75) years on 15th September, 2020 to continue to be a Non-Executive Director of the Company, liable to retire by rotation.

6. **Amendment to the Memorandum of Association of the Company:**

   To consider and if thought fit, to pass, the following resolution as a **Special Resolution;**

   RESOLVED THAT pursuant to the provisions of Sections 4 and 13 of the Companies Act, 2013 and other applicable provisions read with the rules and regulations made there under including any amendment, re-enactment or statutory modification thereof, approval of members be and is hereby accorded to amend the Memorandum of Association in line with the provisions of the Companies Act, 2013.

   RESOLVED FURTHER THAT any one Director of the Company and Mr. Vijayamahantesh Khannur, Company Secretary of the Company be and are hereby severally authorised to do all such acts, deeds, matters and things as may be deemed proper, necessary, or expedient, including filing the requisite forms with Ministry of Corporate Affairs or submission of documents with any other authority, for the purpose of giving effect to this

Resolution and for matters connected therewith or incidental thereto.

7. **Appointment of Mr. L. M. Chandrasekaran as an Independent Director:**

To consider and if thought fit, to pass, the following resolution as an **Ordinary Resolution;**

RESOLVED THAT pursuant to the provisions of Section 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) read with Schedule IV of the Companies Act, 2013 and the applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. L. M. Chandrasekaran (DIN: 01245052), in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act, proposing his candidature for appointment as Director, be and is hereby appointed as an Independent Director of the Company for a period of three (3) years with effect from 27th June, 2020 to 26th June, 2023, not liable to retire by rotation.

By Order of the Board of Directors

Vijayamahantesh Khannur
Company Secretary
ACS No. 19257

Date: 18th August, 2020

Registered Office: Jai Kisaan Bhawan, Zuarinagar – Goa 403 726

NOTES:

1. The related Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("Act") setting out material facts concerning the business under Item No. 3, 4, 5, 6 & 7 of the Notice, is annexed hereto. Details under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting (AGM) under item No. 2, 4, 5 & 7 is also annexed hereto.

2. As you are aware, in view of the situation arising due to COVID-19 global pandemic, the general meetings of the companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated April 8, 2020, Circular No. 17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020 (hereinafter collectively referred to as "MCA Circulars"). The AGM will thus be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.

3. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to atleast 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.

5. Pursuant to MCA Circulars, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.

6. The Notice of the 11th Annual General Meeting along with the Annual Report for the financial year 2019-20 is being sent only by electronic mode to those Members whose email addresses are registered with the Company/Depositories in accordance with the aforesaid MCA Circulars and circular issued by SEBI dated May 12, 2020. The Notice calling the AGM and Annual Report for the financial year 2019-20 has been uploaded on the website of the Company at www.zuari.in. The Notice and Annual Report for the financial year 2019-20 can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. www.evotingindia.com.

7. The AGM will be held through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circulars. Since the AGM will be held through VC/OAVM, the route map and attendance slip are not annexed in this Notice.

8. The Company's Registrar & Share Transfer Agents (RTA) are :

   Link Intime India Private Limited
   C-101, 247 Park,
   L B S Marg, Vikhroli (W)
   Mumbai 400 083
   Tel : 022-49186000
   Fax: 022-49186060
   E-mail: rnt.helpdesk@linkintime.co.in
   Website: www.linkintime.co.in

9. Pursuant to the provisions of Section 124(5) and 125 of the Companies Act, 2013, the dividend amount remaining unpaid/unclaimed for a period of seven years from the due date of payment shall be transferred to the Investor Education and Protection Fund (IEPF) established by Central Government. Pursuant to the provisions of Section 124(6) and Section 125 of the Companies Act, 2013 read with Rule 6 of

the IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, all shares in respect of which dividend has not been paid or claimed for seven consecutive years or more shall be transferred by the Company to the IEPF within 30 days of such shares becoming due to be transferred to the Fund.

10. The company has uploaded the details of unpaid and unclaimed amount lying with the Company as on the date of last Annual General Meeting (AGM) on the website of the Company at www.zuari.in, as well as on the website of Investor Education and Protection Fund Authority (Ministry of Company Affairs) at http://www.iepf.gov.in/. Unclaimed dividend pertaining to the financial year 2012-13 is due for transfer to the Investor Education and Protection Fund and the same can be claimed by making necessary application to the IEPF Authority.

    Following are the details of dividends declared by the Company and respective due dates for transfer of unclaimed dividend to IEPF.

Dividend year	Date of declaration of dividend	Due date for transfer to IEPF
31-03-2013	24-09-2013	23-10-2020
31-03-2014	01-09-2014	30-09-2021
31-03-2015	21-09-2015	19-10-2022
31-03-2017	22-09-2017	20-10-2024

11. Members, who have neither received nor encashed their dividend warrant(s) in respect of the earlier years, are requested to make a request letter to the Company/RTA, mentioning the relevant Folio number or DP ID and Client ID, for issuance of duplicate/revalidated dividend warrant(s). As and when the amount is due, it will be transferred by the Company to Investor Education and Protection Fund. No claim thereof shall lie against the Company after such transfer.

12. Members are advised to avail the facility for receipt of future dividends through National Electronic Clearing Services (NECS). The ECS facility is available at specified locations. Shareholders holding shares in electronic form are requested to contact their respective Depository Participant for availing NECS facility. The Company or our RTA cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Shareholders holding shares in physical form and desirous of either registering bank details or changing bank details already registered against their respective folios are requested to send a request letter for updating Bank Account Numbers with 9 digit MICR Number to the RTA or to the Company with attested copy of his/her PAN Card and a copy of his/her cheque leaf (to capture correct Bank Account Number, IFSC Code and 9 digit MICR Code).

13. Pursuant to the provisions of Section 72 of the Companies Act, 2013, members can avail facility for nomination in respect of the shares held by them. Members holding shares in electronic form may contact their respective Depository Participant for availing this facility. Members holding shares in physical form may send their nomination in the prescribed form duly filled in to RTA at the above mentioned address.

14. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their Demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.

15. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their Demat accounts. Members holding shares in physical form can submit their PAN details to the Company or RTA.

16. Members are requested to notify any change in their postal/mail or email address:

    (i) To their Depository Participants (DPs) in respect of the shares held in Demat form and

    (ii) To the Company, to its Shares Department at the Registered Office at Jai Kisaan Bhawan, Zuarinagar, Goa – 403 726 in respect of the shares held in physical form.

    (iii) In case the mailing address registered with the Company is without the PINCODE, kindly inform the same to DP or the Company, as mentioned above.

17. The Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, the Register of Contracts or Arrangements in which the Directors are interested under Section 189 of the Companies Act, 2013 will be available electronically for inspection by the Members on the website of the Company at http://www.zuari.in/investor/notice_general_meeting during the time of AGM.

18. To support the 'Green Initiative' in the Corporate Governance taken by the Ministry of Corporate Affairs, to contribute towards the Greener Environment and to receive all documents, Notices, including Annual Reports and other communications of the Company, investors should register their e-mail addresses with RTA if shares are held in physical mode or with the Depository Participant, if the shares are held in electronic mode.

19. With effect from April 01, 2019, except in the case of transmission or transposition of securities, the requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialized form with a

Depository. Hence, the members holding shares in physical form are requested to dematerialize their physical shares into electronic form by sending demat request to their concerned Depository Participants.

20. Voting Process:

A. Process and manner for members opting to vote through electronic means:

Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.

THE INTRUCTIONS FOR SHAREHOLDRES FOR REMOTE E-VOTING ARE AS UNDER:

(i) **The voting period begins on Friday, 11th September, 2020 at 10.00 a.m. (IST) and ends on Sunday, 13th September, 2020 at 5.00 p.m. (IST) During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date being Monday, 7th September, 2020 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.**

(ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting.

(iii) The shareholders should log on to the e-voting website www.evotingindia.com.

(iv) Click on "Shareholders" module.

(v) Now enter your User ID

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.

OR

Alternatively, if you are registered for CDSL's **EASI/EASIEST** e-services, you can log-in at https://www.cdslindia.com from **Login - Myeasi** using your login credentials. Once you successfully log-in to CDSL's **EASI/EASIEST** e-services, click on **e-Voting** option and proceed directly to cast your vote electronically.

(vi) Next enter the Image Verification as displayed and Click on Login.

(vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.

(viii) If you are a first time user follow the steps given below:

For Shareholders holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is indicated in the PAN field. Sequence number for voting may be obtained by sending request to rnt.helpdesk@linkintime.co.in
Dividend Bank Details **OR** Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. • If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

(ix) After entering these details appropriately, click on "SUBMIT" tab.

(x) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(xi) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xii) Click on the EVSN of Zuari Agro Chemicals Limited to vote.

(xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(ix) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

(x) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xi) Shareholders can also cast their vote using CDSL's mobile app "**m-Voting".** The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:

1. For Physical shareholders - please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to Company at shares@adventz.com / RTA at rnt.helpdesk@linkintime.co.in.
2. For Demat shareholders -, please provide Demat account detials (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to Company at shares@adventz.com / RTA at rnt.helpdesk@linkintime.co.in.

INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at https://www.evotingindia.com under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
2. Shareholders are encouraged to join the Meeting through Laptops/IPads for better experience.
3. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/ask questions during the meeting with regard to the financial statements or any other matter to be placed at the AGM may register themselves as a speaker by sending their request in advance atleast **7 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at shares@adventz.com. The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance **7 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at shares@adventz.com. The queries will be replied suitably depending upon the availability of time at AGM.
6. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting. The Company reserves the right to restrict the number of speakers depending upon the availability of time.

INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM ARE AS UNDER:

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-Voting.
2. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
3. If any Votes are cast by the shareholders through the e-Voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
4. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

(xx) Note for Non–Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the "Corporates" module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the

Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

- Alternatively Non-Individual shareholders are required to send the relevant Board Resolution/Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer at cs.sbhat@gmail.com and to the Company at the email address viz; shares@adventz.com, if they have voted from individual tab & not uploaded same in the CDSL e-Voting system for the scrutinizer to verify the same.

  If you have any queries or issues regarding attending AGM & e-Voting from the e-Voting System, you may refer the Frequently Asked Questions ("FAQs") and e-Voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com or contact Mr. Nitin Kunder (022-23058738) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).

  All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL), Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400 013 or send an email to helpdesk.evoting@cdslindia.com or call on 022-23058542/43.

B. General instruction/information for Members for voting on the Resolutions:

a) The voting rights of the Members shall be in proportion to their shares of the paid up equity share capital of the Company, subject to the provisions of the Section 108 of the Companies Act, 2013 and Rules made thereunder, as amended, as on the cutoff date, being Monday, 7th September, 2020.

b) Mr. Shivaram Bhat, Practicing Company Secretary (Membership No. 10454) has been appointed by the Board of Directors of the Company as the Scrutinizer for scrutinizing the e-Voting process, in a fair and transparent manner.

c) The Scrutinizer shall immediately after conclusion of the Annual General Meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-Voting in the presence of at least two (2) witnesses not in the employment of the Company.

d) The Scrutinizer will submit, not later than 48 hours of conclusion of the AGM, a consolidated scrutinizer's report, of the total votes cast in favour or against, if any, to the Chairman of AGM or any other Director or Company Secretary authorized by him in writing who will countersign the same and declare the result of the voting forthwith, which shall be displayed on the Notice Board of the Company at its Registered Office. The result will also be displayed on the website of the Company at *www.zuari.in*, besides being communicated to Stock Exchanges.

e) Any person, who acquires shares of the Company and becomes member of the Company after dispatch of the notice and holding shares as of cut-off date i.e. Monday, 7th September, 2020, may obtain the sequence number for voting by sending request to *rnt.helpdesk@linkintime.co.in* in case he/she has not updated the PAN with Company/DP. However, if you are already registered with CDSL for remote e-Voting then you can use your existing user ID and password for casting your vote.

Explanatory Statement in respect of the Special Business pursuant to Section 102 of the Companies Act, 2013:

Item No. 3: Ratification of Remuneration to Cost Auditor:

The Board, on the recommendation of the Audit Committee, has approved the re-appointment and remuneration of Mr. Irudayam Savari Muthu, Cost Accountant as the Cost Auditor to conduct the audit of the Cost Accounts of the Company in respect of the Fertiliser operations of the Company's plants situated at Zuarinagar, Goa and Mahad for the financial year 2020-21 at a remuneration of ₹2,75,000/-(Rupees Two lakhs seventy five thousand only) plus applicable taxes and out of pocket expenses incurred by him in connection with the aforesaid audit.

In terms of provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor is required to be ratified by the Members of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 3 of the Notice for ratification of the remuneration payable to the Cost Auditor for the financial Year 2020-21.

None of the Directors or Key Managerial Personnel (KMP) or relatives of Directors and KMP are concerned or interested in this resolution.

Item No. 4: Appointment of Mr. Dipankar Chatterji as an Independent Director:

Based on the recommendation of the Nomination & Remuneration Committee at its meeting held on 14th February, 2020, the Board of Directors at its meeting held on 14th February, 2020 appointed Mr. Dipankar Chatterji as an Additional Director in the category of Independent Directors for a period of 3 (three) years from 14th February, 2020 to 13th February, 2023 and his tenure as Additional Director expires at this Annual General Meeting. A notice has been received in writing from a member under Section 160 of the Companies Act, 2013 proposing appointment of Mr. Dipankar Chatterji as an Independent Director of the Company.

Brief profile along with other particulars of Mr. Dipankar Chatterji, as required by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is attached as annexure to this Notice.

Except Mr. Dipankar Chatterji, none of the other Directors and Key Managerial Personnel (KMP) of the Company or relatives of Directors and KMP are, in any way, concerned or interested in the said resolution.

Hence, the Board recommends the resolution set out at Item No. 4 of the Notice for shareholders' approval as an Ordinary Resolution.

Item No. 5 : Continuation of Directorship of Mr. S. K. Poddar as Non-Executive Director of the Company :

Mr. S. K. Poddar was appointed as Non-Executive Director of the Company w.e.f. 20th May, 2011. Mr. Poddar will be attaining the age of 75 on 15th September, 2020.

In terms of Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Regulations") as amended, appointment or reappointment or continuation of directorship of any person as a Non-Executive Director who has attained the age of seventy five requires approval of shareholders by way of a special resolution, in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such a person.

Mr. Saroj Kumar Poddar, a leading Indian industrialist of international repute, is Chairman of the Adventz group. The group, with a total turnover in excess of US $3 billion, comprises 23 leading companies in various verticals, constituting key drivers of the Indian economy and was repositioned under the Adventz banner by Mr. Poddar, to leverage its exemplary equity in terms of knowledge, best practices and technical excellence. Under Mr. Poddar, the group, has promoted various seminal projects including joint ventures.

Considering Mr. Poddar's experience in vide range of Industries, it is felt appropriate to continue the directorship of Mr. S. K. Poddar, non-executive director of the Company upon attaining the age of 75 years subject to the approval of the shareholders in the General Meeting.

Except Mr. S. K. Poddar and Mr. Akshay Poddar, none of the other Directors and Key Managerial Personnel (KMP) of the Company or relatives of Directors and KMP are, in any way, concerned or interested in the said resolution.

Hence, the Board recommends the resolution set out at Item No. 5 of the Notice for shareholders' approval as a Special Resolution.

Item No. 6 : Amendment to the Memorandum of Association of the Company:

The Company was incorporated under the provisions of the Companies Act, 1956. The existing Memorandum of Association ("MOA") is based on the Companies Act, 1956 and several clauses in the existing MOA contain references to specific sections of the Companies Act, 1956 and which are no longer in force. The Board at its meeting held on 19th June, 2020 have approved (subject to the approval of members) the amendments to the Memorandum of Association in accordance with the requirements of Table A of First Schedule in the Companies Act, 2013 with respect to the following:

a. Clause III(A) & III(B) – Main Objects of the Company and Matters which are necessary for furtherance of the Main Objects by way of insertion(s) / deletion(s) / alteration(s) /re-numbering;
b. Clause III(C) – Other objects have been merged with III(B); and
c. Other amendments required to align with the provisions of the Companies act, 2013.

The draft of the amended Memorandum of Association proposed for approval is available on the website of the Company at http://www.zuari.in/investor/notice_general_meeting.

In terms of Section 4 and 13 of the Companies Act, 2013, the consent of the Members by way of Special Resolution is sought for proposed amendments to the Memorandum of Association of the Company.

None of the Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise in this matter.

Item No. 7: Appointment of Mr. L. M. Chandrasekaran as an Independent Director:

Based on the recommendation of the Nomination & Remuneration Committee, at its meeting held on 27th June, 2020, the Board at its meeting held on 27th June, 2020 approved the appointment of Mr. L. M. Chandrasekaran as an Additional Director of the Company for a period of 3 (three) years from 27th June, 2020 to 26th June, 2023, in the category of Independent Directors and his tenure as an Additional Director expires at this Annual General Meeting. A notice has been received in writing from a member under Section 160 of the Companies Act, 2013 proposing appointment of Mr. L. M. Chandrasekaran as an Independent Director of the Company.

Brief profile along with other particulars of Mr. L. M. Chandrasekaran, as required by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is attached as annexure to this Notice.

Except Mr. L. M. Chandrasekaran, none of the other Directors and Key Managerial Personnel (KMP) of the Company or relatives of Directors and KMP are, in any way, concerned or interested in the said resolution.

Hence, the Board recommends the resolution set out at Item No. 7 of the Notice for shareholders' approval as an Ordinary Resolution.

By Order of the Board of Directors

Vijayamahantesh Khannur
Company Secretary
ACS No. 19257

Date: 18th August, 2020

Registered Office: Jai Kisaan Bhawan, Zuarinagar - Goa 403 726

Details of Director seeking appointment/re-appointment at the forthcoming Annual General Meeting in pursuance of Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015:

Name of the Director	Mr. Dipankar Chatterji	Mr. Saroj Kumar Poddar	Mr. L. M. Chandrasekaran	Mr. Akshay Poddar
DIN	00031256	00008654	01245052	00008686
Date of Birth	23-08-1948	15-09-1945	01-03-1949	20-07-1976
Age	71	74	71	44
Nationality	Indian	Indian	Indian	NRI
Relationship between directors inter-se	NIL	Mr. Akshay Poddar is the son of Mr. S. K. Poddar	NIL	Mr. Akshay Poddar is the son of Mr. S. K. Poddar
Date of First Appointment	14-02-2020	20-05-2011	27-06-2020	14-11-2001
Qualification	Chartered Accountant	Bachelor's degree in Commerce	Chemical Engineering (B.Tech) Post Graduate Diploma in Administrative Management	Honours in Accounting & Finance from London School of Economics and Political Science, University of London
Functional Expertise & Experience including brief resume	Mr. Dipankar Chatterji, a Chartered Accountant by profession, is a senior partner in L B Jha & Co., Chartered Accountants, who are engaged in Consultancy, Audit and Assurance or Tax and other Compliance Services. He has been on the Board of four nationalised banks, a public sector mutual fund and an associate company of State Bank of India. He has been nominated on the boards of various companies by Banks/ Financial Institutions. He is the Vice-President of one of the top 10 B Schools in the country. He was appointed by RBI as a member of the Padmanabhan Committee, set up to review RBI's supervision over Banks. He was a member of the Central Council of the Institute of Chartered Accountants of India and Chairman of the Auditing Practices Committee of the Institute of Chartered Accountants of India.	Mr. Saroj Kumar Poddar, a leading Indian industrialist of international repute, is Chairman of the Adventz group. The group, with a total turnover in excess of US $3 billion, comprises 23 leading companies in various verticals, constituting key drivers of the Indian economy and was repositioned under the Adventz banner by Mr. Poddar, to leverage its exemplary equity in terms of knowledge, best practices and technical excellence. Under Mr. Poddar, the group, has promoted various seminal projects including joint ventures.	Mr. L. M. Chandrasekaran, is a Gold Medalist in Chemical Engineering (B.Tech) from the University of Madras and also a Post Graduate Diploma in Administrative Management from University of Bombay and possessed a vast and varied experience of more than 45 years, covering a wide spectrum of functions such as Production, Technical services, Project Management, Business Development, Factory Operations including Safety, Environment Management, etc. Earlier, he had also been associated as VP-Operations with Zuari Agro Chemicals Limited and VP-Special Projects with Paradeep Phosphates Limited. In December 2006, Mr. Chandrasekaran was honored as an "Outstanding Alumnus" of Coimbatore Institute of Technology, Coimbatore, during its Golden Jubilee Celebrations wherein Dr. Abdul Kalam, the then President of India was the Chief Guest. Mr. Chandrasekaran was also associated with BITS Pilani (Goa Centre) as Adjunct Faculty from 2007 to 2011.	Mr. Akshay Poddar, is a scion of the renowned Poddar family of Kolkata, promoters of the Adventz Group. The group has a glorious track record of promoting and managing businesses in diversified industries like Fertilizers, Agri-inputs, Heavy Engineering, Process Engineering, Sugar, Consumer Products, Real Estate, Investments and Furniture etc. Mr. Poddar serves as Director on the Board of various Group Companies. Mr. Poddar is also associated as a Member with Indian Chamber of Commerce, Kolkata, Young Leaders Forum (YLF), The Indus Entrepreneurs etc. to name a few
Appointment/ Re-appointment	Appointment	Re-appointment	Appointment	Re-appointment on retirement by rotation
Terms and Conditions of re-appointment	As per Explanatory Statement	As per Explanatory Statement	As per Explanatory Statement	Re-appointment on retirement by rotation

Name of the Director	Mr. Dipankar Chatterji	Mr. Saroj Kumar Poddar	Mr. L. M. Chandrasekaran	Mr. Akshay Poddar
Directorship held in other companies (excluding foreign companies & Section 8 companies) as on 31st March, 2020 of Mr. S. K. Poddar, Mr. Dipankar Chatterji and Mr. Akshay Poddar and as on 27th June, 2020 of Mr. L. M. Chandrasekaran	1. Bengal Peerless Housing Development Company Limited; 2. Delphi Management Services Private Limited; 3. Hindusthan National Glass & Industries Limited; 4. Jagaran Microfin Private Limited; 5. Magnum Counsellors Private Limited; 6. Mangalore Chemicals and Fertilisers Limited; 7. Neotia Healthcare Initiative Limited; 8. Nicco Parks & Resorts Limited; 9. Obeetee Textiles Private Limited; 10. Peerless Financial Services Limited; 11. The Peerless General Finance & Investment Company Limited; and 12. Zuari Global Limited. 13. West Bengal Industrial Infrastructure Development Corporation.	1. Adventz Finance Private Limited; 2. Adventz Homecare Private Limited; 3. Chambal Fertilisers & Chemicals Limited; 4. Forte Furniture Products India Private Limited; 5. HePo India Private Limited; 6. Hettich India Private Limited; 7. Lionel India Limited; 8. Paradeep Phosphates Limited; 9. Texmaco Infrastructure & Holdings Limited; 10. Texmaco Rail & Engineering Limited; and 11. Zuari Global Limited.	1. Gobind Sugar Mills Ltd; 2. Zuari Infraworld India Limited; 3. Zuari Finserv Limited; 4. Zuari Sugar & Power Limited; 5. Indian Furniture Products Limited.	1. Adventz Securities Enterprises Limited 2. Lionel Edwards Limited 3. Lionel India Limited 4. Mangalore Chemicals & Fertilisers Ltd. 5. Texmaco Infrastructure & Holdings Ltd. 6. Texmaco Rail & Engineering Ltd. 7. Indian Chamber of Commerce 8. The Fertiliser Association of India 9. Abhishek Holdings Pvt. Ltd. 10. Adventz Finance Pvt. Ltd. 11. Adventz Investment Co. Pvt. Ltd. 12. Greenland Trading Pvt. Ltd. 13. Indrakshi Trading Co. Pvt. Ltd. 14. Hettich India Private Ltd. 15. Touax Texmaco Railcar Leasing Pvt. Ltd. 16. Adventz Homecare Pvt. Ltd.
Membership/Chairmanship of Committees of public/listed Companies (includes only Audit Committee and Stakeholders Relationship Committee) as on 31st March, 2020 of Mr. S. K. Poddar, Mr. Dipankar Chatterji and Mr. Akshay Poddar and as on 27th June, 2020 of Mr. L. M. Chandrasekaran	1. Bengal Peerless Housing Development Company Ltd – Chairman of Audit Committee 2. Jagaran Microfin Private Limited – Chairman of Audit Committee 3. Peerless Financial Services Ltd - Chairman of Audit Committee 4. Neotia Healthcare Initiative Limited – Member of Audit Committee 5. Zuari Global Ltd – Member of Audit Committee and Stakeholders Relationship Committee 6. Hindusthan National Glass & Industries Limited - Member of Audit Committee 7. Mangalore Chemicals and Fertilisers Limited – Chairman of Audit Committee and Member of Stakeholder Relationship Committee		1. Gobind Sugar Mills Limited-Chairman of Audit Committee and member of Stakeholders Relationship Committee 2. Zuari Finserv Limited – Member of Audit Committee 3. Indian Furniture Products Limited – Member of Audit Committee 4. Zuari Sugar & Power Limited Member of Audit Committee	1. Texmaco Infrastructure & Holdings Ltd. - Member of Audit Committee and Shareholders/Investors Grievance and Share Transfer Committee. 2. Texmaco Rail & Engineering Ltd. - Chairman of Shareholders/Investors Grievance and Share Transfer Committee

Name of the Director	Mr. Dipankar Chatterji	Mr. Saroj Kumar Poddar	Mr. L. M. Chandrasekaran	Mr. Akshay Poddar
Number of shares held in the Company	NIL	1,79,406 (Shares include held in individual capacity and as a trustee)	NIL	150585
Remuneration last drawn	NIL	Sitting fees of ₹3.80 lakhs were paid by the Company for F Y 2019-20.	NIL	Sitting fees of ₹4.10 lakhs were paid by the Company for FY 2019-20.
Remuneration proposed to be paid	Sitting fees will be paid	Sitting fees will be paid	Sitting fees will be paid	Sitting fees will be paid
Number of meetings of the Board attended during the year.	N.A.	7	N.A.	7

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DIRECTORS' REPORT 2019-20

To the Members,

1. Your Directors place before you the Eleventh Annual Report of the Company together with Statement of Accounts for the accounting year ended 31st March, 2020.

2. Financial Highlights:

₹ in lakhs

Particulars	Standalone		Consolidated	
	Current Year	Previous Year	Current Year	Previous Year
	2019-20	**2018-19**	**2019-20**	**2018-19**
(Loss) for the year before depreciation, exceptional item and taxation from continuing operations	(80,482.63)	(21,876.92)	(70,724.60)	(12,775.34)
Less : Depreciation for the year	5,038.62	4,279.24	11,061.60	8,745.89
Exceptional Expenses	(69,896.74)	10,617.61	-	10,617.60
Share of Profit / (Loss) of an associate and a joint venture	-	-	8,218.25	5,534.66
Profit/(loss) before tax from continuing operations	(15,624.51)	(36,773.77)	(73,567.95)	(26,604.18)
Less : Provision for taxation – Current Tax	-	-	1,614.61	1,397.17
Income Tax Credit of earlier years	-	(1,493.31)		(1,493.31)
Deferred Tax Charges (Credit)	3,023.23	(700.21)	2,045.73	785.12
(Loss) after tax from continuing operations	(18,647.74)	(34,580.25)	(77,228.29)	(27,293.17)
(Loss)/Profit before Tax for the year from discontinued operations	(336.16)	2,713.21		
Tax Income / (Expense) of discontinued operations	83.00	(1,027.22)		
(Loss) after tax for the year from discontinued operations	(253.16)	1,685.99		
(Loss) for the year	(18,900.90)	(32,894.26)		
Other Comprehensive (Loss) for the year, net of tax	(982.47)	(2,903.65)	(1,091.53)	(2,340.31)
Total Comprehensive (Loss) for the year, net of tax	(19,883.37)	(35,797.91)	(78,319.82)	(26,633.48)
Proposed Dividend : NIL (PY NIL) (in case of a subsidiary Re. 0.50 (PY Re. 1))	-	-	592.58	1,185.15
Tax on dividend (Including Surcharge)	-	-	-	243.61
Basic and diluted from continuing operations	(44.34)	(82.22)	-	-
Basic and diluted from discontinued operations	(0.60)	4.01	-	-
(Loss) per equity shares (nominal value of share ₹10/-) (31st March, 2019 – ₹10/-) Basic and diluted from continuing and discontinued operations	(44.94)	(78.21)	(190.68)	(68.57)

A. Review of Operations:

The revenue from operations (Standalone) for the year ended 31st March, 2020 was ₹2,01,262.23 lakhs as compared to ₹4,73,095.81 lakhs for the previous year ended 31st March, 2019.

The loss before tax from continuing operations for the year ended 31st March, 2020 was ₹15,624.51 lakhs as compared to Loss of ₹36,773.77 lakhs for the year ended 31st March, 2019. The loss after Tax from continuing operations stood at ₹18,647.74 lakhs for the year ended 31st March, 2020 as compared to loss of ₹34,580.25 lakhs for the previous year.

The loss before tax from discontinued operations for the year ended 31st March 2020 was ₹336.16 lakhs as compared to profit of ₹2,713.21 lakhs for the year ended 31st March 2019. The loss after tax from discontinued operations stood at ₹253.16 lakhs for the year ended 31st March, 2020 as compared to profit of ₹1,685.99 lakhs for the previous year.

The Gross revenue from operations (Consolidated) for the year ended 31st March, 2020 was ₹5, 01,078.59 lakhs as compared to ₹8,10,290.01 lakhs for the previous year.

The Consolidated loss before tax for the year ended 31st March, 2020 was ₹73,567.95 lakhs as compared to loss before tax of ₹ 26,604.17 lakhs for the year ended 31st March, 2019. The loss after tax adjustment stood at ₹77,228.29 lakhs for the year ended 31st March, 2020 as compared to a loss after tax of ₹27,293.17 lakhs for the previous year.

During the year 2019-20 the Company's plants were shut down on account of non-availability of gas and non-availability of raw materials, which resulted in decrease in production, which had an adverse effect to the cash flow and financial flexibility of our Company. The Nationwide total lockdown announced from 25th March, 2020 due to COVID 19 pandemic was gradually lifted based on the impact of outbreak. The agriculture and fertilizer sector remain relatively unaffected on demand side. The Company operations have not been affected significantly despite some issues relating to non-availability of labour and supply chain disruptions. The proactive support and relaxations extended by Central and respective State Governments helped Company's production, distribution and sale of fertilizers unaffected. The Company has been able to operate its plants by mobilizing critical workforce and adopting stringent social distancing, safety measures and guidelines issued in this regard.

During the year, the Company has purchased all the equity shares of Zuari Farmhub Limited (ZFHL), pursuant to which ZFHL has become wholly owned subsidiary of the Company w.e.f. 23rd March, 2020. Pursuant to Board approval obtained on 5th February, 2020 and vide Business Transfer Agreement dated 31st March, 2020, the Company has, sold its retail, Specialty Nutrients Business" (SPN) & allied, Crop Protection & Care business (CPC), seeds and blended businesses to ZFHL, on going concern basis under a slump sale arrangement at a consideration of ₹ 78,556.00 lakhs.

The Board granted approval for participation of OCP in the share capital of ZFHL by an investment of US$ 46.5 Million in one or more tranches to acquire, in aggregate, a stake up to 30% in ZFHL, post which the shareholding of the Company and OCP will be 70% and 30% respectively in ZFHL.

B. Reserves:

The net deficit in the statement of Profit and loss and General Reserves as on 31st March, 2020 is ₹53,979.75 lakhs, as against ₹35,065.53 lakhs net deficit in the statement of profit and loss as on 31st March, 2019.

C. Material changes and commitments affecting financial position between the end of the financial year and date of the report

In relation to MCA Phosphate Pte Limited (MCAP), a joint venture in which our Company had a 30% shareholding, and which, in turn, holds 30% equity stake in Fosfatos del Pacifico S.A. **("FDP")**, a company involved in a phosphate mining project in Peru, our Company was engaged in an ongoing dispute with Mitsubishi, which holds the balance equity stake in MCAP. The subject matter of the dispute relates to certain impairments to the value of the investments in relation to the Peruvian phosphate mining asset recorded in the books of MCAP and our Company's stake in MCAP, and alleged breach, by Mitsubishi and MCAP, of the Shareholder's agreement entered into between our Company, MCAP and Mitsubishi.

On account of the ongoing dispute, our Company has been unable to receive requisite information, including financial information of MCAP in a timely manner, which has resulted in our statutory auditors adding certain qualifications to their previous audit reports.

On February 11, 2020, an Arbitral Tribunal declared a partial award in this dispute. The Arbitral Tribunal (by majority) agreed that approval of MCAP's financial statements for FY 2016 & 2017 was in violation of Company's Super Majority Rights; it refused to grant any other reliefs claimed by the Company including the Company's prayer for a buy-out for an amount of USD 37 million in exchange of its 21,690,000 ordinary shares in MCAP.

Consequently, the impairment and the dilution in our Company's shareholding in MCAP has a negative impact in the profit and loss account. Basis the partial award of the arbitral tribunal, our investment in MCAP has been impaired and our shareholding has been reduced to 0.17% of the total paid up capital of MCAP.

The Company and Mitsubishi, through their lawyers, had entered into a stipulation and agreement on 27th March, 2020, in respect of allocation of costs of arbitration proceedings and transfer its 21,690,000 shares in MCAP to Mitsubishi for USD 216,900 in response to Mitsubishi's exercise of its Call Option under the Shareholders' Agreement. The Phosphate Purchase Agreement between the Company and Mitsubishi will stand terminated. The Company and Mitsubishi have also requested the Arbitral Tribunal to pass the Final Award in terms of the above stipulation and agreement, which is yet to passed.

The Company was accorded In-Principle approval for sale of Company's fertilizer plant at Goa to Paradeep Phosphates Limited subject to necessary approvals, consents, permissions and/or sanctions of the appropriate regulatory and statutory authorities, as may be required, approval of the shareholders of the Company and financial due diligence.

Except above there were no material changes and commitments affecting the financial position of the Company between the end of the financial year to which the financial statements relates and the date of the approval of the Directors Report.

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3. Dividend:

The Directors do not recommend any dividend in view of loss during the current year.

4. Capital Projects:

In order to comply with the revised energy norms set forth in NUP-2015 Policy notified by Department of Fertilizers, Government of India, the Company had conceptualized an Energy Savings Project (ESP) with target Specific Energy Consumption of Urea at 6.1 GCal/MT. The ESP was to be executed over a period of two years at an approximate CAPEX outlay of ₹380 crores (including the costs of schemes already implemented in October, 2018 and a couple of schemes under implementation).

Accordingly, the services of M/s CASALE had been engaged to carry out the Process Design Package (PDP) for the ESP schemes and their integration. However, due to financial liquidity issues faced by the Company, the PDP development had not proceeded as envisaged but is expected to resume by 2nd quarter of FY 2021.

Two schemes viz. VAM based Chiller and Membrane type PGRU were under execution. However, again due to financial constraints, both the projects have been put on hold effective October, 2019 and is expected to resume by Q4 of FY 2020-21.

The major features of the ESP are Revamp of the 2 nos. Ammonia Synthesis Converters and the Revamp of the CO_2 Removal Section of the Ammonia Plant for lower CO_2 Regeneration Energy. The Project will also include Revamp/Replacement of the Driver Steam Turbine(s) of the Syngas Compressor by Indigenous supply. These schemes are expected to be re-initiated and implemented in the next two financial years viz. 2021-22 and 2022-23.

The project for replacement of the pressurized storage of Liquid Ammonia in Horton Spheres with the Atmospheric Ammonia Storage Tank (AAST) is being deferred and shall be re-initiated at an appropriate time in future.

As a matter of Sustenance Plan in order to ensure reliability of the Ammonia plant, in particular, Capital Projects for Replacement of Critical Heat Exchangers such as Process Gas Reboiler (A-EA 301) and Process Gas Heat Exchanger (A-EA 201) have been initiated for execution in CY 2021 and CY 2022 respectively.

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

A. Conservation of Energy:

No energy savings/conservation schemes implemented during the year 2019-20.

B. Technology Absorption:

(i) The efforts made towards technology absorption	:	Not Applicable
(ii) The benefits derived like product improvement, cost reduction, product development or import substitution	:	Not Applicable
(iii) Imported technology (imported during the last 3 years reckoned from the beginning of the financial year)	:	Not Applicable
(iv) The expenditure incurred on Research and Development	:	Not Applicable

No new technology was absorbed during the year 2019-20.

C. Foreign Exchange and Outgo:

The expenditure in foreign currency for the year ended 31st March, 2020 was ₹1330 lakhs as compared to ₹695 lakhs during the previous year. The foreign exchange earnings for the year ended 31st March, 2020 was ₹ 220 lakhs as compared to ₹494 lakhs during the previous year.

6. Environment and Safety:

The company, as a part of its continuous upgradation of its Environment standards has now completed the transition of ISO 14001:2004 to ISO 14001:2015 and in order to upgrade the Safety standards has migrated from OHSAS 18001:2007 to ISO 45001:2018. Both the certification were completed in May 2019 through TUV Nord.

The Company continues to be certified for excellence certification of "Protect & Sustain" stewardship from International Fertiliser Association. The audit for the re-certification was carried out by M/s SGS India Private Limited.

The company conducted various activities related to Safety, Health & Environment during National Safety Week, National Road Safety Week, World Environment Day, National Fire Service Day and Chemical Disaster Prevention Day.

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

7. Industrial Relations:

Cordial and conducive working conditions prevailed amongst the Company employees and the contract workmen. Wage settlement is under negotiation with company employees. Wage Settlements for Contract workers expired in 2019 other than one contractor. Charter of Demands from Contract worker union awaited to follow further process of negotiation.

8. Annual Return :

Annual Return referred to in Section 92(3) of the Companies Act, 2013 is available on the website of the Company at www.zuari.in

9. Related Party Transactions:

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

10. Particulars of Loans, Guarantees or Investments:

The details of Loans, Corporate Guarantees and Investments made by the Company under the provisions of Section 186 of the Companies Act, 2013 are given in Note No. 39 of the financial statements.

11. Nomination & Remuneration Policy and Disclosures on Remuneration:

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

The nomination and remuneration policy is displayed on the Company's website. The weblink for the same is: http://www.zuari.in/investor/corporate_governance.

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

The information required pursuant to Section 197 (12) of the Companies Act, 2013 read with Rule 5(2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company is enclosed as **Annexure 'J'**.

12. Risk Management:

The Company has constituted a Risk Management Committee with the objective to monitor and review the risk management plan for the Company including identification therein of elements of risks, if any, which may threaten the existence of the Company and such other functions. During the year under review, 1 meeting of the Committee was held on 5th February, 2020.

The Risk Management Committee consists of the following members:

- Mr. Sunil Sethy
- Mr. N. Suresh Krishnan
- Mr. Marco Wadia
- Mr. Madan Pandey
- Mr. R.K. Gupta

13. Vigil Mechanism/Whistle Blower Policy:

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

14. Corporate Social Responsibility ('CSR'):

The Board of Directors has constituted a CSR Committee and also approved the CSR Policy. CSR Committee comprises of one Independent Director, one Executive Director and one Non-Executive Director. The Board has designated Mr. Vijayamahantesh Khannur, Company Secretary as Secretary of the Committee. During the year under review, 1 meeting of the Committee was held on 15th May, 2019.

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

Names of Members	Status	Nature of Directorships	No of meetings attended
Gopal Krishna Pillai*	Chairman	Non-Executive Independent Director	-
J. N. Godbole **	Member	Non-Executive Independent Director	1
Sunil Sethy	Member	Managing Director	1
Akshay Poddar	Member	Non-Executive Director	1
Kiran Dhingra***	Chairperson	Non-Executive Independent Director	-

* upto 5th February, 2020 ** upto 5th February, 2020 ***w.e.f. 5th February, 2020

The policy is displayed on the Company's website. The weblink for the same is:. http://www.zuari.in/investor/corporate_governance

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

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

15. Directors and Key Managerial Personnel:

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16 of SEBI (LODR) Regulations, 2015.

In accordance with the provisions of Regulation 25(7) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the company organizes familiarization programme for Independent Directors as and when required.

Mr. Akshay Poddar retires by rotation at the forthcoming Annual General Meeting and is eligible for re-appointment. A brief profile and details of other directorships of Mr. Akshay Poddar are given in the Report on Corporate Governance attached as **Annexure 'A'** to this report.

Mr. J. N. Godbole and Mr. Gopal Krishna Pillai ceased to be Independent Directors of the Company w.e.f. 18th February, 2020 and 1st April, 2020 respectively upon completion of their term.

Mr. Dipankar Chatterji has been appointed as an Additional/ Independent Director of the Company for a period of 3 years w.e.f. 14th February, 2020.

Pursuant to Regulation 17(1A) of SEBI Listing Obligation and Disclosure Requirement) Regulations, 2015, approval of the shareholders is sought at the ensuing Annual General Meeting of the Company for continuation of Directorship of Mr. Saroj Kumar Poddar.

Mr. Sandeep Agrawal ceased to be Chief Financial Officer and Key Managerial Personnel w.e.f. 12th April, 2019.

Mr. Samrat Sen was appointed as Chief Financial Officer w.e.f. 12th April, 2019. He ceased to be Chief Financial Officer and Key Managerial Personnel w.e.f. 15th December, 2019.

Mr. R. K. Gupta has been appointed as Chief Financial Officer and Key Managerial Personnel w.e.f. 5th February, 2020.

Mr. R. Y. Patil, Vice President & Company Secretary ceased to be a Company Secretary and Key Managerial Personnel w.e.f. 1st April, 2020.

Mr. Vijayamahantesh Khannur has been appointed as Company Secretary and Key Managerial Personnel w.e.f. 1st April, 2020.

Brief profile along with other particulars of Mr. Dipankar Chatterji, Mr. Akshay Poddar and Mr. Saroj Kumar Poddar as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are disclosed in the 11th Annual General Meeting Notice.

Mr. Sunil Sethy, Managing Director, Mr. Vijayamahantesh Khannur, Company Secretary and Mr. R. K. Gupta - Chief Financial Officer have been designated as Key Managerial Personnel in accordance with provisions of Section 203 (1) of the Companies Act, 2013.

16. Performance Evaluation:

Pursuant to the Provisions of Section 134, 178 and Schedule IV of the Companies Act, 2013 and Regulation 17 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the following performance evaluations were carried out;

a. Performance evaluation of the Board, Chairman and Non-Independent Directors by the Independent Directors;

b. Performance evaluation of the Board, its committees and Independent Directors by the Board of Directors; and

c. Performance evaluation of every director by the Nomination and Remuneration Committee.

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

17. a. Board Meetings:

During the year, nine Board Meetings were held on 12th April, 2019, 15th May, 2019, 12th August, 2019, 06th September, 2019, 25th October, 2019, 08th November, 2019, 14th November, 2019, 05th February, 2020 and 14th February, 2020. The details of the composition of the Board and attendance of the Directors at the Board Meetings, are provided in the Corporate Governance Report.

b. Audit Committee:

During the year under review, eight Audit Committee Meetings were held and all the recommendations of the Audit Committee were accepted by the Board. The details of the composition of the Audit Committee and details of committee meetings are given in the Corporate Governance Report.

18. Fixed Deposits:

The Company has not accepted fixed deposits in the past or during the year.

19. Details of significant and material orders passed by the Regulators or Courts:

There are no significant material orders passed by the Courts/ Regulators or Tribunals impacting the going concern status and Company's operations in future. The details pertaining to various demand notices from various statutory authorities are disclosed in Note No. 32 A of financial statements under the heading – Contingent Liabilities.

20. Adequacy of internal financial controls with reference to financial statements:

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

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

21. Disclosure Requirement:

Your Company has complied with all the mandatory requirements of Schedule V of SEBI (LODR) Regulations, 2015. The Report on Corporate Governance is enclosed as **Annexure 'A'** to this report. A Certificate on Compliance of Corporate Governance by a Practicing Company Secretary is enclosed as **Annexure 'B'**. Declaration by the Managing Director is enclosed as **Annexure 'C'**, the Management Discussion and Analysis is enclosed as **Annexure 'E'**, the Business Responsibility Report is enclosed as **Annexure 'F'** to this report and Secretarial Audit Report is enclosed as **Annexure 'G'** to this report.

22. Statutory Auditors:

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

The Auditors Report on standalone & consolidated financial statements, contained no qualification.

During the year under review, there were no frauds reported by the Auditors to the Audit Committee or the Board under Section 143 (12) of the Companies Act, 2013.

23. Cost Records & Cost Audit:

The Company is required to maintain cost records as specified by the Central Government under Section 148(1) of the Companies Act, 2013, and accordingly such accounts are made and records are maintained. The Board has re-appointed Mr. Irudayam Savari Muthu, Cost Accountant, Membership No. 6716, as the Cost Auditor for the year 2020-21 and has recommended the remuneration payable to the Cost Auditor for ratification at the ensuing Annual General Meeting. The Cost Audit Report for the year ended 31st March, 2019 was filed by the Company with the Ministry of Corporate Affairs on 5th October, 2019.

24. Secretarial Audit Report:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr. Shivaram Bhat, Practicing Company Secretary as Secretarial Auditor, to undertake the Secretarial Audit of the Company. The Secretarial Audit Report for the financial year 2019-20 is enclosed as **Annexure 'G'** to this Directors' Report. The Report does not contain any qualification.

25. Disclosure as per Section 22 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

As per provisions of Section 4 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, your Company has constituted an Internal Complaints Committee for redressal of complaints against sexual harassment. There was one complaint/case filed with the Company during the financial year which has been closed.

26. Employees' Stock Option Scheme:

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

27. Raising of Funds through issue of Foreign Currency Convertible Bonds (FCCBs) and Rights Issue of Compulsory Convertible Debentures (CCDs):

Your Company passed a resolution on 3rd August, 2018 for raising of funds by way of Foreign Currency Convertible Bonds and rights issue of Compulsory Convertible Debentures.

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

The Consolidated Financial Statements of the Group has been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standard) (Amendment) Rules, 2016 which forms part of this Annual Report.

The Company will make available the financial statements of subsidiaries, upon request by any member of the Company interested in receiving this information. The Annual Accounts of the Subsidiary Companies will also be kept for inspection by any shareholders at the Registered Office of the Company and its Subsidiaries.

29. Subsidiaries:

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

(a) Mangalore Chemicals & Fertilizers Limited (MCFL):

Mangalore Chemicals & Fertilizers Limited (MCFL) is a subsidiary of the Company and the Company holds 54.03% total voting rights in MCFL.

MCFL has only one major business segment, viz. Fertilizers. It manufactures both Nitrogenous and Phosphatic fertilizers and is the only manufacturer of fertilizers in the state of Karnataka. About 64% of the Company's products are sold in the state of Karnataka, which meets about 17% of the needs of the farmers in the State. MCFL maintains a good share of the market in Kerala and a modest share in the neighbouring states of Tamil Nadu, Andhra Pradesh, Telangana and Maharashtra.

The revenue from operations for the year ended March 31, 2020 was ₹271,084.42 lakhs as compared to ₹3,07,363.76 lakhs for the year ended March 31, 2019.

The profit before tax for the year ended March 31, 2020 was ₹7,043.82 lakhs as compared to ₹5,014.04 for the year ended March 31, 2019. Total Comprehensive Income stood at ₹6,470.82 lakhs for the year ended March 31, 2020 compared to ₹3,212.37 lakhs for the previous year.

(b) Adventz Trading DMCC:

Adventz Trading DMCC, subsidiary of your Company, incorporated under Dubai Multi Commodities Centre Authority (DMCC) which engaged in the business of trading in chemical fertilizers, seeds, agricultural and veterinary pesticides and basic industrial chemicals.
The primary objectives include:

- Achieving higher operating volumes.
- Meeting the import requirements of associate companies & other customers.
- Trading of fertilizer raw materials, phosphatic, potassic fertilizers and other agri inputs.
- Achieving higher returns/savings by managing and negotiating best commercial terms.
- The offshore trading company is based in a tax advantageous region and the tax arbitrage is one of the sources of economic benefit besides smart buying.

Adventz Trading DMCC, through its established relationships with commodities brokers and primary manufacturers, will be able to amplify its returns through efficient business operations and diverse customer base among fertilizer companies in Indian and rest of South East Asia.

The revenue from operations for the year ended March 31, 2020 was AED 908,538 as compared to AED 3,062,682 for the year ended March 31, 2019 mainly due to drop in agency commission by 80%.

The loss for the year ended March 31, 2020 was AED 2,556,292 as compared to AED 13,933 for the year ended March 31, 2019.

(c) Zuari Farmhub Limited:

Zuari Farmhub Limited (ZFHL) was incorporated on 11th November, 2019 to carry on the business of fertilizers, micronutrients, manures, seeds, crop care products etc., and to provide crop and soil specific, agri input products, services and farm solutions to Indian Growers. ZFHL became wholly owned subsidiary of the Company on 23rd March, 2020.

Pursuant to execution of the Business Transfer Agreement (BTA) dated 31-03-2020 between the Company and ZFHL, the Company transferred its Retail, SPN & allied, CPC business and blended business by way of slump sale to ZFHL.

30. Joint Ventures:

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

(a) Zuari Maroc Phosphates Private Limited:

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

ZMPPL's total revenue from operations for the year ended 31st March, 2020 was ₹4,714.38 lakhs as against ₹4,742.29 lakhs during the previous year.

The profit before exceptional Items and tax for the year ended 31st March, 2020 was ₹4,687.96 lakhs as against loss before exceptional Items and tax of ₹4,704.83 lakhs during the previous year. Profit after tax for the year was ₹4,678.00 lakhs as compared to profit after tax of ₹4,689.44 lakhs in the previous year.

PPL manufactures and markets Complex/Phosphatic fertilisers and intermediary products such as Phosphoric Acid and Sulphuric Acid which are crucial in the manufacture of Phosphatic fertilisers. All the products are marketed under the popular 'Navratna' brand. PPL's portfolio caters to almost all agricultural applications. PPL's plant is located in the port town of Paradeep in Odisha, with an installed annual capacity of 7,20,000 Metric Tonnes of DAP and other Phosphatic fertilisers.

PPL's total revenue from operation for the year ended 31st March, 2020 was ₹4,19,286.45 lakhs as against ₹4,35,791.22 lakhs during the previous year.

The consolidated profit before tax for the year ended 31st March, 2020 was ₹22,956.15 lakhs as against consolidated profit before tax of ₹25,139.68 lakhs during the previous year. Consolidated Profit after tax for the year was ₹19,321.93 lakhs as compared to consolidated profit after tax of ₹15,896.15 lakhs in the previous year.

The statement containing salient features of the financial statement of subsidiaries/associates/joint ventures is attached as **Annexure 'L'** to this report.

31. Business Responsibility Report:

Pursuant to Regulation 34 (2) (f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Business Responsibility Report for the financial year 2019-20 describing the initiatives taken by the Company from environmental, social and governance perspective forms is enclosed as **Annexure 'F'**.

32. Directors' Responsibility Statement:

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

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

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

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

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

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

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

33. Compliance of Secretarial Standards:

The Company has complied with all applicable mandatory Board Secretarial Standards issued by the Institute of Company Secretaries of India.

34. Acknowledgements:

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

For and on behalf of the Board

Sunil Sethy	**N. Suresh Krishnan**
Managing Director	Director
DIN:00244104	DIN: 00021965

Date : 19th June, 2020

ANNEXURE 'A' TO THE DIRECTORS' REPORT

Report on Corporate Governance

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

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

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

2. Board of Directors:

The Board of Directors of the Company comprised of eight members including, the Managing Director and seven Non-Executive Directors as on 31st March, 2020. Half of the Board comprised of Independent Directors and Non-Executive Directors. The other related information concerning the Board is given hereunder.

During the year under review, nine Board meetings were held on 12th April, 2019, 15th May, 2019, 12th August, 2019, 06th September, 2019, 25th October, 2019, 08th November, 2019, 14th November, 2019, 05th February, 2020 and 14th February, 2020.

Attendance of each Director at the Board of Directors' meetings and at the last Annual General Meeting (AGM) along with the directorships in other Companies and number of Committees where the Director is a Chairman / Member is given hereunder:

Name of Director	Category of Directorship #	No. of Directorships in other Companies** as on 31-3-2020	No. of Board Meetings Attended	No. of shares held	Attendance at last AGM	No. of Board Committees of other Companies* as on 31-03-2020	
						Chairman	Member
S. K. Poddar	Promoter Group/ Chairman –Non-Executive Director	11	7	179406@	No	-	-
Sunil Sethy	MD	2	7	NIL	Yes	-	1
N. Suresh Krishnan	NED	6	8	NIL	No	1	1
Akshay Poddar +	Promoter Group/ NED	16	7	150585	No	1	2
J.N. Godbole++	NED / I	5	5	NIL	Yes	1	3
Marco Wadia	NED / I	13	9	3608	Yes	4	4
Gopal Krishna Pillai +++	NED / I	3	7	NIL	Yes	1	1
Kiran Dhingra	NED / I	4	7	NIL	Yes	-	3
Dipankar Chatterji***	NED / I	13	-	NIL	-	3	5

\# MD-Managing Director, I-Independent, NED-Non -Executive Director

* Includes Audit Committee and Stakeholders' Relationship Committee in Public Companies

** Includes Directorship in other public and private companies

\+ Mr. Akshay Poddar is the son of Mr. S.K. Poddar

@ Shares include held in individual capacity and as a trustee.

++ Ceased to be a Director w.e.f. 18th February, 2020

+++ Ceased to be a Director w.e.f. 1st April, 2020

*** Appointed as Additional Director w.e.f. 14th February, 2020

Name of the Director	Name of the listed Entities where the Director of the Company is Director as on 31-03-2020	Category of Directorship of the listed Entities where the Director of the Company is Director as on 31-03-2020
Saroj Kumar Poddar	Chambal Fertilisers and Chemicals Limited	Chairman - Non-Executive - Non-Independent Director
	Texmaco Infrastructure & Holdings Limited	Chairman - Non-Executive Director
	Texmaco Rail & Engineering Limited	Chairman - Executive Director
	Zuari Global Limited	Chairman – Non-Executive Director

Name of the Director	Name of the listed Entities where the Director of the Company is Director as on 31-03-2020	Category of Directorship of the listed Entities where the Director of the Company is Director as on 31-03-2020
Akshay Poddar	Mangalore Chemicals & Fertilizers Limited	Non-Executive - Non-Independent Director
	Texmaco Rail & Engineering Limited	Non-executive Director
	Texmaco Infrastructure & Holdings Limited	Non-Executive & Non-Independent Director
	Adventz Securities Enterprises Limited	Non-Executive Director
Sunil Sethy	Mangalore Chemicals & Fertilisers Limited	Non-Executive - Non-Independent Director
N. Suresh Krishnan	Gobind Sugar Mills Limited	Non-Executive Director - Chairman
	Mangalore Chemicals & Fertilizers Limited	Managing Director
Gopal Krishna Pillai	Adani Ports and Special Economic Zone Limited	Non-Executive - Independent Director
Kiran Dhingra	Goa Carbon Limited	Non-Executive - Independent Director
	Astra Microwave Products Limited	Non-Executive - Independent Director
Marco Wadia	Gobind Sugar Mills Limited	Non-Executive - Independent Director
	Chambal Fertilisers and Chemicals Limited	Non-Executive - Independent Director
	Josts Engineering Company Limited	Non-Executive - Independent Director
	Stovec Industries Limited	Non-Executive - Independent Director
	Zuari Global Limited	Non- Executive - Independent Director
Jayant Narayan Godbole	J. K. Cement Limited.	Non-Executive - Independent Director
	Emami Paper Mills Limited	Non-Executive - Independent Director
	Saurashtra Cement Limited	Non-Executive - Independent Director
	Kesar Terminals & Infrastructure Limited	Non-Executive - Independent Director
Dipankar Chatterji	Hindusthan National Glass & Industries Limited	Non-Executive - Independent Director
	Zuari Global Limited	Non-Executive - Independent Director
	Nicco Parks & Resorts Ltd	Non-Executive - Independent Director
	Jagaran Microfin Private Limited	Non-Executive - Independent Director
	Mangalore Chemicals & Fertilisers Limited	Non-Executive - Independent Director

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

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

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

Mr. Akshay Poddar, Non-Executive Director of Zuari Agro Chemicals Ltd. is a scion of the renowned Poddar family of Kolkata, promoters of the Adventz Group. The group has a glorious track record of promoting and managing businesses in diversified industries like Fertilizers, Agri-inputs, Heavy Engineering, Process Engineering, Sugar, Consumer Products, Real Estate, Investments and Furniture etc. The annual turnover of the Adventz Group is over US $2.5 billion.

The Adventz group believes in empowerment of farmers and securing interests of all stakeholders. The Group Companies have won awards for practicing best CSR Activities, taking care of community services hand in hand with commercial activities and to conserve the environment. Mr. Akshay Poddar serves as Director on the Board of Group Companies. The Group Companies include Mangalore Chemicals & Fertilisers Limited, Texmaco Rail & Engineering Limited, Adventz Securities Enterprises Limited, Texmaco Infrastructure & Holdings Limited, Adventz Investment Company Private Limited, Adventz Finance Private Limited, Adventz Homecare Private Limited, Touax Texmaco Railcar Leasing Private Limited. Mr. Akshay Poddar is an alumnus of the London School of Economics & Political Science, University of London and graduated with Honours in Accounting & Finance in 1999. Mr. Akshay Poddar is also associated as a Member with Indian Chamber of Commerce, Kolkata, Young Leaders Forum (YLF), The Indus Entrepreneurs etc. to name a few.

Names of the Companies in which Mr. Akshay Poddar is a Director as on 31st March, 2020:

Sr. No.	Name of the Companies/Body Corporate/Firms		
	Public Limited Companies		**Private Limited Companies**
1.	Adventz Securities Enterprises Limited	1.	Adventz Finance Private Limited
2.	Lionel Edwards Ltd.	2.	Abhishek Holdings Private Limited
3.	Indian Chamber of Commerce, Calcutta	3.	Adventz Investment Company Private Limited
4.	Texmaco Infrastructure & Holdings Limited	4.	Greenland Trading Private Limited
5.	Texmaco Rail & Engineering Limited	5.	Indrakshi Trading Company Private Limited
6.	Zuari Agro Chemicals Limited	6.	Touax Texmaco Railcar Leasing Private Limited
7.	Lionel India Limited	7.	Hettich India Private Limited
8.	Mangalore Chemicals & Fertilizers Limited	8.	Adventz Homecare Private Limited
9.	The Fertiliser Association of India		
	Companies Outside India		
1.	Globalware Holdings Limited		
2.	Felicabo Worldwide Limited		
3.	Adventz Trading DMCC		
4.	Adventz Properties Limited		
5.	Adventz Investments Limited		
6.	Adventz General Trading DMCC		
7.	Hettich Middle East DMCC		

4. The list of core skills/expertise/competencies identified by the board of directors as required in the context of its business(es) and sector(s) for it to function effectively and those actually available with the board

Sr. No.	Name of Director	Expertise in Specific Functional Areas
1.	Saroj Kumar Poddar	Business Management
2.	Sunil Sethy	Accountancy, Finance, Treasury, Legal and General Management
3.	Akshay Poddar	Accounting and Finance, Leadership & Strategy
4.	J. N. Godbole*	Financial Management
5.	Marco Wadia	Legal profession having specialised in corporate matters and mergers and acquisitions
6.	Gopal K. Pillai**	Leadership & Strategy, General Management
7.	N. Suresh Krishnan	Corporate Finance, Corporate Strategy, Project Planning, Operations and Business Development
8.	Kiran Dhingra	Experience in governance and have held senior positions in decision making capacities in practically all sectors - the developmental, agricultural, social, industrial, infrastructural, transportation, economic and regulatory
9.	Dipankar Chatterji***	Chartered Accountant by profession and is an expert in the field of Finance, Taxation, Accounts and Laws

* Ceased to be a Director w.e.f. 18th February, 2020

** Ceased to be a Director w.e.f. 1st April, 2020

*** Appointed as Additional Director w.e.f. 14th February, 2020

5. Confirmation as regards Independence of Independent Directors:

In the opinion of the Board, the Independent Directors fulfil the conditions of independence specified under Section 149(6) of the Companies Act, 2013 and Regulation 16(1) (b) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, and are independent of the management.

The Independent Directors have also confirmed that they have complied with the Code for Independent Directors prescribed under Schedule IV of the Companies Act, 2013.

6. Board Agenda:

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

7. Formal letter of appointment to Independent Directors:

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

8. Annual Performance evaluation:

Pursuant to the provisions contained in Companies Act, 2013 and Schedule IV (Section 149(8)) of the Companies Act, 2013, the Annual performance evaluation has been carried out of all the Directors, the Board, Chairman of the Board and the working of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee.

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

The performance evaluation of the Board and the Committees, viz. Audit Committee, Nomination and Remuneration Committee and Stakeholders' Relationship Committee was done by all the Directors. The performance evaluation of the Independent Directors was carried out by the Board excluding the Director being evaluated. The performance evaluation of the Chairman and Executive Directors was carried out by all the Independent Directors. The Directors expressed their satisfaction over the entire evaluation process.

9. Independent Directors' Familiarization Programme:

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

Familarization programme was planned for the new Director, Mr. Dipankar Chatterji, who joined our Company on 14th February, 2020. Due to prevailing Coronavirus (Covid-19) lockdown, the programme could not be held but the same will be held after country is declared Covid free.

10. Board Diversity Policy:

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

11. Independent Directors' Meeting:

In compliance with Schedule IV to the Companies Act, 2013 and Regulation 25(3) of the SEBI Listing Regulations, 2015, during the year the Meeting of the Independent Directors was held on 5th February, 2020, without the attendance of non-independent directors and members of the Management, inter alia, to discuss the following:

- Review the performance of Non-Independent Directors and the Board as a whole;
- Review the performance of the Chairman of the Company, taking into account the views of the Managing Director and Non-Executive Directors; and
- Assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

12. Board Committees:

The Committees of the Board are as follows:

a) Audit Committee:

The Audit Committee comprises two independent Directors and one Non-Executive Director. The permanent invitees include Managing Director, Chief Financial Officer and Head of Internal Audit. The Company Secretary is the Secretary of the Committee. During the year, 8 meetings were held on 12th April, 2019, 15th May, 2019, 12th August, 2019, 06th September, 2019, 25th October, 2019, 08th November, 2019, 05th February, 2020 and 23rd March, 2020.

Terms of Reference

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

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

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

Names of the members	Status	Nature of Directorship	No. of meetings attended
Marco Wadia	Chairman	Non-Executive Independent Director	8
J.N. Godbole *	Member	Non-Executive Independent Director	5
N. Suresh Krishnan	Member	Non-Executive Director	7
Gopal Krishna Pillai**	Member	Non-Executive Independent Director	7
Kiran Dhingra	Member	Non-Executive Independent Director	6

*upto. 17th February, 2020

**upto 31st March, 2020

b) Nomination and Remuneration Committee:

The Nomination and Remuneration Committee comprises four Non-Executive Directors out of which two are Independent Directors. The Board has designated Mr. Vijayamahantesh Khannur, Company Secretary as Secretary of the Committee. The Committee met 4 times i.e. on 12th April, 2019, 15th May, 2019, 05th February, 2020 and 14th February, 2020 during the financial year ended 31st March, 2020.

Terms of Reference:

The Board has constituted the Nomination & Remuneration Committee, as required under the Companies Act, 2013 and as per Regulation 19 of SEBI (LODR) Regulations, 2015. The Committee shall formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees. The Nomination & Remuneration Committee shall also formulate criteria for evaluation of Independent Directors and the Board and devise a policy on Board diversity. It shall identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and for removal.

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

Name of the member	Status	Nature of Directorship	No. of meetings attended
Marco Wadia	Chairman	Non-Executive Independent Director	4
J.N. Godbole *	Member	Non-Executive Independent Director	3
Akshay Poddar	Member	Non-Executive Director	3
N. Suresh Krishnan**	Member	Non-Executive Director	1
Kiran Dhingra ***	Member	Non-Executive Director	-

*upto 5th February, 2020.

** w.e.f. 5th February, 2020

*** w.e.f. 5th February, 2020

Details of Remuneration to all the Directors for the year:

Payment of remuneration to the Managing Director was as recommended by the Nomination and Remuneration Committee and subsequently approved by the Board and the Shareholders of the Company. The remuneration comprises salary, incentives, bonus, performance incentives, and others.

₹ in Lakhs

Managing Director	Salary including joining bonus	Perquisites	Retirement benefits	Total Remuneration
Sunil Sethy	81.00	-	-	81.00

No commission was paid to Mr. Sunil Sethy during the financial year.

Mr. Sunil Sethy received sitting fees of ₹3.10 lakhs for the financial year 2019-20 from Mangalore Chemicals and Fertilizers Limited.

The term of appointment of Managing Director is 1 year w.e.f. 1st August, 2019. Notice period for termination of appointment is six months on either side.

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

Sitting fees paid to Non-Executive Directors:

The Non-Executive Directors of the Company receive remuneration by way of sitting fees. The details of sitting fees paid to the Non-Executive Directors during the financial year ended 31st March, 2020 for attending the meetings of the Board and the Committees thereof is given below:

Sr. No.	Name of Director	Amount in (₹)
1.	Mr. S.K. Poddar	3,80,000
2.	Mr. Akshay Poddar	4,10,000
3.	Mr. N. Suresh Krishnan	7,70,000
4.	Mr. J. N. Godbole	5,40,000
5.	Mr. Marco Wadia	8,30,000
6.	Mr. Gopal Krishna Pillai	5,70,000
7.	Ms. Kiran Dhingra	5,00,000
8.	Mr. Dipankar Chatterji	NIL

Pecuniary relationship of Directors:

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

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

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

c) Professional fees of ₹3.00 lakhs paid to Crawford Bayley & Co. during the year. Mr. Marco Wadia is a partner in Crawford Bayley & Co., Solicitors & Advocates, which has professional relationship with the Company. However, this is not material transaction to infringe independence of Mr. Marco Wadia;

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

c) Stakeholders' Relationship Committee:

Stakeholders' Relationship Committee comprises two Independent Directors and one Non-Executive Director. The Board has designated Mr. Vijayamahantesh Khannur, Company Secretary as the Compliance Officer. The Committee met 4 times during the financial year ended 31st March, 2020 on 15th May, 2019, 12th August, 2019, 25th October, 2019 and 05th February, 2020.

Terms of Reference:

The Board has constituted Stakeholders' Relationship Committee as required under Section 178 of the Companies Act, 2013 and Regulation 20 of SEBI (LODR) Regulations, 2015, which oversees the performance of the share transfer work and recommends measures to improve the level of investor services. In addition, the Committee looks into investors' grievances such as non-receipt of dividend, Annual Reports and other complaints related to share transfers.

There was one complaint received from the shareholders during the year, which was duly addressed. There was not outstanding complaints or share transfers ending as on 31st March, 2020.

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

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

*upto. 5th February, 2020

**w.e.f. 5th February, 2020

d) Other Committees

Apart from the above stated Board Committees, the Board has also constituted other committees including Committee of Directors for Banking and Finance, Risk Management Committee, Corporate Social Responsibility (CSR), Rights Issue Committee for Compulsory Convertible Debentures (CCDs) and Foreign Currency Convertible Bonds (FCCBs) Committee. The Committee meetings are held as and when the need arises and at such intervals as may be expedient.

13. Annual General Meetings:

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

Year	Location	Date	Time	Particulars of Special Resolution passed
2018-19	Jai Kisaan Bhawan, Zuarinagar, Goa – 403 726	06-09-2019	11.30 a.m.	1. Re-appointment of Mr. Marco Wadia as an Independent Director. 2. Re-appointment of Mr. Gopal Krishna Pillai as an Independent Director. 3. Re-appointment of Mr. J. N. Godbole as an Independent Director.
2017-18		10-09-2018	11.30 a.m.	1. Re-appointment of Ms. Kiran Dhingra as an Independent Director. 2. Reclassification of Pilani Investment and Industries Corporation Limited from "Promoter and Promoter Group"Category to "Public" Category
2016-17		22-09-2017	10.00 a.m.	1. Waiver of recovery of excess remuneration paid to Mr. Kapil Mehan as Managing Director for the financial year 2015-16

b) Details of the Special Resolutions passed through Postal Ballot during the financial year 2019-20:

Brief procedure for postal Ballot	Postal Ballot conducted as per Section 110 of the Companies Act, 2013 and Companies (Management and Administration) Rules, 2014.
Type of meeting	Postal Ballot
Date of Postal Ballot Notice	15th May, 2019
Type of Resolution	Special resolutions and Ordinary Resolution
Items of Resolutions passed through the Postal Ballot	1. Special Resolution for waiver of recovery of excess remuneration paid to Mr. Kapil Mehan, Ex-Managing Director of the Company for the Financial Year 2015-16, in view of the amended provisions of the Companies Act, 2013 2. Special Resolution for enhancement in the limits of Investments/Loans and Guarantees 3. Ordinary Resolution for remuneration paid to Mr. Sunil Sethy, Managing Director for the Financial Year 2018-19
Details of voting pattern	1. Votes in favour : 22058265 (99.620%) Votes against : 83,887 (0.380%) Invalid votes : 375 2. Votes in favour : 20708374 (93.522%) Votes against : 1434513 (6.48%) Invalid votes : 0 3. Votes in favour : 22058791 (99.620%) Votes against : 84096 (0.38%) Invalid votes : 0
Name of Scrutinizer for conducting Postal Ballot	Mr. Shivaram Bhat, Practicing Company Secretary
Date of declaration of result and date of approval	27th June, 2019 and 26th June, 2019

14. Disclosures:

a) Mr. Marco Wadia, is a Partner of Crawford Bayley & Co., Solicitors & Advocates, which has a professional relationship with the Company. The professional fee of ₹3.00 lakhs paid to Crawford Bayley & Co. during the year is not material transaction to infringe on the independence of Mr. Wadia. Accordingly, there were no transactions of material nature with the directors or the management or their subsidiaries or relatives having potential conflict with the interest of the Company.

b) The Company has put in place a Vigil mechanism and adopted the Whistle Blower Policy and affirms that no person has been denied access to the Audit Committee. The information on Vigil mechanism is placed on the website of the Company.

c) The Company has formulated a policy for determining material subsidiaries and the policy is disclosed on the Company's website. The weblink for accessing the policy is http://www.zuari.in/investor/corporate_governance.

d) The Company has formulated a policy on dealing with Related Party transactions and the same is disclosed on the Company's website. The weblink for accessing the Related Party Transaction Policy is http://www.zuari.in/investor/corporate_governance.

15. Means of communication:

a. Quarterly Results:

Quarterly results are published in one English National Daily and Local Daily, published in the language of the region where the registered office of the company is located.

b. Half-yearly Unaudited Financial Results:

Unaudited financial results for the half-year ended 30th September, 2019 were sent to each household of shareholders, apart from publishing in one English National Daily and Local Daily, published in the language of the region where the registered office of the company is located.

c. Web-site on which the results are displayed:

www.zuari.in

d. The Company does not publish official news-releases on its website. The Presentations made to institutional investors and analysts are uploaded on the Company's website.

16. Code of Conduct:

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

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

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

The Company has adopted a code of Prevention of Insider Trading in securities of the Company, pursuant to SEBI (Prohibition of Insider Trading) Regulations, 2015. The Board has designated Company Secretary, as the Compliance Officer and has authorised Managing Director to monitor compliance of said Regulations.

18. General Shareholders Information:

a) Annual General Meeting :

The Annual General Meeting of the Company will be held on Monday, 14th September, 2020 at 11.00 a.m. (IST) through Video Conferencing mode.

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

c) Financial calendar (Tentative):

Financial Period	Declaration of Financial Results
Results for the quarter ended 30th June, 2020	Within 45 days of the end of the quarter or such prescribed period
Results for the half-year ended 30th Sept. 2020	Within 45 days of the end of the quarter or such prescribed period
Results for the quarter ended 31st Dec. 2020	Within 45 days of the end of the quarter or such prescribed period
Audited Annual Results 2020-21	Within 60 days of the end of the quarter or such prescribed period

d) Date of book closure: N.A.

e) Dividend payment date: No dividend is proposed for the financial year 2019-20.

f) Management Discussion and Analysis forms part of this Report as Annexure 'E'

g) Listing on Stock Exchanges: Company's shares are presently listed on:

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, MUMBAI – 400 001

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

The company has paid the annual listing fees to the Stock Exchanges for the Financial Year 2019-20.

Stock Code:

BSE Limited, Mumbai: 534 742

The National Stock Exchange of India Limited, Mumbai: ZUARI

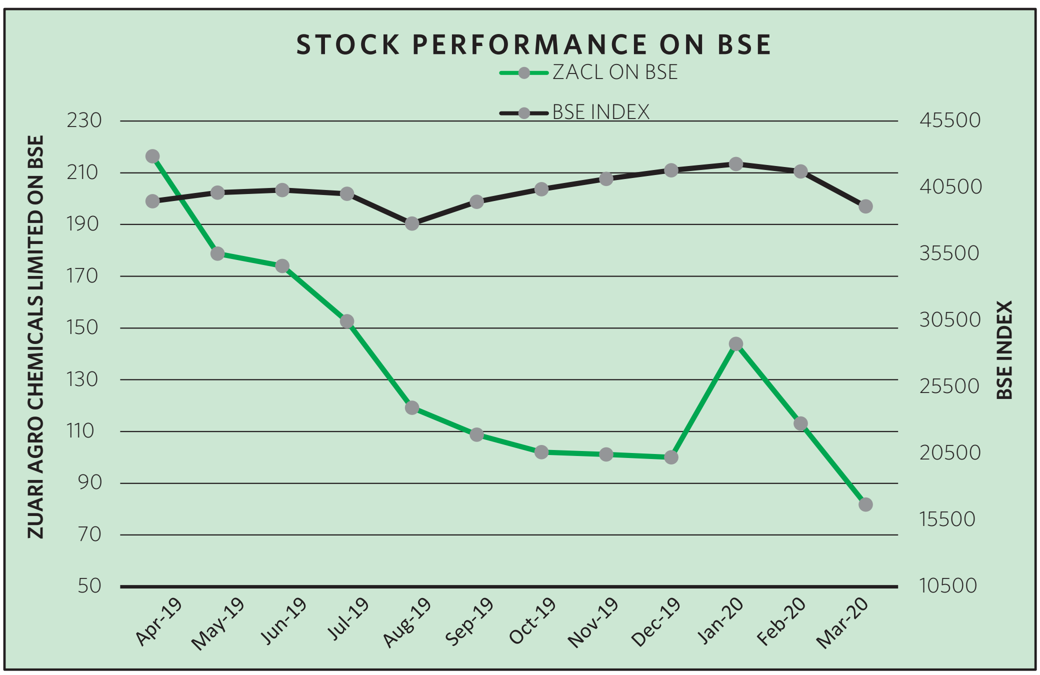
International Standard Identification Number (ISIN): INE840M01016

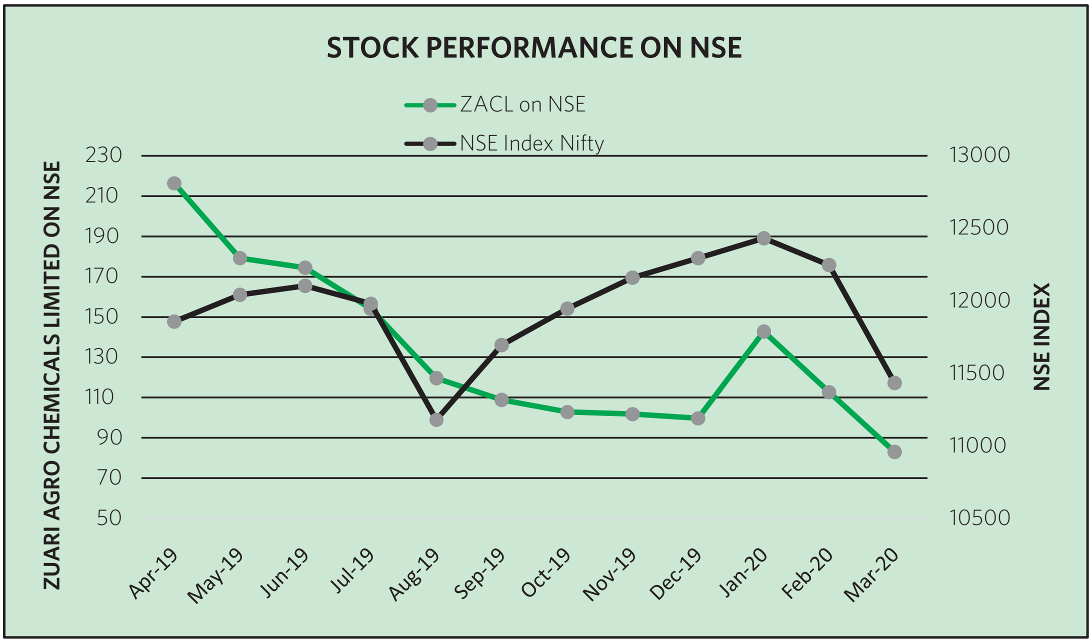
h) Market Place Data:

High/Low share prices at BSE & NSE during each month for the period 1st April, 2019 to 31st March, 2020:

Month	ZACL on BSE		BSE INDEX	
	High (₹)	Low (₹)	High	Low
April, 2019	216.40	175.30	39487.45	38460.25
May, 2019	178.80	136.50	40124.96	36956.01
June, 2019	174.00	140.50	40312.07	38870.96
July, 2019	152.60	101.55	40032.41	37128.26
August, 2019	119.15	89.05	37807.55	36102.35
September, 2019	108.75	92.50	39441.12	35987.08
October, 2019	102.00	83.65	40392.22	37415.83
November, 2019	101.15	87.00	41163.79	40014.23
December, 2019	100.00	83.00	41809.96	40135.37
January, 2020	143.90	90.65	42273.87	40476.55
February, 2020	113.05	79.00	41709.03	38219.97
March, 2020	81.75	44.55	39083.17	25638.09

Month	ZACL on NSE		NSE INDEX	
	High (₹)	Low (₹)	High	Low
April, 2019	216.40	175.30	11856.15	11549.10
May, 2019	179.20	136.20	12041.15	11108.30
June, 2019	174.40	140.20	12103.05	11625.10
July, 2019	154.15	101.50	11981.75	10999.40
August, 2019	119.60	88.75	11181.45	10637.15
September, 2019	108.85	92.25	11694.85	10670.25
October, 2019	102.90	82.95	11945.00	11090.15
November, 2019	101.90	87.00	12158.80	11802.65
December, 2019	99.80	83.90	12293.90	11832.30
January, 2020	142.70	90.60	12430.50	11929.60
February, 2020	112.80	79.10	12246.70	11175.05
March, 2020	83.00	43.25	11433.00	7714.75





i) Shareholding as on 31st March, 2020:

a) The distribution of shareholding as on 31st March, 2020 :

No. of shares	No. of shareholders	% of shareholders
Upto 500	23186	92.43
501 - 1000	883	3.52
1001- 2000	459	1.83
2001 - 3000	180	0.72
3001 - 4000	88	0.35
4001 - 5000	51	0.20
5001 - 10000	110	0.44
10001 and above	127	0.51
	25084	**100.00**

b) Shareholding Pattern as on 31st March, 2020:

Category	No. of shares held	% shareholding
Promoters	27356419	65.04
Banks/Financial Institutions/ Insurance Companies/NBFCs/ Non-Nationalised banks	1787100	4.25
Foreign Portfolio Investors	407400	0.97
Mutual Funds	381818	0.91
NRIs/Foreign bank	178017	0.42
Private Bodies Corporate	1952403	4.64
Public	9994849	23.77
TOTAL	**42058006**	**100.00**

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

k) The Company has not issued GDRs/ADRs/Warrants or convertible instruments during the financial year.

l) Commodity price risk or foreign exchange risk and hedging activities:

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

m) Dematerialization of shares and liquidity:

41825345 equity shares (99.45%) have been dematerialized as on 31st March, 2020.

n) Share Transfer System

Transfer of shares held in physical form is not permitted after 31st March, 2019 through statutory notifications.

o) The Address for correspondence is :

Registrar and Share Transfer Agent:

Link Intime India Private Limited
C-101, 247 Park,
LBS Marg, Vikhroli West
Mumbai 400 083
Tel: 022 – 49186000
Fax: 022 – 49186060
Email: rnt.helpdesk@linkintime.co.in
Website: www.linkintime.co.in

Company's Address:

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

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

p) Plant Location:

Goa	:	Jai Kisaan Bhawan, Zuarinagar, Goa - 403 726
Mahad	:	SSP Fertiliser Division K-2/5 & K-2/6, MIDC, Mahad, Raigad- 402 302

q) Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditor S. R. Batliboi & Co. LLP, for FY 2019-20 and all entities in the network firm/network entity of which the statutory auditor is a part.

Fees paid by Mangalore Chemicals and Fertilisers Limited to S. R. Batliboi & Co. LLP

Particulars	**Fee (₹ in lakhs)**
Statutory audit fee	20.00
Limited review fee	10.50
Tax Audit fee	-
Other including reimbursement of expenses	12.99
Total	**43.49**

Fees paid by the Company to S. R. Batliboi & Co. LLP

Particulars	**Fee (₹ in lakhs)**
As statutory auditors	
Audit Fees	58.00
Tax Audit Fees	9.00
Limited Review Fees	21.00
In other capacity	
Certification fees etc.	181.72
Reimbursement of expenses	19.28
Total	**289.00**

r) Disclosure as per Section 22 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

As per provisions of Section 4 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, your Company has constituted an Internal Complaints Committee for redressal of complaints against sexual harassment. There was one complaint/case filed with the Company during the financial year which has been closed.

s) A certificate from a company secretary in practice that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/ Ministry of Corporate Affairs or any such statutory authority is enclosed as Annexure 'D'.

t) The board had accepted all recommendation of various committee of the board in the relevant financial year.

u) The Company has not raised any funds through preferential allotment or qualified institutions placements.

v) Credit Rating:

ICRA Limited, vide its press release dated 13th May, 2019 has revised rating of Term Loans to [ICRA] BB (Negative) from [ICRA] BBB + (Negative), Long term Fund-Based to [ICRA] BB (Negative) from [ICRA] BBB + (Negative), Long term Fund Based Interchangeable to [ICRA] BB (Negative) from[ICRA] BBB + (Negative), Long Term un-allocated limits to [ICRA] BB (Negative) from [ICRA] BBB+(Negative), Short Term non-fund-based limits to [ICRA] A4 from [ICRA] A2+, Short Term un-allocated to [ICRA] A4 from [ICRA] A2+.

ICRA, vide its press release dated 23rd May, 2019 revised rating of Term Loans to [ICRA]D from [ICRA] BB (Negative), Long term Fund-Based to [ICRA] D from [ICRA] BB (Negative), Long Term un-allocated limits to [ICRA] D from [ICRA] BB (Negative), Short Term non-fund-based limits to [ICRA] D from [ICRA] A4, Short Term un-allocated to [ICRA] D from [ICRA] A4.

ICRA, vide its press release dated 15th April, 2020 upgraded the rating of Term Loans to [ICRA] B (Stable) from [ICRA] D, Long term Fund-Based to [ICRA] B (Stable) from [ICRA] D, Long Term un-allocated limits to [ICRA] B (Stable) from [ICRA] D, Short Term non-fund-based limits to [ICRA] A4 from [ICRA] D, Short Term un-allocated to [ICRA] A4 from [ICRA] D, Compulsory Convertible Debentures (CCD) from [ICRA] B (Stable) to [ICRA] D.

w) There are no shares in the demat suspense account or unclaimed suspense account.

x) Other Disclosures:

All transactions entered by the Company with its related parties during the Financial Year 2019-20 were on an arm's length basis. The disclosure of material related party transactions u/s 188 of the Companies Act, 2013 in Form AOC-2 is enclosed as **Annexure 'K'** of the Directors Report. There was no material transactions, related party transactions during the year which was in conflict with the interest of the Company. The Board has approved a policy for related party transactions which can be accessed at the Company's website.: www.zuari.in.

i. The Company has complied with the requirements of the Stock Exchanges/SEBI and Statutory Authorities on all matters related to the capital markets during the last three years. No penalty or strictures were imposed on the Company by these Authorities.

ii. The Company has complied with the corporate governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of Regulation 46(2) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. Company has also adopted Schedule II of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

iii. The Company has also formulated a Whistle Blower Policy ("Policy") which provides for adequate safeguard against victimisation of persons and has a provision for direct access to the Chairperson of the Audit Committee. The Company has not denied any person from having access to the Chairman of the Audit Committee. Weblink for the policy: https://www.zuari.in/investor/corporate_governance.

iv. The Company has a policy for determining 'material' subsidiary and is disclosed on the website. The weblink for the same is: https://www.zuari.in/investor/corporate_governance.

v. The Company has Related Party Transaction Policy which is available on the website of the Company. The weblink for the same is: https://www.zuari.in/investor/corporate_governance

y) Non-mandatory Requirement:

The Company has complied with the mandatory requirements of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and also following non mandatory requirements:

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

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

iii) Internal Auditor reports directly to the Audit Committee.

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ANNEXURE 'B' TO THE DIRECTORS' REPORT

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

To the members of ZUARI AGRO CHEMICALS LIMITED:

I have examined the compliance with conditions of Corporate Governance by ZUARI AGRO CHEMICALS LIMITED (the Company) under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("LODR Regulations") for the year ended 31st March 2020.

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

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

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

Shivaram Bhat
Practising Company Secretary
ACS No. 10454 : CP No. 7853

Place: Panaji, Goa
Date : 19th June, 2020

ANNEXURE 'C' TO THE DIRECTORS' REPORT

DECLARATION BY THE MANAGING DIRECTOR

Pursuant to Regulation 26(3) of SEBI (LODR) Regulations, 2015, I, Sunil Sethy, Managing Director of Zuari Agro Chemicals Limited, declare that all Board Members and Senior Executives of the Company have affirmed their compliance with the Code of Conduct and Ethics during the year 2019-20.

SUNIL SETHY
MANAGING DIRECTOR
DIN : 00244104

Date : 19th June, 2020

ANNEXURE 'D' TO THE DIRECTORS' REPORT

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(pursuant to Regulation 34(3) and Schedule V Para C Clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

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

I have examined the relevant registers, records, forms, returns and disclosures received from Directors of **Zuari Agro Chemicals Limited** having CIN L65910GA2009PLC006177 and having registered office at Jai Kisaan Bhawan, Zuarinagar, Goa (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority:

Sr. No.	Name of Director	DIN	Date of Appointment in Company
1	SAROJ KUMAR PODDAR	00008654	20/05/2011
2	AKSHAY PODDAR	00008686	14/11/2011
3	NARAYANAN SURESH KRISHNAN	00021965	10/09/2009
4	SUNIL SETHY	00244104	28/07/2017
5	MARCO PHILIPPUS ARDESHIR WADIA	00244357	20/05/2011
6	KIRAN DHINGRA	00425602	10/03/2015
7	DIPANKAR CHATTERJI	00031256	14/02/2020
8	GOPAL PILLAI	02340756	30/07/2012

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Shivaram Bhat
Practising Company Secretary
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Place : Panaji, Goa
Date : 19th June, 2020

ANNEXURE 'E' TO THE DIRECTORS' REPORT

MANAGEMENT DISCUSSION AND ANALYSIS

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

GLOBAL ECONOMIC BACKDROP:

The final few days of FY 2019-20 has seen an unprecedented and one of the deadliest impact of COVID pandemic coercing the global economy to contract, as per International Monetory Fund (IMF) in its January 2020 edition of World Economic Outlook, sharply by -3 percent in 2020 which is worse than during the 2008–09 financial crisis. This said contraction is from the earlier global growth projections of +3.3 percent in 2020 and +3.4 percent for 2021 from +2.9 percent in 2019. Crude, natural gas and commodity prices have largely been hit more so in the last quarter of FY19-20 due to slackened global demand because of COVID and more diversified availability of global supply.

Global growth in 2019 also recorded its weakest pace since the global financial crisis a decade ago, reflecting common influences across countries and country-specific factors. Rising trade barriers and associated uncertainty weighed on business sentiment and activity globally. The US China trade war, in particular, was visible incessantly through most of FY19-20 in form of tariff barriers, impositions on business-companies and currency manipulations. This effect of the trade war has trickled down to many a nations – emerging economies and Europe - and has crippled global trade causing global GDP, as per OECD, to shrink by 0.6 % by FY 21.

Further pressures came from country-specific weakness in large emerging market economies such as Brazil, India, Mexico, and Russia. Worsening macroeconomic stress related to tighter financial conditions (Argentina), geopolitical tensions (Iran), and social unrest (Venezuela, Libya, Yemen) rounded out the difficult picture.

With the economic environment becoming more uncertain, firms turned cautious on long-range spending and global purchases of durable goods, machinery and equipment decelerated along with influence of regulatory changes (e.g., emission standards for automobiles). Faced with sluggish demand for durable goods, firms scaled back industrial production. Global trade—which is intensive in durable final goods and the components used to produce them—slowed to a standstill.

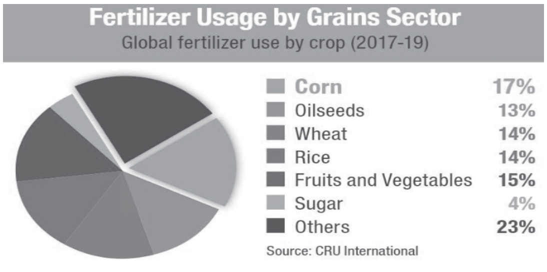
Central banks reacted aggressively to the weaker activity. Over the course of the year, several—including the US Federal Reserve, the European Central Bank (ECB), and large emerging market central banks—cut interest rates, while the ECB also restarted asset purchases. These policies averted a deeper slowdown. Lower interest rates and supportive financial conditions reinforced still-resilient purchases of non-durable goods and services, encouraging job creation. Tight labor markets and gradually rising wages, in turn, supported consumer confidence and household spending.

i) World Agriculture Outlook

The Food and Agriculture Organisation (FAO) in its Bi-annual report of the Global Food Outlook in 2019 states that the worldwide wheat and maize production were to witness an increase in 2019, while that for rice were to dip below the previous year's record. On the consumption side, per capita food use of all three cereals was forecasted to keep pace and even exceed population growth. Global oilseed production, meanwhile, was anticipated to contract for the first time in three years, largely due to expectations of a contraction in soybean plantings and lower yields in the United States of America as well as weaker prospects for rapeseed in Canada and the European Union.

FAO also predicted world sugar production to drop by 2.8 percent in the year ahead, even as global consumption expands. Milk production has expanded by 1.4 percent, with dairy herd expansions in India and Pakistan accounting for almost 90 percent of the increased volume. Global fish production was foreseen to remain unchanged from 2018, with a 3.4 percent decline in capture fisheries offset by a 3.9 percent increase in aquaculture harvests. Trade in fish was predicted to drop, although imports to China were expected to increase substantially.

The global fertilizer market was expected to value at USD 155.8 billion in 2019, and it was expected to register a CAGR of 3.8% during the forecast period (2019-2024). In 2018, Asia-Pacific was the largest geographical segment of the market studied and accounted for a share of around 60% of the overall market. Micronutrients are essential for the optimum growth of plants. During 2013, nearly 50% of the cultivated land area worldwide of contained a low concentration of zinc. It was expected by 2018 that this deficiency would reach 65%. Field trials proved that the application of micronutrient fertilizers increased crop yield from 8% to 20% annually. Total fertilizer nutrient ($N+P_2O_5$ + K_2O) consumption is estimated at 199 million thousand tonnes in 2019 and is forecast to reach 202 million tonnes in 2020. Total world supply of (Ammonia + Phosphoric acid + Potash) was estimated at 271 million tonnes in 2019 and is forecast to reach 274 million tonnes in 2020.



A strong rebound in global fertilizer demand in 2020 is expected with more acres planted in the United States. The global fertilizer demand number in 2020 will be right around 200 Million Metric Tons as was in 2019 with more or less a static growth rate because of a) The first reason is due to fewer planted acres in the U.S. in 2019 because of the extremely wet weather and b) weakness in fertilizer demand in China due to Unsupportive crop market fundamentals, falling application rates, increasing farm size and efficiency and changing fertilizer practice.

Global fertilizer demand in the medium term by 2024 is expected to see growth with nitrogen at 1.2% growth, phosphates at 1.7% and potash at 1.8% yearly growth. This may see slight lower usage in North America, Western Europe and Eastern Asia, but it will most likely be offset by rising fertilizer demand in other regions, such as in Eastern Europe, South America and Africa. The COVID impact towards the end of FY19-20 is felt across the fertilizer sector primarily in China as it is the most significant producer and consumer for phosphates, sulphur and sulphuric acid, while going forward it could be Brazil and India that may hit the headlines.

ii) Commodity prices

Global Commodity Prices :

Almost all major commodity price indexes declined throughout 2019, led by energy, which declined more than 8 percent in the third quarter. Trade tensions and weakness in global trade, manufacturing, and output growth are weighing on commodity demand. In line with subdued global growth prospects, most price forecasts have been revised down. Crude oil prices are forecast to average $60/bbl in 2019 and $58/bbl in 2020—a sharp downward revision since April. Amid heightened risks of a sharper-than-expected global downturn, the likelihood of a further slowdown in oil demand, and therefore lower oil prices, has risen. Non-energy prices are projected to fall in 2019 before stabilizing in 2020, although metals prices are forecast to be lower next year.

Prices of almost 60 percent of commodities fell in the third quarter of 2019 amid mounting concerns about slowing global growth. This was a marked turnaround relative to the April 2019 when a series of commodity-specific supply shocks boosted prices of many commodities, including oil. Energy prices fell more than 8 percent (q/q) in the third quarter, with similar declines across all three energy commodities. Crude oil prices averaged $60/bbl in the third quarter, 8 percent weaker than in the previous quarter. The fall in prices occurred despite an attack on Saudi Arabia's oil infrastructure, which triggered the largest oneday price rise in Brent crude oil since 1988 (the year when Brent crude futures began trading on futures exchanges).

Coal and natural gas prices have also continued to weaken, amid ample supply. Most non-energy prices fell in the third quarter of 2019. Base metals and ore prices fell 2 percent, largely reflecting concerns about demand and trade tensions. Precious metal prices surged in response to trade tensions and monetary policy loosening in advanced economies. Most agricultural commodity prices fell in the third quarter, as production expectations were revised upward and global stocks of key grains, notably rice and wheat, remained at multiyear highs. An exception was soybeans, whose prices rose on news that China had restarted purchasing U.S. crops—as a result of trade tensions, China had switched soybean purchases from the United States to alternative suppliers, and also to substitute commodities.

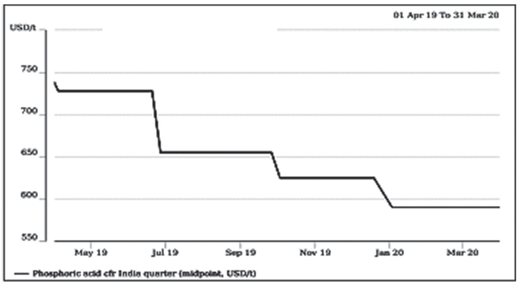
Global Fertilizer Commodity Prices:

The World Bank's Fertilizer Price Index fell 4.2 percent in the third quarter of 2019 (q/q) following two consecutive quarterly declines. A marked decline in phosphate prices drove the index lower. Urea prices rose, however, and potash prices remained unchanged. In 2020, the index is which was initially projected to rise 2.2 percent in 2020 is now revised to fall by 9.9 percent in 2020 as global fertilizer supply remains plentiful. Upside risks include prolonged widespread supply disruptions, while downside risks include a slower-than-expected recovery in demand.

Nitrogen (urea) prices increased 2.9 percent in the third quarter, after large declines in the first half of 2019, due to strong demand in Brazil, India, and the United States. Brazilian demand has been robust on corn and soybean acreage expansion. A more favorable monsoon supported demand in India, while demand in the United States has picked up after delayed crop plantings due to heavy rains and floods. On the supply side, the re-imposition of sanctions on Iran by the United States has resulted in uncertainty over Iranian urea supply, which accounts for 6 percent of global urea exports. Prices are expected to average 0.6 percent lower in 2019 given the weakness earlier this year. Prices are projected to fall by 10.3 percent in 2020 due to overcapacity and lower input costs. COVID had limited impact on urea.

Phosphate DAP prices fell 6.9 percent in the third quarter, following three consecutive quarterly declines. Prices in September were at 10-year lows. Consumption in China, the world's largest consumer of phosphate fertilizers, continues to fall as the country moves toward its zero growth policy on fertilizer use. On the production side, increased phosphate supply in Morocco and Saudi Arabia pushed prices lower. Prices were further compressed by lower input costs, particularly **ammonia and sulfur**. After an expected plunge of 20.2 percent in 2019, phosphate DAP prices are projected to soften in 2020 on expectations of a moderate recovery in demand and a cutback in supply, driven by COVID in China. However, global supply remains plentiful, especially in Morocco and Saudi Arabia, where capacity is expanding. Major consumers, including India and Pakistan, continue to reduce imports due to high inventories.

Phosphoric Acid Prices have seen a steady decline across the globe given the fact the phosphate prices declined sharply coercing the prices of Phosphoric Acid, which is used to make finished phosphates, to climb down. In India specifically the price for acid fell from $740 /t cfr in Q1 of FY20 to $590 in Q4 of FY20 resulting in ~20% fall as can be seen in the snapshot below.



Source : Argus

Potash MOP prices were unchanged in the third quarter, following large increases in the first half of 2019. Prices in September 2019 remained 23.2 percent higher than at the start of the year, supported by strong demand from Brazil and China. Cutbacks of high-cost capacity and production delays at new projects in Canada, Russia, and Turkmenistan contributed to the price strength as well. Potash prices are projected to fall by 4 percent in 2020 given adequate supplies, following an expected increase of 18.3 percent in 2019. Robust demand in Brazil (for corn and soybeans), China (fruits and vegetables), and Southeast Asia (palm oil) is expected to support prices in 2020 but price increases may be capped by considerable brownfield and greenfield supply additions coming on stream.

Commodity	Unit	Q1 2019	Q2 2019	Q3 2019	Jul 2019	Aug 2019	Sep 2019
Fertilizers							
DAP	$/mt	358	317	295	308	293	286
Phosphate rock	$/mt	101	98	79	80	78	78
Zinc	$/mt	2,709	2,759	2,350	2,447	2,273	2,332
World Bank's Report on Commodity Market-Sept 19 edition							

The above figures from World Bank's Commodity Markets depict that DAP, Phosphate Rock and Zinc fell by ~20%, ~23% and ~14% respectively between start of FY 19-20 and Sept 2019.

iii) Indian Agriculture

Agriculture is the primary source of livelihood for about 58 per cent of India's population. Gross Value Added by agriculture, forestry and fishing was estimated at ₹18.55 trillion (US$ 265.00 billion) in FY19. The Indian food industry is poised for huge growth, increasing its contribution to world food trade every year due to its immense potential for value addition, particularly within the food processing industry. The Indian food and grocery market is the world's sixth largest, with retail contributing 70 per cent of the sales. The Indian food processing industry accounts for 32 per cent of the country's total food market, one of the largest industries in India and is ranked fifth in terms of production, consumption, export and expected growth. It contributes around 8.80 and 8.39 percent of Gross Value Added (GVA) in Manufacturing and Agriculture respectively, 13 percent of India's exports and six per cent of total industrial investment.

As per Third Advance Estimates for 2019-20 declared on 15th May 2020, total **Foodgrain** production in the country is estimated at record 295.67 million tonnes which is higher by 10.46 million tonnes than the production of foodgrain of 285.21 million tonnes achieved during 2019-20 and is higher by 25.89 million tonnes than the previous five years' (2014-15 to 2018-19) average production of foodgrain.

The cumulative rainfall in the country during the monsoon season (June to September, 2019) has been 10% higher than Long Period Average (LPA). Accordingly, the production of most of the crops for the agricultural year 2019-20 has been estimated higher than their normal production.

Particulars	Unit of Measurement	3rd Advanced Estimates of 2019-20	Final Estimates of 2018-19	Final Estimates of 2017-18
Total Foodgrains	million tonnes	295	285	285
Total Pulses	million tonnes	23	22	25
Total Oilseeds	lakh tonnes	335	315	314
Sugarcane	lakh tonnes	3581	4054	3799
Cotton	lakh bales of 170 kg each	360	280	328

iv) Indian Fertilizer scenario

The Indian fertilizer market was worth INR 6,258 Billion in 2019. The market is projected to reach INR 11,116 Billion by 2024, growing at a CAGR of 12.3% during 2019-2024.

The fertilizer industry is a key industry for the Indian economy in terms of assuring food security to the country. India is the 2nd largest consumer of fertilizers (urea accounts for over 2/3rd of the overall fertiliser consumption) and is also the 3rd largest producer of nitrogenous fertilizers (China and the US rank before India). In terms of production of phosphatic fertilizers, India has production capacity spread across the private and co-operative sector, whereas the requirement of potash is completely met through imports.

Fertilizers have played a key role in the success of India's green revolution and subsequent self-reliance in food-grain production. The increase in fertilizer consumption has contributed significantly to sustainable production of food-grains in the country. As a result, the demand of fertilizers has witnessed double digit growth rates over the past several years.

Despite a strong growth in recent years, the average intensity of fertilizer use in India remains much lower than most of the developed and emerging countries around the world. The usage of fertilizers is also highly skewed, with wide inter-regional, inter-state and inter-district variations.

There is an indiscriminate usage of urea and partially NPKs. The Indian farms lack essential speciality micro-nutrients like Zinc, Boron, Molybdenum, Copper, Manganese and Iron in absence of which the health and productivity of the soil is badly hampered leading to deficiency syndromes in plants and poor quality and quantity of produce.

Indian Fertilizer Market Drivers

- Catalysed by a strong growth in the country's population over the next five years, food demand is also expected to exhibit a strong growth. Conversely, as a result of increasing urbanisation levels, available arable land is expected to decrease. We expect fertilizers to play a key role in increasing the average crop yields per hectare.
- Despite strong historical growth, fertilizer consumption in India remains highly skewed. There are currently a number of states in India which still have a very low penetration of fertilizers. This leaves a lot of room for future growth.
- We expect a number of government and non-government awareness campaigns to educate farmers on the benefits of fertilizers. Promotion of fertilizers through television, radio and customized rural workshops are also anticipated to increase the consumption of fertilizers in the coming years.
- Increasing rural incomes, coupled by easy availability of credit, are also likely to create a positive impact on fertilizer usage in the country.
- Contract farming, where inputs in terms of technology and training are expected to be provided to the farmer from the food processor (contractor), is also expected to create a positive impact on fertilizer usage.
- Efficiencies in the agricultural value chain by many a startups, through technologies like IOT, ML/AI, ERPs, are going to bring more yields, incomes to the farmers. This will empower the farmers with the right know-how on fertilizer usage, and the knowledge to garner better prices through improved farm-market linkages.

The details of the demand (requirement) and production of major fertilizers (Urea, DAP, MOP, Complex and SSP) during last three years in the country and at present are given below:

<figures in LMT>

Year	Requirement (Demand)	Actual Productions
2016-17	614.33	414.41
2017-18	598.95	413.61
2018-19	603.00	414.85
2019-20	640.48	(upto October) - 245.01

Department of Agriculture, Cooperation and Farmers Welfare (DAC & FW) assess the requirement of fertilizers on the season to season basis. Before each season i.e Rabi and Kharif, DAC & FW organizes Zonal Conferences with States to assess the requirement of fertilizer while taking into account cropping pattern, cropped area, crop wise recommended dose of fertilizers, requirement of nutrients in soil as per soil health status & recommended doses, irrigated area, consumption pattern.

The gap between demand (requirement) and indigenous production of fertilizers is met through imports. The import for the season is also finalized well in advance to ensure timely availability. The import during the last three years is shown in the below table.

Year	Urea	DAP*	MOP*	NPK*
2016-17	54.81	43..85	37.36	5.21
2017-18	59.75	42.17	47.36	4.99
2018-19	74.81	66.02	42.14	5.46

*Based on the information received from various companies

The production of all fertilizers during 2014-15 to 2018-19 are given below:-

Year	2014-15	2015-16	2016-17	2017-18	2018-19
Fertilizers Production	385.39	413.14	414.41	413.61	414.85

The data shows that the production has increased during last five years, except during 2017-18, which is insignificant. Therefore, reasons for low fertilizer production does not arise.

v) Government initiatives:

The government's food, fuel and fertilizer subsidy bill has been pegged marginally higher by 0.23 per cent at ₹2,27,793.89 crore for the 2020-21 fiscal, according to the Budget document.

About ₹2,27,255 crore has been allocated for the current fiscal in the revised estimate. Of the total subsidy bill estimated for the next financial year, maximum fund allocation has been made for food, followed by fertilizer and fuel.

The allocation for providing subsidized fertilizers has been trimmed by 11 per cent to ₹71,309 crore for the 2020-21 fiscal from ₹79,997.85 crore allocated in the revised estimate for the ongoing fiscal.

Agriculture sector is expected to grow at 2.5% yoy in FY21. Essential items like food grains were out of purview of lockdown restrictions. Rabi harvesting was delayed amid lack of labour availability during the first quarter of the fiscal year. The government excluded farming activities including fisheries from lockdown restrictions from April 20, 2020 that will help in pick up in harvest activities for the season. In addition, the IMD has predicted normal monsoon this year, which if materialises, is expected to bode well for the sector.

Government Initiatives & Policies

Some of the recent major government initiatives in the sector are as follows:

- In September 2019, Prime Minister, Mr. Narendra Modi launched the National Animal Disease Control Programme (NADCP), expected to eradicate foot and mouth disease (FMD) and brucellosis in livestock.
- In May 2019, NABARD announced an investment of ₹700 crore (US$ 100 million) venture capital fund for equity investments in agriculture and rural-focused start-ups
- Under Budget 2019-20, Pradhan Mantri Samman Nidhi Yojana was introduced under which a minimum fixed

pension of ₹3000 (US$ 42.92) to be provided to the eligible small and marginal farmers, subject to certain exclusion clauses, on attaining the age of 60 years.

- The Government of India has come out with the Transport and Marketing Assistance (TMA) scheme to provide financial assistance for transport and marketing of agriculture products in order to boost agriculture exports.
- The Agriculture Export Policy, 2018 was approved by Government of India in December 2018. The new policy aims to increase India's agricultural exports to US$ 60 billion by 2022 and US$ 100 billion in the next few years with a stable trade policy regime.
- The Government of India is going to provide ₹2,000 crore (US$ 306.29 million) for computerization of Primary Agricultural Credit Society (PACS) to ensure cooperatives are benefitted through digital technology.
- With an aim to boost innovation and entrepreneurship in agriculture, the Government of India is introducing a new AGRI-UDAAN programme to mentor start-ups and to enable them to connect with potential investors.
- The Government of India has launched the Pradhan Mantri Krishi Sinchai Yojana (PMKSY) with an investment of ₹50,000 crore (US$ 7.7 billion) aimed at development of irrigation sources for providing a permanent solution from drought.
- The Government of India plans to triple the capacity of food processing sector in India from the current 10 percent of agriculture produce and has also committed ₹6,000 crore (US$ 936.38 billion) as investments for mega food parks in the country, as a part of the Scheme for Agro-Marine Processing and Development of Agro-Processing Clusters (SAMPADA).
- The Government of India has allowed 100 percent FDI in marketing of food products and in food product e-commerce under the automatic route.
- Ministry of Commerce & Industry has introduced Agriculture Export Policy, 2018 with an aim to double farmers' income by 2022. The policy is aimed at doubling agricultural exports from the country and integrating Indian farmers and agricultural products to the global value chain. The export of agriculture is targeted at US$ 60 billion by 2022.
- Government is encouraging technology driven solutions to minimize human interface in the farming sector especially in view of social distancing norms to fight the COVID19 pandemic. The technology initiatives of the Department of Agriculture, Cooperation and Farmers Welfare include:
  - o e-NAM came to the aid of farmers with a new technological twist.
  - o New modules in e-NAM were launched in April 2020.
  - o **Warehouse Based Trading module**: eNAM integrated with e-NWR.
  - o By May 2020, there will be around one thousand Mandis joining the e-NAM platform for marketing of Agricultural produce - 200 new mandis already added the e-NAM platform from 7 States making a total of 785.
  - o **FPO module** which enables uploading of produce, bidding and payment from their Collection Centers directly.
  - o FPOs are also supplying vegetables in nearby cities and towns. All problems arising out of movement of goods and its trading are resolved on real time basis. States have already taken decision to issue passes/e-passes to FPOs.
  - o **"Kisan Rath" App** launched on 17-04-2020 to facilitate Farmers and Traders in identifying right mode of transportation for movement of farm produce. As a module of uberization of logistic aggregator more than 11.37 lakh trucks and 2.3 lakh transporters.
  - o All India Agri Transport Call Centre was launched in April, 2020. This Call Centre has been set up for coordination between States for inter-state movement of perishables like vegetables & fruits, agriculture inputs. The Call Centre numbers are 18001804200 and 14488.
  - o As follow up Budget announcement of KISAN Rail. During the lockdown period, Railways introduced 67 routes for running 567 Parcel Specials (out of which 503 are time table parcel trains) to supply essential commodities at fast speed. These trains have transported 20,653 tonnes of consignments across the country.

During the current lockdown, Government has laid priority on uninterrupted continuity of agriculture activities. Specific exemptions made for Farming during Lockdown are as follows:

- Farming operations by farmers and farm workers in the field;
- Agencies engaged in procurement of agriculture products, including MSP operations;
- 'Mandis' operated by the Agriculture Produce Market Committee or as notified by the State Government;
- Shops and manufacturing/packaging units for Seeds, Fertilizers and Pesticides;
- Intra and inter-state movement of harvesting and sowing related machines like combined harvester and other agriculture/horticulture implements;
- Cold storage and warehousing services;
- Transportation for essential goods;
- Shops of agriculture machinery, its spare parts (including its supply chain) and repairs;
- Custom Hiring Centres (CHC) related to farm machinery.

All these efforts have resulted in record foodgrain production. From 285.20 million tonnes in 2018-19, this FY the estimated foodgrain production is set to reach 291.95 million tonnes and for the next fiscal a target of 298.3 million tonnes is fixed. Protein revolution was achieved through increase in production of pulses of 28.3%, which witnessed a growth from 17.20 MTs in 2014-15 to 23.02 MTs in 2019-20. Focus on summer crops resulted in area sown of 57.07 lakh hectares this year against 41.31 lakh hectares last year. Similarly, record production is expected in the horticulture crops with estimated 313.35 million MT this FY against 310.74 million MT in 2018-19.

Achievements in the sector

- India's sugar exports are estimated to cross 5 million tonne (MT) in the current marketing year ending September 2020.
- Foreign direct investments (FDI) in India's food processing sector is stood at US$ 628.24 million in 2018-19.
- Sugar production in India has reached 33.16 million tonnes (MT) in 2018-19 sugar season and is expected to produce 26.85 MT in 2019-20, according to the Indian Sugar Mills Association (ISMA).
- The Electronic National Agriculture Market (eNAM) was launched in April 2016 to create a unified national market for agricultural commodities by networking existing APMCs. Up to May 2018, 9.87 million farmers, 109,725 traders were registered on the e-NAM platform. 585 mandis in India have been linked while 415 additional mandis will be linked in 2018-19 and 2019-20.
- Agriculture storage capacity in India increased at 4 percent CAGR during 2014-17 period, to reach 131.8 million metric tonnes.
- Coffee exports stood at 286.95 million tonnes in FY20 (April-September '19).
- Between 2014-18, 10,000 clusters were approved under the Paramparagat Krishi Vikas Yojana (PKVY).

Around 115 million Soil Health Cards (SHCs) have been distributed in the country during 2017-19 and a soil health mobile app has been launched to help Indian farmers.

vi) Marketing:

During the year 2019-20, the focus has been on Farmer & Retailer Connect programs along with digital communication and brand visibility activities. Apart from enhancing the YoY numbers of marketing activities – Crop Seminars (by 26%), Campaign Days (by 24%), Farmer Meetings (by 5%), Retailer Meetings (by 8%) and Soil Health Days (by 57%) – digital campaigns have been the key to reach a large number of farmers in different parts of India.

Through digital campaigns in Kharif and Rabi seasons, we were able to achieve a cumulative reach of 29.4 mn against planned reach of 24.27 mn, i.e., 21% more than the plan. We have created Jai Kisaan Samvad Facebook page and Jai Kisaan YouTube channel. Our Facebook page has received 5.7K fan follower base have also added 2100+ subscribers to YouTube page.

In the wake of Covid-19 break out, digital communication has become an important tool for reaching out to channel partners, retailers and farmers. Advisories were developed for retailers and farmers to reinforce the precautions to be taken and disseminated through digital platform. All contact programs with channel partners, retailers and farmers are being conducted online by the marketing team.

There has been a continued focus on retailer engagement through **Jai Kisaan Sambandh** loyalty program and POS sales campaigns.

- ZACL has enrolled 2931 retailers in the Jai Kisaan Sambandh retailer loyalty program. Out of the enrolled members, 1291 members have shown 73% growth in YOY sales.
- Four targeted POS sale campaigns have been carried out to spur POS sales at the retail counters during 2019-20 generating YoY sales increase among ZACL's target retailers.

Total primary sales volume of fertilizers stood at 6.99 lakh MT while POS sales of 10.02 lakh MT was achieved during 2019-20. Last year's primary sales volume was 15.32 lakh MT with POS sales of 15.45 lakh MT. Primary & POS sales were lower in 2019-20 due to production constraint at Goa plant, lower availability of imported DAP & MOP throughout the year and SSP sales getting impacted due to lower production on account of unavailability of rock.

In the Specialty Fertilizer business, the Company achieved sales of ₹108.7 crores during FY 2019-20, compared to ₹166 crores achieved last year. The shortfall is due to non-availability of material due to no imports/domestic procurement of WSF & Micro-nutrients.

Overall sales of pesticides for the year were ₹123.5 lakhs, compared to ₹153.9 lakhs achieved last year. Lower performance in CPC is due to seasonal aberrations in ZACL's key marketing territories of Maharashtra & Karnataka during last 2019 Kharif and availability constraints.

Both SPN and CPC businesses at overall level have achieved bottom-line guidance for the year.

vii) Internal Control Systems and their Adequacy:

Adequate internal control procedures are in place across various functions in the Company. The Company has migrated from SAP ECC 6.0 with EHP 8.0 version to the new SAP S/4 HANA (high-performance analytic appliance) version and GRC software, which have higher controls in place.

In addition, Internal Auditor reviews the internal control measures on an ongoing basis, whose reports are reviewed by the Audit Committee.

viii) Enterprise Risk Management (ERM):

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

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

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

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

ix) Material development in human resources:

The integrated Agri Business Marketing, Sales and Supply & Distribution functions of Paradeep Phosphates Limited, the Company and Mangalore Chemicals & Fertilizers Limited operate under 4 Zones & 27 Regional Marketing Offices with common frontline sales force.

The marketing activities for the group is conceptualized, strategized and coordinated by the centralized marketing team located in Bangalore. The execution of the initiatives are carried out by the respective Regional Marketing Offices under each Zone and monitored by Corporate Team. To operate the integrated Sales & Marketing Operations, Job roles of various Functions / Depts. have been identified & finalized along with number of positions required for each role. Fresh Talent in the front line marketing is inducted through two channels; one, Campus interviews in reputed agriculture Universities across India. They are taken through comprehensive induction program at corporate level including Vision and Mission, Culture assimilation, 'Sales Skills Enhancement' and Course on 'Campus to Corporate' and later on the job training in the field for a period of one year. The other, through lateral hire from the market. Besides Sales force are also given training from time to time in other managerial areas to hone managerial skills & team development.

FINANCIAL REVIEW:

The revenue from operations (Standalone) for the year ended 31st March, 2020 was ₹2,01,262.23 lakhs as compared to ₹4,73,095.81 lakhs for the previous year ended 31st March, 2019.

The loss before tax from continuing operations for the year ended 31st March, 2020 was ₹15,624.51 lakhs as compared to Loss of ₹36,773.77 lakhs for the year ended 31st March, 2019. The loss after Tax from continuing operations stood at ₹18,647.74 lakhs for the year ended 31st March, 2020 as compared to loss of ₹34,580.25 lakhs for the previous year.

The loss before tax from discontinued operations for the year ended 31st March 2020 was ₹336.16 lakhs as compared to profit of ₹2,713.21 lakhs for the year ended 31st March 2019. The loss after tax from discontinued operations stood at ₹253.16 lakhs for the year ended 31st March 2020 as compared to profit of ₹1,685.99 lakhs for the previous year.

The Company's LBIDTA before exceptional item from continuing operations for 2019-20 was ₹380.21 Crores as against EBIDTA ₹158.32 Crores in 2018-19. The Finance Costs for 2019-20 was ₹424.61 Crores as against ₹377.09 Crores in 2018-19. During the year the Company's other income stood at ₹65.79 Crores as against ₹68.32 crores in the previous year.

The Performance of own manufactured fertilizers & other Agri Products

Own Manufacturing Fertilizers and other Agri Inputs

Particulars	2019-20	2018-19
Urea Sales- (MT)	221,168.55	406,008.00
Di-Ammonium phosphates Sales - (MT)	38,271.10	94,067.00
Other Complex Fertilizers Sales - (MT)	296,576.00	547,169.00
Single Super Phosphate Sales - (MT)	50,863.85	107,259.00
Urea Production- (MT)	232,657.00	408,849.00
Di-Ammonium phosphates Production - (MT)	17,952.55	113,572.00
Other Complex Fertilizers Production - (MT)	173,622.77	623,722.00
Single Super Phosphate Production - (MT)	46,339.00	108,858.00

Performance of other divisions

Particulars	2019-20	2018-19
Sales of Seeds (₹ in crores)	5.89	30.75
Sales of Specialty Fertilizers (₹ in crores)	64.77	46.85
Sale of Single Super Phosphate (₹ in crores)	44.32	88.98
Sales of Finished Products & Other Products (₹ in crores)	1,735.30	3325.83
Total Sales of Finished Goods (₹ in crores)	**1,850.28**	**3492.41**

Trade Products	2019-20	2018-19
Di-Ammonium phosphates Sales - (MT)	54,710.00	198,404.00
Muriate of Potash- Sales - (MT)	51,106.00	182,799.00
Urea Sales- (MT)	11,322.31	15,139.00
Other Complex Fertilizers (MT)	8,153.00	18,225.00
Sales of Specialty Fertilzers (₹ in crores)	19.91	101.57
Sale of other Traded Goods (₹ in crores)	321.13	1,418.58
Sales of Trade Urea (₹ in crores)	6.37	8.52
Pesticides (₹ in crores)	109.20	102.34
Seeds (₹ in crores)	6.30	-
Total Sales from Traded Products (₹ in crores)	**462.91**	**1,631.01**

OUTLOOK :

India will surpass China as the world's most populous country by 2027 and by 2050, India will have a population of 170 crore (1.7 billion). Requirement of foodgrains by 2050 will be 400 million tonnes against the current production of 285 million tonnes. Requirement of total fertilizer nutrients is estimated to be around 60 million tonnes by 2050 (comprising of 45 million tonnes of chemical fertilizers and 15 million tonnes of organic and biofertilizers) as against the current nutrient consumption of 34 million tonnes (containing 27 million tonnes of chemical fertilizers and 7 million tonnes of organic and bio-fertilizers). Hence total nutrient needs of Indian soils cannot be met only through organic and bio sources, given inadequate availability and low nutrient content of organic manures. Chemical fertilizers will thus continue to play a major role.

India is expected to achieve the ambitious goal of doubling farm income by 2022. The agriculture sector in India is expected to generate better momentum in the next few years due to increased investments in agricultural infrastructure such as irrigation facilities, warehousing and cold storage. Furthermore, the growing use of genetically modified crops will likely improve the yield for Indian farmers. India is expected to be self-sufficient in pulses in the coming few years due to concerted efforts of scientists to get early-maturing varieties of pulses and the increase in minimum support price.

The government of India, in its 2020 Economic Budget, has come out with strong action points to bolster the agriculture sector. A total of 2.83 lakh crores have been allotted to the agri-sector for FY21. 'Krishi Udan' scheme to help in agri-transport and other credit based schemes have been devised and launched for the farmers.

The IMD in its April edition of the Long range forecast of 2020 Monsoons declared that rainfall is likely to be 100% of the Long Period Average (LPA) with a model error of 45%. This augurs a healthy demand of fertilisers going into the Kharif season (June-August 2020).

OPPORTUNITIES FOR NEXT FISCAL:

For FY 2020-21, there will be opportunities for growth in the regulated as well as the de-regulated segments. In the long run, increasing consumption provides substantial opportunities for the branded Agri Business, in terms of higher value specialty inputs for better quality agri produce.

In the Urea segment, the Company does not foresee short-term threats since the domestic demand-supply gap will continue to exist till such time that new capacity is added to achieve self-sufficiency.

The industry is expected to witness a tremendous opportunity in the space of non-bulk and speciality plant nutrients, which includes, but not limited to, the following - micronutrients, water solubles, organic fertilisers, secondary nutrients, agri-fluids. This opportunity epitomizes the fact that the soil nutrient response ration has dived from 13% back in 1980s to about 3.7% in 2010s. Also the deficiency of these speciality nutrients is significant as on date with Indian soils being 49%, 41% and 33% deficient in Zinc, Sulphur and Boron respectively.[#]

The fertilizer industry is also poised to witness a great opportunity in the blended fertilizer space. Blending works on the principle of 3 Rs – Right Formulation, Right Dosage, Right Timing – for the crops and the farm. Essentially, it deviates from the generic nature and usage of commodified fertilisers and ensures accurate application of fertilisers basis crop and soil type with the 3 Rs, thereby making sure there is lesser wastage, farmers getting better yields and value for their money. Blending also establishes manufacturing, sales and communication channels much closer to the farmers in a direct way through the company's owned and operated retail channel.

The fertilizer sector is also seeing advent of technology to aid farmers with the know-how to choose the right type and quantity of fertilizers as per the soil and crop requirement. Technology also heralds structural efficiencies across the value chain from fertilizer to seed to farm to fork.

RISKS AND CONCERNS:

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

High subsidy and market outstanding continues to be a cause of concern leading to high working capital and interest cost eating into the profit margins.

Certain products viz. DAP are making lesser profits given global DAP prices are very low, while phosphoric acid prices are relatively higher engendering a costlier domestic manufacturing of finished goods. Also DAP and Urea are fairly commoditized products today with relatively narrower margins.

Given the uncertain global macroeconomic conditions with the likes of COVID and US-China Trade war, there is a high chance than the domestic Indian currency gets de-valued resulting in higher import cost of raw materials in near future.

Repercussions of COVID can also be lead to, in immediate future, an unstable workforce created by imbalances in supply of labour, labour wage, migrant nature of labourers.

On the regulatory part from the government certain measures are anticipated alleviate concerns of the larger domestic Indian fertilizer industry -

- ***Immediate term***
  - i) Payment of revised fixed cost to urea units as per Modified NPS-III Policy notified in 2014.
  - ii) Policy for index based automatic revision in fixed cost beyond 2008-09.
  - iii) Extension of existing energy norms till NBS Policy/DBT is implemented for urea.
  - iv) Adequate budget allocation to clear all outstanding dues of the past and meet current requirement.
  - v) Addressing unfavourable taxation issues by exempting raw materials/intermediates for P&K fertilizers from customs duty and reducing the rate of GST on ammonia and sulphuric acid.

- ***Medium term***
  i) Implementation of NBS Policy for urea. With gas pooling and rationalisation of energy norms reducing the heterogeneity among cost of production of urea units to a large extent, NBS in urea is now practically workable.
  ii) Implementation of DBT in true sense by transferring fertilizer subsidy directly to the bank account of the farmers. Government is already successfully transferring Kisan Samman Nidhi to the bank accounts of farmers. Hence, DBT for fertilizer subsidy is also fully workable now.

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Details of Significant Changes in Key Financial Ratios of continuing operation, along with detailed explanations

	Profitability Ratios	March 31, 2020	March 31, 2019	Variation %	Reason in Variation
i	Interest Coverage Ratio (EBIT*/ Interest (Cost)	-1.22	0.12	1116.22%	Interest cost increased by ₹8,938.91 lakhs mainly due to rise in working capital. Decrease in EBIT mainly on account of lower trade volumes owing to lower availability of finished goods as fertilizer plants remained under shutdown for longer period on account of delay in payment to raw material suppliers mainly due to delay in receipt of subsidies from GOI.
ii	Operating Profit Margin (%) (EBITDA*/Revenue)	-20.83%	1.66%	1356.84%	EBIDTA decreased by ₹49,766.80 lakhs mainly due to lower trade volumes owing to lower availability of finished goods as fertilizer plants remained under shutdown for longer period on account of delay in payment to raw material suppliers mainly due to delay in receipt of subsidies from GOI.
iii	Net Profit Margin (%) (Profit After tax/Revenue)	-9.39%	-6.95%	-35.07%	Reduction in Net Profit Margin in mainly due to lower trade volumes owing to lower availability of finished goods as fertilizer plants remained under shutdown for longer period on account of delay in payment to raw material suppliers mainly due to delay in receipt of subsidies from GOI.
	Balance Sheet Ratios				
iv	Debtors Turnover (Debtors/ Revenue*365)	148.90	185.83	19.87%	
v	Inventory Turnover (COGS/Average Inventory*365)	45.96	94.77	51.51%	Variation is mainly due to liquidation of inventories and lower sales during the year.
vi	Current Ratio (Current Assets/ Current Liabilities)	0.54	0.85	36.75%	
vii	Debt Equity Ratio (Debt/Equity)	15.41	11.15	-38.26%	Higher ratio due to Loss during the year has resulted in reduction of Equity, inspite of reduction in overall debt.
viii	Return on Net Worth (Profit after tax/Net Worth)	-1.62	-1.04	-55.08%	Loss when compared to previous year due to aforesaid reasons has resulted in reduction in networth in current year.

* EBIT stands for earnings before interest (both interest cost and interest income) and taxes.
** EBITDA stands for earnings before interest (both interest cost and interest income), taxes, depreciation and amortization.
*** Previous year profit restated
**** Above ratios are calculated for the continuing operation
*****Exceptional income/ expediture not considered for calculation

ANNEXURE 'F' TO THE DIRECTORS' REPORT

BUSINESS RESPONSIBILITY REPORT

Preface:

We at Zuari Agro Chemicals Limited engaged in Manufacturing of fertilizers affirms to our employees, customer, community and other stakeholders, our commitment to continually improve and reach excellence in Environment, occupation health & safety while conducing our business operations.

In pursuance of its commitment to responsible business, the Company has prepared this Business Responsibility Repot (BRR), as mandated by Securities and Exchange Board of India (SEBI), and in line with the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business' (NVGs), as released by the Ministry of Corporate Affairs in July 2011. The report has been prepared as prescribed and in accordance with Regulation 34 of the SEBI (LODR) Regulations, 2015.

Section A : General Information about the Company

1	Corporate Identity Number (CIN) of the Company	L65910GA2009PLC006177
2	Name of the Company :	Zuari Agro Chemicals Limited
3	Registered address :	Jai Kisaan Bhawan, Zuarinagar, Goa - 403 726
4	Website :	www.zuari.in
5	E-mail id :	shares@adventz.com
6	Financial Year reported	2019-20
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	Manufacture of Urea and other organic fertilsers – 20121/22
8	List three key products/services that the Company manufactures/provides (as in balance sheet)	Phosphatic Fertilizers, Urea, Special Fertilizers and Micronutrients
9	Total number of locations where business activity is undertaken by the Company :	
	(a) Number of International Locations (Provide details of major 5) :	NIL
	(b) Number of National Locations	2 (Goa, Mahad in Maharashtra)
10	Markets served by the Company	Goa, Maharashtra, Andhra Pradesh, Karnataka, Telangana, Madhya Pradesh, Chhattisgarh, Odisha, West Bengal, Bihar, Uttar Pradesh, Tamil Nadu, Kerala, Punjab & Haryana

Section B: Financial Details of the Company

1	Paid up Capital (INR)	4205.80 Lakhs
2	Total Turnover (INR)	201262.23 Lakhs
3	Total profit (loss) after taxes (INR)	(18,900.90) Lakhs
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	Not Applicable – as the Company had average net loss for the last 3 financial years. However the Company has spent ₹38.05 Lakhs towards CSR.
5	List of activities in which expenditure in 4 above has been incurred	Through its CSR projects, ZACL reaches out to the deprived communities to bring about a change in their lives. The various activities carried out are : a) Skills Development Initiative b) Sanitation, Education and Health Project c) Provisioning of Drinking Water to villages d) Educational Scholarships for economically backward

Section C : Other Details

1	Does the Company have any Subsidiary Company/Companies?	Yes
2	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	No.
3	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	No

Section D : BR Information

1. Details of Director/Directors responsible for BR

(a) Details of the Director/Director responsible for implementation of the BR policy/policies

1	DIN Number	00244104
2	Name	Mr. Sunil Sethy
3	Designation	Managing Director

(b) Details of the BR head

No.	Particulars	Details
1	DIN Number (if applicable)	00244104
2	Name	Mr. Sunil Sethy
3	Designation	Managing Director
4	Telephone number	01244827832
5	e-mail id	sunil.sethy@adventz.com

2. Principle-wise (as per NVGs) BR Policy/policies

P1 - Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

P2 - Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

P3 - Businesses should promote the wellbeing of all employees.

P4 - Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged vulnerable and marginalized.

P5 - Businesses should respect and promote human rights.

P6 - Business should respect, protect, and make efforts to restore the environment.

P7 - Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

P8 - Businesses should support inclusive growth and equitable development.

P9 - Businesses should engage with and provide value to their customers and consumers in a responsible manner.

(a) Details of compliance (Reply in Y/N)

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/ policies for...	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national/ international standards? If yes, specify? (50 words)	Y	Y	Y	Y	Y	Y	Y	Y	Y
4	Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Does the company have a specified committee of the Board/Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		The Following policies relevant to external stakeholders are hosted on Company's website-www.zuari.in under Investors-Corporate Governance Policy on prevention of Sexual Harassment at workplace, Whistle Blower Policy, Code of Fair disclosure of unpublished price sensitive information, Code of Business Conduct and Ethics, Archival Policy, Policy on Board Diversity, CSR Policy, Code of conduct and Ethics for employees of the Company, Policy on determination of materiality of event', Policy on preservation of documents, Risk Management Policy, Related Party Transactions & Code of Conduct to Regulate, Monitor and report Trading In Securities of the Company https://www.zuari.in/investor/corporate_governance								

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**
8	Does the company have in-house structure to implement the policy/policies?	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**
10	Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Company's policies are not audited/evaluated by external agencies. However, as per statutory guidelines and business requirements, policies are amended from time to time								

All the policies in the Company are governed by its guiding principles and core values. These polices are mapped to each principle hereunder :

The Company's Mapping to BR Principles

	Principle	Applicable Policies
1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability	• Our Core Values : Agility, Customer First, Integrity, Sustainability • Whistle Blower policy • Code of Conduct
2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle	• Environment, Occupational Health and Safety Policy (EOHS Policy)
3	Businesses should promote the wellbeing of all employees	• CSR Policy, • Code of conduct Ethics for employees of the Company
4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized	• CSR Policy • Our Core Values : Agility, Customer First, Integrity, Sustainability
5	Businesses should respect and promote human rights	• Our Core Values : Agility, Customer First, Integrity, Sustainability • Whistle Blower policy • Code of Conduct
6	Business should respect, protect, and make efforts to restore the environment	• Environment, Occupational Health and Safety Policy (EOHS Policy)
7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner	• Our Core Values : Agility, Customer First, Integrity, Sustainability
8	Businesses should support inclusive growth and equitable development	• CSR Policy
9	Businesses should engage with and provide value to their customers and consumers in a responsible manner	• Our Core Values : Agility, Customer First, Integrity, Sustainability • Environment, Occupational Health and Safety Policy (EOHS Policy)

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options):

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The company has not understood the Principles	**Not Applicable**								
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3	The company does not have financial or manpower resources available for the task									
4	It is planned to be done within next 6 months									
5	It is planned to be done within the next 1 year									
6	Any other reason (please specify)									

3. Governance related to BR

- **Frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company :**
  Various principles of BR Performance constitute an integral part of the day to day operations of the Company and the same are reviewed by the Board/Committees as and when required.
- **Publication of BR or a Sustainability Report and its frequency :**
  This is the first Business Responsibility Report of the Company and it forms part of the Company's Annual Report for the financial year 2019-20. The same can be accessed at www.zuari.in.

Section E : Principle-Wise performance

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability :

The Company fosters a work culture with high ethical principles and standards and encourages its employees to perform with total integrity, commitment and ownership. Commitment to ethical and lawful business conduct is a cornerstone of Zuari's business practices. It is a fundamental shared value among the Board of Directors, the senior management and all the employees in the company. The Company has adopted the 'Code of Conduct' (Code), to ensure ethics, transparency and accountability in all aspects of the business, and create value for its stakeholders in a sustainable manner. The code embodies the belief that being aware of the Company's responsibility towards its stakeholders and acting with the Company's legitimate interest in mind, is essential for the Company's long-term excellence. All Directors and senior management personnel shall affirm compliance with this Code on an annual basis.

Most of the policies are communicated to the employees upon joining as well as through seminars. The Company has well established policies in accordance with the statutory guidelines and the relevant SEBI Regulations.

- Policy on prevention of Sexual Harassment at workplace,
- Whistle Blower Policy,
- Nomination and Remuneration Policy, Subsidiary Policy,
- Code of Fair disclosure of unpublished price sensitive information,
- Code of Business Conduct and Ethics,
- Archival Policy,
- Policy on Board Diversity,
- CSR Policy,
- Code of conduct and Ethics for employees of the Company,
- Policy on determination of materiality of event,
- Policy on preservation of documents,
- Risk Management Policy,
- Related Party Transactions & Code of Conduct to Regulate, Monitor and report Trading In Securities of the Company

The above Company policies can be accessed from the Company's website https://www.zuari.in. The Company's philosophy on Corporate Governance envisages an attainment of the highest level of transparency and accountability. It is aimed at safeguarding and adding value to the interests of various stakeholders. The Company is committed to the best Corporate Governance and continues with its initiative towards the best Corporate Governance Practices.

The Company ensures selection of vendors and contractors, who maintain and follow ethical standards. The Company endeavours to impart periodical training on Ethics to its employees.

During the year 2019-20, no complaints were received by the Ombudsman under Whistle Blower Policy.

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle :

The Company is a single-window agricultural solution provider, and partners with Indian farmers for progress and prosperity. It enables agricultural selfsufficiency and economic independence by providing fertilisers that are both affordable and effective. The Company is committed to effective utilization of resources and innovative initiatives for the well-being of the farming community.

Our products are primarily inputs for the agricultural sector such as:

Fertilisers

Fertilisers include the Urea, DAP, MOP, SSP and various NPK grades. Fertilisers are predominantly used for improving crop productivity.

Water Soluble Fertilisers

Completely water soluble sources of plant nutrients that are suitable for fertigation and foliar spray.

Micronutrients

Micronutrients include products such as Zinc Sulphate, Magnesium Sulphate Copper Sulphate, Sulphur, and Boron, which are used for enhancing the efficacy of bulk fertilisers and for improving the crop productivity for a balanced crop nutrition.

The Company has an established Quality Assurance-Quality Control (QA-QC) Cell consisting of qualified, skilled and trained QA-QC technicians/chemists at its manufacturing facility in Goa. All products manufactured at the facility viz. Urea and various grades of NP, NPK fertilizers undergo stringent QA-QC protocol/analysis to ensure quality adhering to FCO specifications are sent to the markets.

Best Safety and Environment Protection practices are implemented and is continuously improved upon right from the Raw Material Procurement, Production, Storage, Packaging, Despatch upto delivery of the products to the Farmer. This has resulted in optimum utilization of Raw Materials and Natural Resources such as Natural Gas, Raw Water, Conservation of these Natural Resources, Pollution Abatement, Personal and Equipment & Machinery Safety eventually leading to Sustainability of the entire business.

Principle 3: Businesses should promote the wellbeing of all employees :

During the year 2019-20, there are 1068 Permanent manpower with 21 female employees and no differently abled employees. Also, there are around 87 employees hired on temporary/contractual/casual basis.

There are 5 employee associations across the manufacturing locations of the Company, with nearly 27.61% NMS being members of it.

1. the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

No.	Category	No. of complaints filed during the financial year	No. of complaints pending as on end of the financial year
1	Child labour/forced labour/involuntary labour	**NIL**	**NIL**
2	Sexual harassment	**1**	**NIL**
3	Discriminatory employment	**NIL**	**NIL**

The Company emphasize on employee well-being, health, safety and engagement through various initiatives like

1. Conduct safety talks for the workers
2. Fire Drill for Security Staff
3. Training program of Fire Fighting was conducted for the NISA & Secret Eye Security staff, topic covered were Fire Chemistry, Fire Extinguisher Operations, Donning of SCBA & Practical demonstration of Fire Tender & Hose drill
4. Training session on Basic Fire Safety , Ammonia gas emergency Do & Don't was conducted for the M/s NEHA workers
5. Training session on Fire Ball was conducted for Work office & Admin staff. Live demo was conducted wherein the employees used the Fire Ball extinguisher to extinguish the fire

During the FY 2019-20 the various training/learning sessions conducted to various employees as follows:

(a) Permanent Employees **55%**

(b) Permanent Women Employees **24%**

(c) Casual/Temporary/Contractual Employees **63%**

(d) Employees with Disabilities **NIL**

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized :

1. Has the company mapped its internal and external stakeholders? Yes/No

   Yes, over the years of Company's existence, the company has mapped its internal (like employees, shareholders) as well as external (such as community and customers etc.) stakeholders.

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?

   Yes, the Company has identified its disadvantaged, vulnerable & marginalized stakeholders.

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.

   Yes, Special initiatives are taken up under Corporate Social Responsibility for upliftment of disadvantaged, vulnerable and marginalized sections of the society. The details of such activities are available on Company's website. Initiative like GAIN (Goa Agri Initiative) provides a platform for small & marginal farmers for knowledge, resource sharing on farm advisory, and promotes adoption & replication of innovative and improved farming practices.

Principle 5: Businesses should respect and promote human rights :

1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others? **To the Group**
2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management? **29 (legal cases pertaining to HR)**

Principle 6: Business should respect, protect, and make efforts to restore the environment:

The Company is committed to the Environmental Protection to sustain the pollution free environment and maintain ecological balance. More emphasis is given to safeguard the environment in and around the complex and to ensure that all statutory requirements with respect to Pollution control are complied with. This is achieved by responsible use of natural resources through effective implementation of Integrated Environment and Occupational Health & Safety Management System. **The Company is an ISO 14001:2015 and ISO 45001:2018 certified company**. Green Rating study of Fertilizer sector was carried out by Centre for Science and Environment (CSE), New Delhi in which the Company, received 3 Leaves rating. The Environment, Health and Safety (EHS) Policy of the Company covers company, contractors and public implementing sustainable development, high safety, health and environmental performance in line with ISO 14001:2015 and ISO 45001:2018 standards

The Company has completed the Feed and Fuel change over from Naphtha to NG / RLNG in Ammonia plant and Fuel changeover from Furnace Oil to NG / RLNG in Utilities Boilers with effect from September, 2013. A project for improved energy efficiency at debottlenecked capacity of the Ammonia-Urea plants has been implemented. The debottlenecking project for enhanced capacity of NPK plant-A and NPK plant-B along with product mix change has been completed and the plants are operational effective from December, 2015 and May, 2017 respectively.

The Company identifies and assesses potential environmental risks by auditing all the operating plants, storage areas through both external Safety Auditing teams in line with ISO 14001:2015 and ISO 45001:2018.Environmental Compliance report is filed. Several Energy Saving Schemes as well as Capacity De-bottlenecking schemes have been already implemented in the Ammonia plant. in order to be compliant with the preset energy norms set forth by Department of Fertilizers, Government of India in the NUP (New Urea Policy)-2015 at the existing/approved capacities in the EC (Environmental Clearance)/CTO (Consent to Operate). The revamped Scrubbing Systems in the NPK-A and NPK-B Plants have been very effective such that the Ammonia emissions are well below the prescribed emission norms.

As a part of commitment for preservation of environment and ecology, the Company is a zero Liquid discharge Unit since 1990. By adopting the 3-R concept of Reduce (at source), Reuse and Recycle; the effluent discharge level from the unit has been brought down to zero.

LED lighting assembly is installed in various places inside factory premises for conservation of energy in year 2019. Several more areas are currently in process for installation.

Old conventional motors have been replaced with energy efficient (IE3) motors at several locations in the plant. Some more are still in process of replacement.

The Company is the first company in country, to Install the Vibropriller to improve product Urea prill quality and also to reduce Urea dust emission from Prilling Tower.

Natural Gas/Ammonia/Chlorine sensors are installed at strategic locations inside the plant premises for early detection of any leak and corrective measures. These sensors are regularly checked for proper functioning. Work zone environment monitoring for ammonia and noise at various locations inside the factory premises and the ambient noise level at different locations around factory premises is carried out. The results of monitoring conform to the limits prescribed.

Hazardous Wastes like used/spent oil, furnace oil tank sludge/cleaning residue and spent catalysts that are generated are stored separately and sold to only those Vendors registered with CPCB as Recyclers and having Consents/Authorization from State Pollution Control Boards/Central Pollution Control Board. The Company disposes off e-waste to the authorized recycler in compliance with The E-waste (Management) Rules, 2016. Bio-Medical Waste is disposed off as per the Bio-Medical Waste Authorization obtained from Goa State Pollution Control Board.

The company continues to be certified for excellence certification of 'Protect & Sustain" stewardship from International Fertiliser Association. The surveillance audit for the re-certification process was carried out by M/s SGS India Private Limited. The company conducts various promotional activities related to Safety, Health & Environment during National Safety Week, Road Safety Week, Environment Week & Fire Service Day. The Company also conducts campaigns through FM Radio on 'DO'S AND DON'TS in case of ammonia gas leakage'. Company publishes DO'S AND DON'T'S in case of ammonia gas emergency for the awareness of the general public in leading newspapers. The Green Triangle Society, Goa in association with the Inspectorate of Factories & Boilers have awarded "Gomant Sarvoccha Suraksha Puraskar" to the Company for the Outstanding Safety Performance in Occupational Safety, Health & Environment.

The Company has installed an online continuous Stack Monitoring System for the Reformer stack of Ammonia plant, DG stack, Fume stack of NPK-A Plant and the NPK-B Plant Stack. This online stack Monitoring system is connected to the GSPCB and Central Pollution Control Board (CPCB) server. The Company has also installed and commissioned a flow meter and camera for continuous online final effluent monitoring system which is also connected to the GSPCB and CPCB server. Regular monitoring of process stack emissions once in three months and regular monitoring of ambient air quality around the complex at four strategic CPCB identified locations twice a week by an accredited MoEF & CC recognized laboratory is being carried out. The results of stacks as well as ambient air quality monitoring are well within the standards prescribed by CPCB/SPCB. The monitored results are also displayed on electronic display boards located in public domain.

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner :

The Company engages in policy advocacy in a responsible manner through its membership in various industry forums & associations. The Company works with apex industry institutions that are engaged in policy advocacy, like the

1. Fertilizer Association of India (FAI)
2. Confederation of Indian Industry (CII)
3. Goa chamber of commerce & Industry

Some of our Directors are also on the Board of Fertilizer Association of India. These enable the Company to contribute to policies and opinions concerning the industry.

Principle 8: Businesses should support inclusive growth and equitable development

1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

   Yes, the Company has specified programs in support of inclusive growth and equitable development. It is the endeavour of the company to ensure that there is a continuous improvement in its economic, environmental and social performance. The Company is a people's driven organization, and employees' recognition is based on merit and skill, with zero discrimination based on gender, class, cast, creed or religion. All CSR programs of the company are directed towards social and economic need of the marginalized communities. Focus of these programs primarily covers, Livelihoods, Skills Development, Water, Sanitation and Hygiene (WASH). The details of CSR initiatives undertaken by the company are provided in Annexure 'H' of Directors Report.

2. Are the programmes /projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?

   Company CSR projects and initiatives are implemented through credible external NGO partners and in-house team.

3. Have you done any impact assessment of your initiative?

   Yes, the impact assessment of specific CSR programs are conducted in-house with support from the implementing partners.

4. What is your company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken?

   The total contribution towards CSR for the year 2019-20 is ₹38.31 Lakhs. The details of projects have been provided in Annexure 'H' of the Directors Report.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

   Yes, the CSR programs carried out by the company are implemented in close consultation and participation from the community. The process of baseline survey, needs assessment and prioritization of community needs, ensures the effectiveness and community ownership of the CSR projects. The CSR projects are closely monitored by company's CSR coordinator and a committee of five experts (including personnel from Health, Environment department), for achieving the program objectives. The details on 'Corporate Social Responsibility' are provided in Annexure 'H'.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner :

'Farmer-first' has been the guiding principle of the Company. The brand Jai Kisaan is readily recognized within the Indian farming community and is trusted for its efficacy and quality. What pulls the Indian farmers to Jai Kisaan is that more than being a provider of agri-inputs, the brand betters their lives with customer-centric services, sustainable solutions and assistance in their daily life.

The Company endeavours to help the farmers improve their farm produce and overall well-being through various initiatives and services without any additional cost to them:

Maintaining Soil Health, Managing Soil Fertility: The Company is actively engaged in spreading awareness about the soil health and application of balanced nutrition through various camps and interactions conducted around the year. The company's advanced **Jai Kisaan Agri Development Labs (ADLs)** – located at Pune, Solapur, Tirupati and Bangalore – are equipped to offer diagnostic services for soil, water, plant, fertilisers and manures. The labs also extends advisory on crop care measures for standing crops.

On-Farm Technical Support: Recognizing the importance of human interface in diffusion and adoption of appropriate technologies, Co. has evolved a unique system integrating information technology with on-farm expert support through **Jai Kisaan Krishi Salahakars (JKS).** These trained extension workers act as an extended arm of the company at grass root level and is a nodal point through whom the services of the company are delivered to the farmers. He collects information from the farmers relating to agri-input use and also services required by them.

Showcasing Technologies in Action: With a vision to create technology awareness and knowledge diffusion, **Adventz Agri Innovation Centre (AAIC)** – a 106-acre facility near Solapur in Maharashtra –The centre not only facilitates integrated diagnostics, skill enhancement and demonstration of innovative technologies to benefit the farmer but also functions as an advisory centre for him.

During the year 2019-20, AAIC recorded 181 farmer visits, organised 6 new technology demonstrations, 14 Farmer meetings/Crop Seminars and 12 new product trials.

Consultative Service: Toll-free lines named **Hello Jai Kisaan**, available on all week days between 10:00 p.m. and 5:00 p.m., are operated by agri-experts well equipped to advise farmers on scientific agriculture. An added value of the service is the availability of Jai Kisaan Krishi Salahkars, who can be called to fields/sites in select regions to arrange farmers' connect with the agri-experts.

Goa Agri Initiative (GAIN): The project aims to take up the cause of reversing the decline in Goan agri economy. The Group has drawn up a roadmap to drive a sustainable and economically viable support system at farm gate level through GAIN. The initiative is being implemented through various project components like protected cultivation, production of quality planting material, establishment of seed bank, reclaiming barren lands, farm mechanisation, skill development of rural youth and promoting the adoption of balanced nutrient application.

Farmer-connect programs: The Company has an annual calendar of activities (COA) under which the regions' farmer-connect programs are monitored. Some of the key activities of this calendar are:

Farmer Meetings, Crop Seminars, Soil Health Days, Demonstrations & Field Days, Retailer Meetings, Van Campaigns, Adopting a village with the objective of transforming farming from a subsistence activity to a profitable enterprise, Retail stores which function as agri-solution hubs for fulfilling all cultivation needs of the farmer.

Reaching out to the Farmers through Technology Touch Points

With the upsurge of technology in the 21st century, especially in the consumer technology front, the Company has now focused more on customization and personalization and has taken up the opportunity to use consumer technology and offer a digital platform to the farming community of India. This is to bring them on par with the latest developments in the market and complementing their efficiency.

At the core of such free-of-cost services to farmers is the **Farmers First** approach of the brand, providing information that is singularly useful to the community. The system of technology dissemination is further backed by access to advanced labs and training facilities.

Among the many initiatives launched by the company during 2019-20, the following are noteworthy:

Jai Kisaan YouTube Channel, Jai Kisaan Facebook, Brand Messaging through Digital Platforms, Jai Kisaan App, WhatsApp Groups

The Company's products adhere to the rules and regulations of state and central Governments like Fertilizer Control Order (FCO) and Central Insecticides Board & Registration Committee (CIB & R).

There are no customer/consumer legal cases/appeals filed in 2019-20. Also, there are no cases filed against the Company under unfair trade practices, irresponsible advertising and/or any anti-competitive behaviour during the last year.

The ultimate mission of the Company is to make the nation **'Ann, Dhan, Sampann'**, which simply translates as food sufficiency and prosperity for all. Brand Jai Kisaan, through various products and services within its domain, is working relentlessly towards this goal. Besides, the company also aims to understand every Indian farmer's needs even more closely and answer his need for effective, affordable and easily available fertilisers.

ANNEXURE 'G' TO THE DIRECTORS' REPORT

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2020

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

To the Members,
Zuari Agro Chemicals Limited
Jai Kisaan Bhawan,
Zuarinagar, Goa – 40 3726

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended 31st March, 2020 (hereinafter referred to as the "Audit Period") generally complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and Compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31st March, 2020 according to the provisions of:

i. The Companies Act, 2013 (the Act) and the rules made thereunder;

ii. The Securities Contracts (Regulation) Act, 1956 and the rules made thereunder;

iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

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

v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
   a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
   b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
   c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
   d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (Not applicable to the Company during the audit period);
   e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the Company during the audit period);
   f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
   g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the audit period); and
   h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (Not applicable to the Company during the audit period).

vi. The following laws and Regulations applicable specifically to the Company (as per the representations made by the Company) viz.
   a) Essential Commodities Act, 1955;
   b) Seeds Act, 1966, Seeds Rules, 1968 and Seeds (Control) Order, 1983;

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

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

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

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

I further report that –

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

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

The decisions were carried unanimously.

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

I further report that: During the audit period

a. the Company has passed following resolution by way of postal ballot dated 26th June, 2019 approving
   a. Special Resolution for Waiver of recovery of excess remuneration paid to Mr. Kapil Mehan, Ex-Managing Director of the Company for the Financial Year 2015-16 in the view of amended provisions of Companies Act, 2013;
   b. Special Resolution pursuant to Section 186 of the Companies Act, 2013 for Enhancement in the limits of investments/loans & guarantees; and
   c. Ordinary Resolution approving remuneration paid to Mr. Sunil Sethy, Managing Director for the Financial Year 2018-19.
b. Zuari Farmhub Limited has become wholly owned subsidiary of the Company;
c. the Company obtained approval from shareholders for payment of remuneration to Mr. Sunil Sethy, Managing Director as per the provisions of the Companies Act, 2013. However prior approval from the secured creditors pursuant to clause (ii) to the proviso to Section II of Part II of Schedule V of the Companies Act, 2013 was not obtained;

Shivaram Bhat
Practising Company Secretary
ACS No. 10454, CP No. 7853

Place : Panaji, Goa
Date : 19th June, 2020

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

'ANNEXURE A'

(My report of even date is to be read along with this Annexure)

1. Maintenance of Secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.

2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices I followed provide a reasonable basis for my opinion.

3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.

4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.

6. The secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Shivaram Bhat
Practising Company Secretary
ACS No. 10454, CP No. 7853

Place : Panaji, Goa
Date : 19th June, 2020

ANNEXURE 'H' TO THE DIRECTORS' REPORT

Report on Corporate Social Responsibility (CSR)

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

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

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

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

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

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

   Weblink to CSR Policy: http://zuari.in/investor/corporate_governance

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

   a) Mr. Gopal Krishna Pillai* - Chairman

   b) Mr. J. N. Godbole** - Member

   c) Mr. Akshay Poddar - Member

   d) Mr. Sunil Sethy - Member

   e) Ms. Kiran Dhingra*** - Chairperson

   * upto 5th February, 2020

   ** upto 5th February, 2020

   *** w.e.f. 5th February, 2020

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

   The company had average net loss of ₹7824 lakhs for the last three financial years.

4. **Prescribed CSR Expenditure (two percent of the amount as in item 3 above):**

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

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

   Total amount spent for the financial year ₹38.31 lakhs

   Amount unspent: Nil

6. Manner in which the amount spent during the financial year is detailed below.

Sl. No.	CSR Project or activity Identified	Sector in which the project is covered	Projects or programs 1. Local area or other 2. Specify the state and District where projects or programs was Undertaken	Amount outlay (budget) project or programs wise (₹)	Amount spent on the projects or programs Sub heads 1. Direct expenditure on projects or programs 2. Overheads	Cumulative expenditure upto the reporting period (₹)	Amount spent: Direct or through implementing agency
1.	Skills Development Initiative	Skills development"	Zuarinagar and surrounding villages in Goa	4.80 Lakhs	Direct Expenditure - 100% Overheads - Nil	4.80 Lakhs	SAMBHAV FOUNDATION (NGO)
2.	Skills Development Initiative	Skills Development	Zuarinagar and surrounding villages in Goa	0.25 Lakhs	Direct Expenditure-100% Overheads- NIL	0.25 Lakhs	(Direct)
3.	Sanitation, Education and Health Project	Slum Develop-ment,sanita-tion,health,ed-ucation	Zuarinagar and surrounding villages in Goa	11.40 Lakhs	Direct Expenditure - 100% Overheads - Nil	11.40 Lakhs	MARGDARSHAK (NGO)
4.	Provisioning of Drinking Water to Villages	Safe drinking water	Bellem & Danddo Villages, Goa	21.05 Lakhs	Direct Expenditure - 100% Overheads - Nil	21.05 Lakhs	(Direct)
5.	Educational Scholarships for conomically backward	Promoting Education	Mormugao Taluka, Goa	0.80 Lakhs	Direct Expenditure - 100% Overheads - Nil	0.80 Lakhs	(Direct)
TOTAL (₹ in lakh)				**38.31 Lakhs**		**38.31 Lakhs**	

The two percent of the average net profit for the last three financial years of the company is Nil as the company had average net loss for the last three financial years. During the year 2019-20, the company spent a total of ₹38.31 lakhs while implementing the CSR activities as per item no. 6 above.

The CSR interventions are being implemented in partnership with credible NGOs, as well as directly, and are carefully monitored. The CSR interventions slated to be implemented during the year 2020-21 have been designed.

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

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

Date : 19th June, 2020

Sunil Sethy
Managing Director
DIN : 00244104

Kiran Dhingra
Chairperson of CSR Committee
DIN : 00425602

ANNEXURE 'I' TO THE DIRECTORS' REPORT

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

(i) The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2019-20:

Sl. No.	Name of the Director	Ratio of the remuneration of Directors to the median remuneration of the employees of the Company
1	S. K.Poddar – Chairman*	Nil
2	Sunil Sethy – Managing Director	1:37
3	N. Suresh Krishnan – Non-Executive Director*	Nil
4	Akshay Poddar – Non-Executive Director*-	Nil
5	J. N. Godbole – Independent Director*	Nil
6	Marco Wadia – Independent Director*	Nil
7	Gopal Pillai – Independent Director*	Nil
8	Kiran Dhingra – Independent Director*	Nil
9.	Dipankar Chatterji – Independent Director	Nil

*were paid sitting fees for attending the Meetings.

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

Sl. No.	Name of the Director	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary in the financial year
1	S. K. Poddar – Chairman*	Nil
2	Mr. Sunil Sethy – Managing Director	8%
3	N. Suresh Krishnan – Non-Executive Director *	Nil
4	Akshay Poddar – Non-Executive Director *	Nil
5	J. N. Godbole – Independent Director*	Nil
6	Marco Wadia – Independent Director*	Nil
7	Gopal Pillai – Independent Director*	Nil
8	Kiran Dhingra – Independent Director*	Nil
9	Dipankar Chatterji –Independent Director	Nil
10	Samrat Sen – General Manager - CFO**	7%
11	R. K. Gupta – Chief General Manager - CFO***	NA
12	R. Y. Patil - Vice President & Company Secretary	8%

* were paid sitting fees for attending the Meetings during the Financial Year.

** ceased to be CFO w.e.f 15.12.2019.

*** appointed as CFO w.e.f 5.02.2020 and hence % increase in the FY is not applicable.

(iii) The percentage increase in the median remuneration of employees in the financial year: 7.77 %

(iv) The number of permanent employees on the rolls of Company:
There are 1068 permanent employees on the rolls of the Company during the financial year.

(v) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:
Other than the managerial personnel and KMP, the employees were given increment of 8% on an average.
There were no exceptional circumstances for increase in the managerial remuneration.

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

On behalf of the Board of Directors

Sunil Sethy	**N. Suresh Krishnan**
Managing Director	Director
DIN : 00244104	DIN : 00021965

Date : 19th June, 2020

ANNEXURE 'J' TO THE DIRECTORS' REPORT

Statement of Particulars of Employees of Zuari Agro Chemicals Limited Pursuant to the Provisions of Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Sl. No.	Name	Designation	Remuneration received;	Nature of employment, whether contractual or otherwise	Qualifications and experience of the employee	Date of commencement of employment (DOJ)	The age of such employee DOB	The last employment held by such employee before joining the company	The percentage of equity shares held by the employee in the company within the meaning of clause (iii) of sub-rule (2) of Rule 5	Whether any such employee is a relative of any director or manager of the company and if so, name of such director or manager:
A)	**If employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than one crore and two lakh rupees;**									
1	Madan Pandey	President – Agri. Business	2.04 Cr.	Permanent	BE & PGDM	01st Nov 2018	30 Oct 1971 48 Yrs	Emami	Nil	NA
2	Rahul Maitra	Jt. President-HR	1.45 Cr.	Permanent	MBA	01st Aug 2018	23 July 1975 44 Yrs	Strides Shasun	Nil	NA
3	Sabaleel Nandy	Jt. President-Commercial & Strategy	1.22 Cr	Permanent	B.Tech. & PGDM	29th Nov 2018	01 Feb 1976 44 Yrs	Tata Group	Nil	NA
4	Nitin Kantak	Chief Operating Officer	1.05 cr	Permanent	B.Tech.	27th Jan 2019	13 Dec 1959 60 Yrs	PPL	Nil	NA
B)	**If employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than eight lakh and fifty thousand rupees per month;**									
						NIL				

On behalf of the Board of Directors

Sunil Sethy
Managing Director
DIN : 00244104

N. Suresh Krishnan
Director
DIN : 00021965

Date : 19th June, 2020

ANNEXURE 'K' TO THE DIRECTORS' REPORT

Form No. AOC - 2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

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

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

   There were no contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 which were not at arm's length basis during the year ended March 31, 2020.

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

   There were no material contracts/arrangements or transactions entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013. However, the Company has entered into transactions with related parties at arm's length, the details of which are given in the notes to financial statements.

On behalf of the Board of Directors

Sunil Sethy	**N. Suresh Krishnan**
Managing Director	Director
DIN : 00244104	DIN : 00021965

Date : 19th June, 2020

ANNEXURE 'L' TO THE DIRECTORS' REPORT

Form AOC-1

PART A

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Pursuant to first proviso to sub-section (3) of Section 129 read with rule 5 of the Companies (Accounts) Rules, 2014)
Part 'A': Subsidiaries

Sl. No.	Particulars	Details		
1.	**Name of the subsidiary**	**Mangalore Chemicals & Fertilizers Limited (MCFL)**	**Adventz Trading DMCC**	**Zuari Farmhub Limited**
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	01-04-2019 to 31-03-2020	01-04-2019 to 31-03-2020	11-11-2019 to 31-03-2020
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	₹ in Lakhs	AED Exchange Rate 18.83	₹ in Lakhs
4.	Share capital	11,854.87	50,000	1.00
5.	Reserves & surplus	42,703.98	(12,11,513)	(44,956.14)
6.	Total Assets	2,80,309.25	19,97,048	21,352.41
7.	Total Liabilities	2,25,751.32	31,58,561	66,307.55
8.	Investments	0	0	0
9.	Turnover	2,71,084.42	9,08,538	161.06
10.	Profit before taxation	7,043.82	(25,56,292)	(56.46)
11.	Tax expense/(credit)	588.50	0	0
12.	Profit after taxation	6,456.32	(25,56,292)	(56.46)
13.	Proposed Dividend	592.58	0	0
14.	% of shareholding	54.03%	100%	100%

Note 1: Names of subsidiaries which are yet to commence operations - Nil.

Note 2: Names of subsidiaries which have been sold during the year - Nil.

On behalf of the Board of Directors

Sunil Sethy
Managing Director
DIN : 00244104

N. Suresh Krishnan
Director
DIN : 00021965

R. K. Gupta
Chief Financial Officer

Vijayamahantesh Khannur
Company Secretary
ACS No. 19257

Date: 19th June, 2020

PART B

Statement containing salient features of the Financial Statement of Joint Venture & Associates
(Pursuant to proviso to sub-section (3) of Section 129 read with Rule 5 of the Companies (Accounts) Rules, 2014)

		Joint Venture	Joint Venture
	Name of the Company	**Zuari Maroc Phosphates Private Limited (Consolidated) (₹ in lakhs unless otherwise stated)**	**MCA Phosphates Pte Limited (Consolidated) (Refer Note 1 below) (₹ in lakhs unless otherwise stated)_N.A.**
1.	Latest audited Balance Sheet	31st March, 2020	31st March, 2020
2.	Shares of Joint Ventures held by the Company on the year end	50%	0.17%
	No. (No. of Shares)	17,98,16,228.00	2,16,90,000.00
	Amount of Investment in Joint Venture	17,981.62	164.11
	Extend of Holding	50.00%	
3.	Description of how there is significant influence	Based on the percentage of Holding in the Joint Venture Company	Based on the percentage of Holding in the Joint Venture Company- As per financial statement Note 52 – The company would cease to consolidate MCAP as joint venture
4.	Reason why the Joint Venture is not consolidated	Not Applicable	As per financial statement Note 52 – The company would cease to consolidate MCAP as joint venture
5.	Networth attributable to Shareholding as per latest audited Balance Sheet	82,853.66	NA
6.	Profit/(Loss) for the year{Profit/(Loss) after Tax}	20,294.51	
	i. Considered in Consolidation	8,258.73	
	ii. Not Considered in Consolidation	12,035.78	

Note 1 : N.A.

Note 2 : Associates or Joint Ventures which are yet to commence operations-None

Note 3 : Joint Ventures which have been sold during the year-None

Note - MCA Phosphates Pte. Limited would be cease as joint Venture.

On behalf of the Board of Directors

Sunil Sethy
Managing Director
DIN : 00244104

N. Suresh Krishnan
Director
DIN : 00021965

R. K. Gupta
Chief Financial Officer

Vijayamahantesh Khannur
Company Secretary
ACS No. 19257

Date: 19th June, 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of Zuari Agro Chemicals Limited

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of Zuari Agro Chemicals Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its loss including other comprehensive loss its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Material Uncertainty Related to Going Concern

We draw attention to Note 54 of the accompanying standalone Ind AS financial statements, which states that in addition to net current liability position as at March 31, 2020, there are other factors indicating material uncertainty over timely discharge of its liabilities and its consequential impact on Company's ability to continue as a going concern. Note 54, also describes the mitigating factors considered by the management in its assessment, in view of which the accompanying standalone Ind AS financial statements have been prepared under the going concern assumption.

Our opinion is not qualified in respect of this matter.

Emphasis of Matters

1) We draw attention to Note 49 of the accompanying standalone Ind AS financial statements, which describes the uncertainties and the impact of COVID-19 pandemic on the Company's operations and standalone Ind AS financial statements as assessed by the management.

2) We draw attention to Note 52 of the accompanying standalone Ind AS financial statements, which describes the impact of INR 11,779.39 lakhs as an adjustment related to impairment of investment in MCA Phosphates Pte Ltd., which has led to a restatement of the standalone Ind AS financial statements for the year ended March 31, 2019.

3) We draw attention to Note 43 of the accompanying standalone Ind AS financial statements, wherein the Company is carrying a receivable of INR 1,949.03 lakhs in relation to the subsidy income accrued during the year ended March 31, 2013. Based on the legal opinion obtained by the Company, the management believes that 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 standalone Ind AS financial statements.

4) We draw attention to Note 7 of the accompanying standalone Ind AS financial statements, 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.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

In addition to the matter described in the 'Material Uncertainty Related to Going Concern' section, we have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
Impact of government policies/notifications on recognition of concession income and their recoverability (as described in Note 18 and 9 of the standalone Ind AS financial statements)	
The Company recognises concession (subsidy) income receivable from the Department of Fertilizers, Government of India as per the New Pricing Scheme for Urea and as per Nutrient Based Subsidy Policy for Phosphatic and Potassic (P&K) fertilizers at the time of sale of goods to its customers. During the current year, the Company has recognised concession income of INR 97,438.48 lakhs and as at March 31, 2020, the Company has receivables of INR 68,635.11 lakhs relating to concession income. We focused on this area because recognition of concession income and assessment of its recoverability is subject to significant judgement of the management and various notifications from the Department of Fertilizers. The area of judgement includes certainty around the satisfaction of conditions specified in the notifications and policies, collections and provisions thereof, likelihood of variation in the related computation rates and basis for determination of accruals of concession income. Accordingly, this matter has been determined to be a key audit matter in our audit of the standalone Ind AS financial statements.	Our audit procedures included the following: ▪ Read the relevant notifications and policies issued by Department of Fertilizers to ascertain the recognition of concession income, adjustments thereto recognised pursuant to changes in the rates and basis for determination of concession income. ▪ Obtained an understanding of the process and tested the design and operating effectiveness of controls as established by management in recognition and assessment of the recoverability of the concession income. ▪ Evaluated the management's assessment regarding compliance with the relevant conditions as specified in the notifications and policies and collections of concession income. ▪ Tested the ageing analysis and assessed the information used by the management to determine the recoverability of the concession income by considering collections against historical trends. ▪ Assessed the related disclosure in standalone Ind AS financial statements.
Transfer of Retail & allied Business to a wholly owned subsidiary "Zuari Farmhub Limited (ZFL)" on a going concern basis (as described in Note 53 of the standalone Ind AS financial statements)	
During the year ended March 31, 2020, the Company has transferred Retail & allied Business to its wholly owned subsidiary "Zuari Farmhub Limited (ZFL)" on a going concern basis. We focused on this area considering that this was a significant event during the year.	Our audit procedures included the following: ▪ Evaluated the design and tested the operating effectiveness of the controls over the accounting of this transaction. ▪ Obtained management's valuation report for the sale consideration. ▪ Reviewed the accounting analysis of the management for the transaction including impact on other areas. ▪ Tested supporting workings and evidences related to profit computation. ▪ Assessed the disclosures in the Ind AS financial statements including disclosures requirement for discontinued operations.

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Estimates with respect to recognition of deferred tax assets on unused tax losses (as described in Note 17 of the standalone Ind AS financial statements)</td></tr>
<tr><td>As at March 31, 2020, the Company has recognized deferred tax assets of INR 6,741.16 lakhs in the standalone Ind AS financial statements.

Deferred tax assets are recognized on unabsorbed tax losses when it is probable that taxable profit will be available against which such tax losses can be utilized. The Company's ability to recognize deferred tax assets on unabsorbed tax losses is assessed by the management at the end of each reporting period, taking into account forecasts of future taxable profits , the law and jurisdiction of the taxable items and the assumptions on which such projections are determined by the management.

Given the degree of estimation based on the projection of future taxable profits, management's decision to create deferred tax assets on unabsorbed tax losses has been identified to be a key audit matter.</td><td>Our audit procedures included the following:
▪ Gained an understanding of the deferred tax assessment process and assessed the design and tested the operating effectiveness of controls over recognition of deferred tax.
▪ Discussed and evaluated management's assumptions and estimates like projected revenue growth, margins, etc. including impact of new tax rates as per Taxation Laws (Amendment) Ordinance, 2019 in relation to the probability of generating future taxable income to support the utilization of deferred tax on unabsorbed tax losses with reference to forecast taxable income and performed sensitivity analysis.
▪ Tested the arithmetical accuracy of the model.
▪ Assessed the related disclosures in respect of the deferred tax assets in the standalone Ind AS financial statements.</td></tr>
<tr><td colspan="2">Impairment assessment of Investment in Mangalore Chemicals and Fertilizers Limited, a subsidiary company (as described in Note 6A of the standalone Ind AS financial statements)</td></tr>
<tr><td>During the current year, impairment indicators were identified by the management on its investment in its subsidiary company, Mangalore Chemicals and Fertilizers Limited, of INR 54,112.37 lakhs. As a result, an impairment assessment was required to be performed by the Company by comparing the carrying value of these investments to their recoverable amount to determine whether an impairment was required to be recognised.

For the purpose of the above impairment testing, value in use has been determined by forecasting future cash flows considering the impact of the economic uncertainties arising from COVID-19 on the discount rates. Furthermore, the value in use is highly sensitive to changes in some of the inputs used for forecasting the future cash flows.

Further, the determination of the recoverable amount of the investment in Mangalore Chemicals and Fertilizers Limited involved judgment due to inherent uncertainty in the assumptions supporting the recoverable amount of the investment.

Accordingly, the impairment of investment in Mangalore Chemicals and Fertilizers Limited has been determined as a key audit matter.</td><td>Our audit procedures included the following:
• Assessed the analysis of internal and external factors impacting Company's investment, whether there were any indicators of impairment in line with Ind AS 36 "Impairment of Assets".
• Gained an understanding of the impairment assessment process and evaluated the design and tested the operating effectiveness of controls in respect of process of comparing the carrying value of the investments to their recoverable amount to determine whether an impairment was required to be recognized.
• Assessed the Company's valuation methodology applied in determining the recoverable amount. In making this assessment, we obtained and evaluated the valuation models used to determine the recoverable amount by challenging the key assumptions used by management including:
o With the assistance of specialist, we assessed the assumptions around the key drivers of the cash flow forecasts including discount rates, expected growth rates and terminal growth rates used in consideration of current and estimated future economic conditions including the impact of COVID-19 on discount rates. Corroborating the price assumptions used in the models against analyst consensus.
o Tested the weighted average cost of capital used to discount the impairment models through engaging valuation experts.
o Discussed potential changes in key drivers as compared to previous year/ actual performance with management in order to evaluate whether the inputs and assumptions used in the cash flow forecasts were suitable.
o Tested the integrity of the models together with their clerical accuracy.
• Assessed the recoverable value by performing sensitivity testing of key assumptions used.
• Evaluated the competence, professional qualification, objectivity and independence of Company's specialists involved in the process.
• Assessed the related disclosures in this regard in the standalone Ind AS financial statements.</td></tr>
</table>

We have determined that there are no other key audit matters to communicate in our report.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the Director's report, but does not include the standalone Ind AS financial statements and our auditor's report thereon which we obtained prior to the date of this auditor's report, and Extract of Annual Return and Secretarial Audit Report, which is expected to be made available to us after that date.

Our opinion on the standalone Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the standalone Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern (refer Note 54 of the accompanying standalone Ind AS financial statements) and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements (refer paragraph on Material Uncertainty Related to Going Concern above) or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 purposes of our audit;

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

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

    (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

    (e) The going concern matter described in Material Uncertainty Related to Going Concern paragraph above, in our opinion, may have an adverse effect on the functioning of the Company;

    (f) On the basis of the written representations received from the directors as on March 31, 2020, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;

    (g) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

    (h) In our opinion, the managerial remuneration for the year ended March 31, 2020 in relation to Managing Director of the Company has been paid in excess of the limits provided in provisions of Section 197 read with Schedule V to the Act by INR 81.00 lakhs which is subject to approval of banks/financial institutions and shareholders by a special resolution as explained in Note 48 of the standalone Ind AS financial statements and therefore, the company has recognised a recoverable of INR 81.00 lakhs from Managing Director as at March 31, 2020.

    (i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended 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 standalone Ind AS financial statements – Refer Note 32 to the standalone Ind AS financial statements;

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

        iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

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

per **Pravin Tulsyan**
Partner
Membership Number: 108044
UDIN: 20108044AAAADR2625

Place of Signature : New Delhi
Date : June 19, 2020

ANNEXURE '1' REFERRED TO IN PARAGRAPH UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE

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

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

(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification in every two 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) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to information and explanations given by the management, the title deeds of immovable properties, included in property, plant and equipment are held in the name of the Company, except for the immovable properties acquired during demerger of fertiliser undertaking from Zuari Global Limited in an earlier year aggregating to INR 30.08 lakhs and immovable properties aggregating to INR 325.17 lakhs acquired under scheme of merger during the previous year, for which title deeds are not in the name of the Company and conveyance deeds in respect of the same are yet to be executed in the name of the Company.

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

(iii) (a) According to the information and explanations given to us, 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. Accordingly, the provisions of Clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(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 within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(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 fertilisers 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) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, value added tax, goods and service tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.

(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, value added tax, goods and service 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.

(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, goods and service tax and cess on account of any dispute, are as follows:

Name of the Statute	Name of the Dues	Amount (In INR lakhs)	Period to which amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax Demand	4.93	2011-12	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax Demand	39.55	2012-13	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax Demand	66.79	2013-14	Commissioner of Income Tax (Appeals)
Custom Act, 1962	Demand for Differential custom duty	522.04	24-03-2011 to 02-12-2011 01-04-2001 to 28-02-2006 2002-03 to 2003-04 2006-07 to 2008-09	CESTAT

Name of the Statute	Name of the Dues	Amount (In INR lakhs)	Period to which amount relates	Forum where dispute is pending
Central Sales Tax Act	Demand for Non-Submission of "C Form"	2.48	2013-14	Commercial Tax Department
Rajasthan Value Added Tax, 2003	Excess Input Credit Availed	22.33	2011-12	Commercial Tax Department
Rajasthan Value Added Tax, 2003	Excess Input Credit Availed	9.77	2013-14	Commercial Tax Department
Kerala Value Added Tax, 2003	Demand for conceding an inter-state transfer out of taxable items	15.52	2009-10	Commercial Tax Department
Entry of Goods into Local Areas Act, 2001 (Telangana)	Demand for not complying with the condition for usage	0.08	2012-13	Deputy Commercial Tax
Entry of Goods into Local Areas Act, 2001 (Telangana)	Demand towards non-payment of tax	0.24	2017-18	Deputy Commercial Tax
UP Value Added Tax, 2008	Penalty Order received for delay in payment of tax from Lucknow, UP	9.23	2016-17	Joint Commissioner Appeals
Telangana VAT Act, 2005	Short ITC reversal on stock transfers	8.85	2013-17	Joint Commissioner Appeals
Goa Green Cess	Cess and penalty on inter-state purchases of Natural Gas	4,291.34	July 15, 2013 to December 31, 2019	Additional Commissioner (Appeals)
UP Value Added Tax, 2008	Exparte Order Received	4.34	May 2016 to July 2016, September 2016, October 2016, December 2016	Joint Commissioner Appeals

(viii) According to the information and explanations given by the management, the Company has delayed in repayment of loans or borrowings to financial institutions or banks during the year to the extent of INR 176,444.03 lakhs (the delay in such repayments being for less than 88 days in each individual case) and INR Nil of such dues were in arrears as on the balance sheet date. The lender wise details are tabulated as under:

Name	During the year ending March 31, 2020 (In INR lakhs)	Period (Maximum days)
ICICI Bank Limited	17,953.25	83
Bank of Baroda	17,836.46	88
Canara Bank	15,077.54	62
State Bank of India	20,365.62	81
Axis Bank Limited	13,124.48	48
Yes Bank Limited	19,786.46	57
Corporation Bank	24,973.56	87
IDBI Bank Limited	11,500.00	51
HDFC Bank Limited	17,411.68	66
Ratnakar Bank Limited	13,041.65	51
IndusInd Bank Limited	5,000.00	53
Rabo Bank	373.33	16
Total	**1,76,444.03**	

The Company does not have any loans or borrowings from Government, nor has it issued any debentures as at balance sheet date.

(ix) In our opinion and according to the information and explanations given by the management, we report that in absence of any stipulation regarding the utilization of loans from the lender, we are unable to comment as to whether the term loans have been utilized for the purposes for which they were obtained. According to the information and explanations given by the management, the Company has not raised any money way of initial public offer / further public offer and debt instruments.

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

(xi) According to the information and explanation given by the management, the managerial remuneration for the year ended March 31, 2020 in relation to Managing Director of the holding company has been paid in excess of the limits provided in provisions of Section 197 read with Schedule V to the Act by INR 81.00 lakhs which is subject to approval of banks/financial institutions and shareholders by a special resolution as explained in Note 48 of the standalone Ind AS financial statements and therefore, carried as a recoverable from managing director as at March 31, 2020.

(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, hence not commented upon.

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

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

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

per **Pravin Tulsyan**
Partner
Membership Number: 108044
UDIN: 20108044AAAADR2625

Place of Signature : New Delhi
Date : June 19, 2020

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF ZUARI AGRO CHEMICALS LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Zuari Agro Chemicals Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone Ind AS 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 with reference to these standalone Ind AS financial statements 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 with reference to these standalone Ind AS financial statements 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 over financial reporting with reference to these standalone Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these standalone Ind AS financial statements, 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 over financial reporting with reference to these standalone Ind AS financial statements.

Meaning of Internal Financial Controls Over Financial Reporting with Reference to these Standalone Ind AS Financial Statements

A company's internal financial control over financial reporting with reference to these standalone Ind AS financial statements 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 with reference to these standalone financial statements 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 with Reference to these Standalone Ind AS Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these standalone Ind AS financial statements, 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 with reference to these standalone financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these standalone financial statements 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, adequate internal financial controls over financial reporting with reference to these standalone Ind AS financial statements and such internal financial controls over financial reporting with reference to these standalone Ind AS financial statements were operating effectively as at March 31, 2020, 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.

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

per **Pravin Tulsyan**
Partner
Membership Number: 108044
UDIN: 20108044AAAADR2625

Place of Signature : New Delhi
Date : June 19, 2020

Standalone Balance Sheet as at 31 March 2020

(Amount in INR lakhs, unless otherwise stated)

	Notes	As at 31 March 2020	As at 31 March 2019 (Restated) (Refer Note 52)
Assets			
Non-current assets			
Property, plant and equipment	3	48,762.83	52,027.41
Capital work-in-progress	3	12,119.25	11,938.07
Investment property	5	362.29	362.29
Intangible assets	4	172.06	2,062.52
Financial assets			
(i) Investments	6A	117,452.81	75,055.81
(ii) Loans	6B	363.70	619.83
(iii) Others	6C	3.25	1,630.47
Deferred tax assets (net)	17	6,741.16	8,895.14
Other non-current assets	7	640.11	6,495.40
Income tax assets (net)	17A	4,739.19	5,298.07
		191,356.65	**164,385.01**
Current assets			
Inventories	8	25,341.47	122,835.07
Financial assets			
(i) Trade receivables	9	82,104.92	240,865.99
(ii) Cash and cash equivalents	10	5,191.97	709.45
(iii) Bank balances other than (ii) above	10.1	4,085.26	2,653.84
(iv) Loans	6B	308.33	153.71
(v) Others	6C	41,176.77	11,808.19
Other current assets	7	16,056.03	27,179.62
		174,264.75	**406,205.87**
Assets classified as held for sale	8A	5.18	-
		174,269.93	**406,205.87**
Total assets		**365,626.58**	**570,590.88**
Equity and liabilities			
Equity			
Equity share capital	11	4,205.80	4,205.80
Other equity	11A	7,497.13	27,380.50
Total equity		**11,702.93**	**31,586.30**
Non-current liabilities			
Financial liabilities			
(i) Borrowings	12A	28,855.41	59,773.00
(ii) Others	14	23.20	66.31
Other non-current liabilities	15	96.08	85.29
Provisions	16	56.84	57.70
		29,031.53	**59,982.30**

Standalone Balance Sheet as at 31 March 2020

(Amount in INR lakhs, unless otherwise stated)

	Notes	As at 31 March 2020	As at 31 March 2019 (Restated) (Refer Note 52)
Current liabilities			
Financial liabilities			
(i) Borrowings	**12B**	105,626.82	267,256.85
(ii) Trade payables	**13**		
a) total outstanding dues of micro enterprises and small enterprises		269.67	537.11
b) total outstanding dues of creditors other than micro enterprises and small enterprises		139,507.86	149,155.95
(iii) Others	**14**	70,885.50	45,752.76
Other current liabilities	**15**	6,421.15	13,970.22
Provisions	**16**	2,181.12	2,349.39
		324,892.12	**479,022.28**
Total liabilities		**353,923.65**	**539,004.58**
Total equity and liabilities		**365,626.58**	**570,590.88**
Summary of significant accounting policies	**2**		

The accompanying notes are an integral part of Standalone Financial Statements

As per our report of even date
For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration Number : 301003E/E300005

per **Pravin Tulsyan**
Partner
Membership Number : 108044

Place of Signature: New Delhi
Date: 19 June 2020

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

Sunil Sethy
Managing Director
DIN: 00244104

N. Suresh Krishnan
Director
DIN: 00021965

R. K. Gupta
Chief Financial Officer

Vijayamahantesh Khannur
Company Secretary
ACS No. 19257

Date: 19 June 2020

Standalone Statement of Profit and Loss for the year ended 31 March 2020

(Amount in INR lakhs, unless otherwise stated)

		Notes	For the year ended 31 March 2020	For the year ended 31 March 2019 (Restated) (Refer Note 52)
Continuing operations				
I	**Revenue**			
	Revenue from operations	**18**	201,262.23	473,095.81
	Other income	**19**	6,579.44	6,832.44
	Total income (I)		**207,841.67**	**479,928.25**
II	**Expenses**			
	Cost of raw material and components consumed	**20**	90,180.08	270,520.64
	Purchases of traded goods	**21**	7,723.52	135,723.19
	Changes in inventories of finished goods, traded goods and work in progress	**22**	74,030.48	(43,386.87)
	Employee benefits expense	**23**	8,264.71	8,681.35
	Finance costs	**24**	42,461.40	37,709.32
	Depreciation and amortization expense	**25**	5,038.62	4,279.24
	Other expenses	**26**	65,664.11	92,557.54
	Total expense (II)		**293,362.92**	**506,084.41**
III	**(Loss) before exceptional items and tax from continuing operations (I - II)**		**(85,521.25)**	**(26,156.16)**
IV	Exceptional items	**28**	(69,896.74)	10,617.61
V	**(Loss) before tax from continuing operations (III - IV)**		**(15,624.51)**	**(36,773.77)**
VI	**Tax expense/(credit) from continuing operations:**			
	(1) Current tax	**17**	-	(1,493.31)
	(2) Deferred tax charge/(credit)	**17**	3,023.23	(700.21)
	Income tax expense/(credit)		**3,023.23**	**(2,193.52)**
VII	**(Loss) for the year from continuing operations (V - VI)**		**(18,647.74)**	**(34,580.25)**
Discontinued operations				
VIII	(Loss)/profit before tax for the year from discontinued operations	**53**	(336.16)	2,713.21
IX	Tax Income/(expense) of discontinued operations		83.00	(1,027.22)
X	**(Loss)/profit for the year from discontinued operations (VIII - IX)**		**(253.16)**	**1,685.99**
XI	**(Loss) for the year (VII + X)**		**(18,900.90)**	**(32,894.26)**
XII	**Other Comprehensive (loss)**			
	Items that will not be reclassified to profit or loss	**29**		
	Re-measurement (loss) on defined benefit plans		(17.80)	(39.91)
	Income tax effect		4.48	13.95
	Net (loss) on equity instruments through Other Comprehensive Income		(1,750.92)	(2,877.69)
	Income tax effect		781.77	-
	Other comprehensive (loss) for the year, net of tax		**(982.47)**	**(2,903.65)**
XIII	**Total comprehensive (loss) for the year, net of tax (IX + X)**		**(19,883.37)**	**(35,797.91)**
XIV	(Loss) per equity share: (nominal value of share INR 10/- (31 March 2020- INR 10/-))	**27**		
	(1) Basic and diluted from continuing operations		(44.34)	(82.22)
	(2) Basic and diluted from discontinued operations		(0.60)	4.01
	(3) Basic and diluted from continuing and discontinued operations		(44.94)	(78.21)
Summary of significant accounting policies		**2**		

The accompanying notes are an integral part of Standalone Financial Statements

As per our report of even date
For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration Number : 301003E/E300005

per **Pravin Tulsyan**
Partner
Membership Number : 108044

Place of Signature: New Delhi
Date: 19 June 2020

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

Sunil Sethy
Managing Director
DIN: 00244104

N. Suresh Krishnan
Director
DIN: 00021965

R. K. Gupta
Chief Financial Officer

Vijayamahantesh Khannur
Company Secretary
ACS No. 19257

Date: 19 June 2020

Standalone Statement of Cash Flows for the year ended 31 March 2020

(Amount in INR lakhs, unless otherwise stated)

		For the year ended 31 March 2020	For the year ended 31 March 2019
A	**Cash flow from operating activities:**		
	(Loss) before tax from continuing operations	(15,624.51)	(36,773.77)
	(Loss)/profit before tax from discontinued operations	(336.16)	2,713.21
	Adjustments to reconcile loss before tax to net cash flows:		
	Depreciation of property, plant and equipment	5,733.83	4,442.11
	Amortisation of intangible assets	469.01	107.70
	Profit on slump sale	(69,896.74)	-
	Loss/(profit) on disposal of property, plant and equipment (net)	(434.63)	216.90
	Impairment of capital work in progress	-	367.17
	Impairment/(reversal of impairment) of non-current investment	-	10,617.61
	Excess provision/unclaimed liabilities/unclaimed balances written back	(1,245.94)	(487.17)
	Bad debts, claims and advances written off	4,668.44	3,180.49
	Provision for doubtful debts, claims and advances	12,308.93	941.17
	Subsidy claims written off	156.59	141.16
	Incentive under packing scheme incentive	(17.05)	(17.05)
	Deferred Service Income	126.42	-
	Unrealized foreign exchange fluctuation loss	3,208.03	116.86
	Interest expense	39,865.90	32,975.68
	Interest income	(340.26)	(2,650.59)
	Dividend income	(2,890.15)	(2,878.30)
	Operating profit/(loss) before working capital adjustments	**(24,248.29)**	**13,013.18**
	Working capital adjustments :		
	Increase/(decrease) in provisions	196.22	(86.45)
	(Decrease)/increase in trade payables and other liabilities	(14,708.28)	59,001.45
	Decrease/(increase) in trade receivables	144,595.13	(21,594.32)
	Decrease/(increase) in inventories	93,122.00	(57,159.54)
	Decrease/(increase) in other assets and financial assets	7,740.00	(3,854.55)
	(Increase)/decrease in loans and advances	(757.00)	1,694.05
		205,939.78	**(8,986.18)**
	Less : Income tax paid (net of refunds)	558.87	1,373.29
	Net cash flow from operating activities (A)*	**206,498.65**	**(7,612.89)**
B	**Cash flow from investing activities:**		
	Purchase of property, plant and equipment, including intangible assets, capital work in progress and capital advances	(2,026.40)	(8,474.56)
	Proceeds from sale of property, plant and equipment	659.40	34.79
	Purchase of non-current investments	(1.00)	-
	Investment in bank deposits (having original maturity of more than 3 months)	(1,046.09)	(1,737.71)
	Interest received	5,140.42	3,396.93
	Dividend received	2,890.15	2,878.30
	Net cash flow from/(used in) investing activities (B)	**5,616.48**	**(3,902.25)**
C	**Cash flow from financing activities:**		
	Proceeds from long term borrowings	27,350.42	53,002.53
	(Repayment) of long term borrowings	(40,778.00)	(11,958.63)
	(Repayment) of lease liability	(1,225.00)	-
	Proceeds from short term borrowings	24,931.97	411,283.67
	(Repayment) of short term borrowings	(186,562.00)	(414,203.73)
	Interest paid	(31,350.00)	(29,248.65)
	Net cash flow (used in) financing activities (C)	**(207,632.61)**	**8,875.19**

Standalone Statement of Cash Flows for the year ended 31 March 2020

(Amount in INR lakhs, unless otherwise stated)

		For the year ended 31 March 2020	For the year ended 31 March 2019
D	**Net increase/(decrease) in cash and cash equivalents (A + B + C)**	**4,482.52**	**(2,639.95)**
	Cash and cash equivalents at the beginning of the year	709.45	3,349.40
	Cash and cash equivalents at the year end (Refer Note 10)	**5,191.97**	**709.45**
	Balances with banks		
	- On current accounts	4,829.42	706.36
	- On cash credit accounts	360.14	1.89
	Cash on hand	2.41	0.91
	Cheque on hand	-	0.29
	Cash and cash equivalents	**5,191.97**	**709.45**

Changes in liabilities arising from financing activities

	1 April 2019	Cash flows	Foreign currency exchange difference	31 March 2020
Long term borrowings (Refer Note 12A & 14)	84,867.71	(13,427.58)	1,837.89	**73,278.02**
Short term borrowings (Refer Note 12B)	267,256.85	(161,630.03)	-	**105,626.82**
Lease liabilities (Refer Note 12A & 14)	6,628.94	(5,151.94)	-	**1,477.00**
Total liabilities from financing activities	**358,753.50**	**(180,209.55)**	**1,837.89**	**180,381.84**

	1 April 2018	Cash flows	Foreign currency exchange difference	31 March 2019
Long term borrowings (Refer Note 12A & 14)	43,823.81	41,043.90	-	**84,867.71**
Short term borrowings (Refer Note 12B)	270,154.45	(2,920.06)	22.46	**267,256.85**
Total liabilities from financing activities	**313,978.26**	**38,123.84**	**22.46**	**352,124.56**

*Cash Flow from operating activities for the year ended 31 March 2020 is after considering Corporate Social Responsibility Expenditure of INR 38.31 lakhs (31 March 2019: INR 75.27 lakhs).

Summary of significant accounting policies 2

The accompanying notes are an integral part of Standalone Financial Statements

As per our report of even date
For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration Number : 301003E/E300005

per **Pravin Tulsyan**
Partner
Membership Number : 108044

Place of Signature: New Delhi
Date: 19 June 2020

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

Sunil Sethy
Managing Director
DIN: 00244104

N. Suresh Krishnan
Director
DIN: 00021965

R. K. Gupta
Chief Financial Officer

Vijayamahantesh Khannur
Company Secretary
ACS No. 19257

Date: 19 June 2020

Standalone Statement of changes in equity for the year ended 31 March 2020

(Amount in INR lakhs, unless otherwise stated)

(a) Equity Share Capital

Equity shares of INR 10 each issued, subscribed and fully paid	31 March 2020 No. of Shares	31 March 2020 Amount	31 March 2019 No. of Shares	31 March 2019 Amount
At 1 April	42,058,006	4,205.80	42,058,006	4,205.80
At 31 March	42,058,006	4,205.80	42,058,006	4,205.80

(b) Other Equity

For the year ended 31 March 2020:

	Reserves and surplus (Refer Note 11A)			OCI	
	Business Restructuring Reserve	Surplus/ (deficit) in the Statement of Profit and Loss	General Reserve	Equity instruments through Other Comprehensive Income	Total Other Equity
As at 1 April 2019	**65,404.84**	**(41,215.53)**	**6,150.00**	**(2,958.81)**	**27,380.50**
(Loss) for the year	-	(18,900.90)	-	-	**(18,900.90)**
Other comprehensive (loss) (Refer Note 29)	-	(13.32)	-	(969.15)	**(982.47)**
Total comprehensive (loss) for the year	**-**	**(18,914.22)**	**-**	**(969.15)**	**(19,883.37)**
As at 31 March 2020	**65,404.84**	**(60,129.75)**	**6,150.00**	**(3,927.96)**	**7,497.13**

For the year ended 31 March 2019:

	Reserves and Surplus (Refer Note 11A)			OCI	
	Business Restructuring Reserve	Surplus/ (deficit) in the Statement of Profit and Loss	General reserve	Equity instruments through Other Comprehensive Income	Total Other Equity
As at 1 April 2018	**65,404.84**	**(8,295.31)**	**6,150.00**	**(81.12)**	**63,178.41**
(Loss) for the year	-	(32,894.26)	-	-	**(32,894.26)**
Other comprehensive (loss) (Refer Note 29)	-	(25.97)	-	(2,877.69)	**(2,903.66)**
Total comprehensive (loss) for the year	**-**	**(32,920.22)**	**-**	**(2,877.69)**	**(35,797.91)**
As at 31 March 2019	**65,404.84**	**(41,215.53)**	**6,150.00**	**(2,958.81)**	**27,380.50**

Summary of significant accounting policies **2**

The accompanying notes are an integral part of Standalone Financial Statements

As per our report of even date
For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration Number : 301003E/E300005

per **Pravin Tulsyan**
Partner
Membership Number : 108044

Place of Signature: New Delhi
Date: 19 June 2020

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

Sunil Sethy
Managing Director
DIN: 00244104

N. Suresh Krishnan
Director
DIN: 00021965

R. K. Gupta
Chief Financial Officer

Vijayamahantesh Khannur
Company Secretary
ACS No. 19257

Date: 19 June 2020

Notes to the Standalone Financial Statements for the year ended 31 March 2020

1. Corporate Information

The Company is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. Its shares are listed on two recognized stock exchanges in India. The registered office of the Company is located at Jai Kisaan Bhawan, Zuarinagar, Goa – 403 726. The Company is in the business of manufacturing, trading and marketing of chemical fertilizers, water soluble fertilizers, seeds, pesticides and fertilizer products. The Company caters to the demand of the farmers across the country, through its "Jai Kisaan" brand of Fertilizers. Please refer note no. 53 for discontinued operations.

These standalone financial statements were approved for issue in accordance with a resolution of the Board of Directors of the Company in their meeting held on 19 June 2020.

2A. Summary of Significant Accounting Policies

i) Basis of Preparation

The standalone financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013 (Ind AS compliant Schedule III), as applicable to the standalone financial statements.

The standalone financial statements have been prepared on a historical cost basis, except for the following assets and liabilities, which have been measured at fair value:

- Derivative financial instruments,
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments), and
- Defined benefit plans – plan assets measured at fair value.

The standalone financial statements of the Company are presented in Indian Rupee (INR) and all values are rounded to the nearest lakhs (INR 00,000), except when otherwise indicated.

ii) Basis of classification of Current and Non-Current

Assets and Liabilities in the balance sheet have been classified as either current or non-current based upon the requirements of Schedule III notified under the Companies Act, 2013.

An asset has been classified as current if

a) it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle; or

b) it is held primarily for the purpose of being traded; or

c) it is expected to be realized within twelve months after the reporting date; or

d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date .

All other assets have been classified as non-current.

A liability has been classified as current when

a) it is expected to be settled in the Company's normal operating cycle; or

b) it is held primarily for the purpose of being traded; or

c) it is due to be settled within twelve months after the reporting date ; or

d) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities have been classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

An operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalents. The Company has identified twelve months as its operating cycle.

iii) Foreign Currency Translation

a) Functional and presentation currency

Items included in the standalone financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The standalone financial statements are presented in Indian Rupee (INR), which is Company's functional and presentation currency.

b) Initial recognition

Transactions in foreign currencies are initially recorded by the Company at the functional currency spot rates at the date the transaction first qualifies for recognition.

c) Conversion

Foreign currency monetary items are translated using the functional currency spot rates of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost denominated in a foreign currency are translated using the exchange rate at the date of the initial transaction. Non-monetary items measured at fair value denominated in a foreign currency are, translated using the exchange rates that existed when the fair value was determined.

d) Exchange differences

Exchange differences arising on settlement or translation of monetary items are recognised in the statement of profit and loss.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income (OCI) or profit and loss are also recognised in OCI or profit and loss, respectively).

iv) Derivative financial instruments

Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to statement of profit and loss.

v) Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the standalone financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the standalone financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's management determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for sale in discontinued operation.

External valuers are involved for valuation of significant assets, and significant liabilities, if any.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be remeasured or reassessed as per the Company's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the

Notes to the Standalone Financial Statements for the year ended 31 March 2020

valuation computation to contracts and other relevant documents.

The management, in conjunction with the Company's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable. For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

vi) Non-current assets classified as held for sale

The Company classifies non-current assets classified as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale expected within one year from the date of classification.

For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale classification is regarded met only when the asset is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets, its sale is highly probable; and it will genuinely be sold, not abandoned. The Company treats sale of the asset to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset,
- An active programme to locate a buyer and complete the plan has been initiated (if applicable),
- The asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Non-current assets held for sale are measured at the lower of their carrying amount and the fair value less costs to sell. Cost to sell are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expenses. Assets and liabilities classified as held for sale are presented separately in the balance sheet.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

vii) Property, plant and equipment

On transition to Ind AS i.e. 1 April 2015, the Company has elected to continue with the carrying value of all of its property, plant and equipment (PPE) recognised as at 1 April 2015 measured as per the Indian GAAP and use that carrying value as the deemed cost of the PPE.

PPE are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, including import duties and non-refundable purchase taxes, borrowing costs if recognition criteria are met and any 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 PPE is added to its book value only if it increases the future benefits from the existing PPE beyond its previously assessed standard of performance. Such cost includes the cost of replacing part of the plant and equipment. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Items of stores and spares that meet the definition of PPE are capitalized at cost. Otherwise, such items are classified as inventories.

Gains or losses arising from derecognition of the 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.

viii) Depreciation on property, plant and equipment

Depreciation on property, plant and equipment (other than specific asset referred under Para (a) to (e) below is calculated using the straight line basis using the rates arrived at, based on the useful lives estimated by the management. For this purpose, a major portion of the plant has been considered as continuous process plant. The identified components are depreciated separately over their useful lives; the remaining components are depreciated over the life of principal asset. The Company has used the following rates to provide depreciation on its property, plant and equipment which are equal to the rates specified in Schedule II to Companies Act, 2013.

Useful lives estimated by the management (years)	
Factory buildings	30 years
Other buildings (RCC structures)	60 years
Other buildings (other than RCC structures)	30 years
Plant and equipment (Continuous process plant)	25 years
Plant and equipment (Others)	15 years
Furniture and fixtures	10 years
Roads and Culverts	3, 5 and 10 years
Office equipment	3 to 5 years
Vehicles	8 years
Railway Siding	15 years

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

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

(b) The useful lives of certain plant and equipment having net block of INR 187.51 lakhs are estimated as 30 to 40 years. These lives are higher than those indicated in Schedule II.

(c) The useful lives of certain buildings having net block of INR 242.68 lakhs are estimated as 15 years. These lives are lower than those indicated in Schedule II.

(d) Insurance/capital/critical stores and spares are depreciated over the remaining useful life of related plant and equipment or useful life of insurance/ capital/critical spares, whichever is lower.

(e) Property, plant and equipment whose value is less than INR 5,000/- are depreciated fully in the year of purchase.

The residual values, useful lives and method of depreciation of property, plant and equipment are reviewed at each financial year and adjusted prospectively, if any.

ix) Intangible Assets

On transition to Ind AS, the Company has elected to continue with the carrying value of all of intangible assets recognised as at 1 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets with finite lives are amortised on a straight line basis over the estimated useful economic life.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

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.

The following are the acquired intangible assets:

Software

Management of the Company assessed the useful life of software as finite and cost of software is amortized over their estimated useful life of three years on straight line basis.

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised

Notes to the Standalone Financial Statements for the year ended 31 March 2020

as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

All expenses incurred on research and development activities are expensed as incurred by the Company since these do not meet the recognition criteria as listed above.

Goodwill (pursuant to the scheme of amalgamation)

Goodwill acquired through amalgamation of Greentech Seeds International Pvt. Limited with the erstwhile subsidiary company (i.e. Zuari Agri Sciences Limited) which has got merged with the Company, pursuant to the scheme of amalgamation approved by the High Court of Bombay at Panaji (Goa) in an earlier year. As per the order of the High Court of Bombay at Panaji (Goa), Goodwill needs to be amortized over a period of twenty years, without having regard to the Accounting Standard, subject to available surplus for the year before amortization of goodwill.

Goodwill (pursuant to the scheme of amalgamation)

Goodwill, which arose pursuant to the scheme of amalgamation of Zuari Speciality Fertilisers Limited (ZSFL) with the Company, has got merged with the Company.

x) Investment Property

The Company has elected to continue with the carrying value for all of its investment property as recognized in its previous GAAP standalone financial statements as deemed cost at the transition date, viz., 1 April 2015.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The cost includes the cost of replacing parts and borrowing costs for long term construction projects if the recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognized in profit or loss as incurred.

Investment properties are derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

xi) Impairment of non-financial 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) fair value less costs of disposal 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 fair value less costs of disposal, recent market transactions are taken into account, if available, and if no such transactions can be identified an appropriate valuation model is used.

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

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit and loss.

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 CGU'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 or loss.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill are not reversed in future periods.

xii) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short term leases and leases of low value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

a) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Land 3 to 30 years
- Building 2 to 10 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment

b) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Company's lease liabilities are included in Interest bearing loans and borrowings.

c) Short term leases and leases of low value assets

The Company applies the short term lease recognition exemption to its short term leases of

Notes to the Standalone Financial Statements for the year ended 31 March 2020

machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short term leases and leases of low value assets are recognised as expense on a straight line basis over the lease term.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

xiii) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a) Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

Debt Instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. For the purposes of subsequent measurement, debt instruments are classified in three categories:

- Debt instruments at amortised cost;
- Debt instruments at fair value through other comprehensive income (FVTOCI);
- Debt instruments at fair value through profit or loss (FVTPL).

Debt instruments at amortised cost

A debt instrument is measured at the amortised cost if both the following conditions are met:

(a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

(b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

(a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

(b) The asset's contractual cash flows represent sole payments of principal and interest (SPPI).

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to the statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortised cost or as FVTOCI, is classified as at FVTPL. In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

Equity Instruments

Investments in subsidiaries are subsequently measured at cost.

For the purposes of subsequent measurement of other equity instruments classification is made into below two categories:

- Equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Equity investments other than investments in subsidiaries are measured at fair value. The Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable. Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to statement of profit and loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses (ECL) associated with its assets carried at amortised cost and FVTOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk since initial recognition.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 'Financial Instruments', which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company categorizes them into Stage 1, Stage 2 and Stage 3, as described below:

Stage 1: When financial assets are first recognized, the Company recognizes an allowance based on 12 months ECLs. Stage 1 financial assets also include facilities where the credit risk has improved and the financial assets have been reclassified from Stage 2.

Stage 2: When a financial asset has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the financial assets have been reclassified from Stage 3.

Stage 3: Financial assets considered credit impaired. The Company records an allowance for the LTECLs.

Notes to the Standalone Financial Statements for the year ended 31 March 2020

b) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss (FVTPL) include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with Ind AS 109 Financial instruments and the amount initially recognised less cumulative amortisation, where appropriate. The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

xiv) Cash and Cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short term deposits.

xv) Dividend to equity holders of the Company

The Company recognises a liability to make dividend distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

xvi) Inventories

Inventories are valued at the lower of Cost and Net Realisable Value.

The Cost is determined as follows:

a) Raw materials and Store and Spares: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on Moving weighted average method.

b) Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on Moving weighted average method.

c) Traded goods: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on Moving weighted average method.

Materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

Cost includes the necessary cost incurred in bringing inventory to its present location and condition necessary for use.

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

xvii) Borrowing Costs

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 are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

Borrowing costs include interest and amortization of ancillary costs incurred in connection with the arrangement of borrowing. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

xviii) Revenue from contract with customer

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in paragraph 2.B.

Sale of goods

Revenue from sale of product is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the product. The normal credit term is 15 to 120 days upon delivery.

Revenue from sale of goods, including concession in respect of Urea, DAP, MOP and Complex Fertilizers receivable from the Government of India under the New Pricing Scheme/Concession Scheme, is recognized when the significant risk and rewards of ownership of the goods have passed to the customers, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

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

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

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

In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, and consideration payable to the customer (if any).

i) Variable consideration

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal

Notes to the Standalone Financial Statements for the year ended 31 March 2020

in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of goods provide customers with a right of return and volume rebates. The rights of return and volume rebates give rise to variable consideration.

(a) Rights of return

Certain contracts provide a customer with a right to return the goods within a specified period. The Company uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Company will be entitled. The requirements in Ind AS 115 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Company recognises a refund liability. A right of return asset and corresponding adjustment to change in inventory is also recognised for the right to recover products from a customer.

(b) Volume rebates

The Company provides volume rebates to certain customers once the quantity of goods purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the Company applies the most likely amount method for contracts with a single volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The Company then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates.

ii) Significant financing component

Occasionally, the Company receives short term advances from its customers. Using the practical expedient in Ind AS 115, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in paragraph xii) Financial instruments – initial recognition and subsequent measurement.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

Assets and liabilities arising from rights of return

Right of return assets

Right of return asset represents the Company's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Company updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

Refund liabilities

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Company ultimately expects it will have to return to the customer. The Company updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period. Refer to above accounting policy on variable consideration.

As per Ind AS 115 and the Educational Material of Ind AS 115, sales tax/VAT is not received by the entity on its own account, it is tax collected on value added to the commodity by the seller on behalf of the Government, therefore, it is excluded from revenue. From 1 July 2017, the GST regime has been introduced, revenue is being recognised net of GST.

Insurance claims

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

Interest income

For all debt instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividend

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

xix) Retirement and other employee benefits

i) Provident Fund

Retirement benefits in the form of Provident Fund, in case of fertilizer unit in Goa, is defined benefit obligation and is provided on the basis of actuarial valuation of projected unit credit method made at the end of each financial year. The difference between the actuarial valuation of the provident fund of employees at the year end and the balance of own managed fund is provided for as liability in the books in terms of the provisions under Employee Provident Fund and Miscellaneous Provisions Act, 1952. Any excess of plan assets over projected benefit obligation is ignored as such surplus is distributed to the beneficiaries of the trust.

Retirement benefits in the form of Provident Fund, in case of other units, is a defined contribution scheme. The Company recognizes contribution payable to the fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

ii) Superannuation and Contributory Pension Fund

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

Notes to the Standalone Financial Statements for the year ended 31 March 2020

balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

iii) Gratuity

Retirement benefit in the form of gratuity is defined benefit obligation and is provided on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

The Company has taken insurance policy under the Group Gratuity Scheme with the Life Insurance Corporation of India (LIC) to cover the gratuity liability of the employees.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income and such remeasurement gain/(loss) are not reclassified to the statement of profit and loss in the subsequent periods. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

iv) Post-Retirement Medical Benefit

Post-retirement medical benefit is a defined benefit obligation which is provided for based on actuarial valuation on projected unit credit method made at the end of each financial year. Re-measurement, comprising of actuarial gains and losses, are recognised in the period in which they occur, directly in statement of profit & loss.

v) Leave Encashment

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. Remeasurement, comprising of actuarial gains and losses, are recognised in the period in which they occur, directly in statement of profit and loss.

The Company treats accumulated leave expected to be carried forward beyond twelve months as long term employee benefit for measurement purpose. Such long term compensated absences are provided for based on actuarial valuation using the projected unit credit method at the year end. The Company presents the leave as a current liability in the balance sheet; to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where Company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

vi) Pension Fund

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

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefits expense in the statement of profit and loss.

vii) Voluntary Retirement Scheme

Compensation to employees under the voluntary retirement scheme of the Company is computed on the basis of number of employees exercising the retirement option under the scheme.

viii) Short term employee benefits

All employee benefits payable/available within twelve months of rendering of service are classified as short term employee benefits. Benefits such as salaries, wages and bonus etc., are recognised in the statement of profit and loss in the period in which the employee renders the related service.

xx) Taxes

Current Income Tax and Deferred Tax

Tax expense comprises current income tax and deferred tax. Current income-tax expense is measured at the amount expected to be paid to the taxation authorities in accordance with the Income-tax Act, 1961. 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 recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

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.

Goods and Service Tax (GST) /Sales/value added taxes paid on acquisition of assets or on incurring expenses

When GST amount incurred on purchase of assets or services is not recoverable from the taxation authority, the GST paid is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable. Otherwise, expenses and assets are recognized net of the amount of GST paid. The net amount of GST recoverable from, or payable to, the

Notes to the Standalone Financial Statements for the year ended 31 March 2020

taxation authority is included as part of receivables or payables in the balance sheet.

xxi) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders of the Company by the weighted average number of the equity shares outstanding during the year.

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

xxii) Government grants and subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that the grant/subsidy will be received and all attaching conditions will be complied with.

When the grant or subsidy relates to an expenses item, it is recognized as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate.

Where the grant or subsidy relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

xxiii) Provisions

A provision is recognized when the Company has a present obligation (legal or constructive) 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. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

In case of seeds division, the Company makes an estimation of probable sales return out of the sales booked during the financial year, considering the terms and conditions of the sale and past tendency of such sales return. A provision is made for loss on account of such estimated sales return which is approximate to the amount of profit originally booked on such sale.

xxiv) Segment Reporting Policies

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. Chief Operating Decision Maker reviews the performance of the Company according to the nature of products manufactured, traded and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the locations of customers.

Segment accounting policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting standalone financial statements of the Company as a whole.

2B. Significant accounting judgements, estimates and assumptions

The preparation of the Company's standalone financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

a) Determining the lease term of contracts with renewal and termination options- Company as lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

b) Defined benefit plans

The cost of the defined benefit gratuity plan, post-employment medical benefits and other defined benefit plans and the present value of the obligation of defined benefit plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for defined benefit plans, the management considers the interest rates of government bonds.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases are based on the expected future inflation rates. Further details about the defined benefit obligations are given in Note 31.

c) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets wherever possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer Note 37 for further disclosures.

d) Provision for expected credit losses of trade receivables

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and coverage by deposits or others instruments).

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's trade receivables is disclosed in Note 37.

e) Useful life of Property, plant and equipment

The management estimates the useful life and residual value of property, plant and equipment based on technical evaluation. These assumptions are reviewed at each reporting date.

f) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow (DCF) model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill recognised by the Company.

g) Revenue from contracts with customers

The Company applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

Determining method to estimate variable consideration and assessing the constraint

Certain contracts for the sale of goods include a right of return and volume rebates that give rise to variable consideration. In estimating the variable consideration, the Company is required to use either the expected value method or the most likely amount method based on which

Notes to the Standalone Financial Statements for the year ended 31 March 2020

method better predicts the amount of consideration to which it will be entitled.

The Company determined that the expected value method is the appropriate method to use in estimating the variable consideration for the sale of goods with rights of return, given the large number of customer contracts that have similar characteristics. In estimating the variable consideration for the sale of goods with volume rebates, the Company determined that using a combination of the most likely amount method and expected value method is appropriate. The selected method that better predicts the amount of variable consideration was primarily driven by the number of volume thresholds contained in the contract. The most likely amount method is used for those contracts with a single volume threshold, while the expected value method is used for contracts with more than one volume threshold.

Before including any amount of variable consideration in the transaction price, the Company considers whether the amount of variable consideration is constrained. The Company determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

Estimating variable consideration for returns and volume rebates

The Company estimates variable considerations to be included in the transaction price for the sale of goods with rights of return and volume rebates.

The Company developed a statistical model for forecasting sales returns. The model used the historical return data of each product to come up with expected return percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected return percentages estimated by the Company.

The Company's expected volume rebates are analysed on a per customer basis for contracts that are subject to a single volume threshold. Determining whether a customer will be likely entitled to rebate will depend on the customer's historical rebates entitlement and accumulated purchases to date.

The Company applied a statistical model for estimating expected volume rebates for contracts with more than one volume threshold. The model uses the historical purchasing patterns and rebates entitlement of customers to determine the expected rebate percentages and the expected value of the variable consideration. Any significant changes in experience as compared to historical purchasing patterns and rebate entitlements of customers will impact the expected rebate percentages estimated by the Company.

The Company updates its assessment of expected returns and volume rebates quarterly and the refund liabilities are adjusted accordingly. Estimates of expected returns and volume rebates are sensitive to changes in circumstances and the Company's past experience regarding returns and rebate entitlements may not be representative of customers' actual returns and rebate entitlements in the future.

h) Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

i) Leases - Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

2C. Changes in accounting policies and disclosures

New and amended standards

The Company applies, for the first time, Ind AS 116 Leases retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the date of initial application.

The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in April 2019, but do not have an impact on the standalone financial statements of the Company. The Company has not earlier adopted any standards or amendments that have been issued but are not yet effective.

Ind AS 116:

Ind AS 116 Leases was notified by MCA on 30 March 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to re-measure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under Ind AS 116 is substantially unchanged from accounting under Ind AS 17. Lessors will continue to classify all leases using the same classification principle as in Ind AS 17 and distinguish between two types of leases: operating and finance leases.

The Company adopted Ind AS 116 using the modified retrospective method of adoption with the date of initial application of 1 April 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. Accordingly, comparatives for the period ended 31 March 2019 have not be retrospectively adjusted. The Company elected to apply the standard to contracts that were previously identified as leases applying Ind AS 17. The Company also elected to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value.

a. Nature of the effect of adoption of Ind AS 116

The Company has lease contracts for various guest house, retail outlets and land. Before the adoption of Ind AS 116, the Company classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Company; otherwise it was classified as an operating lease. Finance leases were capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognised as finance costs) and reduction of the lease liability. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in the statement of profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under Prepayments and Trade and other payables, respectively.

Upon adoption of Ind AS 116, the Company applied a single recognition and measurement approach for all leases that it is the lessee, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Company.

Leases previously classified as finance leases

The Company did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under Ind AS 17). The requirements of Ind AS 116 was applied to these leases from 1 April 2019.

Leases previously accounted for as operating leases

The Company recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Company also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application

Notes to the Standalone Financial Statements for the year ended 31 March 2020

- Applied the short term leases exemptions to leases with lease term that ends within 12 months at the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease

b. Amounts recognised in the statement of financial position and profit or loss

Set out below, are the carrying amounts of the Company's right-of-use assets and lease liabilities and the movements during the period:

(INR in lakhs)

	Right-of-use assets				
	Land	Building	Total	Lease Liabilities	Retained earnings
As at 1 April 2019	-	-	-	-	-
Transition impact on account of adoption of Ind AS 116 "Leases" (Refer Note 3)	1,178.77	5,450.17	6,628.94	6,628.94*	-
Reclassified on account of adoption of Ind AS 116 "Leases" (Refer Note 3)	857.34	-	857.34	-	-
Additions	-	1,565.90	1,565.90	1,597.86	-
Disposal	(46.21)	(437.82)	(484.03)	(498.51)	-
Depreciation expense**	(100.37)	(847.51)	(947.88)	-	(947.88)
Interest expense	-	-	-	726.64	(726.64)
Payments	-	-	-	(1,225.00)	1,225.00
Discontinued operations (Refer Note 53)	(63.21)	(5,380.26)	(5,443.47)	(5,752.93)	-
As at 31 March 2020	**1,826.32**	**350.48**	**2,176.80**	**(1,477.00)**	**(449.52)**

**Depreciation for the year includes depreciation of INR 752.11 lakhs related to discontinued operations (refer Note 53).
*discounted operating lease commitment based on weighted average incremental borrowing rate of 10.70% excluding the commitments relating to short term leases of INR 7.74 lakhs.

The Company recognised rent expense from short term leases of INR 7.74 lakhs for the twelve months ended 31 March 2020.

Cash flow from operating activities increased by INR 1,225.00 lakhs with corresponding decrease in cash flow from financing activities.

There is no material impact on other comprehensive income and the basic and diluted EPS.

Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment
The appendix addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12 and does not apply to taxes or levies outside the scope of Ind AS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The appendix specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. In determining the approach that better predicts the resolution of the uncertainty, an entity might consider, for example, (a) how it prepares its income tax filings and supports tax treatments; or (b) how the entity expects the taxation authority to make its examination and resolve issues that might arise from that examination.

The Company determined, based on its tax compliance, that it is probable that its tax treatments will be accepted by the taxation authorities. The Appendix did not have an impact on the Standalone Financial Statements of the Company.

Amendments to Ind AS 12: Income Taxes

The amendments also clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. Since the Company's current practice is in line with these amendments, they had no impact on the Standalone Financial Statements of the Company.

Amendments to Ind AS 109: Prepayment Features with Negative Compensation

Under Ind AS 109, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to Ind AS 109 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

These amendments have no impact on the Standalone Financial Statements of the Company.

Amendments to Ind AS 19: Plan Amendment, Curtailment or Settlement

The amendments to Ind AS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event.
- Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability/(asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss.

An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income.

These amendments had no impact on the Standalone Financial Statements of the Company as it did not have any plan amendments, curtailments, or settlements during the period.

Amendments to Ind AS 23: Borrowing Costs

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 April 2019. Since the Company's current practice is in line with these amendments, they had no impact on the Standalone Financial Statements of the Company.

2D. Standards issued but not yet effective

There are no standards or amendments issued on or before 31 March 2020 but not yet effective, which may have any material impact on the standalone financial statements of the Company.

Notes to Standalone Financial Statements for the year ended 31 March 2020

3. Property, plant and equipment

(INR in lakhs)

	Freehold land (Refer Note 46)	Leasehold land (Refer Note i)	Buildings	Railway siding	Plant and equipment	Furniture and fixtures	Office equipment	Vehicles	Right to use building	Right to use Land (Refer Note i)	Total	Capital work in progress
Cost												
As at 1 April 2018	78.12	873.69	8,355.54	542.54	46,879.30	723.79	922.77	865.85	-	-	59,241.60	11,353.05
Additions	-	9.09	9.70	-	7,801.91	267.01	308.59	56.28	-	-	8,452.58	7,843.04
Borrowing costs	-	-	-	-	52.95	-	-	-	-	-	52.95	547.51
Disposals	-	-	-	-	341.02	0.75	11.14	54.16	-	-	407.07	7,438.36
As at 31 March 2019	78.12	882.78	8,365.24	542.54	54,393.14	990.05	1,220.22	867.97	-	-	67,340.06	12,305.24
Transition impact on account of adoption of Ind AS 116 "Leases" (Refer Note 2.C.a)	-	-	-	-	-	-	-	-	5,450.17	1,178.77	6,628.94	-
Additions	17.70	-	119.49	-	1,490.79	115.32	355.86	65.47	1,565.90	-	3,730.53	2,168.96
Borrowing costs	-	-	-	-	-	-	-	-	-	-	-	109.85
Assets classified as held for sale (Refer Note 8A)	5.18	-	-	-	-	-	-	-	-	-	5.18	-
Reclassified on account of adoption of Ind AS 116 "Leases" {Refer Note 2.C.a and Note viii below}	-	(882.78)	-	-	-	-	-	-	-	882.78	-	-
Disposals	0.04	-	0.17	-	393.87	7.85	4.17	79.08	469.15	75.62	1,029.95	2,097.63
Discontinued operations (Refer Note 53)	17.70	-	948.11	-	848.34	807.35	362.05	5.53	6,131.61	65.52	9,186.21	-
As at 31 March 2020	72.90	-	7,536.45	542.54	54,641.72	290.17	1,209.86	848.83	415.31	1,920.41	67,478.20	12,486.42
Depreciation and impairment												
As at 1 April 2018	-	20.59	766.47	116.40	9,122.83	224.40	528.54	246.69	-	-	11,025.92	-
Charge for the year*	-	4.85	248.43	42.12	3,721.63	106.97	186.80	131.31	-	-	4,442.11	-
Impairment (Refer Note vii below)	-	-	-	-	-	-	-	-	-	-	-	367.17
Disposals	-	-	-	-	122.00	0.36	8.91	24.11	-	-	155.38	-
As at 31 March 2019	-	25.44	1,014.90	158.52	12,722.46	331.01	706.43	353.89	-	-	15,312.65	367.17
Charge for the year*	-	-	275.49	33.14	4,047.54	114.78	193.91	121.10	847.51	100.37	5,733.84	-
Reclassified on account of adoption of Ind AS 116 "Leases" {Refer Note 2.C.a and Note viii below}	-	(25.44)	-	-	-	-	-	-	-	25.44	-	-
Disposals	-	-	0.17	-	223.56	7.73	3.87	41.75	31.33	29.41	337.82	-
Discontinued operations (Refer Note 53)	-	-	262.18	-	493.97	260.30	217.95	5.25	751.35	2.31	1,993.31	-
As at 31 March 2020	-	-	1,028.04	191.66	16,052.47	177.76	678.52	427.99	64.83	94.09	18,715.36	367.17
Net book value												
As at 31 March 2020	72.90	-	6,508.41	350.88	38,589.25	112.41	531.34	420.84	350.48	1,826.32	48,762.83	12,119.25
As at 31 March 2019	78.12	857.34	7,350.34	384.02	41,670.68	659.04	513.79	514.08	-	-	52,027.41	11,938.07
As at 1 April 2018	78.12	853.10	7,589.07	426.14	37,756.47	499.39	394.23	619.16	-	-	48,215.68	11,353.05

*Depreciation for the year includes INR 1,163.69 lakhs (31 March 2019: INR 270.04 lakhs) related to discontinued operations (refer Note 53).

For Property, plant and equipment existing as on 1 April 2015, i.e., its date of transition to Ind AS, the Company has used Indian GAAP carrying value of the assets as deemed costs.

i. This includes land of INR 396.00 lakhs (31 March 2019: INR 396.00 lakhs) wherein lease cum sale agreement is for a period of 10 years. Lesser shall sell the property at the end of the lease period or extended period, if any.

ii. Assets pledged as security for borrowings: Refer Note 12 for information on property, plant and equipment pledged as security against borrowings.

iii. Building includes self constructed building with net book value of INR 3,556.71 lakhs (31 March 2019: INR 4,303.25 lakhs) on leasehold land.

iv. Contractual obligations: Refer to Note 32 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

v. **Capitalised Expenditure**

Borrowing cost:

Plant and equipment include INR Nil (31 March 2019: INR 52.95 lakhs) towards borrowing costs capitalised during the period. The rate used to determine the amount of borrowing costs eligible for capitalisation by the Fertilizer Division was 10.64% p.a. (31 March 2019: 10.92% p.a.), which is the effective interest rate of the specific borrowing.

(INR in lakhs)

	31 March 2020	31 March 2019
Balance brought down	1,565.30	1,017.79
Interest expenses	109.85	600.46
Sub-Total	**1,675.15**	**1,618.25**
Less: Allocated to Property, plant and equipment	-	52.95
Balance carried over (included in Capital work in progress)	**1,675.15**	**1,565.30**

vi. **Capital work in progress**

Capital work in progress as at 31 March 2020 and at 31 March 2019 comprises of expenditure for revamping of ammonia urea plant and other plant and machinery in the course of construction.

vii. **Impairment of CWIP**

During the year ended on 31 March 2019, the impairment loss of INR 367.17 lakhs represented the write-down value of Capital work in progress related to Jetty project due to non viability of the project in foreseeable future as internally assessed by the management and the same has been charged off to statement of profit and loss.

viii. The net block of Leasehold land of INR 857.34 lakhs (Gross block - INR 882.78 lakhs and accumulated depreciation - INR 25.44 lakhs) has been reclassified to "Right of Use" assets on account of adoption of Ind AS 116 "Leases".

4. Intangible assets

(INR In lakhs)

	Software	Goodwill (Pursuant to the scheme of amalgamation)**	BT Cotton (Internally generated)	Bajra (Externally generated)	Goodwill (Pursuant to the scheme of amalgamation)***	Total
Cost						
As at 1 April 2018	**501.46**	**403.60**	**15.32**	**8.27**	**1,533.53**	**2,462.18**
Additions	103.02	-	-	-	-	**103.02**
Disposals	-	-	-	-	-	**-**
As at 31 March 2019	**604.48**	**403.60**	**15.32**	**8.27**	**1,533.53**	**2,565.20**
Additions	113.53	-	-	-	-	**113.53**
Disposals	2.17	-	15.32	8.27	-	**25.76**
Discontinued operations (Refer Note 53)	97.40	-	-	-	1,533.53	**1,630.93**
As at 31 March 2020	**618.44**	**403.60**	**-**	**-**	**-**	**1,022.04**
Amortisation						
As at 1 April 2018	**342.56**	**28.83**	**15.32**	**8.27**	**-**	**394.98**
Charge for the year*	107.70	-	-	-	-	**107.70**
As at 31 March 2019	**450.26**	**28.83**	**15.32**	**8.27**	**-**	**502.68**
Charge for the year*	94.23	374.77	-	-	-	**469.00**
Disposals	2.17	-	15.32	8.27	-	**25.76**
Discontinued operations (Refer Note 53)	95.94	-	-	-	-	**95.94**
As at 31 March 2020	**446.38**	**403.60**	**-**	**-**	**-**	**849.98**
Net book value						
As at 31 March 2020	**172.06**	**-**	**-**	**-**	**-**	**172.06**
As at 31 March 2019	**154.22**	**374.77**	**-**	**-**	**1,533.53**	**2,062.52**
As at 1 April 2018	**158.90**	**374.77**	**-**	**-**	**1,533.53**	**2,067.20**

* amortisation for the year includes INR 0.53 lakhs (31 March 2019: INR 0.53 lakhs) related to discontinued operations (refer Note 53). For Intangible assets existing as on 1 April 2015, i.e., its date of transition to Ind AS, the Company has used Indian GAAP carrying value of the assets as deemed costs.

** Pertains to goodwill acquired through amalgamation of Greentech Seeds International Private Limited with the erstwhile subsidiary company (i.e. Zuari Agri Sciences Limited), which got merged with the Company, pursuant to the scheme of amalgamation approved by the High Court of Bombay at Panaji (Goa) in an earlier year. As per the order of the High Court of Bombay at Panaji (Goa), Goodwill needs to be amortized over a period of twenty years, without having regard to the Accounting Standard, subject to available surplus for the year before amortization of goodwill. The Company has amortized the said goodwill on account of sale of seeds licenses during the current year.

*** Goodwill, which arose pursuant to the scheme of amalgamation of Zuari Speciality Fertilisers Limited (ZSFL) with the Company. Pursuant to business transfer agreement (BTA) executed on 31 March 2020 between the Company and Zuari FarmHub Limited (ZFL), said goodwill has been transferred to ZFL (Refer Note 53).

Software consists of cost of ERP licenses and development cost.

Notes to Standalone Financial Statements for the year ended 31 March 2020

5. Investment property

(INR in lakhs)

Opening balance at 1 April 2018	**362.29**
Additions (subsequent expenditure)	-
Closing balance at 31 March 2019	**362.29**
Additions (subsequent expenditure)	**-**
Closing balance at 31 March 2020	**362.29**
Depreciation	
Opening balance at 1 April 2018	-
Depreciation for the period	-
Closing balance at 31 March 2019	**-**
Depreciation for the period	-
Closing balance at 31 March 2020	**-**
Net book value	
As at 1 April 2018	**362.29**
As at 31 March 2019	**362.29**
As at 31 March 2020	**362.29**

For investment property existing as on 1 April 2015, i.e., its date of transition to Ind AS, the Company has used Indian GAAP carrying value of the assets as deemed costs.

(INR in lakhs)

Information regarding income and expenditure of Investment property	**31 March 2020**	**31 March 2019**
Rental income derived from investment properties	Nil	Nil
Direct operating expenses (including repairs and maintenance) arising from investment property that generating rental income	Nil	Nil
Direct operating expenses (including repairs and maintenance) arising from investment property that did not generate rental income	Nil	Nil
Profit arising from investment properties before depreciation and indirect expenses	Nil	Nil
Less – Depreciation	Nil	Nil
Profit arising from investment properties before indirect expenses	Nil	Nil

Investment property consist of freehold lands owned by the Company.

The Company obtains independent valuations for its investment properties at least annually. The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available, the Company considers information from a variety of sources including :-

1. Current prices in an active market of properties of different nature or recent prices of similar properties in less active market adjusted to reflect those differences.
2. Discounted cash flow projections based on reliable estimates of future cash flows.
3. Capitalised income projections based upon a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

As at 31 March 2020 and 31 March 2019, the fair values of the investment properties are INR 409.00 lakhs and INR 409.00 lakhs respectively. These valuations are based on valuations performed by an accredited independent valuer, who is a specialist in valuing these types of investment properties. A valuation model in accordance with that recommended by the International Valuation Standards Committee has been applied. The valuation is done based on current prices in active market of properties of different nature.

Details of key inputs used in the valuation of investment properties are as below :

Property description : Land situated in the Pannagudi & Karaikal Village, Tamil Nadu

Significant unobservable Inputs	**Inputs**	
	31 March 2020	**31 March 2019**
Land area	24.8 acre	24.8 acre
Prevailing market rate (per acre)	INR 18 lakhs/acre	INR 18 lakhs/acre
Guidelines rates obtained from register office	INR 2.68 lakhs/acre	INR 2.68 lakhs/acre
Assessed/adopted rate for valuation	INR 16.50 lakhs/acre	INR 16.50 lakhs/acre

Reconciliation of fair value:	(INR in lakhs)
Opening balance as at 1 April 2018	**484.00**
Fair value difference	(75.00)
Purchases	-
Closing balance as at 31 March 2019	**409.00**
Fair value difference	-
Purchases	-
Closing balance as at 31 March 2020	**409.00**

The Company has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

6. Financial assets

6A. Investments

(INR in lakhs)

	Non-current	
	31 March 2020	31 March 2019
Investments in unquoted equity instruments carried at cost		
Investment in joint ventures		
17,98,16,228 (31 March 2019: 17,98,16,228) Equity shares of INR 10/- each fully paid-up of Zuari Maroc Phosphates Private Limited	17,981.62	17,981.62
2,16,90,000 (31 March 2019: 2,16,90,000) Equity shares of USD 1.00/- each fully paid-up of MCA Phosphate Pte Limited (Refer Note 52)	164.11	164.11
Investment in subsidiary		
50 (31 March 2019: 50) Equity shares of AED 1,000/- each fully paid-up of Adventz Trading DMCC	8.72	8.72
10,000 (31 March 2019: Nil) Equity shares of INR 10/-each fully paid-up of Zuari FarmHub Limited (Refer Note 53)	1.00	-
Investment in quoted equity instruments carried at cost		
Investment in subsidiary		
6,40,28,362 (31 March 2019: 6,28,43,211) Equity shares of INR 10/- each fully paid-up of Mangalore Chemicals and Fertilisers Limited (refer note (a) and note (b) below)^	54,112.37	53,521.45
Investments in equity instruments carried at fair value through other comprehensive income (FVTOCI)#		
Quoted equity instruments		
3,22,67,741 (31 March 2019: 3,22,67,741) Equity shares of INR 1/- each fully paid-up of Nagarjuna Fertilisers and Chemicals Limited	968.03	2,226.47
Unquoted equity instruments		
1,44,000 (31 March 2019: 1,44,000) Equity shares of INR 10/- each fully paid up of Indian Potash Limited**	660.96	1,153.44
Investments in unquoted debt instruments carried at cost		
Investment in subsidiary		
4,35,560 (31 March 2019: Nil) compulsory convertible debentures of INR 10,000/- each fully paid-up of Zuari FarmHub Limited (Refer Note 53)	43,556.00	-
Total	**117,452.81**	**75,055.81**
Aggregate value of quoted investments	55,080.40	55,747.92
Aggregate value of unquoted investments	62,372.41	19,307.89
Total	**117,452.81**	**75,055.81**
Market value of quoted investments	16,526.92	27,677.97

(a) During the year ended 31 March 2020, the Company was allotted 11,85,151 shares of Mangalore Chemicals and Fertilisers Limited on the basis of settlement agreement dated 17 June 2019 between the Company, Mc Dowell Holding Ltd and Mangalore Chemicals and Fertilisers Limited. (Refer Note 6B (i)).

(b) 6,40,28,362 (31 March 2019: 4,93,94,819) number of shares of Mangalore Chemicals and Fertilisers Limited are pledged as security for long term loan taken from bank (Refer Note 12).

^Following the impairment testing principles of Ind AS 36 "Impairment of Assets", the Company has assessed the recoverable amount of the investment in the subsidiary i.e. Mangalore Chemicals and Fertiliser Limited. The recoverable amount is higher of fair value less cost to sale and value in use. The investment made by the Company in the subsidiary is a strategic investment and the Company has control over the subsidiary company. Basis independent valuation done by external valuer considering the present value of projected future cash flow from business of the subsidiary company and considering value of surplus assets, the management is confident that the diminution in the market value of quoted investments is temporary in nature and thereby no impact for the reduction in the market value needs to be considered in the financial statements.

Notes to Standalone Financial Statements for the year ended 31 March 2020

The following assumptions has been considered by the independent valuer in the valuation done for the year ending :

Valuation Methodology	DCF Analysis	DCF Analysis
Valuation Date	31 March 2020	31 March 2019
Going concern	The business of the Subsidary will continue to operate as going concern which will enable the achievement of financial forecast	The business of the Subsidary will continue to operate as going concern which will enable the achievement of financial forecast
Equity holding	54.03%	53.03%
Pre tax discount rate	16.06%	13.75%
Terminal growth rate	4.00%	4.00%
Market risk premium	7.08%	8.60%
Debt : Equity	70 : 30	70 : 30
Weighted average cost of capital-(WACC)	10.87%	9.58%
Enterprise value	INR 271,695 lakhs	INR 291,628 lakhs
Equity-100%	INR 139,633 lakhs	INR 133,914 lakhs
Company's stake value	INR 75,437 lakhs	INR 71,014 lakhs

Investments at fair value through OCI (fully paid) reflect investment in quoted and unquoted equity securities. These equity shares are designated as fair value through other comprehensive income (FVTOCI) as they are not held for trading purpose. Thus, disclosing their fair value fluctuation in profit and loss will not reflect the purpose of holding. The Company has not transferred any gain or loss within equity in the current or previous period. Refer Note 35 for determination of their fair values.

** The management has assessed fair value of the investment in unquoted share of Indian Potash Limited based on valuation report of an independent valuer. For details of method and assumptions used for the valuation refer Note 35.

6B. Loans

(INR in lakhs)

	Non-current		Current	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Security deposits				
Unsecured, considered good				
- with related parties (Refer Note 33)	29.33	29.33	-	-
- with others	285.83	355.29	38.87	101.01
Loans and advances to related parties (Refer Note 33)				
Unsecured, considered good				
Loans and advances	-	181.68	198.79	-
Interest accrued on loans, advances and deposits	-	-	61.28	36.31
Other loans and advances				
Secured, considered good				
Loans to employees	17.27	21.29	3.08	5.66
Interest accrued on loans to employees	2.76	1.56	-	0.10
Unsecured, considered good				
Loans to employees	13.98	18.04	5.23	6.74
Interest accrued on loans to employees	14.53	12.64	1.08	3.89
Credit impaired				
Inter corporate deposits (Refer Note i below)	-	-	568.13	1,060.56
Interest accrued on inter corporate deposits (Refer Note i below)	-	-	234.49	332.98
Less: Inter corporate deposits & interest thereon- credit impaired	-	-	(802.62)	(1,393.54)
Total	**363.70**	**619.83**	**308.33**	**153.71**

Assets pledged as security for borrowings: Refer Note 12B for information on loans pledged as security against borrowing.
Loans are non-derivative financial assets which generate a fixed or variable interest income for the Company and are measured at amortised cost.

The carrying value may be affected by changes in the credit risk of the counterparties.

i. While confirming the balance due from McDowell's Holdings Limited (MHL), aggregating to INR 2,332.97 lakhs, they have sought to adjust a sum of INR 939.43 lakhs said to be due to them from one of the subsidiaries i.e. Mangalore Chemicals and Fertilisers Limited (MCFL). During the year ended 31 March 2018, the Company has made a provision for the net recoverable amount from MHL of INR 1,393.54 lakhs and has charged off the same to the statement of profit and loss as exceptional items. During the previous year, the Company had received INR 939.43 lakhs from MCFL. The Company has filed an application under the insolvency and bankruptcy code before NCLT at Bangalore against MHL for recovery of the remaining principal amount, along with the interest. MHL has filed its objections to the petition. In the meantime and pending the outcome of the petition, MHL has approached the Company to settle the pending dispute. During the current year, a settlement agreement dated 17 June 2019 was entered into between the Company, MHL and MCFL. Vide this settlement agreement, MHL has given the shareholding rights of 1,185,151 shares of MCFL for INR 590.92 lakhs to the Company against the amount outstanding as part settlement. Accordingly, the Company has recognised an income of INR 590.92 lakhs in the current year. Pursuant to the settlement agreement, the application before the NCLT has been withdrawn.

6C. Other Financial Assets

(INR in lakhs)

	Non-current		Current	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Derivative instruments at fair value through profit or loss				
Derivatives not designated as hedges				
Foreign exchange forward covers	-	-	-	116.25
Other financial assets (Unsecured, considered good)				
Non-current bank balances	3.25	393.25	-	-
Claims receivable (Refer Note i below)	-	1,203.52	150.52	1,322.78
Receivables from Gas Pool Operator	-	-	5,604.59	4,983.78
Other receivables from related party (Refer Note 33)	-	-	35,021.89	-
Rebate/discount receivable from suppliers	-	-	92.69	196.49
Interest receivable from customers				
- from related parties (Refer Note 33)	-	-	247.78	272.02
- from others	-	-	1.85	4,838.97
Interest receivable on bank deposits	-	-	57.45	20.49
Packing scheme incentive grant receivable	-	33.70	-	57.41
Other financial assets (Unsecured, credit impaired)				
Accrued service income	-	-	74.28	74.28
Claims receivable (Refer Note i below)	-	-	-	1,681.40
Less: Credit impaired	-	-	(74.28)	(1,755.68)
Total	**3.25**	**1,630.47**	**41,176.77**	**11,808.19**

Assets pledged as security for borrowings: Refer Note 12 for information on financial assets pledged as security against borrowing.

Derivative instruments at fair value through profit or loss reflect the positive change in fair value of those foreign exchange forward contracts that are not designated in hedge relationships, but are, nevertheless, intended to reduce the level of foreign currency risk for expected sales and purchases.

i. The Company has paid INR 1,171.00 lakhs to Gas Authority of India Limited (GAIL) towards Take or Pay obligation for the year 2014 against a demand of INR 5,293.00 lakhs. In terms of Contract with GAIL, this Take or Pay amount can be utilized for future Gas supplies. Subsequent to March 2020, the Company has signed an indenture agreement whereby it has agreed to forfeit the right to receive make-up gas against lump-sum payment of INR 1,020.47 lakhs towards settlement of Take or Pay obligation for contract year 2014.

The Company has also paid an amount of INR 1,449.00 lakhs towards Ship or Pay liability for the month of August 2014 and September 2014, out of which INR 1,310.21 lakhs relates to the period during which the Ammonia / Urea plants were under shut down due to force majeure event. Basis re-assessment performed by the management in discussion with GAIL, the Company has provided for the amount recoverable of INR Nil (31 March 2019: INR 1,310.21 lakhs) for Ship or Pay.

Break up of financial assets carried at amortised cost

(INR in lakhs)

	Non-current		Current	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Loans (Refer Note 6B)	363.70	619.83	308.33	153.71
Trade receivables (Refer Note 9)	-	-	82,104.92	240,865.99
Cash and cash equivalents (Refer Note 10)	-	-	5,191.97	709.45
Other bank balances (Refer Note 10.1)	-	-	4,085.26	2,653.84
Other financial assets (Refer Note 6C)	3.25	1,630.47	41,176.77	11,808.19
Total financial assets carried at amortised cost	**366.95**	**2,250.30**	**132,867.25**	**256,191.18**

Notes to Standalone Financial Statements for the year ended 31 March 2020

7. Other Assets

(INR in lakhs)

	Non-current		Current	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Unsecured, considered good, except where otherwise stated				
Capital advances				
- to related parties (Refer Note 33)	-	3,946.24	-	-
- to others (Refer Note i below)	640.11	735.84	-	-
Advances (other than capital advances)				
Related parties (Refer Note 33 and 48)	-	-	81.50	-
Others, considered good (Refer Note 44)	-	1,813.32	1,345.22	1,737.29
Others, considered doubtful (Refer Note 44)	3,212.39	1,399.07	45.89	85.18
	3,212.39	**3,212.39**	**1,472.61**	**1,822.47**
Less: Provision for doubtful advances	(3,212.39)	(1,399.07)	(45.89)	(85.18)
	-	**1,813.32**	**1,426.72**	**1,737.29**
Advance to employees	-	-	44.47	112.22
Balances with statutory authorities	-	-	3,675.65	17,633.07
Refund receivable Goods and Service Tax (Refer Note ii below)	-	-	10,126.14	5,211.78
Prepaid expenses	-	-	783.05	2,485.26
Total	**640.11**	**6,495.40**	**16,056.03**	**27,179.62**

Assets pledged as security for borrowings: Refer Note 12 for information on other assets pledged as security against borrowing.

i. The Company had given an advance of INR 4,029.44 lakhs in June 2010 to Karnataka Industrial Area Development Board (KIADB) for allotment of land for setting up of 1.20 Million TPA urea plant in Belgaum district. KIADB failed to acquire the land and after continuous discussion with KIADB for two years, the Company had come out of the project. KIADB had refunded INR 3,425.02 lakhs and retained INR 604.42 lakhs which was to be adjusted in case the Company seeks some other land in Karnataka. Based on the details of land subsequently provided by the KIADB, the Company has requested to allot 12 acres of land at Belapur industrial estate and adjust the retained amount by KIADB to the cost of the new land. However, KIADB has not yet agreed for the adjustment. Management had filed the writ petition in the Hon'ble High Court of Karnataka at Bengaluru against the State of Karnataka - Industries and Commerce Department and KIADB for not allotting land to the Company for setting up Fertilizer Project in Belapur Industrial Area, Udupi District, Karnataka and illegally withholding a sum of INR 604.42 lakhs. The Hon'ble High Court vide judgement dated 16 September 2019 disposed of the matter and directed the KIADB to consider the application of the Company for the allotment of Land within a period of six weeks from the date of receipt of certified copy of order. Pursuant to the court order, the Company issued a letter to KIADB requesting them to allot alternate land. KIADB vide their order dated 18 November 2019 has refused to adjust the forfeited amount against allotment of land in Belapur. Subsequently, the Company has filed a writ petition with Hon'ble High Court of Karnataka at Bangalore on 10 February 2020 challenging the KIADB order dated 18 November 2019. The Petition is not yet listed for hearing.

   Based on previous judgement and legal opinion obtained by the management for this matter, the management is hopeful to get the above amount adjusted against allotment of land or refund of the same.

ii. Vide notification number 26/2018 dated 13 June 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 1 July 2017 to include ITC availed only on inputs which excludes input services. The management has contested this amendment (both retrospective and prospective) at different levels of authorities including but not limited to filing a writ petition in the Hon'ble High Court of Bombay at Goa in this regard. Basis legal view obtained, the management and also relying on similar fact pattern in an order dated 18 September 2018 of the High Court of Gujarat in respect of another application of another company on this matter wherein ad-interim relief was granted, believes that the refund in respect of tax paid on input services and that no liability including interest, if any, would arise from the same. Consequently, as at 31 March 2020, the Company has carried forward an amount of INR 8,286.84 lakhs as amount recoverable towards this matter.

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

(INR in lakhs)

	31 March 2020	31 March 2019
Raw materials [includes material in transit: INR Nil (31 March 2019: INR 8,945.78 lakhs)]	10,082.91	26,521.05
Work-in-progress	1,301.80	1,376.19
Finished goods	8,874.72	54,731.54
Traded goods [includes material in transit: INR Nil and material lying with others: INR Nil (31 March 2019: includes material in transit: INR 104.60 lakhs and material lying with others: INR 3,025.06 lakhs)]	1,499.84	36,676.93
Stores and spares	3,582.20	3,529.36
Total	**25,341.47**	**122,835.07**

During the year ended 31 March 2020: INR 170.85 lakhs (31 March 2019: INR 245.77 lakhs) was recognised as an expense for inventories carried at net realisable value.

Assets pledged as security for borrowings: Refer Note 12 for information on inventories pledged as security against borrowing.

Notes to Standalone Financial Statements for the year ended 31 March 2020

8A. Assets classified as held for sale

(INR in lakhs)

	31 March 2020	31 March 2019
Land at Chillamathur	5.18	-
Total	**5.18**	**-**

During the year ended 31 March 2020, the Company had executed agreement for sale of land at Chillamathur on 21 August 2019. The sale of the asset is expected to be complete within 12 months. Accordingly, the said land has been classified from property, plant and equipment to Assets classified as held for sale.

Assets classified as held for sale during the reporting period are measured at lower of its carrying amount and fair value less cost to sell at the time of reclassification. Fair value of the assets were determined using the market approach.

9. Trade Receivables (at amortized cost)

(INR in lakhs)

	31 March 2020	31 March 2019
Trade receivables - related parties (Refer Note 33)	146.89	725.11
Trade receivables - others	81,958.03	240,140.88
Total	**82,104.92**	**240,865.99**

Break-up for security details:

(INR in lakhs)

	31 March 2020	31 March 2019
From related parties (Refer Note 33)		
Secured, considered good	0.50	0.50
Unsecured, considered good	146.39	724.61
From others		
Secured, considered good	3,006.00	6,411.16
Unsecured, considered good [including subsidy receivable from Government: INR 68,635.11 lakhs (31 March 2019: INR 1,69,492.30 lakhs)]	78,952.03	233,729.72
Trade receivables – credit impaired	7,987.61	1,818.74
Total	**90,092.53**	**242,684.73**
Less : Trade receivables – credit impaired	(7,987.61)	(1,818.74)
Total	**82,104.92**	**240,865.99**

No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

For terms and conditions relating to related party receivables, Refer Note 33.

Trade receivables from dealers are non-interest bearing during the normal credit periods and are generally on terms of 15 to 120 days.

Assets pledged as security for borrowings: Refer Note 12 for information on trade receivables pledged as security against borrowings.

10. Cash and Cash Equivalents

(INR in lakhs)

	31 March 2020	31 March 2019
Balances with banks :		
- on current accounts	4,829.42	706.36
- on cash credit accounts	360.14	1.89
Cash on hand	2.41	0.91
Cheque on hand	-	0.29
Total	**5,191.97**	**709.45**

10.1 Other Bank Balances

(INR in lakhs)

	31 March 2020	31 March 2019
Other bank balances:		
- on unpaid dividend accounts (repatriation restricted)*	15.95	20.62
Deposits with original maturity for more than 3 months but less than 12 months	-	378.51
Margin money deposits**	4,069.31	2,254.71
Total	**4,085.26**	**2,653.84**

* The Company can utilise these balances only towards settlement of the respective unpaid dividend.

** Margin money deposits are provided as margin for letter of credits and as interest service reserve account for long term borrowings. The same are restricted for use till settlement of corresponding liability.

Notes to Standalone Financial Statements for the year ended 31 March 2020

11. Share Capital

(INR in lakhs)

	31 March 2020	31 March 2019
Authorised Share Capital		
12,25,00,000 (31 March 2019: 12,25,00,000) Equity Shares of INR 10/- each	12,250.00	12,250.00
3,45,00,000 (31 March 2019: 3,45,00,000) Preference Shares of INR 10/- each	3,450.00	3,450.00
	15,700.00	**15,700.00**
Issued and subscribed capital*		
4,20,58,006 (31 March 2019: 4,20,58,006) Equity Shares of INR 10/- each Fully paid	**4,205.80**	**4,205.80**

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

Equity Shares	31 March 2020		31 March 2019	
	In numbers	INR in lakhs	In numbers	INR in lakhs
At the beginning of the period	42,058,006	4,205.80	42,058,006	4,205.80
Issued during the period	-	-	-	-
Outstanding at the end of the period	**42,058,006**	**4,205.80**	**42,058,006**	**4,205.80**

b. Terms/rights attached to equity shares

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

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

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

Name of shareholder	31 March 2020		31 March 2019	
	No. of shares held	% Holding in class	No. of shares held	% Holding in class
Zuari Global Limited	8,411,601	20.00	8,411,601	20.00
Texmaco Infrastructure & Holdings Limited	3,000,125	7.13	3,000,125	7.13
Globalware Trading and Holdings Limited	7,491,750	17.81	7,491,750	17.81
Zuari Management Services Limited	5,078,909	12.08	5,078,909	12.08

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

*Pursuant to the Scheme of Arrangement and Demerger ("the Scheme") between the Company (Zuari Agro Chemicals Limited) and Zuari Global Limited, the Company had issued 2,94,40,604 equity shares of INR 10/- each aggregating to INR 2,944.06 lakhs to the existing shareholders of Zuari Global Limited in the ratio of 1 fully paid up Equity share of INR 10/- each of Zuari Agro Chemicals Limited during the financial year ending 31 March 2013. Out of the above shares issued pursuant to the Scheme, 8,051 (31 March 2019: 8,051) Equity Shares entitlements have been kept in abeyance pursuant to Section 206A of the Companies Act, 1956 in accordance with instructions from the Special Court (Trial of Offences relating to Transactions in Securities) Act, 1992 and in respect of shareholders who could not exercise their rights in view of disputes, mistakes, discrepancy in holdings, etc.

No shares have been issued for consideration other than cash during the period of five years immediately preceding the reporting date.

11A. Other Equity

(INR in lakhs)

	31 March 2020	31 March 2019
Business Restructuring Reserve		
Balance as per last financial statements	65,404.84	65,404.84
Add: Received during the year	-	-
Closing balance	**65,404.84**	**65,404.84**
General Reserve		
Balance as per last financial statements	6,150.00	6,150.00
Add: Received during the year	-	-
Closing balance	**6,150.00**	**6,150.00**

	31 March 2020	31 March 2019
(Deficit) in the statement of profit and loss		
Balance as per last financial statements	(41,215.53)	(8,295.31)
(Loss) for the year	(18,900.90)	(32,894.26)
Other comprehensive (loss)	(13.32)	(25.97)
Net (deficit) in the statement of profit and loss	**(60,129.75)**	**(41,215.53)**
Equity instruments through Other Comprehensive Income		
Balance as per last financial statements	(2,958.81)	(81.12)
Add/Less: Movement during the year	(969.15)	(2,877.69)
Closing balance	**(3,927.96)**	**(2,958.81)**
Total other equity	**7,497.13**	**27,380.50**

Nature and purpose of reserves

Business Restructuring Reserve

In the Finance Year 2012-13, pursuant to the Scheme of Arrangement and Demerger ("The Scheme") between Zuari Industries Limited (now known as Zuari Global Limited) and Zuari Holdings Limited (now known as Zuari Agro Chemicals Limited, the Company) approved by the Hon'ble High Court of Bombay at Goa, on 2 March 2012, all the assets and liabilities pertaining to Fertiliser Undertaking as on 1 July 2011 of Zuari Industries Limited (now known Zuari Global Limited) had been transferred to the Company at their book values and accordingly the surplus of assets over the liabilities of the Fertiliser undertaking so demerged, resulted in creation of Business Restructuring Reserve of INR 65,404.84 lakhs in terms of the Order of the Hon'ble High Court of Bombay at Goa which was filed with the Registrar of Company on 21 March 2012. The said reserve be treated as free reserve and be restricted and not utilized for declaration of dividend by the Company.

General Reserve

Under the erstwhile Companies Act, 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid-up capital of the Company for that year, then the total dividend distribution is less than the total distributable results for that year. Consequent to introduction of Companies Act, 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.

Surplus/(deficit) in the statement of profit and loss

Surplus/(deficit) in the statement of profit and loss represents the profits/(losses) generated by the Company that are not distributed to the shareholder and are re-invested in the Company.

Equity instruments through Other Comprehensive Income

The Company has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVOCI equity investments reserve within equity. The Company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

12A. Borrowings

(INR in lakhs)

Non-current borrowings (at amortised cost)	31 March 2020	31 March 2019
Term Loans		
From Banks		
Secured		
Indian rupee loans (Refer Note 1 below)**	14,430.97	26,463.30
Foreign currency loans (Refer Note 2 below)	-	24,751.66
Vehicle loans (Refer Note 3 below)	199.84	317.41
From Financial Institutions		
Secured		
Indian rupee loans (Refer Note 4 below)	31,297.21	33,335.34
From others		
Unsecured		
Lease Liabilities	1,477.00	-
Inter-corporate deposits (Refer Note 5 and Note 33 below)	27,350.00	-
Total	**74,755.02**	**84,867.71**
Less : Amount disclosed under "Other current financial liabilities"		
- Current maturities of long term borrowings (Refer Note 14)	(45,840.52)	(25,094.71)
- Current maturities of lease liabilities (Refer Note 14)	(59.09)	-
Total	**28,855.41**	**59,773.00**

Notes to Standalone Financial Statements for the year ended 31 March 2020

1. (a) Indian Rupee term loan from a Bank of INR Nil (including current maturities of INR Nil) [31 March 2019: INR 6,481.48 lakhs (including current maturities: INR 6,481.48 lakhs)] carries interest rate ranging from 10.65% p.a. - 11.35% p.a. (31 March 2019 : 10.65% p.a. - 11.35% p.a.). The loan was repayable in 14 quarterly instalments starting from December 2016 with the last instalment due on March 2020. The loan was secured by first pari passu charge by way of mortgage on immoveable assets located at Goa Fertilizer Plant and first pari passu charge by way of hypothecation on moveable fixed assets located at Goa Fertilizer Plant.

   (b) Indian Rupee term loan from a Bank of INR 3,121.53 lakhs (including current maturities: INR 3,121.53 lakhs) [31 March 2019: INR 6,385.10 lakhs (including current maturities: INR 3,260.35 lakhs)] carries interest rate ranging from 9.50% p.a. - 10.20% p.a. (31 March 2019 : 9.60% p.a. - 10.20% p.a.). The loan is repayable in 14 quarterly instalments starting from September 2017 with the last instalment due on December 2020. The loan is secured by first pari passu charge by way of mortgage on immoveable assets of Goa Fertilizer Plant (Fixed Assets Coverage Ratio 1.5 times) and first pari passu charge by way of hypothecation on moveable fixed assets of Goa Fertilizer Plant (Fixed Assets Coverage Ratio 1.5 times).

   (c) Indian Rupee loan of INR 74.09 lakhs from a Bank (including current maturities of INR 74.09 lakhs) [31 March 2019: INR 647.07 lakhs (including current maturities: INR 500.00 lakhs)], secured by exclusive charge by way of mortgage of plot situated at Plot No. K/2/5 & K/2/6, Add/MIDC Mahad, Raigad District, Maharashtra and proposed construction thereon and exclusive charge by way of hypothecation of Plant and Machinery and other moveable assets (Existing and proposed). The loan carries interest rate of 11.40% p.a. (31 March 2019 : 11.40% p.a.) and repayable in 24 quarterly instalments commencing from December 2014 with the last instalment due on June 2020.

   (d) Indian Rupee term loan from a Bank of INR 4,840.25 lakhs (including current maturities of INR 4,840.25 lakhs) [31 March 2019: INR 5,578.72 lakhs (including current maturities of INR 738.47 lakhs)] carries interest rate ranging from 8.80% p.a. - 10.66% p.a. (31 March 2019 : 9.95% p.a. - 11.13% p.a.). The loan is repayable in 15 equal quarterly instalments starting from November 2019 with the last instalment due on May 2023. The loan is secured by first charge on the immovable properties situated at Goa over survey number 111/1, 128/7, 132/7, 133/1, 149/1, 162/1, 164/1, 167/1 and 168/1 ranking pari passu with the other loan lenders and any other security available to the other working capital term loan lenders.

   (e) Indian Rupee term loan from a Bank of INR 2,074.20 lakhs (including current maturities of INR 2,074.20 lakhs) [31 March 2019: INR 2,390.67 lakhs (including current maturities of INR 316.47 lakhs)] carries interest rate ranging from 8.80% p.a. - 10.66% p.a. (31 March 2019 : 9.95% p.a. - 11.13% p.a.). The loan is repayable in 15 equal quarterly instalments starting from December 2019 with the last instalment due on June 2023. The loan is secured by first charge on the immovable properties situated at Goa over survey number 111/1, 128/7, 132/7, 133/1, 149/1, 162/1, 164/1, 167/1 and 168/1 ranking pari passu with the other loan lenders and any other security available to the other working capital term loan lenders.

   (f) Indian rupee term loan from a Bank of INR 950.62 lakhs (including current maturities of INR 950.62 lakhs) [31 March 2019: INR 1,095.66 lakhs (including current maturities of INR 145.05 lakhs)] carries interest rate ranging from 8.80% p.a. - 10.66% p.a. (31 March 2019 : 9.95% p.a. - 11.13% p.a.). The loan is repayable in 15 equal quarterly instalments starting from December 2019 with the last instalment due on June 2023. The loan is secured by first charge on the immovable properties situated at Goa over survey number 111/1, 128/7, 132/7, 133/1, 149/1, 162/1, 164/1, 167/1 and 168/1 ranking pari passu with the other loan lenders and any other security available to the other working capital term loan lenders.

   (g) Indian rupee term loan from a Bank of INR 3,370.28 lakhs (including current maturities of INR 3,370.28 lakhs) [31 March 2019: INR 3,884.60 lakhs (including current maturities of INR 254.31 lakhs)] carries interest rate ranging from 8.80% p.a. - 10.66% p.a. (31 March 2019 : 9.95% p.a. - 11.13% p.a.). The loan is repayable in 15 equal quarterly instalments starting from January 2020 with the last instalment due on June 2023. The loan is secured by first charge on the immovable properties situated at Goa over survey number 111/1, 128/7, 132/7, 133/1, 149/1, 162/1, 164/1, 167/1 and 168/1 ranking pari passu with the other loan lenders and any other security available to the other working capital term loan lenders.

2. (a) * Foreign Currency loan in form of FCNR - B of USD Nil equivalent to INR Nil from a Bank (including current maturities of USD Nil equivalent to INR Nil) (31 March 2019: USD 9.91 millions equivalent to INR 6,724.11 lakhs (including current maturities of USD 4.95 millions equivalent to INR 3,397.80 lakhs)) carries interest rate ranging from 5.82% p.a. - 9.02% p.a. (31 March 2019 : 6.14% p.a.). The loan was repayable in 14 equal instalments starting from May 2019 with the last instalment due on October 2020. The loan was secured by exclusive charge by way of equitable mortgage of freehold land at Zuarinagar, Goa giving atleast 1.00 times security cover, Subservient charge over the current assets of Company, both present and future, Subservient charge over the moveable fixed assets of Company, both present and future and exclusive pledge of shares of Chambal Fertilisers and Chemicals Limited ("CFCL") held by Zuari Global Limited with a minimum share security cover of 1.50 times.

   (b) * Foreign Currency loan in form of FCNR - B of USD Nil equivalent to INR Nil from a Bank (including current maturities of USD Nil equivalent to INR Nil) (31 March 2019: USD 26.57 millions equivalent to INR 18,027.55 lakhs (including current maturities of USD 13.29 millions equivalent to INR 8,723.28 lakhs)) carries interest rate ranging from 5.82% p.a. - 9.02% p.a. (31 March 2019 : 6.14% p.a.). The loan was repayable in 14 equal instalments starting from May 2019 with the last instalment due on October 2020. The loan was secured by exclusive charge by way of equitable mortgage of freehold land at Zuarinagar, Goa giving atleast 1.00 times security cover, Subservient charge over the current assets of Company, both present and future, Subservient charge over the moveable fixed assets of Company, both present and future and exclusive pledge of shares of Chambal Fertilisers and Chemicals Limited ("CFCL") held by Zuari Global Limited with a minimum share security cover of 1.50 times.

3. Vehicle loans from a Bank of INR 199.84 lakhs (including current maturities: INR 112.33 lakhs) [31 March 2019: INR 317.41 lakhs (including current maturities: INR 116.75 lakhs)] carry interest rate ranging from 8.38% p.a. - 10.65% p.a. (31 March 2019 : 8.38% p.a. - 10.65% p.a.). The loans are repayable in 48 equal monthly instalments starting from February 2017 with the last instalment due on April 2023. The loans are secured by way of hypothecation of respective motor vehicles of the Company.

4. (a) Indian rupee loan of INR 18,479.25 lakhs from a financial institution (including current maturities of INR 18,479.25 lakhs) [31 March 2019: INR 18,466.62 lakhs (including current maturities: INR Nil)] carries interest rate of 11.70% p.a. (31 March 2019: 10.45% p.a. - 11.70% p.a.). The loan is repayable in 12 equal quarterly instalments starting from May 2020 with the last instalment due on May 2023. The loan is secured by first pari passu charge by way of equitable mortgage of specific immovable assets of the Company with a minimum fixed asset cover of 1.25 times (unencumbered land parcel at Goa), pledge of shares of Mangalore Chemicals and Fertilisers Limited ("MCFL") with a minimum share security cover of 1.00 time. There is a shortfall of 1,22,54,657 number of shares required to be pledged having value INR 2,977.88 lakhs as on 31 March 2020, which the Company expects to cure by the end of the next quarter.

   (b) *Indian rupee term loan from a financialinstitution of INR 12,817.96 lakhs (including current maturities of INR 12,817.96 lakhs) (31 March 2019: INR 14,868.72 lakhs (including current maturities of INR 1,160.75 lakhs)) carries interest rate ranging from 10.70% p.a. - 15.00% p.a. (31 March 2019: 10.70% p.a. - 10.85% p.a.). The loan is repayable in 16 equal quarterly instalments starting from December 2019 with the last instalment due on September 2023. The loan is secured by exclusive charge over land (including structures) with minimum cover of 1.5 times and demand promissory note.

5. Inter-corporate deposit of INR 27,350.00 lakhs (31 March 2019: INR Nil) carries interest rate of 12.00% p.a. The loan is repaybale after 36 months from the date of disbursement.

   *ICICI Bank Limited ("ICICI") issued a notice of default vide its letter dated 26 June 2019 ("Notice"), detailing the defaults and consequent breach of representations of warranties by the Company under the facility agreements entered into between ICICI and the Company. ICICI, vide the Notice called upon the Company to immediately cure the default of INR 1,798.47 lakhs outstanding as on 30 June 2019 which was subsequently paid on 17 July 2019 and also revised the applicable interest rate increasing it by 2.00% p.a., on account of the downgrade of the credit rating. Subsequently, ICICI vide a letter dated 4 July 2019 recalled the rupee term loan facilities extended to the Company, aggregating to INR 35,000.00 lakhs and sought immediate repayment of the outstanding amount of INR 16,380.18 lakhs. The Company has repaid the loan by availing fresh short term loan from other bank during the current year.

   Also, another lender, Aditya Birla Finance Limited ("ABFL") vide a letter dated 24 May 2019 recalled the rupee term loan facility extended by ABFL to the Company, aggregating to an amount of INR 15,000.00 lakhs of which INR 14,110.00 lakhs (net of margin money) were outstanding as on date (outstanding as on 31 March 2020: INR 12,817.96 lakhs (net of margin money)).

   Accordingly, the outstanding amounts for loan facilities obtained from these lenders has been treated as current and are disclosed under current maturity of long term borrowing under other financial liabilities following the principles of Ind AS 1 "Presentation of Financial Statements" and the terms of the loans payable were not renegotiated, before the financial statements were approved for issue.

   **Due to breach of covenant as on 31 March 2020, non-current portion of long term loans from bank is classified as current in the financial statement and disclosed under current maturity of long term borrowing under other financial liabilities following the principles of Ind AS 1 "Presentation of Financial Statements" and the terms of the loans payable were not renegotiated, before the financial statements were approved for issue.

12B. Borrowings

(INR in lakhs)

Current borrowings	31 March 2020	31 March 2019
Secured*		
From Banks		
Cash credit (including working capital demand loans)**		
(The rate of interest on cash credit varies between banks ranging from 11.15% - 15.40% p.a. (31 March 2019: 9.50% p.a. - 14.15% p.a.) and are repayable on demand. The rate of interest on working capital demand loans varies between 9.45% - 14.00% p.a. (31 March 2019 : 9.20% p.a. - 10.45% p.a.) and are repayable over a period of 30 to 180 days).	72,744.43	98,504.31
Buyers / Suppliers credit		
(The rate of interest on buyers/suppliers credit varies between Nil (31 March 2019: 2.88% - 5.08% p.a.) and are repayable over a period of 120 - 210 days) (USD Nil (31 March 2019 : USD 82.44 million).	-	57,009.63
Short term loans		
(Nil (31 March 2019: 8.20% p.a.) (including 8.20% p.a. (31 March 2019: 7.72% p.a.) paid directly by Government of India to the bank) secured against subsidy receivable of equal amount from Government of India, Ministry of Chemicals and Fertilizer under Special Banking Arrangement).	6,800.78	11,592.91
(Short term loan from Bank at the rate of 12.00% p.a. and are payable over next seven months)**	11,581.61	-

Notes to Standalone Financial Statements for the year ended 31 March 2020

Current borrowings	31 March 2020	31 March 2019
Bills discounted	4,500.00	56,500.00
(Local bills discounted with banks repayable over a period of 180 days at the rate of 11.69% p.a. (31 March 2019 : 8.95% p.a. - 12.00% p.a.) against Letter of Credit issued by another bank having securities as disclosed below)		
Unsecured		
From Banks		
Short Term Loan		
Working capital demand loans	-	22,500.00
Nil (The rate of interest varies between 9.40% - 11.00% p.a. and is repayable over a period of 30 to 180 days)		
From Others		
Inter-corporate deposits	10,000.00	21,150.00
(The rate of interest of 9.25% p.a. (31 March 2019 : 9.25% p.a. - 15.00% p.a.) and are repayable over a period of 365 days)		
Total	**105,626.82**	**267,256.85**

*(a) Cash credit (including working capital demand loans) of INR 72,744.43 lakhs (31 March 2019: INR 94,236.65 lakhs), Buyers credit of INR Nil (31 March 2019: INR 20,197.27 lakhs), Suppliers credit of INR Nil (31 March 2019: INR 36,812.36 lakhs) and Bill discounting of INR 4,500.00 lakhs (31 March 2019: INR 56,500.00 lakhs) are secured by the first charge by way of hypothecation on the current assets (excluding assets against which specific loans have been availed), both present and future, wherever situated pertaining to the fertilizer division of the Company and the Company's fertilizer division's present and future book debts outstanding, moneys receivable, claims, bills, contracts, engagements, rights and assets excluding some subsidy receivable amount exclusively charged to certain banks.

(b) Cash credit of INR Nil (31 March 2019: INR 2,878.16 lakhs) was secured by equitable mortgage of land, hypothecation of stock in trade, book debts, plant and machinery and vehicles, both present and future of one of the divisions of the Company.

(c) Cash credit of INR Nil (31 March 2019: INR 1,389.50 lakhs) are secured by hypothecation of inventory cum book debts and all current assets of one of the divisions of the Company.

(d) Short term loans of INR 6,800.78 lakhs (31 March 2019: INR 11,592.91 lakhs) are secured against subsidy receivable of equal amount from Government of India, Ministry of Chemicals and Fertilizer under Special Banking Arrangement.

**Indian rupee loan from a Bank of INR 11,581.61 lakhs (31 March 2019: INR Nil) carries interest rate of 12.00% p.a. The loan is repayable in 7 equal instalments starting from April 2020 with the last instalment due on October 2020. The loan is secured by exclusive charge 90 acre-unencumbered land situated at Goa providing minimum secuirty cover of 1.00 times, Subservient charge on current assets and moveable fixed assets of the Company, both present and future and pledge on shares of Chambal Fertilisers and Chemicals Limited ("CFCL") held by Zuari Global Limited with a minimum value of INR 28,800.00 lakhs.

Note on devolvement and non-payment of current and non-current borrowing: For the period starting from 1 April 2019 to 31 March 2020, following are the devolvement on account of non-payment of letter of credits, buyers credit, suppliers credit, term loan and bill discounted:

Bank	Amount not paid on due date (1 April 2019 to 31 March 2020)	Amount outstanding as on 31 March 2020
State Bank of India	20,365.62	-
Bank of Baroda	17,836.46	-
Canara Bank	15,077.54	-
Corporation Bank	24,973.56	-
IDBI Bank Limited	11,500.00	-
Axis Bank Limited	13,124.48	-
ICICI Bank Limited	17,953.25	-
HDFC Bank Limited	17,411.68	-
Ratnakar Bank Limited	13,041.67	-
Yes Bank Limited	19,786.46	-
Indusind Bank Limited	5,000.00	
Rabo Bank	373.33	-

13. Trade payables

(INR in lakhs)

	Non-current		Current	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Trade payables				
- outstanding dues to related parties (Refer Note 33)	-	-	42,220.06	36,723.20
- outstanding dues to micro and small enterprises (Refer Note 30)	-	-	269.67	537.11
- outstanding dues to others	-	-	97,287.80	112,432.75
Total	**-**	**-**	**139,777.53**	**149,693.06**

14. Other financial liabilities

(INR in lakhs)

	Non-current		Current	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Financial liabilities at fair value through profit or loss				
Derivatives not designated as hedges				
Foreign exchange forward covers	-	-	-	3,443.90
Total financial liabilities at fair value through profit or loss (a)	**-**	**-**	**-**	**3,443.90**
Other financial liabilities at amortised cost				
Current maturities of long term borrowings (Refer Note 12A)	-	-	45,840.52	25,094.71
Current maturities of lease liabilities (Refer Note 12A)	-	-	59.09	-
Trade deposits - dealers and others				
- from related parties (Refer Note 33)	-	-	0.50	0.50
- from others	-	-	9,875.85	9,379.00
Employee benefits payable	-	-	984.95	960.53
Payable towards capital goods				
- to related parties (Refer Note 33)	-	-	-	1.00
- to others*	-	-	1,036.22	1,066.38
Interest accrued but not due on borrowings	-	-	1,351.55	875.63
Other interest payable**	-	-	11,692.89	4,883.16
Unclaimed dividends	-	-	15.95	20.62
Payable towards voluntary retirement scheme	23.20	66.31	27.98	27.33
Total other financial liabilities at amortised cost (b)	**23.20**	**66.31**	**70,885.50**	**42,308.86**
Total other financial liabilities (a+b)	**23.20**	**66.31**	**70,885.50**	**45,752.76**

* Including INR 9.53 lakhs (31 March 2019: INR 11.36 lakhs) outstanding due to Micro and Small Enterprises (Refer Note 30).

**- Including INR 279.07 lakhs (31 March 2019: INR 193.26 lakhs) outstanding due to Micro and Small Enterprises (Refer Note 30).
- Includes INR 5,968.24 lakhs (31 March 2019: INR 2,228.60 lakhs) payable to related party on account of overdue interest (Refer Note 33).

Foreign exchange forward contracts

While the Company entered into other foreign exchange forward contracts with the intention of reducing the foreign exchange risk of expected sales and purchases, these other contracts are not designated in hedge relationships and are measured at fair value through profit or loss.

Terms and conditions of the above financial liabilities:

Trade payables are normally non-interest bearing. For maturity profile of trade payables and other financial liabilties, Refer Note 37.

For terms and conditions relating to related party payables, Refer Note 33.

For explanations on the Company's credit risk management processes, Refer Note 37.

Notes to Standalone Financial Statements for the year ended 31 March 2020

Break up of financial liabilities carried at amortised cost

(INR in lakhs)

	Non-current		Current	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Non-current borrowings (Refer Note 12A)	28,855.41	59,773.00	-	-
Current borrowings (Refer Note 12B)	-	-	105,626.82	267,256.85
Trade payables (Refer Note 13)	-	-	139,777.53	149,693.06
Other financial liabilities (Refer Note 14)	23.20	66.31	70,885.50	45,752.76
Total financial liabilities carried at amortised cost	**28,878.61**	**59,839.31**	**316,289.85**	**462,702.67**

15. Other liabilities

(INR in lakhs)

	Non-current		Current	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Statutory liabilities	-	-	474.23	554.82
Contract Liabilities – Advances received from customers*	-	-	5,916.58	13,398.35
Deferred income	96.08	85.29	30.34	17.05
Total	**96.08**	**85.29**	**6,421.15**	**13,970.22**

*Includes advances received from related parties of INR 1,980.00 lakhs (31 March 2019: INR 11,148.03) (Refer Note 33)

Revenue recognized from amounts included in contract liabilities at the beginning of the year is INR 12,418.60 lakhs (31 March 2019: INR 14,135.50 lakhs)

Deferred income

(INR in lakhs)

	31 March 2020	31 March 2019
Opening	**102.34**	**119.39**
Deferred during the period	151.70	-
Released to the statement of profit and loss	(42.33)	(17.05)
Transferred on account of business transfer agreement (Refer Note 53)	(85.29)	-
Closing	**126.42**	**102.34**

16. Provisions

(INR in lakhs)

	Non-current		Current	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Provision for employee benefits				
Gratuity (Refer Note 31)	-	-	203.52	106.75
Provision for post retirement medical benefit (Refer Note 31)	56.84	57.70	6.59	6.93
Leave encashment (unfunded)	-	-	1,971.01	2,235.71
Total	**56.84**	**57.70**	**2,181.12**	**2,349.39**

Notes to Standalone Financial Statements for the year ended 31 March 2020

17. Income tax

The major components of income tax expense for the year ended 31 March 2020 and 31 March 2019 are:

Profit or loss section (INR in lakhs)

	31 March 2020	31 March 2019
Current income tax:		
Current income tax charge	-	-
Adjustments of tax relating to earlier years	-	(1,493.31)
Deferred tax:		
MAT Credit reversal in respect of earlier years	1,298.77	-
Adjustments in respect of deferred tax of earlier years	(2,748.61)	(440.89)
Relating to origination and reversal of temporary differences	4,390.07	767.90
Income tax (income)/expense reported in the statement of profit or loss	**2,940.23**	**(1,166.30)**

OCI section

Deferred tax related to items recognised in OCI during the year: (INR in lakhs)

	31 March 2020	31 March 2019
Net (gain)/loss on remeasurements of defined benefit plans	17.80	39.91
Deferred tax charged/(credit) to OCI	(4.48)	(13.95)
Net (loss) on equity instruments through Other Comprehensive Income	1,750.92	2,877.69
Deferred tax charged/(credit) to OCI	(781.77)	-

Reconciliation of tax expense/(income) and the accounting profit multiplied by domestic tax rate for 31 March 2020 and 31 March 2019 (INR in lakhs)

	31 March 2020	31 March 2019
Accounting (loss) before Income tax	**(15,960.67)**	**(34,060.56)**
Income tax rate	25.168%	34.944%
At statutory income tax rate	**(4,016.98)**	**(11,902.12)**
Adjustment in respect of tax related to earlier years	(2,748.61)	(440.89)
Tax effect of income that are not taxable in determining taxable profit:		
Dividend income	(727.39)	(1,005.79)
Others adjustments	(7.06)	(50.66)
Non-deductible expenses for tax purposes:		
Interest on Micro and Small Enterprises	21.59	20.92
Disallowance under Section 14A	187.01	6.70
Impact of adoption of Section 115BAA*	9,265.75	-
Reversal of unabsorbed depreciation	149.92	-
Impairment of non-current investment (Refer Note 52)	-	4,116.18
Unrecognized deferred tax asset	-	8,054.53
Other adjustments	816.00	34.83
At the effective income tax rate	**2,940.23**	**(1,166.30)**
Income tax expense reported in the statement of profit and loss	3,023.23	(2,193.52)
Income tax attributable to a discontinued operation	(83.00)	1,027.22
	2,940.23	**(1,166.30)**

Notes to Standalone Financial Statements for the year ended 31 March 2020

Deferred tax:

For the year ended 31 March 2020 (INR in lakhs)

	As at 1 April 2018	Provided during the year	As at 31 March 2019	Provided during the period	As at 31 March 2020
Deferred tax liability:					
Property, plant and equipment impact of difference between tax depreciation and depreciation/amortisation charged for the financial reporting	9,669.92	137.45	9,807.37	(4,140.90)	5,666.47
Capital gain on slump sale (Refer Note 53)	-	-	-	16,677.67	16,677.67
Mark To Market (MTM) forward contract	-	1,757.75	1,757.75	(1,757.75)	-
Others	28.94	4.47	33.41	(30.16)	3.25
Total deferred tax liability (A)	**9,698.86**	**1,899.67**	**11,598.53**	**10,748.86**	**22,347.39**
Deferred tax assets:					
Provision for doubtful debts and advances	825.67	-	825.67	1,445.50	2,271.17
MAT credit entitlement	2,807.09	(1,508.33)	1,298.76	(1,298.76)	-
Expenses allowable in Income tax on payment basis and deposition of Statutory dues	1,450.09	454.64	1,904.73	(1,090.30)	814.43
Brought forward losses and unabsorbed depreciation	13,581.19	2,413.85	15,995.04	5,305.43	21,300.47
Impairment of non-current investment (Refer Note 52)	-	-	-	3,695.00	3,695.00
Others	243.02	226.45	469.47	538.01	1,007.48
Total deferred tax assets (B)	**18,907.06**	**1,586.61**	**20,493.67**	**8,594.88**	**29,088.55**
Deferred tax assets (net) (B - A)	**9,208.20**	**(313.07)**	**8,895.14**	**(2,153.98)**	**6,741.16**

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

*During the year ended 31 March 2020, the Company has made assessment has been performed regarding recognition criteria in relation to deferred tax asset and tax balances on the basis of future profitability projections and manner/period of utilization thereof including restructuring exercises being considered by the management along with considering paying Income Tax at reduced rates as per the provisions/conditions defined in the new Section 115BAA in the Income Tax Act, 1961, inserted vide the Taxation Laws (Amendment) Ordinance 2019. Consequentially, the Company has recognised deferred tax assets on brought forward losses and unabsorbed depreciation and reversed the balance of MAT credit entitlement and deferred tax assets on brought forward losses under Section 35AD of Income Tax Act, 1961, which shall not be available for set off under the provisions of Section 115BAA of the Income Tax Act, 1961.

Deferred tax assets on unabsorbed business losses and unrecognised capital losses including but not limited to indexation of captial assets have not been recognised to the extent there are no tax planning opportunities or other evidence of recoverability for the same in the near future.

17A. Income tax assets (net) (INR in lakhs)

	31 March 2020	31 March 2019
Income tax assets - related parties (Refer Note 33 and Note 47)	1,708.35	1,708.35
Income tax assets (net)	3,030.84	3,589.72
Total income tax assets (net)	**4,739.19**	**5,298.07**

18. Revenue from operations:

(INR in lakhs)

	31 March 2020	31 March 2019
Revenue from contracts with customers		
Sale of products		
Finished products	172,950.77	339,580.54
Traded products	27,832.93	133,203.08
Other operating revenue		
Scrap sales	478.53	312.19
Revenue from operations	**201,262.23**	**473,095.81**
Timing of revenue recognition		
Goods transferred to the customers at a point in time	201,262.23	473,095.81
Total revenue from contracts with customers	**201,262.23**	**473,095.81**
Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price		
Revenue as per contracted price	**202,417.97**	**475,602.83**
Adjustments		
Sales return	-	(1,715.45)
Discount	(1,155.74)	(791.57)
Revenue from contract with customers	**201,262.23**	**473,095.81**

Performance obligation

The Company recognises revenue from sale of goods at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods. The performance obligation is satisfied upon delivery of the goods and payment is generally due within 15 to 120 days from delivery.

The Company also recognises the subsidy income receivable from the Government of India as per New Pricing Scheme for Urea and as per Nutrient Based Subsidy Policy for Phosphatic and Potassic (P&K) fertilisers at the time of sale of goods to its customers. The Direct Benefit Transfer (DBT) Scheme entails 100% payment of subsidy to the Company on the basis of actual sales by the retailer to the beneficiary, however, the performance obligation of the Company is satisfied upon delivery of the goods to its customer.

The Company does not have any other performance obligation in respect of its supply of goods to the customers.

a. Sales of Finished Products and Traded Products include Government subsidies: INR 97,438.48 lakhs (31 March 2019: INR 2,06,252.24 lakhs). Subsidies include INR Nil (31 March 2019: INR 2,779.00 lakhs) in respect of earlier years, notified during the year.

b. Subsidy for Urea has been accounted based on notified concession price under New Urea Policy, 2015 and other adjustments as estimated in accordance with known policy parameters in this regard.

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

d. The subsidy on Phosphatic and Potassic fertilizers has been accounted for as per concession price notified by the Government of India under Nutrient Based Subsidy Policy, from time to time.

Notes to Standalone Financial Statements for the year ended 31 March 2020

19. Other income

(INR in lakhs)

	31 March 2020	31 March 2019
Interest Income on		
Bank deposits	155.50	118.25
Inter-corporate loans	24.97	241.06
Overdue debtors, employee loans etc.	2.68	2,169.67
Income tax refund	157.11	119.29
Dividend Income on non-current investments	2,890.15	2,878.30
Other non-operating income		
Profit on sale of property, plant and equipment (net)	434.63	-
Rent received	-	16.96
Excess provision/unclaimed liabilities/unclaimed balances written back	1,165.94	487.17
Insurance Claim	100.00	-
Miscellaneous income	1,648.46	801.74
	6,579.44	**6,832.44**

Total interest income (calculated using the effective interest method) for financial assets that are not at fair value through profit or loss

(INR in lakhs)

	31 March 2020	31 March 2019
In relation to Financial assets classified at amortised cost	183.15	2,528.98
Total	**183.15**	**2,528.98**

20. Cost of raw materials and components consumed

(INR in lakhs)

	31 March 2020	31 March 2019
Inventory at the beginning of the year	24,922.10	14,823.44
Add : Purchases	75,340.89	277,768.25
Add: Transfer of Stock for captive consumption	-	2,851.05
	100,262.99	**295,442.74**
Less: Transferred to trading stock	-	-
Less: Inventory at the end of the year	(10,082.91)	(24,922.10)
Cost of raw material & components consumed	**90,180.08**	**270,520.64**

21. Purchase of traded goods

(INR in lakhs)

	31 March 2020	31 March 2019
Traded goods purchase details		
Imported Di-Ammonium Phosphate (IDAP)	295.31	82,440.19
Imported Muriate of Potash (IMOP)	2,470.21	42,991.06
Single Super Phosphate (SSP)	-	1.42
Complex Fertilisers	4,394.86	9,117.17
Seeds	554.54	307.91
Others	8.60	865.44
Cost of traded goods purchased	**7,723.52**	**135,723.19**

22. Changes in inventories of finished goods, traded goods and work-in- progress

(INR in lakhs)

	31 March 2020	31 March 2019
Inventories at the end of the year		
Finished goods	8,874.72	50,221.02
Traded goods	1,499.84	34,110.15
Work-in-progress	1,301.80	1,375.67
	11,676.36	**85,706.84**
Inventories at the beginning of the year		
Finished goods	50,221.02	17,238.19
Traded goods	34,110.15	21,025.35
Work-in-progress	1,375.67	4,056.43
	85,706.84	**42,319.97**
	74,030.48	**(43,386.87)**

23. Employee benefits expense

(INR in lakhs)

	31 March 2020	31 March 2019
Salaries, wages and bonus	6,483.71	6,590.34
Contribution to provident and other funds	609.57	549.68
Post-retirement medical benefit (Refer Note 31)	5.02	9.84
Gratuity expense (Refer Note 31)	96.95	95.01
Staff welfare expenses	1,069.46	1,436.48
Total	**8,264.71**	**8,681.35**

24. Finance costs

(INR in lakhs)

	31 March 2020	31 March 2019
Interest expense	38,897.34	32,356.62
Interest on Income Tax	-	9.82
Exchange difference to the extent considered as an adjustment to borrowing cost	2,091.50	2,822.77
Other borrowing cost	1,472.56	2,520.11
Total	**42,461.40**	**37,709.32**

Total interest expense (calculated using the effective interest method) for financial liabilities that are not at fair value through profit or loss

(INR in lakhs)

	31 March 2020	31 March 2019
In relation to Financial liabilities classified at amortised cost	38,897.34	32,356.62
Total	**38,897.34**	**32,356.62**

25. Depreciation and amortisation expense

(INR in lakhs)

	31 March 2020	31 March 2019
Depreciation of property, plant and equipment (Refer Note 3)	4,570.15	4,172.07
Amortisation of intangible assets (Refer Note 4)	468.47	107.17
Total	**5,038.62**	**4,279.24**

Notes to Standalone Financial Statements for the year ended 31 March 2020

26. Other expenses

(INR in lakhs)

	31 March 2020	31 March 2019
Stores and spares consumed	733.83	1,269.58
Power, fuel and water	18,867.39	31,649.16
Bagging and other contracting charges	2,173.89	2,907.91
Outward freight and handling	11,819.75	36,682.31
Rent	1,803.64	2,005.08
Rates and taxes	103.76	71.61
Insurance	891.26	371.49
Repairs and maintenance		
Plant & machinery	2,246.14	3,105.28
Buildings	179.40	510.33
Others	124.80	400.49
Provision for doubtful receivable/advances	12,068.72	941.17
Research and development expenses (Refer details below)	-	5.36
Subsidy claims written off	156.59	141.16
Foreign exchange variation (net)	3,282.73	2,945.96
Impairment of capital work-in-progress	-	367.17
Loss on disposal of property, plant and equipment (net)	-	216.90
Donation	-	0.50
CSR expenditure (Refer details below)	38.31	75.27
Advances write-off	2,382.68	3,177.48
Miscellaneous expenses*	8,791.22	5,713.33
Total	**65,664.11**	**92,557.54**
***Payments to statutory auditors**		
As statutory auditors		
Audit fees	58.00	58.00
Tax audit fee	9.00	10.97
Limited review fees	21.00	21.00
In other capacity		
Other services (includes certification fees and rights issue)	181.72	71.84
Reimbursement of expenses	19.28	8.30
Total	**289.00**	**170.11**
CSR expenditure:		
Gross amount required to be spent by the Company during the year (under Section 135 of the Companies Act, 2013)	-	-
Amount spent during the year (other than on construction/acquisition of any asset)	38.31	75.27
Amount spent during the year (on construction/acquisition of any asset)	-	-
Amount yet to be spent/paid	-	-
Total	**38.31**	**75.27**

27. Earnings per share (EPS)

Basic and diluted EPS amounts are calculated by dividing the profit / (loss) for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year.

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

	31 March 2020	31 March 2019
Profit attributable to equity holders of the Company:		
Continuing operations (INR in lakhs) (a)	(18,647.74)	(34,580.25)
Discontinued operation (INR in lakhs) (b)	(253.16)	1,685.99
Profit attributable to equity holders of the Company (INR in lakhs) (c = a + b)	(18,900.90)	(32,894.26)
Weighted average number of shares used in computing earnings per share	42,058,006	42,058,006
Basic and diluted from continuing operations (in INR)	(44.34)	(82.22)
Basic and diluted from discontinued operations (in INR)	(0.60)	4.01
Basic and diluted from continuing and discontinued operations (in INR)	(44.94)	(78.21)
Face value per share (in INR)	10.00	10.00

Notes to Standalone Financial Statements for the year ended 31 March 2020

28. Exceptional Items:

(INR in lakhs)

	31 March 2020	31 March 2019
Provision for impairment of investments (Refer Note (a) below)	-	10,617.61
Gain on transfer of retail and allied business through slump sale (Refer Note (b) below)	(69,896.74)	-
	(69,896.74)	**10,617.61**

(a) Exceptional items for the year ending 31 March 2019 includes INR 10,617.61 lakhs representing impairment of the Company's investment in the rock phosphate mining project (which is under development) through MCA Phosphate Pte Limited as more fully described in Note 52.

(b) Exceptional items for the year ended 31 March 2020 includes INR 69,896.74 lakhs representing gain on slump sale as more fully described in Note 53.

29. Components of Other Comprehensive Income (OCI) :

The disaggregation of changes to OCI by each type of reserve in equity is shown below:

During the year ended 31 March 2020 (INR in lakhs)

	Equity instruments through Other Comprehensive Income	Surplus/(deficit) in the statement of profit and loss
Remeasurement gains on defined benefit plans	-	(17.80)
Income tax effect	-	4.48
Net (loss) on equity instruments through Other Comprehensive Income	(1,750.92)	-
Income tax effect	781.77	-
	(969.15)	**(13.33)**

During the year ended 31 March 2019 (INR in lakhs)

	Equity instruments through Other Comprehensive Income	Surplus/(deficit) in the statement of profit and loss
Remeasurement (loss) on defined benefit plans	-	(39.91)
Income tax effect	-	13.95
Net (loss) on equity instruments through Other Comprehensive Income	(2,877.69)	-
	(2,877.69)	**(25.96)**

30. Dues to Micro, Small and Medium Enterprises

The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act is as follows:

(INR in lakhs)

	31 March 2020	31 March 2019
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year:		
- Principal amount due to micro and small enterprises	279.20	548.47
- Interest due on above	85.81	59.88
The amount of interest paid by the buyer in terms of Section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of each accounting year	279.07	193.26
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act, 2006	85.81	59.88

Notes to Standalone Financial Statements for the year ended 31 March 2020

31. Gratuity and other post-employment benefit plans

(INR in lakhs)

Particulars	31 March 2020	31 March 2019
- Gratuity Plan - Asset/(Liability)*	(203.52)	(106.75)
- Provident Fund - Asset**	85.95	220.13
- Post Retirement Medical Benefit Plan - (Liability)	(63.43)	(64.63)
Total	**(181.00)**	**48.75**

* Plan assets of INR Nil (31 March 2019: INR Nil) have been recognised in other assets in respect of the Company.

** Plan assets of INR 85.95 lakhs (31 March 2019: INR 220.13 lakhs) have not been recognised in the financial statements, as the surplus of the trust, is distributable among the beneficiaries of the provident fund trust. The above includes amount contributed by Zuari Global Limited (related party of the Company).

a) Gratuity

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 Gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement/termination/resignation. 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 has taken an insurance policy, whereby these contributions are transferred to the insurer. The Company makes provision of such gratuity asset/liability in the books of account on the basis of acturial valuation carried out by an independent actuary.

b) Provident Fund

As per Ind-AS 19, Employee Benefits, provident funds setup by employers, which requires interest shortfall to be met by the employer, needs to be treated as defined benefit plan. Actuarial valuation of Provident Fund was carried out in accordance with the guidance note issued by Actuary Society of India.

c) Post Retirement Medical Benefit Plan

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

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet for the respective plans:

Net employee benefits expense (recognized in employee cost) for the year ended (INR in lakhs)

Particulars	Gratuity	
	31 March 2020	31 March 2019
Current service cost	96.74	127.74
Past service cost	-	-
Net interest cost	0.21	(2.57)
Total	**96.95**	**125.17**

(INR in lakhs)

Particulars	Post Retirement Medical Benefit Plan	
	31 March 2020	31 March 2019
Current service cost	-	-
Past service cost	-	-
Net interest cost	5.02	4.24
Total	**5.02**	**4.24**

Amount recognised in other comprehensive income for the year ended (INR in lakhs)

Particulars	Gratuity	
	31 March 2020	31 March 2019
Actuarial (gain)/loss		
- change in demographic assumptions	(0.11)	-
- change in financial assumptions	10.95	21.86
- experience variance (i.e. Actual experience vs assumptions)	(46.65)	(27.03)
Return on plan assets (excluding amounts included in net interest expense)	53.61	45.08
Total	**17.80**	**39.91**

(INR in lakhs)

Particulars	Post Retirement Medical Benefit Plan	
	31 March 2020	31 March 2019
Remeasurement (or Actuarial) (gain)/loss arising from :		
- change in demographic assumptions	0.03	-
- change in financial assumptions	2.95	-
- experience variance (i.e. Actual experiences assumptions)	(9.21)	5.60
Total	**(6.23)**	**5.60**

Changes in the present value of the defined benefit obligation for the year ended

Gratuity:

(INR in lakhs)

Particulars	31 March 2020	31 March 2019
Opening defined obligation	**2,097.10**	**2,104.59**
Current service cost	96.74	127.74
Interest cost	148.27	164.84
Remeasurement (or Actuarial) (gain)/loss arising from :		
- change in demographic assumptions	(0.11)	-
- change in financial assumptions	10.95	21.86
- experience variance (i.e. Actual experiences assumptions)	(46.65)	(27.03)
Benefits paid	(340.98)	(318.74)
Transfer out	-	23.84
Transferred due to discontinued business	(187.96)	-
Defined benefit obligation	**1,777.37**	**2,097.10**

Provident Fund:

(INR in lakhs)

Particulars	31 March 2020	31 March 2019
Opening defined obligation	**13,003.89**	**12,117.81**
Current service cost	248.05	233.41
Interest cost	1,079.65	933.92
Contributions by Employee/plan participants	691.69	657.67
Benefits Paid out of funds	(2,093.74)	(1,846.35)
Remeasurement (or Actuarial) (gain)/loss arising from :		
- experience variance	39.96	11.21
Settlements/transfer in	227.97	896.22
Defined benefit obligation	**13,197.47**	**13,003.89**

Post Retirement Medical Benefit Plan:

(INR in lakhs)

Particulars	31 March 2020	31 March 2019
Opening defined obligation	**64.63**	**54.79**
Interest cost	5.02	4.24
Remeasurement (or Actuarial) (gain)/loss arising from :		
- change in demographic assumptions	0.03	-
- change in financial assumptions	2.95	-
- experience variance (i.e. Actual experiences assumptions)	(9.21)	5.60
Defined benefit obligation	**63.43**	**64.63**

Notes to Standalone Financial Statements for the year ended 31 March 2020

Changes in the fair value of plan assets for the year ended

Gratuity: (INR in lakhs)

Particulars	31 March 2020	31 March 2019
Opening fair value of plan assets	**1,990.35**	**2,161.64**
Interest income	148.06	167.41
Return on plan assets (excluding amounts included in net interest expense) - Other Comprehensive Income	(53.61)	(45.08)
Contribution by Employer	4.92	25.11
Benefits paid	(340.98)	(318.73)
Transferred due to discontinued business	(174.89)	-
Closing fair value of plan assets	**1,573.85**	**1,990.35**

The Company expects to contribute INR 296.56 lakhs (31 March 2019: INR 241.39 lakhs) to gratuity fund in the next financial year.

Provident Fund: (INR in lakhs)

Particulars	31 March 2020	31 March 2019
Opening fair value of plan assets	**13,224.02**	**12,358.41**
Interest income	1,147.14	957.78
Return on plan assets (excluding amounts included in net interest expense) - Other Comprehensive Income	(152.84)	29.37
Employer Contribution	248.05	233.41
Plan participants/Employee contribution	691.69	657.67
Benefits paid	(2,093.74)	(1,846.35)
Settlements/Transfer in	219.10	833.73
Closing fair value of plan assets	**13,283.42**	**13,224.02**

The Company expects to Contribute INR 545.71 lakhs (31 March 2019: INR 342.33 lakhs) to provident fund trust in the next financial year.

Gratuity (INR in lakhs)

Particulars	31 March 2020	31 March 2019
Investment with insurer (Life Insurance Corporation of India)	1,573.85	1,990.35

Provident Fund (Managed Through Trust) (INR in lakhs)

Particulars	31 March 2020	31 March 2019
Self managed investments	13,283.42	13,224.02

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

Investment pattern in plan assets:

Particulars	Gratuity		Provident fund	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Funds managed by insurance companies	100%	100%	0%	0%
Funds managed by trust	0%	0%	100%	100%

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

Particulars	Gratuity		Provident Fund		Post Retirement Medical Benefit Plan	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Discount rate (in %)	6.85%	7.75%	6.85%	7.75%	6.85%	7.75%
Salary Escalation (in %)	8% for first 2 years and 6.5% thereafter	9% for first 2 years and 7.5% thereafter	-	-	-	-
Mortality Rate (in %)(Upto Normal Retirement Age)	100%	100%	100%	100%	100% of IALM 2012-14	100% of IALM 2006-08
Mortality Rate (in %)(Above Normal Retirement Age)	N.A.	N.A.	N.A.	N.A.	90% of LIC 96-98 mod ult.	90% of LIC 96-98 mod ult.
Withdrawal rate (per annum)	1%-3%	1%-3%	1%-3%	1%-3%	-	-

Notes to Standalone Financial Statements for the year ended 31 March 2020

A quantitative sensitivity analysis for significant assumption for the Company are as shown below:

Gratuity Plan (INR in lakhs)

Assumptions	31 March 2020		31 March 2020		31 March 2020		31 March 2020	
	Discount rate		Future salary increases		Attrition rate		Mortality rate (in %)	
Sensitivity Level	1% increase	1% decrease	1% increase	1% decrease	50% increase of attrition rate	50% decrease of attrition rate	10% increase of mortality rate	10% decrease of mortality rate
Impact on defined benefit obligation	1,678.72	1,894.03	1,887.52	1,682.31	1,780.18	1,778.01	1,779.31	1,779.07
Assumptions	**31 March 2019**		**31 March 2019**		**31 March 2019**		**31 March 2019**	
	Discount rate		**Future salary increases**		**Attrition rate**		**Mortality rate (in %)**	
Sensitivity Level	1% increase	1% decrease	1% increase	1% decrease	50% increase of attrition rate	50% decrease of attrition rate	10% increase of mortality rate	10% decrease of mortality rate
Impact on defined benefit obligation	1,977.17	2,233.92	2,226.61	1,980.65	2,097.30	2,096.75	2,097.22	2,096.98

A quantitative sensitivity analysis for significant assumption for the Company are as shown below:

Provident Fund (INR in lakhs)

Assumptions	31 March 2020	
	Interest Rate Guarantee	
Sensitivity Level	1% increase	1% decrease
Impact on defined benefit obligation	13,814.67	13,079.01

Assumptions	31 March 2019	
	Interest Rate Guarantee	
Sensitivity Level	1% increase	1% decrease
Impact on defined benefit obligation	13,623.86	12,967.20

Post Retirement Medical Benefit Plan (INR in lakhs)

Assumptions	31 March 2020		31 March 2020	
	Discount rate		Mortality rate (in %)	
Sensitivity Level	1% increase	1% decrease	10% increase of mortality rate	10% decrease of mortality rate
Impact on defined benefit obligation	59.72	67.37	61.65	65.21

Assumptions	31 March 2019		31 March 2019	
	Discount rate		Mortality rate (in %)	
Sensitivity Level	1% increase	1% decrease	10% increase of mortality rate	10% decrease of mortality rate
Impact on defined benefit obligation	60.85	68.65	62.82	66.45

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

Maturity Profile of Defined benefit obligation:

Expected cash flows over the next (valued on undiscounted basis): (INR in lakhs)

Particulars	Gratuity		Post Retirement Medical Benefit Plan	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Within the next 12 months (next annual reporting period)	526.48	472.72	6.59	6.93
Between 1 and 5 years	632.26	1,004.29	23.43	24.93
Between 5 and 10 years	687.94	687.11	22.29	24.16
Beyond 10 years	1,205.32	1,825.04	23.92	28.40

The average duration of the defined benefit plan obligation at the end of the reporting period is 6 years (31 March 2019: 6 years).

Notes to Standalone Financial Statements for the year ended 31 March 2020

32. Commitments and contingencies

A. Contingent liabilities:

Claims against the Company not acknowledged as debts

(INR in lakhs)

		31 March 2020	31 March 2019
I	**Demands/Claims from Government Authorities ***		
(A)	**Demands from Income Tax Authorities**		
i)	Demands in respect of assessment year 2012-13 for disallowances mainly on account of loss on sale of fertiliser bonds for which an appeal is pending with CIT (Appeals)	14.64	1,565.30
ii)	Demands in respect of assessment year 2013-14 for disallowances u/s 14A on account of expenditure for earning exempt income for which an appeal is pending with CIT (Appeals)	46.55	367.43
iii)	Demands in respect of assessment year 2014-15 for disallowances u/s 14A on account of expenditure for earning exempt income for which an appeal is pending with CIT (Appeals)	78.57	370.76
iv)	Demands in respect of assessment year 2015-16 for disallowances u/s 37 on account of expendtiure incurred before commencement of business for which an appeal is pending with CIT (Appeals)	318.50	-
v)	Demands in respect of assessment year 2016-17 for disallowances u/s 14A on account of expenditure for earning exempt income, depreciation on Goodwill and unrealised exchange loss for which an appeal is pending with CIT (Appeals)	1,505.87	-
vi)	Demands in respect of assessment year 2017-18 for disallowances u/s 14A on account of expenditure for earning exempt income, depreciation on Goodwill and unrealised exchange loss for which an appeal is pending with CIT (Appeals)	1,433.95	-
vii)	Income-tax advance to Zuari Global Limited against earlier years demand pertains to Fertiliser Business in relation to Demerger happened in financial year 2011-12	1,708.36	1,708.36
(B)	**Demands from Sales Tax and Other Authorities**		
i)	Demand Notice from Commercial Tax Department, Maharashtra towards financial year 2011-12	2.87	2.87
ii)	Exparte Order received from Commercial Tax Department Lucknow, UP for the month of May 2016 to July 2016, September 2016, October 2016 and December 2016	14.34	14.34
iii)	Penalty order received for delay in payment of tax from Commercial Tax Department Lucknow, UP towards financial year 2016-17	9.23	9.23
iv)	Demand Notice from Commercial Tax Department, Chhattisgarh towards financial year 2012-13	-	0.08
v)	Demand Notice from Commercial Tax Department, Jaipur towards Excess Input Tax Credit availed for the periods 2011-12 and 2013-14 in respect of Company	32.10	32.10
vi)	Demand Notice from Commercial Tax Department, Madhya Pradesh towards non-submission of "C Form" for the period 2013-14 of the Company	2.48	2.48
vii)	Demand Notice from commercial tax department Kerala towards Conceded an interstate stock transfer (Out) of taxable items for the period 2009-10 of the Company	15.52	15.52
viii)	Demand Notice from commercial tax department, Meerut, UP towards financial year 2009-10	52.76	52.76
ix)	Mismatch of input credit taken in respect of sales tax Maharashtra for assessment year 2014-15	-	6.87
x)	Demand Notice from commercial tax department, Meerut, UP towards financial year 2013-14 on account of tax rate difference	16.40	16.40
xi)	Demand Notice from commercial tax department Telangana towards Short ITC reversal on stock transfers	8.85	-
xii)	Entry tax demand for assessment year 2012-13	0.08	0.08
xiii)	Demand Notice from Sales Tax Department, Baramati towards ITC claim disallowed for the period 1 April 2013 - 31 March 2014	-	5.50
xiv)	Demand Notice from commercial tax department, Goa towards non-registration under Goa Green Cess Act, 2013 as being importer of natural gas	4,291.34	-
xv)	Demand Notice from Customs department, Mumbai towards non eligibility of exemption under notification no. 04/06–CE dt 1 March 2006 (as amended by notification no. 4/2011–CE dt. 1 March 2011) towards Counter–Vailing Duty (CVD) for the imports at Navasheva port for the period 24 March 2011 to 2 December 2011. Appeal filed with West Zonal Branch of the Customs, Excise and Service Tax Appellate Tribunal at Mumbai for waiver of pre-deposit and penalty	26.10	26.10

Notes to Standalone Financial Statements for the year ended 31 March 2020

(INR in lakhs)

		31 March 2020	31 March 2019
xvi)	Demand Notice from Customs Department, Chennai towards denial of import of MOP at concessional rate of duty for the period 1 April 2001 to 28 February 2006. The Company has filed appeal with South Regional branch of the Customs, Excise and Service Tax Appellate Tribunal at Bangalore for waiver of pre-deposit and stay of impugned order	284.74	284.74
xvii)	Demand Notice from Customs Department, Chennai towards denial of import of MOP at concessional rate of duty for the period 2002-03 and 2003-04. Appeal filed with South Regional branch of the Customs, Excise and Service Tax Appellate Tribunal at Bangalore for waiver of pre-deposit and stay of impugned order	148.28	148.28
xviii)	Customs Duty Differential on finalised Bill of Entries-Dharamatar Port-Order by Deputy Commissioner of Customs(P) Alibaug Division	71.02	71.02
xix)	Demand Notice from CGST, Goa on account of GST refund on services under inverted duty structure from July 2017 to March 2018 towards financial year 2017-18	2,767.33	2,767.33
xx)	Demand notice received for Telangana state towards payment of Entry tax financial year 2017-18	0.24	-
xxi)	Interest appropriation on Demand raised by CGST, Goa on account of GST refund on services under inverted duty structure from July 2017 to March 2018 towards financial year 2017-18	756.26	-
II	**Other claims against the Company not acknowledged as debts***		
i)	Claims against the Company not acknowledged as debts	264.36	100.01

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

B. Financial guarantees:

(INR in lakhs)

	31 March 2020	31 March 2019
Aggregate amount of guarantees issued by the banks to various Government Authorities and Others**	534.00	2,411.55

** Bank guarantees of INR 534.00 lakhs (31 March 2019: INR 2,411.55 lakhs) are secured by a charge created by way of hypothecation on the current assets, both present and future, wherever situated pertaining to the Company and the Company's present and future book debts outstanding, moneys receivable, claims, bills, contracts, engagements, rights and assets.

C. Commitments:

(INR in lakhs)

	31 March 2020	31 March 2019
Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances)	4,087.77	4,811.58

33. Related party transactions

In accordance with the requirements of Ind AS - 24 'Related Party Disclosures', names of the related parties, related party relationship, transactions and outstanding balances including commitments where control exits and with whom transactions have taken place during reported periods are:

(i) Subsidiaries of the Company

1) Mangalore Chemicals and Fertilisers Limited
2) Adventz Trading DMCC
3) Zuari Farm Hub Limited (ZFL) (w.e.f. 23 March 2020)

(ii) Joint ventures of the Company

1) Zuari Maroc Phosphates Private Limited
2) Paradeep Phosphates Limited (PPL) - Subsidiary of Zuari Maroc Phosphates Private Limited

(iii) Key Management Personnel of the Company

1) Mr. Saroj Kumar Poddar - Chairman
2) Mr. Sunil Sethy - Managing Director
3) Mr. Sandeep Agrawal - Chief Financial Officer (upto 11 April 2019)
4) Mr. Samrat Sen - Chief Financial Officer (w.e.f. 12 April 2019 upto 14 December 2019)
5) Mr. R. K. Gupta - Chief Financial Officer (w.e.f. 05 February 2020)
6) Mr. R.Y. Patil - Vice President and Company Secretary (upto 31 March 2020)
7) Mr. N. Suresh Krishnan - Non-Executive Director
8) Mr. Akshay Poddar - Non-Executive Director
9) Mr. Marco Wadia - Independent Director

Notes to Standalone Financial Statements for the year ended 31 March 2020

10) Mr. Gopal Krishna Pillai – Independent Director (upto 31 March 2020)
11) Mr. J.N. Godbole – Independent Director (upto 17 February 2020)
12) Ms. Kiran Dhingra – Independent Director
13) Mr. Vijayamahantesh Khannur – Company Secretary (w.e.f. 1 April 2020)
14) Mr. Dipankar Chatterji (w.e.f. 14 February 2020)

(iv) Parties having significant influence

1) Zuari Global Limited
2) Indian Furniture Products Limited (IFPL)
3) Forte Furniture Products (India) Private Limited (joint ventur of IFPL till 13 March 2019 and joint venture of ZGL w.e.f. 14th March 2019)
4) Simon India Limited
5) Zuari Management Services Limited
6) Zuari Infraworld India Limited
7) Zuari Finserv Limited
8) Zuari Investments Limited
9) Gobind Sugar Mills Limited (subsidiary of Zuari Investment Limited)
10) Zuari Indian Oil Tanking Private Limited (Joint Venture of Zuari Global Limited)

(v) Details of Post Employment Benefit Plans managed through separate trusts (para 9 (b) (v) of Ind AS 24)

1) Zuari Industries Limited Employee Provident Fund
2) Zuari Industries Limited Senior Staff Superannuation Fund
3) Zuari Industries Limited Non Management Employees Pension Fund
4) Zuari Industries Limited Gratuity Fund

Following transactions were carried out with related parties in the ordinary course of business for the year ended : (INR in lakhs)

Sl. No.	Transaction details	31 March 2020				31 March 2019		
		Subsidiaries	Joint Ventures	Enterprises having Significant Influence	Key Management Personnel	Subsidiaries	Joint Ventures	Enterprises having Significant Influence
1	**Expenses incurred on their behalf**							
	- Paradeep Phosphates Limited	-	42.08	-	-	-	135.24	-
	- Gobind Sugar Mills Limited	-	-	6.34	-	-	-	18.67
	- Mangalore Chemicals and Fertilizers Limited*	10.71	-	-	-	952.84	-	-
	- Indian Furniture Products Limited	-	-	-	-	-	-	1.19
	- Zuari Global Limited	-	-	0.67	-	-	-	-
	- Zuari Farm Hub Limited	21.89	-	-	-	-	-	-
2	**Expenses incurred on our behalf**							
	- Paradeep Phosphates Limited	-	-	-	-	-	542.75	-
	- Simon India Limited	-	-	-	-	-	-	41.75
	- Gobind Sugar Mills Limited	-	-	-	-	-	-	0.30
	- Mangalore Chemicals and Fertilizers Limited	0.43	-	-	-	1.82	-	-
3	**Service charges paid**							
	- Zuari Management Services Limited	-	-	920.22	-	-	-	703.67
	- Zuari Finserv Limited	-	-	0.53	-	-	-	10.09
4	**Other Income**							
	- Paradeep Phosphates Limited	-	283.06	-	-	-	97.99	-
5	**Transfer of employee benefits**							
	- Paradeep Phosphates Limited	-	8.84	-	-	-	16.43	-
	- Zuari Global Limited	-	-	-	-	-	-	8.06
	- Simon India Limited	-	-	-	-	-	-	6.25
6	**Purchase of traded goods**							
	- Paradeep Phosphates Limited	-	1,751.99	-	-	-	2,000.25	-
	- Mangalore Chemicals and Fertilizers Limited	2,849.43	-	-	-	5,692.90	-	-
	- Adventz Trading DMCC	45.84	-	-	-	-	-	-

(INR in lakhs)

Sl. No.	Transaction details	31 March 2020				31 March 2019		
		Subsidiaries	Joint Ventures	Enterprises having Significant Influence	Key Management Personnel	Subsidiaries	Joint Ventures	Enterprises having Significant Influence
7	**Purchase of raw materials**							
	- Mangalore Chemicals and Fertilizers Limited	-	-	-	-	39.19	-	-
	- Paradeep Phosphates Limited	-	6,131.46	-	-	-	16,251.50	-
8	**Rebate received on purchase of traded goods**							
	- Mangalore Chemicals and Fertilizers Limited	196.75	-	-	-	71.78	-	-
	- Paradeep Phosphates Limited	-	83.20	-	-	-	2.15	-
9	**Rebate received on purchase of Raw Material**							
	- Paradeep Phosphates Limited	-	436.29	-	-	-	-	-
10	**Sale of finished goods**							
	- Gobind Sugar Mills Limited	-	-	93.15	-	-	-	353.03
	- Mangalore Chemicals and Fertilizers Limited	-	-	-	-	4,579.11	-	-
	- Paradeep Phosphates Limited	-	9,337.82	-	-	-	23,383.54	-
11	**Rebate/Despatch/Dem paid on Sales of traded goods**							
	- Mangalore Chemicals and Fertilizers Limited	577.50	-	-	-	-	-	-
12	**Purchase of fixed assets**							
	- Indian Furniture Products Limited	-	-	107.78	-	-	-	240.09
	- Forte Furniture Products (India) Private Limited	-	-	0.96	-	-	-	1.00
13	**Other expenses**							
	- Indian Furniture Products Limited	-	-	200.21	-	-	-	-
14	**Interest paid**							
	- Paradeep Phosphates Limited	-	2,730.14	-	-	-	1,605.60	-
	- Mangalore Chemicals and Fertilizers Limited	1,121.67	-	-	-	642.65	-	-
15	**Interest income on loan/deposit/trade receivable**							
	- Gobind Sugar Mills Limited (net of reversal of INR 55.08 lakhs (31 March 2019: INR 125.57 lakhs)	-	-	(55.08)	-	-	-	(46.10)
	- Paradeep Phosphates Limited	-	-	-	-	-	247.78	-
	- Adventz Trading DMCC	24.97	-	-	-	24.36	-	-
	- Zuari Global Limited	-	-	-	-	-	-	133.61
	- Indian Furniture Products Limited	-	-	-	-	-	-	83.08
16	**Service income received**							
	- Paradeep Phosphates Limited	-	162.58	-	-	-	245.40	-
	- Zuari Global Limited	-	-	2.50	-	-	-	-
17	**Inter corporate deposits**							
	- Zuari Global Limited	-	-	22,550.00	-	-	-	-
	- Zuari Management Services Limited	-	-	4,800.00	-	-	-	-
18	**Interest paid on Inter corporate deposits**							
	- Zuari Global Limited	-	-	1,509.80	-	-	-	-
	- Zuari Management Services Limited	-	-	411.88	-	-	-	-
19	**Rent paid**							
	- Zuari Global Limited	-	-	48.39	-	-	-	44.43
	- Zuari Infraworld India Limited	-	-	42.94	-	-	-	39.03
	- Gobind Sugar Mills Limited	-	-	2.40	-	-	-	2.40
20	**Advance to Employee**							
	- Mr. Sunil Sethy	-	-	-	81.00	-	-	-

Notes to Standalone Financial Statements for the year ended 31 March 2020

(INR in lakhs)

Sl. No.	Transaction details	31 March 2020				31 March 2019		
		Subsidiaries	Joint Ventures	Enterprises having Significant Influence	Key Management Personnel	Subsidiaries	Joint Ventures	Enterprises having Significant Influence
21	**Dividend received**							
	- Mangalore Chemicals and Fertilizers Limited	640.28	-	-	-	628.43	-	-
	- Zuari Maroc Phosphate Private Limited	-	2,247.70	-	-	-	2,247.70	-
22	**Investment in equity shared**							
	- Zuari Farm Hub Limited	1.00	-	-	-	-	-	-
23	**Proceeds from slump sale**							
	- Zuari Farm Hub Limited	78,556.00	-	-	-	-	-	-
24	**Investment in compulsory convertible debentures (CCD)**							
	- Zuari Farm Hub Limited	43,556.00	-	-	-	-	-	-
25	**Contribution to gratuity fund**	-	-	4.92	-	-	-	25.11
26	**Contribution to superannuation fund**	-	-	134.85	-	-	-	151.58
27	**Contribution to provident fund (including employees contribution)**	-	-	852.25	-	-	-	891.07
28	**Contribution to contributory pension fund (including employees contribution)**	-	-	82.73	-	-	-	90.92

*includes INR Nil (31 March 2019: INR 939.43 lakhs) paid to the Company (Refer Note 6B)

Terms and conditions of transactions with related parties

The transactions of sale and purchases with related parties are made on terms equivalent to those prevailing in arm's length transactions. The outstanding balances at the year end of trading activities are generally unsecured. Interest is charged as per terms of the contract with the related parties which is at arm's length. The net outstanding balances are settled generally in cash.

There have been no guarantees provided or received for any related party receivables or payables.

For the year ended 31 March 2020, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2019: INR Nil).

Compensation of key management personnel of the Company**

(INR in lakhs)

	31 March 2020	31 March 2019
Short-term employee benefits	147.45	309.56
Retirement benefits	6.12	15.50
Sitting Fee	40.00	37.75
Total compensation paid to key management personnel	**193.57**	**362.81**

**The amount disclosed above are the amounts recognised during the reporting period related to key management personnel. As the liabilities for the gratuity and compensated absence is provide on an actuarial basis for the Company as a whole, the amount pertaining to the key management personnel is not ascertainable and therefore not included above.

Balance Outstanding as on:

(INR in lakhs)

Sl. No.	Particulars	31 March 2020				31 March 2019		
		Subsidiaries	Joint Ventures	Enterprises having Significant Influence	Key Management Personnel	Subsidiaries	Joint Ventures	Enterprises having Significant Influence
1	**Loan given :**							
	- Adventz Trading DMCC	198.79	-	-	-	181.68	-	-
2	**Trade payables :**							
	- Mangalore Chemicals and Fertilizers Limited	8,019.72	-	-	-	6,486.07	-	-
	- Paradeep Phosphates Limited	-	34,154.41	-	-	-	30,107.31	-
	- Zuari Global Limited	-	-	45.80	-	-	-	4.64
	- Zuari Finserv Limited	-	-	0.13	-	-	-	0.20
	- Simon India Limited	-	-	-	-	-	-	48.00
	- Zuari Management Services Limited	-	-	-	-	-	-	73.15
	- Zuari Infraworld India Limited	-	-	-	-	-	-	3.83

Notes to Standalone Financial Statements for the year ended 31 March 2020

(INR in lakhs)

Sl. No.	Particulars	31 March 2020				31 March 2019		
		Subsidiaries	Joint Ventures	Enterprises having Significant Influence	Key Management Personnel	Subsidiaries	Joint Ventures	Enterprises having Significant Influence
3	**Interest payable :**							
	- Mangalore Chemicals and Fertilizers Limited	1,632.50	-	-	-	623.00	-	-
	- Paradeep Phosphates Limited	-	4,335.74	-	-	-	1,605.60	-
4	**Trade receivable/Other receivable :**							
	- Gobind Sugar Mills Limited	-	-	146.89	-	-	-	723.31
	- Paradeep Phosphates Limited	-	-	-	-	-	1.80	-
	- Zuari Management Services Limited	-	-	0.50	-	-	-	-
	- Zuari Farm Hub Limited	35,021.89	-	-	-	-	-	-
5	**Interest accrued/received on loan/deposit/ trade receivable :**							
	- Gobind Sugar Mills Limited	-	-	-	-	-	-	24.23
	- Paradeep Phosphates Limited	-	247.78	-	-	-	247.79	-
	- Adventz Trading DMCC	61.28	-	-	-	36.31	-	-
6	**Capital advance :**							
	- Zuari Global Limited	-	-	-	-	-	-	3,209.13
	- Indian Furniture Products Limited	-	-	-	-	-	-	737.11
7	**Security deposits given :**							
	- Zuari Infraworld India Limited	-	-	29.33	-	-	-	29.33
8	**Advance given for income tax liability :**							
	- Zuari Global Limited	-	-	1,708.35	-	-	-	1,708.35
9	**Advance to Employee**							
	- Mr. Sunil Sethy	-	-		81.00	-	-	-
10	**Inter corporate deposits**							
	- Zuari Global Limited	-	-	22,550.00	-	-	-	-
	- Zuari Management Services Limited	-	-	4,800.00	-	-	-	-
11	**Payable toward capital goods :**							
	- Forte Furniture Products (India) Private Limited	-	-	-	-	-	-	1.00
12	**Advance from customers**							
	- Mangalore Chemicals and Fertilizers Limited	1,980.00	-	-	-	413.69	-	-
	- Paradeep Phosphates Limited	-	-	-	-	-	10,734.34	-
13	**Trade deposit received :**							
	- Gobind Sugar Mills Limited	-	-	0.50	-	-	-	0.50
14	**Gratuity fund balance :**	-	-	1,573.85	-	-	-	1,990.35
15	**Provident fund balance* :**	-	-	13,283.42	-	-	-	13,224.02

*Includes amount contributed by Zuari Global Limited (related party of the Company).

34. Segment Information

Information regarding primary segment reporting as per Ind AS-108

The Company is engaged in the business of manufacturing, trading and marketing of chemical fertilizers and fertilizer products which according to the management, is considered as the only business segment.

Accordingly, no seperate segmental information has been provided herein.

Geographical segments

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

Revenue from single customer i.e. Government of India amounted to INR 97,438.48 lakhs (31 March 2019: INR 206,252.24 lakhs) arising from sales in the fertilizers segment.

Notes to Standalone Financial Statements for the year ended 31 March 2020

35. Fair Values

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

(INR in lakhs)

	Carrying value		Fair value	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Financial assets				
Investments:				
Investment in quoted equity share at FVTOCI	968.03	2,226.47	968.03	2,226.47
Investment in unquoted equity share at FVTOCI	660.96	1,153.44	660.96	1,153.44
Others:				
Loans and advances to related parties and interest thereon	260.07	217.99	260.07	217.99
Employee loans and interest thereon	57.93	69.92	57.93	69.92
Security deposits	354.04	485.63	354.04	485.63
Foreign exchange forward covers	-	116.25	-	116.25
Claims receivable	150.53	2,526.30	150.53	2,526.30
Packing scheme incentive grant receivable	-	91.11	-	91.11
Other financial assets	41,029.51	10,705.00	41,029.51	10,705.00
Total financial assets	**43,481.06**	**17,592.12**	**43,481.06**	**17,592.12**
Financial Liabilities				
Borrowings:				
Long term borrowings	74,755.01	84,867.71	74,755.01	84,867.71
Short term borrowings	105,626.82	267,256.85	105,626.82	267,256.85
Others:				
Foreign exchange forward covers	0.00	3,443.90	0.00	3,443.90
Payable towards voluntary retirement scheme	51.18	93.64	51.18	93.64
Other financial liabilities	24,957.91	17,186.82	24,957.91	17,186.82
Total financial liabilities	**205,390.92**	**372,848.92**	**205,390.92**	**372,848.92**

The management assessed that cash and cash equivalents, trade receivables and trade payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

Borrowings are primarily Indian domestic long-term rupee loans wherein interest rates are linked to benchmark rates (Marginal Cost of Lending Rates/ Prime Lending Rates) of respective lenders. These benchmark rates are determined based on cost of funds of the lenders, as well as, market rates. The benchmark rates are periodically revised by the lenders to reflect prevalent market conditions. Accordingly, effective cost of debt for Borrowings at any point of time is in line with the prevalent market rates. Due to these reasons, management is of the opinion that they can achieve refinancing, if required, at similar cost of debt, as current effective interest rates. Hence, the discounting rate for calculating the fair value of Borrowings has been taken in line with the current cost of debt.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

The following methods and assumptions were used to estimate the fair values:

(i) Derivative financial instruments - The fair value of forward foreign exchange contracts is determined using the forward exchange rates at the balance sheet date. The fair value of foreign currency option contracts is determined using the Black Scholes valuation model. The derivatives are entered into with the banks counterparties with investment grade credit ratings.

(ii) Security deposits/Employee loans - The fair value of security deposits/employee loans approximates the carrying value and hence, the valuation technique and inputs have not been given.

(iii) The fair values of the unquoted equity shares have been estimated using a DCF model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

(iv) The fair values of the remaining FVTOCI financial assets are derived from quoted market prices in active markets.

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 March 2020 & 31 March 2019 are as shown below:

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
As on 31 March 2020				
Investment in Unquoted equity share of Indian Potash Limited	DCF Method	WACC and Long Term Growth Rate (LTGR)	WACC 13.79% & LTGR 4%	Increase in WACC and decrease in LTGR by 0.50% would result in decrease in fair value by INR 53.28 lakhs and decrease in WACC and increase in LTGR by 0.50% would result in increase in fair value by INR 59.04 lakhs respectively.
As on 31 March 2019				
Investment in Unquoted equity share of Indian Potash Limited	DCF Method	WACC and Long Term Growth Rate (LTGR)	WACC 12.17% & LTGR 4%	Increase in WACC and decrease in LTGR by 0.50% would result in decrease in fair value by INR 113.76 lakhs and decrease in WACC and increase in LTGR by 0.50% would result in increase in fair value by INR 129.60 lakhs respectively.

Reconciliation of fair value measurement of unquoted equity shares classified as FVTOCI assets: (INR in lakhs)

As at 1 April 2018	**1,272.24**
Re-measurement loss recognised in OCI	(118.80)
Purchases	-
Sales	-
As at 31 March 2019	**1,153.44**
Re-measurement loss recognised in OCI	(492.48)
Purchases	-
Sales	-
As at 31 March 2020	**660.96**

36. Fair value measurements

(i) Financial instruments by category

(INR in lakhs)

	31 March 2020			31 March 2019		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
Financial assets						
Investments-						
Investment in quoted equity share at FVTOCI	-	968.03		-	2,226.47	-
Investment in unquoted equity share at FVTOCI	-	660.96		-	1,153.44	-
Loans and interest thereon	-	-	318.00	-	-	287.91
Security deposits	-	-	354.04	-	-	485.63
Trade receivables	-	-	82,104.92	-	-	240,865.99
Cash and cash equivalents	-	-	5,191.97	-	-	709.45
Bank balances other than above	-	-	4,085.25	-	-	2,653.84
Foreign exchange forward covers	-	-	-	116.25	-	-
Other financial assets	-	-	41,180.04	-	-	13,322.41
Total Financial assets	**-**	**1,628.99**	**133,234.21**	**116.25**	**3,379.91**	**258,325.23**
Financial liabilities						
Borrowings	-	-	180,381.83	-	-	352,124.56
Trade payables	-	-	139,777.53	-	-	149,693.06
Foreign exchange forward covers	0.00	-	-	3,443.90	-	-
Payable for capital goods	-	-	1,036.22	-	-	1,067.38
Others	-	-	23,972.87	-	-	16,213.08
Total Financial liabilities	**0.00**	**-**	**345,168.45**	**3,443.90**	**-**	**519,098.08**

Notes to Standalone Financial Statements for the year ended 31 March 2020

(ii) Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2020: (INR in lakhs)

Particulars	Date of Valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:					
Investment in quoted equity share at FVTOCI	31 March 2020	968.03	968.03	-	-
Investment in unquoted equity share at FVTOCI	31 March 2020	660.96	-	-	660.96
Assets for which fair values are disclosed					
Loans and advances to related parties and interest thereon	31 March 2020	260.07	-	260.07	-
Employee loans and interest thereon	31 March 2020	57.93	-	57.93	-
Security deposits	31 March 2020	354.04	-	354.04	-
Foreign exchange forward covers	31 March 2020	-	-	-	-
Claims receivable	31 March 2020	150.53	-	150.53	-
Packing scheme incentive grant receivable	31 March 2020	-	-	-	-
Other financial assets	31 March 2020	41,029.51	-	41,029.51	-

There have been no transfers between level 1, level 2 and level 3 during the year.

Quantitative disclosures fair value measurement hierarchy for liabilities as at 31 March 2020: (INR in lakhs)

Particulars	Date of Valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Liabilities measured at fair value					
Foreign exchange forward covers	31 March 2020	0.00	-	0.00	-
Liabilities for which fair values are disclosed					
Long term borrowings	31 March 2020	74,755.01	-	74,755.01	-
Short term borrowings	31 March 2020	105,626.82	-	105,626.82	-
Payable towards voluntary retirement scheme	31 March 2020	51.18	-	51.18	-
Other financial liabilities	31 March 2020	24,957.91	-	24,957.91	-

There have been no transfers between level 1, level 2 and level 3 during the year.

Quantitative disclosures, fair value measurement hierarchy for assets as at 31 March 2019: (INR in lakhs)

Particulars	Date of Valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:					
Investment in quoted equity share at FVTOCI	31 March 2019	2,226.47	2,226.47	-	-
Investment in unquoted equity share at FVTOCI	31 March 2019	1,153.44	-	-	1,153.44
Assets for which fair values are disclosed					
Loans and advances to related parties and interest thereon	31 March 2019	217.99	-	217.99	-
Employee loans and interest thereon	31 March 2019	69.92	-	69.92	-
Security deposits	31 March 2019	485.63	-	485.63	-
Foreign exchange forward covers	31 March 2019	116.25	-	116.25	-
Claims receivable	31 March 2019	2,526.30	-	2,526.30	-
Packing scheme incentive grant receivable	31 March 2019	91.11	-	91.11	-
Other financial assets	31 March 2019	10,705.00	-	10,705.00	-

There have been no transfers between level 1, level 2 and level 3 during the year.

Quantitative disclosures fair value measurement hierarchy for liabilities as at 31 March 2019: (INR in lakhs)

Particulars	Date of Valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Liabilities measured at fair value					
Foreign exchange forward covers	31 March 2019	3,443.90	-	3,443.90	-
Liabilities for which fair values are disclosed					
Long term borrowings	31 March 2019	84,867.71	-	84,867.71	-
Short term borrowings	31 March 2019	267,256.85	-	267,256.85	-
Payable towards voluntary retirement scheme	31 March 2019	93.64	-	93.64	-
Other financial liabilities	31 March 2019	17,186.82	-	17,186.82	-

There have been no transfers between level 1, level 2 and level 3 during the year.

37. Financial risk management objectives and policies

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations. The Company also holds investments and enters into derivative transactions. The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks.

The Company's risk management is carried out by a treasury department under policies approved by the Board of directors. The treasury department identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The Board of directors (Committee of directors for Banking and Finance) provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as commodity risk. Financial instruments affected by market risk include borrowings, investments and derivative financial instruments.

The sensitivity analysis in the following sections relate to the position as at 31 March 2020 and 31 March 2019.

The sensitivity analysis have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant.

The analysis exclude the impact of movements in market variables on: the carrying values of gratuity and other post retirement obligations, provisions, and other non-financial assets.

The following assumptions have been made in calculating the sensitivity analysis:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2020 and 31 March 2019.

a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Notes to Standalone Financial Statements for the year ended 31 March 2020

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

(INR in lakhs)

Particulars	Increase/decrease in basis points	Effect on profit before tax
For the year ended 31 March 2020		
INR Borrowings	+50	592.36
USD Borrowings	+50	-
INR Borrowings	-50	(592.36)
USD Borrowings	-50	-
For the year ended 31 March 2019		
INR Borrowings	+50	(738.28)
USD Borrowings	+50	-
INR Borrowings	-50	738.28
USD Borrowings	-50	-

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

b) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company uses foreign exchange forward contracts to manage its transaction exposures. The foreign exchange forward contracts are not designated as cash flow hedges and are entered into for periods consistent with foreign currency exposure of the underlying transactions, generally from one to 7 months.

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in exchange rates of various currencies with INR, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives.

For the year ended 31 March 2020 (INR in lakhs)

Particulars	Change in foreign currency rate	Effect on profit before tax
USD	+5%	1,330.37
	-5%	(1,330.37)

For the year ended 31 March 2019 (INR in lakhs)

Particulars	Change in foreign currency rate	Effect on profit before tax
USD	+5%	(2,834.47)
	-5%	2,834.47

c) Commodity price risk

(i) The Company's operating activities require the ongoing purchase of natural gas. Natural gas being an international commodity is subject to price fluctuation on account of the change in the crude oil prices, demand supply pattern of natural gas and exchange rate fluctuations. The Company is not affected by the price volatility of the natural gas as under the Urea pricing formula the cost of natural gas is pass through if the consumption of natural gas is with in the permissible norm for manufacturing of Urea.

(ii) The Company deals in purchase of imported fertilisers (i.e. DAP and MOP), which are imported by the Company and sold in the domestic market. The import prices of these goods are governed by international prices. There is a price and material availability risk, which may not be in line to meet the domestic market requirement. The risk is also with domestic manufacturers whose costing is based on majorly imported raw materials and small value-add. However, a dynamic alignment of procurement to sales and constant review of market conditions and competitors costing help in mitigating the impact.

(iii) The Company also deals in purchase of imported raw materials (i.e. P2O5, Ammonia, Potash and Urea), which are imported by the Company and used in the manufacturing of NPK. The import prices of these materials are governed by international prices. There is a price and material availability risk.

Equity price risk

The Company's listed and non-listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to unlisted equity securities at fair value was INR 660.96 lakhs (31 March 2019: INR 1,153.44 lakhs). Sensitivity analyses of these investments have been provided in Note 36.

At the reporting date, the exposure to listed equity securities at fair value was INR 968.03 lakhs (31 March 2019: INR 2,226.47 lakhs). A decrease of 5% on the BSE market price could have an impact of approximately INR 48.40 lakhs (31 March 2019: INR 111.32 lakhs) on the OCI or equity attributable to the Company. An increase of 5% in the value of the listed securities would also impact OCI and equity. These changes would not have an effect on profit or loss.

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

a) Trade receivables

The Company receivables can be classified into two categories, one is from the customers into the market and second one is from the Government in the form of subsidy. As far as Government portion of receivables are concerned, credit risk is nil. For market receivables from the customers, the Company extends credit to customers in normal course of business. The Company considers factors such as credit track record in the market and past dealings for extension of credit to customer. The Company monitors the payment track record of the customer. Outstanding customer receivables are regularly monitored. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and operate in largely independent markets. The Company has also taken security deposits from its customers, which mitigate the credit risk to some extent. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 9. The Company holds collateral as security for many of its customers. At 31 March 2020, 45.23% (31 March 2019: 12.87%) of the Company's trade receivables are covered by collateral security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several geographical areas and are having long term business relationship with the Company.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The Company adjusts the receipts from cumstomer on first in first out basis. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than five years and are not subject to enforcement activity. Security collaterals obtained by the Company resulted in a decrease in the ECL of INR 457.53 lakhs as at 31 March 2020 (31 March 2019: INR 399.74 lakhs). During the current year, the Company has performed certain key steps for recoverability of trade receivables including but not limited to reconciliation with its customers, filing of legal cases with customers, recoverability assessment of aged receivables and etc. Based on these steps taken by the manangement, the Company has provided based on their best estimate INR 5,448.87 lakhs (31 March 2019 : INR Nil) in the statement of profit and loss.

Set out below is the information about the credit risk exposure of the Company's trade receivables and contract asset using provision matrix:

(INR in lakhs)

	Contract Asset	<1 Yr	1-2 Yr	2-3 Yr	3-4 Yr	4-5 Yr	>5 Yr	Grand Total
	ECL Rate	**0.40%**	**0.99%**	**3.71%**	**18.32%**	**20.53%**	**100.00%**	
31 March 2020	Estimated total gross carrying amount at default	6,511.47	6,496.86	2,161.78	2,351.79	2,514.55	1,420.97	**21,457.42**
	ECL- simplified approach	26.25	64.09	80.24	430.87	516.31	1,420.97	**2,538.74**
	Net carrying amount	**6,485.22**	**6,432.77**	**2,081.54**	**1,920.92**	**1,998.23**	**-**	**18,918.67**
31 March 2019	**ECL Rate**	**0.39%**	**0.69%**	**1.06%**	**3.35%**	**3.44%**	**100.00%**	
	Estimated total gross carrying amount at default	54,821.50	6,210.44	5,703.94	4,432.10	696.82	1,327.63	**73,192.43**
	ECL- simplified approach	215.30	42.59	60.74	148.49	23.99	1,327.63	**1,818.74**
	Net carrying amount	**54,606.20**	**6,167.85**	**5,643.20**	**4,283.61**	**672.83**	**-**	**71,373.69**

Notes to Standalone Financial Statements for the year ended 31 March 2020

(INR in lakhs)

Reconciliation of provision for doubtful debts, loans, other financial assets and other advances falling under stage 3 of impairment testing :

	Trade receivables	Loans	Other financial assets	Other advances	Total
Provision as at 1 April 2018:	**910.84**	**1,393.54**	**-**	**56.10**	**2,360.48**
Add: Provision made during the year	950.78	-	1,755.68	1,428.15	4,134.61
Less: Provision utilized during the year	(42.88)	-	-	-	(42.88)
Provision as at 31 March 2019:	**1,818.74**	**1,393.54**	**1,755.68**	**1,484.25**	**6,452.21**
Add: Provision made during the year	10,440.31	-	-	1,813.32	12,253.63
Less: Provision utilized/reversed during the year	(4,271.44)	(590.92)	(1,681.40)	(39.29)	(6,583.05)
Provision as at 31 March 2020:	**7,987.61**	**802.62**	**74.28**	**3,258.28**	**12,122.79**

Reconciliation of impairment allowance on investment in equity securities at fair value through profit & loss (FVTPL):

	Amount (INR in lakhs)
Impairment allowance as on 1 April 2018:	**1,161.76**
Add: Provision made during the year	11,779.36
Less: Provision utilized during the year	(1,161.76)
Impairment allowance as on 31 March 2019:	**11,779.36**
Add: Provision made during the year	-
Less: Provision reversed during the year	-
Impairment allowance as on 31 March 2020:	**11,779.36**

b) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the guidelines framed by the board of directors of the Company. Guidelines broadly covers the selection criterion and over all exposure which the Company can take with a particular financial institution or bank. Further, the guideline also covers the limit of overall deposit which the Company can make with a particular bank or financial institution. The Company does not maintain the significant amount of cash and deposits other than those required for its day to day operations.

Liquidity risk

The Company's objective is to maintain optimum levels of liquidity to meet its cash and collateral requirements at all times. The Company relies on a mix of borrowings and excess operating cash flows to meet its needs for funds. The current committed lines of credit are sufficient to meet its short to medium/long term expansion needs. The Company monitors rolling forecasts of its liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

(INR in lakhs)

	Less than 1 Year	1-3 Years	3-5 years	> 5 years	Total
Year ended 31 March 2020					
Borrowings	151,467.34	19,587.49	7,850.00	-	178,904.83
Lease Liabilities	59.09	117.46	132.55	1,167.90	1,477.00
Other financial liabilities	24,985.89	23.20	-	-	25,009.09
Trade and other payables	139,777.53	-	-	-	139,777.53
Foreign exchange forward covers	-				-
	316,289.85	**19,728.15**	**7,982.55**	**1,167.90**	**345,168.45**
Year ended 31 March 2019					
Borrowings	292,351.56	55,906.33	3,866.67	-	352,124.56
Other financial liabilities	17,214.15	66.31	-	-	17,280.46
Trade and other payables	149,693.06	-	-	-	149,693.06
Foreign exchange forward covers	3,443.90	-	-	-	3,443.90
	462,702.67	**55,972.64**	**3,866.67**	**-**	**522,541.98**

Notes to Standalone Financial Statements for the year ended 31 March 2020

38. Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents.

(INR in lakhs)

	31 March 2020	31 March 2019
Total Borrowings (Refer Note 12A & Note 12B)	180,381.83	352,124.56
Trade payables (Refer Note 13)	139,777.53	149,693.06
Other payables (Refer Note 14)	25,009.09	20,724.36
Less: Cash and cash equivalents (Refer Note 10)	(5,191.97)	(709.45)
Net debts	**339,976.48**	**521,832.53**
Total Equity	11,702.90	31,586.30
Capital and net debt	**351,679.38**	**553,418.83**
Gearing ratio (%)	**96.67%**	**94.29%**

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements.

No changes were made in the objectives, policies or processes for managing capital during the year ended 31 March 2020 and ended 31 March 2019.

The Company has various covenants to be complied in respect of its borrowings. The primary covenants are total outstanding liabilities to tangible net worth ratio, debt service coverage ratio, interest coverage ratio, fixed assets coverage ratio, current ratio, debt to EBITDA ratio, current assets to current liabilities ratio and total debt to equity ratio. Following are the non-compliances for debt covenants for borrowings from:

Lender Name	Covenants breached	Consequences of breach	Management assessment
HDFC Limited	Total outstanding liabilities to tangible net worth ratio, debt service coverage ratio, interest coverage ratio	The Company shall pay default interest of 2% per annum over and above the applicable interest rate for each of the above event till such time such default/ non-compliance is cured to the Lender's satisfaction	There were breach of certain covenants in the previous year 31 March 2019, the lender had not charged any penal interest on such breach of covenants and had not withdrawn the facility. The Company has accounted for provision of penal interest during the current year following the conservative approach. Due to breach of covenant, As at 31 March 2020, non-current portion of term loans from bank has been classified as current in the financial statement and is disclosed under current maturity of long term borrowing under other financial liabilities following the principles of Ind AS 1 "Presentation of Financial Statements".
Aditya Birla Finance Limited	Debt to EBITDA ratio, fixed asset coverage ratio, total debt to equity, total debt and contingent liability to equity, debt service coverage ratio	Any breach in financial covenants shall attract a penalty of 1% per annum till time such breach is cured.	There were breach of certain covenants in the previous year 31 March 2019, the lender had not charged any penal interest on such breach of covenants and had not withdrawn the facility. The Company has accounted for provision of penal interest during the current year following the conservative approach. Due to breach of covenant, As at 31 March 2020, non-current portion of term loans from bank has been classified as current in the financial statement and is disclosed under current maturity of long term borrowing under other financial liabilities following the principles of Ind AS 1 "Presentation of Financial Statements".

Notes to Standalone Financial Statements for the year ended 31 March 2020

Lender Name	Covenants breached	Consequences of breach	Management assessment
RBL Bank	Term loan to EBITDA ratio, debt service coverage ratio, fixed asset coverage ratio, interest coverage ratio, current assets to current liability ratio. Also paid up equity of INR 20,000 lakhs had to be infused by the Company till September 2017 which is in process till 31 March 2020.	Bank reserves the right to cancel the facility and charge 1% to 2% per annum being penal interest from the date of default till the date breach is corrected.	There were breach of certain covenants in the previous year 31 March 2019, the lender had not charged any penal interest on such breach of covenants and had not withdrawn the facility. The Company has accounted for provision of penal interest during the current year following the conservative approach. Due to breach of covenant, as at 31 March 2020, non-current portion of term loans from bank has been classified as current in the financial statement and is disclosed under current maturity of long term borrowing under other financial liabilities following the principles of Ind AS 1 "Presentation of Financial Statements".
Rabo Bank	Total outstanding liabilities to tangible net worth ratio, debt service coverage ratio, interest coverage ratio, fixed assets coverage ratio. Also paid up equity of USD 30 million had to be infused by the Company within 180 days of the execution of the loan which is in process till 31 March 2020	Bank reserves the right to discontinue the facility and charge 2% per annum being penal interest from the date of default till the date breach is corrected.	There were breach of certain covenants in the previous year 31 March 2019, the lender had not charged any penal interest on such breach of covenants and had not withdrawn the facility. The Company has accounted for provision of penal interest during the current year following the conservative approach. Due to breach of covenant, as at 31 March 2020, non-current portion of term loans from bank has been classified as current in the financial statement and is disclosed under current maturity of long term borrowing under other financial liabilities following the principles of Ind AS 1 "Presentation of Financial Statements".

39. Disclosure required under Section 186 (4) of the Companies Act, 2013

(i) Included in loans, the particulars of which are disclosed in below as required by Sec. 186(4) of the Companies Act 2013:

Sl. No.	Name of the Borrower	Rate of Interest	Secured/ Unsecured	Due Date	Purpose	31 March 2020	31 March 2019
1	Adventz Trading DMCC	13.25%	Unsecured	3 years from the date of disbursement	General business purpose	198.79	181.68

For further details of loans, Refer Note 6B.

(ii) Details of Investments made are given under Note 6A.

40. Based on the circulars received for revision in uniform freight relating to secondary freight and direct road movement, the Company has, during the earlier years, accrued additional freight subsidy income of INR 600.52 lakhs (upto 31 March 2019: INR 3,043.72 lakhs) relating to Urea. Also, the Company has receivables of INR 2,910.62 lakhs (upto 31 March 2019: INR 2,910.62 lakhs) for Phosphoric and Potassic Fertilisers, for which the claims are yet to be submitted.

As the performa/format for raising the bills for the additional freight subsidy is recently notified and the Company is in process of raising the bills, the amount of INR 3,511.14 lakhs (31 March 2019: INR 5,954.34 lakhs) is still pending for collection. The Company is hopeful to realize the above entire amount of INR 3,511.14 lakhs (31 March 2019: INR 5,954.34 lakhs).

41. Based on Department of Fertilizeres (DoF) notification no. 12012/3/2010 - FPP dated 2 April 2014, the Company has accrued subsidy income of INR 10,894.62 lakhs for the period from 1 April 2014 to 31 March 2020 (upto 31 March 2019: INR 9,788.78 lakhs) towards reimbursement of additional fixed cost at the rate of INR 350 per MT and special compensation of INR 150 per MT to urea units which had completed 30 years and converted to gas. During the current year, DoF issued circular F.No.12012/2/2010-FPP dated 30 March 2020 for smooth implementation of provisions of Modified NPS III. However, DOF is yet to issue notification for the proforma/format for raising the bills.

As required by the notification, the Company has fulfilled the required conditions i.e. a) submission of requisite cost data for the financial year 2012-13 to DoF and b) conversion from Naphtha/Furnace Oil to Gas of fertilizer plant at Goa completed during Annual Turnaround in April 2011, whereas, the Gas was made available to the plant in the month of February 2013.

Basis management assessment, the Company is hopeful of recovering the above reimbursements as per the policy parameters of modified NPS III and NUP 2015 during the next financial year.

42. The Company is carrying receivable of INR Nil (31 March 2019: INR 1,596.53 lakhs) on account of claim raised on a product supplier for loss suffered on purchase of material which did not meet the specified standards. The Company has entered into a Memorandum of Understanding (MoU) with the supplier subsequent to 31 March 2019 for purchase of material and the supplier has agreed to give rebates for adverse market conditions during an earlier period. Accordingly, the Company has reviewed the cash flows from the supplier towards recovery of the amount and has discounted the long term portion of the inflows. Consequently, considering the current situation, the Company has booked an impairment loss of INR 1,394.13 lakhs (31 March 2019: INR 611.31 lakhs) on the receivable in the statement of profit and loss.

43. The Company is carrying a receivable of INR 1,949.03 lakhs (31 March 2019: INR 1,949.03 lakhs) 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 16 April 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 had filed writ petition at Hon'ble High Court of Delhi against Department of Fertilizer to recover this amount. Pursuant to the court order the Court hearing was granted by DoF to present its claims and also submitted written representations. DoF vide their order dated 29 September 2019 had rejected the representation and submissions by the Company. The Company is in the process of filing writ petition to the higher authority against the order passed by DoF and based on the legal assessment done by the Company, it is hopeful to realize the aforesaid amount, hence, no provision has been made in the accounts.

44. The Company was 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 had incurred an expenditure on feasibility study and related expenditure amounting to INR 3,212.39 lakhs (31 March 2019: INR 3,212.39 lakhs) in earlier years which was disclosed as recoverable. The Company has provided for the investment in the rock phosphate mining project through MCAP as per Note 52 described below. The Company had also claimed recovery of expenses incurred on RAK project in its claim as this project was envisaged with the view of backward integration. Based on order passed by ICC, the Company's claim for reimbursement of expenses incurred on RAK project was also dismissed. In view of above, the Company has decided not to proceed further on RAK project, thereby, the Company has provided INR 1,813.32 lakhs (31 March 2019: INR 1,399.07 lakhs) during the current year.

45. During the financial year 2013-14, the Company had sold part of freehold land to Zuari Global Limited at a consideration of INR 16,359.32 lakhs. The possession of the said parcel of land was handed over on 28 March 2014; however the transfer of title is under progress. The Company had received full consideration from the buyer in the financial year 2013-14.

46. In terms of demerger of fertilizer undertaking from Zuari Global Limited in an earlier year, the land records of some of the land parcels are in the process of being mutated in the name of the Company.

47. Zuari Global Limited (ZGL) had demerged its fertilizer undertaking to the Company with effect from 1 July 2011. ZGL has during an earlier year, based on Hon'ble High Court order on demerger of fertilizer undertaking, identified amount of income tax paid under protest pertaining to fertilizer undertaking demerged into the Company.

The Company has exchanged letter of mutual understanding with ZGL wherein the Company has paid such amount of income tax paid under protest. During the financial year ended on 31 March 2017, the Company had paid INR 2,533.85 lakhs to ZGL on this account pending completion of final assessment/litigation in respect of such financial years, out of which, during the year ended 31 March 2019, ZGL has received a favourable order of INR 825.50 lakhs in respect of fertilizer undertaking for the assessment year 2008-09, 2009-10, 2010-11 and 2011-12. Subsequent to 31 March 2020, ZGL has received a favourable order of INR 1,186.19 lakhs for assessment year 2012-13 in respect of claim of fertiliser undertaking.

48. Due to loan repayment defaults during the year, the remuneration of INR 81.00 lakhs paid to its Managing Director in accordance with ordinary resolution but not without prior approval from banks/financial institutions and approval of shareholders by special resolution as per provisions of Section 197 of Companies Act, 2013 (Act) read with Schedule V, has been recognized as recoverable from Managing Director as at year end. As per Section 197(10) of the Act, the Company proposes to seek approval of shareholders by way of special resolution for waiver of recovery of remuneration paid to Managing Director, after obtaining prior approval from the banks/financial institutions.

49. The outbreak of Coronavirus (COVID -19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity. The Nationwide total lockdown announced from 25 March 2020 due to COVID-19 pandemic was gradually lifted based on the impact of outbreak. The agriculture and fertilizer sector remain relatively unaffected on demand side, the Company's operation have not been affected significantly on account of COVID-19 despite some issues relating to non-availability of labour and supply chain disruptions. The proactive support and relaxations extended by the Central and respective State Governments helped Company's production, distribution and sale of fertilizers and crop protection chemicals to remain unaffected. The Company has been able to operate its plants at normal levels by mobilizing critical work force and adopting stringent social distancing, safety measures and guidelines issued in this regard.

Further, the Company has also assessed the impact of this pandemic on recoverability of carrying value of financial and non-financial assets as at the balance sheet date using various internal and external information up to the date of approval of these financial statements. The management has also performed sensitivity analysis on the assumptions used and based on present estimates and believes that the carrying amount is considered to be recoverable and accordingly no further adjustments is required in the financial statements.

Notes to Standalone Financial Statements for the year ended 31 March 2020

However, the impact assessment of Covid-19 is a continuing process given the uncertainties associated with its nature and duration. The impact of Covid-19 may be different from that estimated as at the date of approval of these financial statements and the Company will continue to monitor any material changes to future economic conditions.

50. (a) United Breweries Limited, KingFisher Finvest India Limited, McDowell Holdings Limited instituted arbitration proceedings against the Company and its erstwhile subsidiary, Zuari Fertilizer and Chemicals Limited (now merged with the Company) alleging breach of the Shareholders Agreement (SHA) dated 12 May 2014 executed between the parties. The arbitration was instituted before the former Chief Justice of India. The Award was passed on 8 May 2017 wherein the Arbitrator has held that the SHA cannot be specifically enforced. The claims raised by the Claimants stand dismissed and the arbitrator has ordered to pay to the Company a sum of INR 75.00 lakhs. The Award has been challenged by the Claimants before the High Court of Bombay at Mumbai and the matter has been disposed in favour of the Company.

(b) Mangalore Chemicals and Fertilizers Limited (MCFL), a subsidiary Company, in an earlier year 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 of INR 20,000.00 lakhs and advances of INR 1,668.20 lakhs aggregating to INR 21,668.20 lakhs were fully provided for during the year ended March 31, 2016.

Zuari Fertilisers and Chemicals Limited, the holding company (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. On 19 August 2019, the aforesaid petition has been withdrawn and accordingly this matter has been disposed of by the NCLT.

51. During the year ended 31 March 2020, the Company has recorded demurrage charges and ship or pay charges of INR 7,995.09 lakhs in cost of raw material consumed. Further, basis review of recoverability for certain assets including but not limited to intangibles, trade receivables, advances and other assets, impairment of INR 14,826.41 lakhs, has been recorded in other expenses in the statement of profit and loss for the year ended 31 March 2020.

52. In respect of the Company's investment of INR 11,943.47 lakhs (31 March 2019: INR 11,943.47 lakhs) in the rock phosphate mining project (which is under development) through MCA Phosphate Pte Limited (MCAP), a joint venture company, there had been a deadlock between the Company and its JV partner Mitsubishi about certain impairments recorded in the financial statements of MCAP for financial years 2015-16 and 2016-17.

On 15 February 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 30 May 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 1 April 2018. The Company initiated legal proceedings before the High Court of Singapore on 4 June 2018 seeking certain relief. An order has been passed by the High Court of Singapore on 13 August 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 20 December 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 had 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 4 December 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 23 April 2019.

For the year ended 31 March 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 indicated 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 INR 1,161.76 lakhs recognised for the year 31 March 2018 had been reversed in 31 March 2019 and disclosed as an exceptional income.

During the current year, based upon multiple hearings for arbitration which occurred between 9 September 2019 to 12 September 2019, ICC has passed its partial award on 11 February 2020. The Arbitral Tribunal (by majority) agreed that approval of MCAP's financial statements for Financial Year 2016 and 2017 was in violation of Company's Super Majority Rights; it refused to grant any other reliefs claimed by the Company for the reasons cited in the Partial Award including the Company's prayer for a buy-out for an amount of USD 37 million.

The Arbitral Tribunal also held that the higher of the fair market value and book value of MCAP's shares is currently USD 0. For the purposes of buy-out in terms of the MCAP Shareholders Agreement, the Call Price for Company's 21,690,000 ordinary shares in MCAP are valued at USD 0.01 per share. Consequently, the Company and JV Partner entered into a stipulation agreement on 27 March 2020, vide which they inter alia was agreed:

- Company will pay JV Partner USD 216,900 towards the costs incurred by JV Partner in the Arbitration;
- JV Partner will buy Company's shares in MCAP for a total value of USD 216,900

ICC has passed its final order on 7 May 2020. As per final order, Parties shall have no rights or claims against each other. Each Party will bear its own costs of ICC arbitration and Singapore Proceedings, except that the Company will reimburse JV Partner USD 216,900 for fees paid by JV Partner to the ICC.

JV Partner will exercise its Call Option to purchase Company's shares of MCAP for USD 216,900. Within 15 days of the Final Award, Company will transfer to JV Partner all of its shares of MCAP which the Company has already initiated through its counsels. MCAP shall thereafter exercise the Put Option and will promptly provide notice to counsel for Company when that is done. Additionally, ICC reimburses the Parties for any fees previously paid to the ICC, Zuari will be entitled to 85% of such reimbursed fees, and Mitsubishi will be entitled to 15% of reimbursed fees.

Basis of the ICC order and stipulation agreement, the Company has assessed the fair value of the said investment as at 31 March 2019 and have concluded that the impairment loss was required to be recognized as at 31 March 2019. Accordingly, the Company has recognized an impairment loss of INR 11,779.36 lakhs in the standalone financial statement and the figures for the year ended 31 March 2019 have been appropriately restated and disclosed under exceptional items as per Ind AS 8 "Accounting Policies, Change in Accounting Estimates and Errors".

As per the requirements of paragraph 40A(b) of Ind AS 1 "Presentation of Financial Statements", the Company has not presented the third balance sheet i.e. at the beginning of 01 April 2018 as the management believes that the restatement as explained above does not have a material effect on the information in the balance sheet at the beginning of 01 April 2018.

Disclosure pursuant to Ind AS 8 "Accounting Policies, Change in Accounting Estimates and Errors" (specified under Section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2015) is as below:.

(INR in lakhs)

	Profit before tax	Profit after tax	Earnings per share* (INR)	Total comprehensive income	Financial assets - Investments	Other equity
Year Ended 31 March 2019 (Restated)	(34,060.56)	(32,894.26)	(82.22)	(35,797.91)	75,055.81	27,380.50
Year Ended 31 March 2019 (Published)	(22,281.20)	(21,114.90)	(50.20)	(24,018.55)	86,835.17	39,159.86

*basis and diluted

53. Discontinued Operations

Pursuant to Board approval obtained on 5 February 2020 and vide business transfer agreement dated 31 March 2020, the Company has transferred assets and liabilities of its retail, speciality nutrients business (SPN) & allied, crop protection & care business (CPC), seeds and blended businesses to Zuari FarmHub Limited (ZFL) with effect from 31 March 2020, on a going concern basis under a slump sale arrangement at a consideration of INR 78,556.00 lakhs based on valuation from an independent expert. Consequently, the Company net assets of INR 8,659.26 lakhs has been transferred mainly representing property plant and equipment, inventories, trade receivables and trade payables has been transferred to ZFL and has recognized a gain of INR 69,896.74 lakhs as an exceptional item in the standalone financial statement of the Company. The consideration was settled by issuance of Compulsory Convertible Debentures of ZFL for INR 43,556.00 lakhs and balance of INR 35,000 lakhs payable by December 2020. Subsequent to year end, in accordance with discussion between parties, it has been agreed to discharge the consideration by issuance of equity shares of ZFL.

The Results of discontinued operations for the year are presented below: (INR in lakhs)

	For the year ended 31 March 2020	For the year ended 31 March 2019
Revenue		
Revenue from operations	30,535.96	39,558.88
Other income	118.67	54.41
Total income	**30,654.63**	**39,613.29**
Expenses		
Cost of raw material and components consumed	11,391.69	13,331.43
Purchases of traded goods	8,131.14	20,301.89
Changes in inventories of finished goods, traded goods and work-in-progress	4,672.01	(3,076.10)
Employee benefits expense	1,645.56	1,384.32
Finance costs	970.69	616.40
Depreciation and amortization expense	1,164.22	270.58
Other expenses	3,015.48	4,071.56
Total expense	**30,990.79**	**36,900.08**
Profit/(loss) before tax from a discontinued operation	**(336.16)**	**2,713.21**
Tax (expenses)/income:		
Related to current pre-tax profit/(loss)	83.00	(1,027.22)
Profit/(loss) for the year from a discontinued operation	**(253.16)**	**1,685.99**

Notes to Standalone Financial Statements for the year ended 31 March 2020

The net cash flows incurred by discontinued business are as follows:

	For the year ended 31 March 2020
Operating	(3,450.23)
Investing	(9,892.13)
Financing	4,346.94
Net cash (outflow)/inflow	**(8,995.42)**

Subsequent to year end, OCP Group has expressed an interest to make an investment in ZFL of USD 46.5 million (equivalent to INR 35,184.00 lakhs) to acquire 30% stack in ZFL, subject to the completion of a confirmatory due diligence by OCP. The Company has accepted the offer.

54. The Company is in the business of manufacturing and trading of various types of fertilizer products. Due to significant delays in receipt of subsidy from the Government of India in earlier periods, drought like situation in our key marketing area in earlier periods there was consequent deterioration of the Company's liquidity position, which led to elongation of the working capital cycle of our Company. The 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, on account of which the Company is having net current liability position of INR 150,627.37 lakhs as at 31 March 2020. These factors adversely impacted company's cash flow, debt positions, delay in repayment of loans on contractual maturity date, recall of loans from two lenders due to non-meeting of covenant breach, downgrading of their rating to (ICRA) D and prolonged shut down of its plants for different periods during the year.

With optimal working capital liquidation/realization and in agreement with lenders on the Resolution plan, the Company has cleared all the overdues with Banks/Financial Institutions by 5 December 2019 and have reduced its borrowings and all accounts are now standard with all lenders since 2 January 2020. Also, different plants commenced its operations due to availability of raw materials and working capital. All these have helped upgrading of its rating to (ICRA) B stable in April 2020.

The management believes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business and thus material uncertainty will be resolved due to various steps undertaken (explained above), restructuring and sale of certain assets as explained in Note 53 and Note 55, ongoing discussion with other lenders for funding as required, expected advance from a Group Company against acquisition of assets, and future cash flow projections, the management of Company believes that the Company is fully secured in relation to the payment of external debts payable by the Company.

55. Events after the reporting period

In October 2019, with a view to building a large fertilizer company with access to both Phosphates and Nitrogenous fertilizers and to access the markets serviced by the Company, it proposed and OCP group agreed to evaluate Company's Goa plant for a merger into or slump sale to Paradeep Phosphates Limited (PPL) on both Strategic and financial grounds.

With this objective in mind, reputed advisors were engaged both by the Company and OCP and after detailed discussions, both Company and OCP have recently agreed to a valuation of USD 280 million for the Goa plant of the Company. This transaction would bring in long term funds in the Company and would take care of long term Liabilities of the Company.

Both the parties have also agreed that the said valuation is subject to a confirmatory due diligence to be undertaken by PPL for purchase of Goa Plant of the Company and other legal requirements including approval of Government of India.

It may be noted that presently, the Company and OCP hold 50% each of the total equity capital of Zuari Maroc Phosphates Private Limited (ZMPPL) and ZMPPL holds 80.45% of the Share capital of PPL.

As per our report of even date

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

per **Pravin Tulsyan**
Partner
Membership Number : 108044

Place of Signature: New Delhi
Date: 19 June 2020

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

Sunil Sethy
Managing Director
DIN: 00244104

N. Suresh Krishnan
Director
DIN: 00021965

R. K. Gupta
Chief Financial Officer

Vijayamahantesh Khannur
Company Secretary
ACS No. 19257

Date: 19 June 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of Zuari Agro Chemicals Limited

Report on the Audit of the Consolidated Ind AS Financial Statements

Opinion

We have audited the accompanying consolidated Ind AS financial statements of Zuari Agro Chemicals Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its joint venture comprising of the consolidated Balance Sheet as at March 31, 2020, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries and its joint venture, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("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 consolidated state of affairs of the Group and its joint venture as at March 31, 2020, their consolidated loss including other comprehensive loss, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under Section 143 (10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements' section of our report. We are independent of the Group and its joint venture in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Material Uncertainty Related to Going Concern

We draw attention to Note 55 of the accompanying consolidated Ind AS financial statements, which states that in addition to net current liability position as at March 31, 2020, there are other factors indicating material uncertainty over timely discharge of its liabilities and its consequential impact on the Holding Company's ability to continue as a going concern. Note 55 also describes the mitigating factors considered by the management in its assessment, in view of which the financial statements of the Holding Company have been prepared under the going concern assumption.

Our conclusion is not modified in respect of this matter.

Emphasis of Matter

1) We draw attention to Note 49 of the accompanying consolidated Ind AS financial statements, which describes the uncertainties and the impact of COVID-19 pandemic on the Group's operations and results as assessed by the management.

2) We draw attention to Note 52 of the accompanying consolidated Ind AS financial statements, which describes the impact of INR 11,779.36 lakhs as an adjustment related to impairment of investment in MCA Phosphates Pte Ltd. (MCAP) which has led to a restatement of the consolidated Ind AS financial statements for the year ended March 31, 2019.

3) We draw attention to Note 43 of the accompanying consolidated Ind AS financial statements, wherein the Holding Company is carrying a receivable of INR 1,949.03 lakhs in relation to the subsidy income accrued during the year ended March 31, 2013. Based on the legal opinion obtained by the Holding Company, the management believes that the amount is fully recoverable from the department of fertilizers. Pending settlement of the differential subsidy amount as more fully explained in note, the Holding Company has not made any provision in this regard in the consolidated Ind AS financial statements.

4) We draw attention to Note 7 of the accompanying consolidated Ind AS financial statements, 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 Holding Company and a subsidiary and reliance placed on an order of High Court of Gujarat providing interim relief in a similar matter. The Holding Company has also filed a writ petition in the High Court of Bombay at Goa.

Our opinion is not modified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2020.

These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

In addition to the matter described in the 'Material Uncertainty Related to Going Concern' section, we have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated Ind AS financial statements. The results of audit procedures performed by us, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated Ind AS financial statements.

Key audit matters	**How our audit addressed the key audit matter**
Impact of government policies/notifications on recognition of concession income and their recoverability (as described in Note 18 of the consolidated Ind AS financial statements)	
The Group recognises concession (subsidy) income receivable from the Department of Fertilizers, Government of India as per the New Pricing Scheme for Urea and as per Nutrient Based Subsidy Policy for Phosphatic and Potassic (P&K) fertilizers at the time of sale of goods to its customers. During the current year, the Group has recognised concession income of INR 240,491.92 lakhs and as at March 31, 2020, the Group has receivables of INR 179,376.73 lakhs relating to concession income. We focused on this area because recognition of concession income and assessment of its recoverability is subject to significant judgement of the management and various notifications from the Department of Fertilizers. The area of judgement includes certainty around the satisfaction of conditions specified in the notifications and policies, collections and provisions thereof, likelihood of variation in the related computation rates and basis for determination of accruals of concession income. Accordingly, this matter has been determined to be a key audit matter in our audit of the consolidated Ind AS financial statements.	Our audit procedures included the following: ▪ Read the relevant notifications and policies issued by Department of Fertilizers to ascertain the recognition of concession income, adjustments thereto recognised pursuant to changes in the rates and basis for determination of concession income. ▪ Obtained an understanding of the process and tested the design and operating effectiveness of controls as established by management in recognition and assessment of the recoverability of the concession income. ▪ Evaluated the management's assessment regarding compliance with the relevant conditions as specified in the notifications and policies and collections of concession income. ▪ Tested the ageing analysis and assessed the information used by the management to determine the recoverability of the concession income by considering collections against historical trends. ▪ Reviewed the calculation of urea concession income including escalation/de-escalation adjustments as per known relevant policy parameters in this regard. ▪ Assessed the related disclosure in consolidated Ind AS financial statements.
Estimates with respect to recognition of deferred tax assets on unused tax losses and MAT Credit (including Subsidiary) (as described in Note 17 of the consolidated Ind AS financial statements)	
As at March 31, 2020, the Group has recognized deferred tax assets of INR 6,741.16 lakhs in the consolidated Ind AS financial statements. Deferred tax assets are recognized on unabsorbed tax losses when it is probable that taxable profit will be available against which such tax losses can be utilized. The Group's ability to recognize deferred tax assets on unabsorbed tax losses is assessed by the management at the end of each reporting period, taking into account forecasts of future taxable profits, the law and jurisdiction of the taxable items and the assumptions on which such projections are determined by the management. Given the degree of estimation based on the projection of future taxable profits, management's decision to create deferred tax assets on unabsorbed tax losses and MAT credit has been identified as key audit matter.	Our audit procedures included the following: ▪ Gained an understanding of the deferred tax assessment process and assessed the design and operating effectiveness of controls over recognition of deferred tax. ▪ Discussed and evaluated management's assumptions and estimates like projected revenue growth, margins, etc. including impact of new tax rates as per Taxation Laws (Amendment) Ordinance, 2019 in relation to the probability of generating future taxable income to support the utilization of deferred tax on unabsorbed tax losses and MAT credit with reference to forecast taxable income and performed sensitivity analysis. ▪ Tested the arithmetical accuracy of the model. ▪ Assessed the related disclosures in respect of the deferred tax assets in the consolidated Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
Impairment assessment of Investment in Mangalore Chemicals and Fertilizers Limited, a subsidiary company (as described in Note 6A of the consolidated Ind AS financial statements)	
During the current year, impairment indicators were identified by the management on its investment in its subsidiary company, Mangalore Chemicals and Fertilizers Limited, of INR 54,112.37 lakhs. As a result, an impairment assessment was required to be performed by the Holding Company by comparing the carrying value of these investments to their recoverable amount to determine whether an impairment was required to be recognised. For the purpose of the above impairment testing, value in use has been determined by forecasting future cash flows considering the impact of the economic uncertainties arising from COVID-19 on the discount rates. Furthermore, the value in use is highly sensitive to changes in some of the inputs used for forecasting the future cash flows. Further, the determination of the recoverable amount of the investment in Mangalore Chemicals and Fertilizers Limited involved judgment due to inherent uncertainty in the assumptions supporting the recoverable amount of the investment. Accordingly, the impairment of investment in Mangalore Chemicals and Fertilizers Limited has been determined as key audit matter.	Our audit procedures included the following: • Assessed the analysis of internal and external factors impacting Holding Company's investment, whether there were any indicators of impairment in line with Ind AS 36 "Impairment of Assets". • Gained an understanding of the impairment assessment process and evaluated the design and tested the operating effectiveness of controls in respect of process of comparing the carrying value of the investments to their recoverable amount to determine whether an impairment was required to be recognized. • Assessed the Holding Company's valuation methodology applied in determining the recoverable amount. In making this assessment, we obtained and evaluated the valuation models used to determine the recoverable amount by challenging the key assumptions used by management including: o With the assistance of specialist, we assessed the assumptions around the key drivers of the cash flow forecasts including discount rates, expected growth rates and terminal growth rates used; in consideration of the current and estimated future economic conditions, including the impact of COVID-19 on discount rates. Corroborating the price assumptions used in the models against analyst consensus. o Tested the weighted average cost of capital used to discount the impairment models through engaging valuation experts. o Discussed potential changes in key drivers as compared to previous year/actual performance with management in order to evaluate whether the inputs and assumptions used in the cash flow forecasts were suitable. o Tested the integrity of the models together with their clerical accuracy. • Assessed the recoverable value by performing sensitivity testing of key assumptions used. • Evaluated the competence, professional qualification, objectivity and independence of Holding Company's specialists involved in the process. • Assessed the related disclosures in this regard in the consolidated Ind AS financial statements.

Other Information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the Director's report, but does not include the consolidated Ind AS financial statements and our auditor's report thereon which we obtained prior to the date of this auditor's report, and Extract of Annual Return and Secretarial Audit Report, which is expected to be made available to us after that date.

Our opinion on the consolidated Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its joint venture in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group and of its joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and of its joint venture 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 controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group and of its joint venture are responsible for assessing the ability of the Group and of its joint venture to continue as a going concern (refer Note 55 of the accompanying consolidated Ind AS financial statements), disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group and of its joint venture are also responsible for overseeing the financial reporting process of the Group and of its joint venture.

Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143 (3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its joint venture to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements (refer our note on Material Uncertainty Related to Going Concern above) or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its joint venture to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated Ind AS financial statements of which we are the independent auditors. For the other entities included in the consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

We did not audit the financial statements and other financial information, in respect of 2 subsidiaries whose Ind AS financial statements include total assets of INR 21,762.54 lakhs as at March 31, 2020, and total revenues of INR 335.66 lakhs and net cash outflows of INR 4.50 lakhs for the year ended on that date. These Ind AS financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. The consolidated Ind AS financial statements also include the Group's share of total comprehensive income (comprising of profits and other comprehensive loss) of INR 8,137.05 lakhs for the year ended March 31, 2020, as considered in the consolidated Ind AS financial statements, in respect of one joint ventures, whose financial statements, other financial information have been audited by other auditors and whose reports have been furnished to us by the Management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and joint venture and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and joint venture is based solely on the reports of such other auditors.

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

Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, and joint venture, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

(a) We and the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;

(d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) The going concern matter described in Material Uncertainty Related to Going Concern paragraph above, in our opinion, may have an adverse effect on the functioning of the Holding Company;

(f) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies and joint venture, none of the directors of the Group's companies and its joint venture, incorporated in India, is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;

(g) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company and its subsidiary companies and its joint venture incorporated in India, refer to our separate Report in "Annexure 1" to this report;

(h) In our opinion the managerial remuneration for the year ended March 31, 2020 in relation to Managing Director of the holding company has been paid in excess of the limits provided in provisions of Section 197 read with Schedule V to the Act by INR 81.00 lakhs which is subject to approval of banks/financial institutions and shareholders by a special resolution as explained in Note 48 of the consolidated Ind AS financial statements and therefore, carried as a recoverable from managing director as at March 31, 2020. Further, based on the consideration of reports of other statutory auditors of the subsidiaries and its joint venture incorporated in India, the managerial remuneration or the year ended March 31, 2020 has been paid/provided by its subsidiaries and its joint venture incorporated in India to their directors in accordance with the provisions of Section 197 read with Schedule V to the Act;

(i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries and its joint venture, as noted in the 'Other matter' paragraph:

i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group and its joint venture in its consolidated Ind AS financial statements – Refer Note 32 to the consolidated Ind AS financial statements;

ii. The Group and its joint venture did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2020;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiaries and its joint venture, incorporated in India during the year ended March 31, 2020.

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

per **Pravin Tulsyan**
Partner
Membership Number: 108044
UDIN: 20108044AAAADS5107

Place of Signature : New Delhi
Date : June 19, 2020

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OF ZUARI AGRO CHEMICALS LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated Ind AS financial statements of Zuari Agro Chemicals Limited as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of Zuari Agro Chemicals Limited (hereinafter referred to as the "Holding Company") and its subsidiary companies and its joint venture, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under Section 143 (10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements 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 over financial reporting with reference to these consolidated Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements.

Meaning of Internal Financial Controls Over Financial Reporting with Reference to these Consolidated Ind AS Financial Statements

A company's internal financial control over financial reporting with reference to these consolidated Ind AS financial statements 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 with reference to these consolidated Ind AS financial statements 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 with Reference to these Consolidated Ind AS Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements, 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 with reference to these consolidated Ind AS financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these consolidated Ind AS financial statements 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 Holding Company, its subsidiary companies and its joint venture which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements and such internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our report under Section 143 (3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated financial statements of the Holding Company, insofar as it relates to these one subsidiary company, and one joint venture, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiary and joint venture incorporated in India.

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

per **Pravin Tulsyan**
Partner
Membership Number: 108044
UDIN: 20108044AAAADS5107

Place of Signature : New Delhi
Date : June 19, 2020

Consolidated Balance Sheet as at 31 March 2020

(Amount in INR lakhs, unless otherwise stated)

	Notes	As at 31 March 2020	As at 31 March 2019 (Restated) (Refer Note 52)
Assets			
Non-current assets			
Property, plant and equipment	3	173,985.98	170,730.64
Capital work-in-progress	3	16,766.22	15,356.15
Investment property	4	362.29	362.29
Intangible assets	5	11,900.28	12,453.35
Intangible assets under development	5	-	39.03
Investment in joint ventures	5A	83,737.00	78,113.08
Financial assets			
(i) Investments	6A	1,793.10	3,379.91
(ii) Loans	6B	1,557.50	1,220.21
(iii) Others	6C	57.31	1,645.76
Deferred tax asset (net)	17	6,741.16	8,895.14
Other non-current assets	7	9,061.44	8,222.18
Income tax assets (net)	17A	4,762.23	5,544.80
		310,724.51	**305,962.54**
Current assets			
Inventories	8	54,864.58	176,528.05
Financial assets			
(i) Investments	6A	0.10	-
(ii) Trade receivables	9	221,932.12	390,616.27
(iii) Cash and cash equivalents	10	26,504.15	4,989.04
(iv) Bank balances other than (iii) above	10.1	5,855.23	3,460.01
(v) Loans	6B	126.81	130.36
(vi) Others	6C	8,678.69	12,120.43
Other current assets	7	27,558.68	35,293.39
		345,520.36	**623,137.55**
Assets classified as held for sale	8A	5.18	-
		345,525.54	**623,137.55**
Total assets		**656,250.05**	**929,100.10**
Equity and liabilities			
Equity			
Equity share capital	11	4,205.80	4,205.80
Other equity	11A	29,913.04	111,008.99
Equity attributable to equity holders of the parent company		**34,118.84**	**115,214.79**
Non-controlling interests		41,422.68	39,955.19
Total equity		**75,541.52**	**155,169.98**

Consolidated Balance Sheet as at 31 March 2020

(Amount in INR lakhs, unless otherwise stated)

	Notes	As at 31 March 2020	As at 31 March 2019 (Restated) (Refer Note 52)
Non-current liabilities			
Financial liabilities			
(i) Borrowings	**12A**	56,563.22	86,839.93
(ii) Others	**14**	298.86	612.50
Deferred tax liabilities (net)	**17**	869.20	1,755.37
Other non-current liabilities	**15**	164.31	85.28
Provisions	**16**	1,504.24	1,698.86
		59,399.83	**90,991.94**
Current liabilities			
Financial liabilities			
(i) Borrowings	**12B**	226,804.60	406,570.98
(ii) Trade payables	**13**		
a) total outstanding dues of micro enterprises and small enterprises		780.63	824.02
b) total outstanding dues of creditors other than micro enterprises and small enterprises		195,860.66	194,840.48
(iii) Others	**14**	85,830.16	61,967.75
Other current liabilities	**15**	8,274.58	15,338.80
Provisions	**16**	3,758.07	3,396.14
		521,308.70	**682,938.17**
Total liabilities		**580,708.53**	**773,930.11**
Total equity and liabilities		**656,250.05**	**929,100.10**
Summary of significant accounting policies	**2**		

The accompanying notes are an integral part of the Consolidated Financial Statements

As per our report of even date
For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration Number : 301003E/E300005

per **Pravin Tulsyan**
Partner
Membership Number : 108044

Place of Signature: New Delhi
Date: 19 June 2020

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

Sunil Sethy
Managing Director
DIN: 00244104

N. Suresh Krishnan
Director
DIN: 00021965

R. K. Gupta
Chief Financial Officer

Vijayamahantesh Khannur
Company Secretary
ACS No. 19257

Date: 19 June 2020

Consolidated Statement of Profit and Loss for the year ended 31 March 2020

(Amount in INR lakhs, unless otherwise stated)

		Notes	For the year ended 31 March 2020	For the year ended 31 March 2019 (Restated) (Refer Note 52)
I	**Revenue**			
	Revenue from operations	18	501,078.59	810,290.01
	Other income	19	4,985.20	4,551.99
	Total income (I)		**506,063.79**	**814,842.00**
II	**Expenses**			
	Cost of raw material and components consumed	20	244,039.37	440,176.48
	Purchases of traded goods	21	36,460.44	220,847.16
	Changes in inventories of finished goods, traded goods and work in progress	22	98,216.64	(56,406.46)
	Employee benefits expense	23	17,487.90	17,561.64
	Finance costs	24	53,462.10	48,789.81
	Depreciation and amortization expense	25	11,061.60	8,745.89
	Other expenses	26	127,121.94	156,648.71
	Total expense (II)		**587,849.99**	**836,363.23**
III	**(Loss) before share of profit of joint venture, exceptional items and tax (I - II)**		**(81,786.20)**	**(21,521.23)**
IV	Add: Share of profit of joint venture		8,218.25	5,534.66
V	**(Loss) before exceptional items and tax (III - IV)**		**(73,567.95)**	**(15,986.57)**
VI	Exceptional items	28A	-	10,617.60
VII	**(Loss) before tax (V-VI)**		**(73,567.95)**	**(26,604.17)**
VIII	**Tax expense:**			
	(1) Current tax	17	1,614.61	1,397.18
	(2) Adjustment of tax relating to earlier years	17	-	(1,493.31)
	(3) Deferred tax (credit)/charge	17	2,045.73	785.12
	Income tax expense		**3,660.34**	**688.99**
IX	**(Loss) for the year (VII - VIII)**		**(77,228.29)**	**(27,293.17)**
X	**Other comprehensive Income/(loss)**	11B	**(1,091.53)**	**(2,340.31)**
	A. Items that will not be reclassified to profit or loss			
	Re-measurement gains/(losses) on defined benefit plans		6.03	(156.06)
	Income tax effect		(3.85)	54.54
	Net (loss) on equity Instruments through other comprehensive Income		(1,750.92)	(2,877.69)
	Income tax effect		781.77	-
	Share of other comprehensive income of joint venture (net of tax)		(121.68)	(93.03)
	B. Items that will be reclassified to profit or loss			
	Exchange differences on translation of foreign operations		(2.88)	731.93
XI	**Total comprehensive (loss) for the year, net of tax (IX + X)**		**(78,319.82)**	**(29,633.48)**
	Profit/(loss) for the year			
	Attributed to:			
	Equity holders of the parent		(80,196.09)	(28,837.66)
	Non-controlling interest		2,967.80	1,544.49
	Comprehensive income/(loss) for the year			
	Attributed to:			
	Equity holders of the parent		(1,098.66)	(2,304.82)
	Non-controlling interest		7.13	(35.49)
	Total comprehensive income/(loss) for the year			
	Attributed to:			
	Equity holders of the parent		(81,294.75)	(31,142.48)
	Non-controlling interest		2,974.93	1,509.00
XII	Earnings/(loss) per equity share: (nominal value of share INR 10/- (31 March 2019 -INR 10/-))	28B		
	(1) Basic		(190.68)	(68.57)
	(2) Diluted		(190.68)	(68.57)
	Summary of significant accounting policies	2		

The accompanying notes are an integral part of the Consolidated Financial Statements

As per our report of even date

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number : 301003E/E300005

per **Pravin Tulsyan**

Partner

Membership Number : 108044

Place of Signature: New Delhi

Date: 19 June 2020

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

Sunil Sethy

Managing Director

DIN: 00244104

N. Suresh Krishnan

Director

DIN: 00021965

R. K. Gupta

Chief Financial Officer

Vijayamahantesh Khannur

Company Secretary

ACS No. 19257

Date: 19 June 2020

Consolidated Statement of Cash Flows for the year ended 31 March 2020

(Amount in INR lakhs, unless otherwise stated)

		Notes	For the year ended 31 March 2020	For the year ended 31 March 2019 (Restated) (Refer Note 52)
A	**Cash flow from operating activities:**			
	(Loss) before tax		**(73,567.95)**	**(26,604.17)**
	Share of (profit) of a joint venture		(8,218.25)	(5,534.66)
	Adjustments to reconcile (loss) before tax to net cash flows:			
	Depreciation of property, plant and equipment	**25**	10,265.75	8,324.72
	Amortisation of intangible assets	**25**	795.85	421.17
	Impairment of capital work-in-progress	**26**	-	367.17
	Impairment of investment	**28A**	-	10,617.60
	Loss on disposal of property, plant and equipment (net)	**26**	280.82	542.27
	Excess provision/unclaimed liabilities/unclaimed balances written back	**19**	(1,245.94)	(501.74)
	Bad debts, claims and advances written off	**26**	4,668.31	3,180.49
	Provision for doubtful debts, claims and advances	**26**	13,566.85	1,835.40
	Subsidy claims written off	**26**	156.59	141.16
	Incentive under packing scheme incentive	**19**	(17.05)	(17.05)
	Deferred Service Income		126.41	-
	Unrealized foreign exchange fluctuation loss		3,399.09	(2,091.10)
	Interest expense	**24**	47,575.28	41,877.88
	Interest income	**19**	(1,328.63)	(2,977.83)
	Dividend income	**19**	(2.16)	(2.16)
	Operating profit before working capital adjustments		**(3,545.03)**	**29,579.15**
	Working capital adjustments:			
	Increase/(decrease) in provisions		171.17	123.79
	Increase/(decrease) in trade payables and other liabilities		(12,369.79)	56,515.02
	(Increase)/decrease in trade receivables		156,774.26	(53,591.05)
	(Increase)/decrease in Inventories		121,663.47	(71,413.81)
	(Increase)/decrease in other assets and financial assets		2,589.26	2,820.10
	(Increase)/decrease in loans and advances		(920.96)	725.55
			267,907.41	**(64,820.40)**
	Less-Income tax paid (net of refunds)		(832.05)	(226.57)
	Net cash flow from operating activities (A)*		**263,530.33**	**(35,467.82)**
B	**Cash flow from investing activities:**			
	Purchase of property, plant and equipment, including intangible assets, capital work in progress and capital advances		(8,580.99)	(14,778.79)
	Proceeds from sale of property, plant and equipment		659.40	45.74
	Purchase of current investments		(0.10)	-
	Investment in bank deposits (having original maturity of more than 3 months)		(2,038.03)	(1,746.01)
	Interest received		6,110.45	3,965.25
	Dividend received		2,249.86	2,249.86
	Net cash flow from/(used in) investing activities (B)		**(1,599.41)**	**(10,263.95)**
C	**Cash flow from financing activities:**			
	Proceeds from long term borrowings		27,865.11	66,699.06
	(Repayment) of long term borrowings		(46,212.03)	(15,193.97)
	(Repayment) of lease Liability		(1,505.41)	-
	Proceeds from short term borrowings		24,932.09	611,378.08
	(Repayment) of short term borrowings		(204,698.97)	(588,241.77)
	Dividend paid on equity shares		(544.87)	(556.72)
	Tax on equity dividend paid		(112.00)	(114.43)
	Interest paid		(40,139.73)	(37,988.40)
	Net cash flow (used in) in financing activities (C)		**(240,415.81)**	**35,981.85**

Consolidated Statement of Cash Flows for the year ended 31 March 2020

(Amount in INR lakhs, unless otherwise stated)

	Notes	For the year ended 31 March 2020	For the year ended 31 March 2019 (Restated) (Refer Note 52)
D Net increase /(decrease) in cash and cash equivalents (A + B + C)		**21,515.11**	**(9,749.93)**
Cash and cash equivalents at the beginning of the year		4,989.04	14,738.96
Cash and cash equivalents at the end of the year (Refer Note 10)		**26,504.15**	4,989.04
Cash and cash equivalents		**31 March 2020**	**31 March 2019**
Balances with banks:			
– on current accounts		6,687.34	1,921.34
– on cash credit accounts		360.14	1.89
– Deposits with original maturity of less than 3 months		19,451.56	3,060.00
Cash on hand		5.11	3.02
Cheques on hand		-	2.79
Cash and cash equivalents		**26,504.15**	**4,989.04**

Changes in liabilities arising from financing activities :

	1 April 2019	Cash flows	Foreign currency exchange difference	31 March 2020
Long term borrowings (Refer Note 12A and Note 14)	116,909.66	(18,346.56)	2,029.71	100,592.81
Short term borrowings (Refer Note 12B)	406,570.98	(179,766.38)	-	226,804.60
Lease liabilities (Refer Note 12A and Note 14)	8,644.14	766.70	-	9,410.84
Total liabilities from financing activities	**532,124.78**	**(197,346.23)**	**2,029.71**	**336,808.25**

	1 April 2018	Cash flows	Foreign currency exchange difference	31 March 2019
Long term borrowings (Refer Note 12A and Note 14)	67,230.65	51,505.09	(1,826.08)	116,909.66
Short term borrowings (Refer Note 12B)	383,412.24	23,136.27	22.47	406,570.98
Total liabilities from financing activities	**450,642.89**	**74,641.36**	**(1,803.61)**	**523,480.64**

*Cash flow from operating activities for the 31 March 2020 is after considering corporate social responsibility expenditure of INR 143.52 lakhs (31 March 2019: INR 136.06 lakhs)

Summary of significant accounting policies 2

The accompanying notes are an integral part of the Consolidated Financial Statements

As per our report of even date
For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration Number : 301003E/E300005

per **Pravin Tulsyan**
Partner
Membership Number : 108044

Place of Signature: New Delhi
Date: 19 June 2020

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

Sunil Sethy
Managing Director
DIN: 00244104

N. Suresh Krishnan
Director
DIN: 00021965

R. K. Gupta
Chief Financial Officer

Vijayamahantesh Khannur
Company Secretary
ACS No. 19257

Date: 19 June 2020

Consolidated Statement of changes in equity for the year ended 31 March 2020

(Amount in INR lakhs, unless otherwise stated)

(a) Equity Share Capital

	31 March 2020		31 March 2019	
Equity shares of INR 10 each issued, subscribed and fully paid	**No. of Shares**	**Amount**	**No. of Shares**	**Amount**
At 1 April	42,058,006	4,205.80	42,058,006	4,205.80
At 31 March	42,058,006	4,205.80	42,058,006	4,205.80

(b) Other equity

For the year ended 31 March 2020:

	Reserves and Surplus (Refer Note 11A)				OCI				
	Business Restructuring Reserve	Capital Reserves	Surplus / (deficit) in the statement of profit and loss	General Reserve	Foreign Currency Translation Reserve	Equity instruments through Other Comprehensive Income	Total other equity	Non - controlling Interests	Total equity
As at 1 April 2019	**65,404.84**	**57,667.51**	**(16,409.45)**	**6,150.00**	**1,154.92**	**(2,958.83)**	**111,008.99**	**39,955.19**	**150,964.17**
Adjustment on Reclassification of Joint Venture to Financial assets	-	-	1,069.20	-	(1,130.05)	-	(60.85)	-	**(60.85)**
(Loss) for the year	-	-	(80,196.09)	-	-	-	(80,196.09)	2,967.80	**(77,228.29)**
Other comprehensive (loss) (Refer Note 11B)	-	-	(126.61)	-	(2.88)	(969.15)	(1,098.66)	7.13	**(1,091.53)**
Total comprehensive income / (loss) for the year	**-**	**-**	**(79,253.49)**	**-**	**(1,132.93)**	**(969.15)**	**(81,355.60)**	**2,974.92**	**(78,380.68)**
Acquisition of non-controlling interests (Refer Note 11A)	-	259.65	-	-	-	-	259.65	(850.57)	**(590.92)**
Cash dividends	-	-	-	-	-	-	-	(544.87)	**(544.87)**
Dividend distribution tax (DDT)	-	-	-	-	-	-	-	(112.00)	**(112.00)**
As at 31 March 2020	**65,404.84**	**57,927.16**	**(95,662.94)**	**6,150.00**	**21.99**	**(3,927.98)**	**29,913.04**	**41,422.68**	**71,335.70**

For the year ended 31 March 2019:

	Reserves and Surplus (Refer Note 11A)				OCI				
	Business Restructuring Reserve	Capital Reserves	Surplus / (deficit) in the statement of profit and loss	General Reserve	Foreign Currency Translation Reserve	Equity instruments through Other Comprehensive Income	Total other equity	Non-Controlling Interest	Total equity
As at 1 April 2018	**65,404.84**	**57,667.51**	**12,701.70**	**6,150.00**	**422.99**	**(81.14)**	**142,265.90**	**39,002.91**	**181,268.81**
(Loss) for the year	-	-	(28,837.66)	-	-	-	(28,837.66)	1,544.49	**(27,293.17)**
Other comprehensive income/(loss) (Refer Note 11B)	-	-	(159.06)	-	731.93	(2,877.69)	(2,304.82)	(35.49)	**(2,340.31)**
Total comprehensive income/(loss) for the year	**-**	**-**	**(28,996.72)**	**-**	**731.93**	**(2,877.69)**	**(31,142.48)**	**1,509.00**	**(29,633.48)**
Cash dividends	-	-	-	-	-	-	-	(556.72)	**(556.72)**
Dividend distribution tax (DDT) (Refer Note 27)	-	-	(114.43)	-	-	-	(114.43)	-	**(114.43)**
At 31 March 2019	**65,404.84**	**57,667.51**	**(16,409.45)**	**6,150.00**	**1,154.92**	**(2,958.83)**	**111,008.99**	**39,955.19**	**150,964.18**

Summary of significant accounting policies **2**

The accompanying notes are an integral part of the Consolidated Financial Statements

As per our report of even date
For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration Number : 301003E/E300005

per **Pravin Tulsyan**
Partner
Membership Number : 108044

Place of Signature: New Delhi
Date: 19 June 2020

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

Sunil Sethy
Managing Director
DIN: 00244104

N. Suresh Krishnan
Director
DIN: 00021965

R. K. Gupta
Chief Financial Officer

Vijayamahantesh Khannur
Company Secretary
ACS No. 19257

Date: 19 June 2020

Notes to Consolidated Financial Statements for the year ended 31 March 2020

1. Corporate Information

The Consolidated Financial Statements comprises financial statements of "Zuari Agro Chemicals Limited" ("the Parent Company" or "ZACL") and its subsidiaries (collectively, the Group) and its joint ventures for the year ended 31 March 2020.

The Parent Company is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. Its shares are listed on two recognized stock exchanges in India. The registered office of the Parent Company is located at Jai Kisaan Bhawan, Zuarinagar, Goa – 403 726.

The Group is in the business of manufacturing, trading and marketing of chemical fertilizers, water soluble fertilizers, seeds, pesticides and fertilizer products.

These Consolidated Financial Statements were approved for issue in accordance with a resolution of the Board of Directors of the Parent Company in their meeting held on 19 June 2020.

2.A. Summary of Significant Accounting Policies

i) Basis of Preparation

The Consolidated Financial Statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013 (Ind AS compliant Schedule III), as applicable to the Consolidated Financial Statements.

The Consolidated Financial Statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Derivative financial instruments,
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments), and
- Defined benefit plans – plan assets measured at fair value.

The Consolidated Financial Statements of the Group are presented in Indian Rupee (INR) and all values are rounded to the nearest lakhs (INR 00,000), except when otherwise indicated.

ii) Basis of consolidation

The Consolidated Financial Statements comprise the financial statements of the Parent Company and its subsidiaries as at 31 March 2020. Control is achieved when the Group has power over the investee, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee),
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the Consolidated Financial Statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the Consolidated Financial Statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the Parent Company, i.e., year ended on 31 March.

Consolidation procedure:

a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the Parent Company with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognized in the Consolidated Financial Statements at the acquisition date.

b) Offset (eliminate) the carrying amount of the Parent's investment in each subsidiary and the Parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognized in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the Consolidated Financial Statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Notes to Consolidated Financial Statements for the year ended 31 March 2020

However, the non-controlling interests have been restricted to zero on the transition date i.e. 1 April 2015 using the exemption provided by the Ind AS 101 and the accumulated losses attributable to the non-controlling interest holders in excess of their equity on the transition date, in the absence of the contractual obligation on the non-controlling interest holders, the same has been accounted for by the Parent Company.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

iii) Business combinations and goodwill

In accordance with Ind AS 101 provisions related to first time adoption, the Group has elected to apply Ind AS accounting for business combinations prospectively from 1 April 2015. As such, Indian GAAP balances relating to business combinations entered into before that date, including goodwill, have been carried forward with minimal adjustment.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed off, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

iv) Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries.

The Group's investment in its associate and joint ventures are accounted for using the equity method from the date on which it becomes an associate or a joint venture. On acquisition of the investment, any difference between the cost of the investment and the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted for as follows:

a) Goodwill relating to an associate or a joint venture is included in the carrying amount of the investment. Amortisation of that goodwill is not permitted.

b) Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is recognised directly in equity as capital reserve in the period in which the investment is acquired.

The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit and loss includes the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

If an entity's share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture (which includes any long term interest that, in substance, form part of the Group's net investment in the associate or joint venture), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. If the associate or joint venture subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit and loss.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint

Notes to Consolidated Financial Statements for the year ended 31 March 2020

venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

v) Basis of classification of Current and Non-Current

Assets and Liabilities in the balance sheet have been classified as either current or non-current based upon the requirements of Schedule III notified under the Companies Act, 2013.

An asset has been classified as current if

a) it is expected to be realized in, or is intended for sale or consumption in, the Group's normal operating cycle; or
b) it is held primarily for the purpose of being traded; or
c) it is expected to be realized within twelve months after the reporting date; or
d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

All other assets have been classified as non-current.

A liability has been classified as current when

a) it is expected to be settled in the Group's normal operating cycle; or
b) it is held primarily for the purpose of being traded; or
c) it is due to be settled within twelve months after the reporting date; or
d) the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities have been classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

An operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalents. The Group has identified twelve months as its operating cycle.

vi) Foreign Currency Translation

a) Functional and presentation currency

Items included in the Consolidated Financial Statements of the Group are measured using the currency of the primary economic environment in which the Group operates ('the functional currency'). The Consolidated Financial Statements are presented in Indian Rupee (INR), which is Group's functional and presentation currency.

b) Initial recognition

Transactions in foreign currencies are initially recorded by the Group at the functional currency spot rates at the date the transaction first qualifies for recognition.

c) Conversion

Foreign currency monetary items are translated using the functional currency spot rates of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost denominated in a foreign currency are translated using the exchange rate at the date of the initial transaction. Non-monetary items measured at fair value denominated in a foreign currency are, translated using the exchange rates that existed when the fair value was determined.

d) Exchange differences

Exchange differences arising on settlement or translation of monetary items are recognised in the statement of profit and loss.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income (OCI) or profit and loss are also recognised in OCI or profit and loss, respectively).

e) Translation of a foreign operation

On consolidation, the assets and liabilities of foreign operations are translated into INR at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the Group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising in the acquisition/business combination of a foreign operation on or after 1 April 2015 and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Any goodwill or fair value adjustments arising in business combinations/acquisitions, which occurred before the date of transition to Ind AS (1 April 2015), are treated as assets and liabilities of the entity rather than as assets and liabilities of the foreign operation. Therefore, those assets and liabilities are non-monetary items which are already expressed in the functional currency of the Parent and no further translation differences occur.

Cumulative currency translation differences for all foreign operations are deemed to be zero at the date of transition, viz., 1 April 2015. Gain or loss on a subsequent disposal of any foreign operation excludes translation differences that arose before the date of transition but includes only translation differences arising after the transition date.

vii) Derivative financial instruments

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to statement of profit and loss.

viii) Fair value measurement

The Group measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Consolidated Financial Statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the Consolidated Financial Statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for both recurring fair value

Notes to Consolidated Financial Statements for the year ended 31 March 2020

measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement such as assets held for sale in discontinued operation.

External valuers are involved for valuation of significant assets, and significant liabilities, if any.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management, in conjunction with the Group's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable. For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

ix) Non-current assets classified as held for sale

The Group classifies non-current assets classified as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale expected within one year from the date of classification.

For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale classification is regarded met only when the asset is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets, its sale is highly probable; and it will genuinely be sold, not abandoned. The Group treats sale of the asset to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset,
- An active programme to locate a buyer and complete the plan has been initiated (if applicable),
- The asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Non-current assets held for sale are measured at the lower of their carrying amount and the fair value less costs to sell. Cost to sell are the incremental cost directly attributable to the disposal of an asset, excluding finance cost and income tax expenses. Assets and liabilities classified as held for sale are presented separately in the balance sheet.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

x) Property, plant and equipment

On transition to Ind AS i.e. 1 April 2015, the Group has elected to continue with the carrying value of all of its property, plant and equipment (PPE) recognised as at 1 April 2015 measured as per the Indian GAAP and use that carrying value as the deemed cost of the PPE.

PPE are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, including import duties and non-refundable purchase taxes, borrowing costs if recognition criteria are met and any 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 PPE is added to its book value only if it increases the future benefits from the existing PPE beyond its previously assessed standard of performance. Such cost includes the cost of replacing part of the plant and equipment. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Items of stores and spares that meet the definition of PPE are capitalized at cost. Otherwise, such items are classified as inventories.

Gains or losses arising from derecognition of the 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.

xi) Depreciation on property, plant and equipment

Depreciation on property, plant and equipment (other than specific asset referred under Para (a) to (d) below is calculated using the straight-line basis using the rates arrived at, based on the useful lives estimated by the management. For this purpose, a major portion of the plant has been considered as continuous process plant. The identified components are depreciated separately over their useful lives; the remaining components are depreciated over the life of principal asset. The Group has used the following rates to provide depreciation on its property, plant and equipment which are equal to the rates specified in Schedule II to Companies Act, 2013.

Useful lives estimated by the management (years)	
Factory buildings	30 years
Other buildings (RCC structures)	60 years
Other buildings (other than RCC structures)	30 years
Plant and equipment (Continuous process plant)	25 years
Plant and equipment (Others)	15 years
Furniture and fixtures	10 years
Roads and Culverts	3 to 30 years
Office equipment	3 to 6 years
Vehicles	8 and 10 years
Railway Siding	15 years

(a) In case of the Group Company, the useful lives of components of certain plant and equipment are estimated as 5 to 20 years. These lives are lower than those indicated in Schedule II.

(b) In case of the Parent Company, the management has estimated, supported by independent assessment by professionals, the useful lives of the following classes of assets:

i. The useful lives of certain plant and equipment having net block of INR 187.51 lakhs are estimated as 30 to 40 years. These lives are higher than those indicated in Schedule II.

ii. The useful lives of certain buildings having net block of INR 242.68 lakhs are estimated as 15 years. These lives are lower than those indicated in Schedule II.

(c) Insurance/capital/critical stores and spares are depreciated over the remaining useful life of related plant and equipment or useful life of insurance/capital/critical spares, whichever is lower.

(d) Property, plant and equipment whose value is less than INR 5,000/- are depreciated fully in the year of purchase.

The residual values, useful lives and method of depreciation of property, plant and equipment are reviewed at each financial year and adjusted prospectively, if any.

xii) Intangible Assets

On transition to Ind AS, the Group has elected to continue with the carrying value of all of intangible assets recognised as at 1 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets with finite lives are amortised on a straight line basis over the estimated useful economic life.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

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

Notes to Consolidated Financial Statements for the year ended 31 March 2020

in the statement of profit and loss when the asset is derecognized.

The following are the acquired intangible assets:

Software

Management of the Group assessed the useful life of software as finite and cost of software is amortized over their estimated useful life of three years on straight line basis.

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale.
- Its intention to complete and its ability and intention to use or sell the asset.
- How the asset will generate future economic benefits.
- The availability of resources to complete the asset.
- The ability to measure reliably the expenditure during development.

All expenses incurred on research and development activities are expensed as incurred by the Group since these do not meet the recognition criteria as listed above.

Goodwill (pursuant to the scheme of amalgamation)

Goodwill acquired through amalgamation of Greentech Seeds International Pvt. Limited with the erstwhile subsidiary company (i.e. Zuari Agri Sciences Limited) which has got merged with the Parent Company, pursuant to the scheme of amalgamation approved by the High Court of Bombay at Panaji (Goa) in an earlier year. As per the order of the High Court of Bombay at Panaji (Goa), Goodwill needs to be amortized over a period of twenty years, without having regard to the Accounting Standard, subject to available surplus for the year before amortization of goodwill.

Goodwill (pursuant to the scheme of amalgamation)

Goodwill, which arose pursuant to the scheme of amalgamation of Zuari Speciality Fertilisers Limited (ZSFL) with the Parent Company, has got merged with the Parent Company. Pursuant to business transfer agreement (BTA) executed on 31 March 2020 between the Parent Company and Zuari FarmHub Limited (ZFL), said goodwill has been transferred to ZFL (Refer Note No. 53).

xiii) Investment Property

The Group has elected to continue with the carrying value for all of its investment property as recognized in its previous GAAP Consolidated Financial Statements as deemed cost at the transition date, viz., 1 April 2015.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The cost includes the cost of replacing parts and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognized in profit or loss as incurred.

Investment properties are derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of de-recognition.

xiv) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal 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 fair value less costs of disposal, recent market transactions are taken into account, if available, and if no such transactions can be identified an appropriate valuation model is used.

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

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit and loss.

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 Group estimates the asset's or CGU'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 or loss.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill are not reversed in future periods.

xv) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short term leases and leases of low value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

a) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Land 3 to 30 years
- Building 2 to 10 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

b) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the

Notes to Consolidated Financial Statements for the year ended 31 March 2020

lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in Interest-bearing loans and borrowings.

c) Short term leases and leases of low value assets

The Group applies the short term lease recognition exemption to its short term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short term leases and leases of low value assets are recognised as expense on a straight line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

xvi) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a) Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

Debt Instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. For the purposes of subsequent measurement, debt instruments are classified in three categories:

- Debt instruments at amortised cost;
- Debt instruments at fair value through other comprehensive income (FVTOCI);
- Debt instruments at fair value through profit or loss (FVTPL).

Debt instruments at amortised cost

A debt instrument is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent sole payments of principal and interest (SPPI).

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Group recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to the statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortised cost or as FVTOCI, is classified as at FVTPL. In addition, the Group may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

Equity Instruments

Investments in subsidiaries are subsequently measured at cost.

For the purposes of subsequent measurement of other equity instruments classification is made into below two categories:

- Equity instruments at fair value through profit or loss (FVTPL).
- Equity instruments measured at fair value through other comprehensive income (FVTOCI).

Equity investments other than investments in subsidiaries are measured at fair value. The Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument - by-instrument basis. The classification is made on initial recognition and is irrevocable. Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to statement of profit and loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Parent Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Notes to Consolidated Financial Statements for the year ended 31 March 2020

Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses (ECL) associated with its assets carried at amortised cost and FVTOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk since initial recognition.

For trade receivables only, the Group applies the simplified approach permitted by Ind AS 109 'Financial Instruments', which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Group categorizes them into Stage 1, Stage 2 and Stage 3, as described below:

Stage 1: When financial assets are first recognized, the Group recognizes an allowance based on 12 months ECLs. Stage 1 financial assets also include facilities where the credit risk has improved and the financial assets has been reclassified from Stage 2.

Stage 2: When a financial assets has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the financial assets has been reclassified from Stage 3.

Stage 3: Financial assets considered credit-impaired. The Group records an allowance for the LTECLs.

b) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss (FVTPL) include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with Ind AS 109 Financial instruments and the amount initially recognised less cumulative amortisation, where appropriate. The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

xvii) Cash and Cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the Statement of cash flows, cash and cash equivalents consist of cash and short term deposits.

xviii) Dividend to equity holders of the Parent Company

The Group recognises a liability to make dividend distributions to equity holders of the Parent Company when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the corporate laws in India, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

xix) Inventories

Inventories are valued at the lower of Cost and Net Realisable Value.

The Cost is determined as follows:

a. Raw materials and Store and Spares: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on Moving weighted average method.

b. Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on Moving weighted average method.

c. Traded goods: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on Moving weighted average method.

Materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

Cost includes the necessary cost incurred in bringing inventory to its present location and condition necessary for use.

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

xx) Borrowing Costs

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 are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

Borrowing costs include interest and amortization of ancillary costs incurred in connection with the arrangement of borrowing. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

xxi) Revenue from contract with customer

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in paragraph 2.B.

Sale of goods

Revenue from sale of product is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the product. The normal credit term is 15 to 120 days upon delivery.

Notes to Consolidated Financial Statements for the year ended 31 March 2020

Revenue from sale of goods, including concession in respect of Urea, DAP, MOP and Complex Fertilizers receivable from the Government of India under the New Pricing Scheme/Concession Scheme, is recognized when the significant risk and rewards of ownership of the goods have passed to the customers, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

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

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

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

In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, and consideration payable to the customer (if any).

i) Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of goods provide customers with a right of return and volume rebates. The rights of return and volume rebates give rise to variable consideration.

(a) Rights of return

Certain contracts provide a customer with a right to return the goods within a specified period. The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in Ind AS 115 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Group recognises a refund liability. A right of return asset (and corresponding adjustment to change in inventory) is also recognised for the right to recover products from a customer.

(b) Volume rebates

The Group provides volume rebates to certain customers once the quantity of goods purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the Group applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The Group then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates.

ii) Significant financing component

Occasionally, the Group receives short term advances from its customers. Using the practical expedient in Ind AS 115, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in paragraph xvi) financial instruments – initial recognition and subsequent measurement.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Assets and liabilities arising from rights of return

Right of return assets

Right of return asset represents the Group's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Group updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

Refund liabilities

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period. Refer to above accounting policy on variable consideration.

As per Ind AS 115 and the Educational Material of Ind AS 115, sales tax/VAT is not received by the entity on its own account, it is tax collected on value added to the commodity by the seller on behalf of the Government, therefore, it is excluded from revenue. From 1 July 2017, the GST regime has been introduced, revenue is being recognised net of GST.

Insurance claims

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

Interest income

For all debt instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividend

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

xxii) Retirement and other employee benefits

a) Provident Fund

Retirement benefits in the form of Provident Fund in respect of fertilizer unit in Goa of the Parent Company is a defined benefit obligation and is provided on the basis of actuarial valuation of projected unit credit method made at the end of each financial year. The difference between the actuarial valuation of the provident fund of employees at the year end and the balance of own managed fund is provided for as liability in the books in terms of the provisions under Employee Provident Fund and Miscellaneous Provisions Act, 1952. Any excess of plan assets over projected benefit obligation is ignored as such surplus is distributed to the beneficiaries of the trust.

Retirement benefits in the form of Provident Fund in case of a subsidiary and other units of the Parent Company is a defined contribution scheme. The Group recognizes contribution payable to the fund scheme as expenditure,

Notes to Consolidated Financial Statements for the year ended 31 March 2020

when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

b) Superannuation and Contributory Pension Fund

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

c) Gratuity

Retirement benefit in the form of gratuity is defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

The Parent Company and a subsidiary have taken insurance policy under the Group Gratuity Scheme with the Life Insurance Corporation of India (LIC) to cover the gratuity liability of the employees.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income and such re-measurement gain/(loss) are not reclassified to the statement of profit and loss in the subsequent periods. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

d) Post-Retirement Medical Benefit

In respect of the Parent Company post-retirement medical benefit is a defined benefit obligation which is provided for based on actuarial valuation on projected unit credit method made at the end of each financial year. Re-measurement, comprising of actuarial gains and losses, are recognised in the period in which they occur, directly in statement of profit & loss.

e) Leave Encashment

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. Re-measurement, comprising of actuarial gains and losses, are recognised in the period in which they occur, directly in statement of profit and loss.

The Group treats accumulated leave expected to be carried forward beyond twelve months as long term employee benefit for measurement purpose. Such long term compensated absences are provided for based on actuarial valuation using the projected unit credit method at the year end. The Group presents the leave as a current liability in the balance sheet; to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where Group has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

f) Pension Fund

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

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefits expense in the statement of profit and loss.

g) Voluntary Retirement Scheme

Compensation to employees under the voluntary retirement scheme of the Parent Company is computed on the basis of number of employees exercising the retirement option under the scheme.

h) Short term employee benefits

All employee benefits payable/available within twelve months of rendering of service are classified as short term employee benefits. Benefits such as salaries, wages and bonus etc., are recognised in the statement of profit and loss in the period in which the employee renders the related service.

xxiii) Taxes

Current Income tax and Deferred Tax

Tax expense comprises current income tax and deferred tax. Current income tax expense is measured at the amount expected to be paid to the taxation authorities in accordance with the Income Tax Act, 1961. 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 recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Notes to Consolidated Financial Statements for the year ended 31 March 2020

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

In case of subsidiary Company, minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss a current tax for the year. The deferred tax asset is recognised for MAT credit available only to the extent that it is probable the subsidiary company will pay normal income tax during the specified year, i.e., the year for which MAT credit is allowed to be carried forward. In the year in which the subsidiary company recognizes MAT credit as an asset, it is created by way of credit to the statement of profit and loss and shown as part of deferred tax asset. The subsidiary company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period.

Goods and Service Tax (GST)/Sales/value added taxes paid on acquisition of assets or on incurring expenses

When GST amount incurred on purchase of assets or services is not recoverable from the taxation authority, the GST paid is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable. Otherwise, expenses and assets are recognized net of the amount of GST paid. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

xxiv) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders of the Parent Company by the weighted average number of the equity shares outstanding during the year.

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

xxv) Government grants and subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that the grant/subsidy will be received and all attaching conditions will be complied with.

When the grant or subsidy relates to an expenses item, it is recognized as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate.

Where the grant or subsidy relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

xxvi) Provisions

A provision is recognized when the Group has a present obligation (legal or constructive) 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. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

In case of seeds division, the Parent Company makes an estimation of probable sales return out of the sales booked during the financial year, considering the terms and condition of the sale and past tendency of such sales return. A provision is made for loss on account of such estimated sales return which is approximate to the amount of profit originally booked on such sale.

xxvii) Segment Reporting Policies

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. Chief Operating Decision Maker reviews the performance of the Group according to the nature of products manufactured, traded and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the locations of customers.

Segment accounting policies

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the Consolidated Financial Statements of the Group as a whole.

2.B. Significant accounting judgments, estimates and assumptions

The preparation of the Group's Consolidated Financial Statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

a) Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

b) Defined benefit plans

The cost of the defined benefit gratuity plan, post-employment medical benefits and other defined benefit plans and the present value of the obligation of defined benefit plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for defined benefit plans, the management considers the interest rates of government bonds.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases are based on the expected future inflation rates. Further details about the defined benefit obligations are given in Note 31.

c) Provision for expected credit losses of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and coverage by deposits or others instruments).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 37.

d) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where ever possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer Note 37 for further disclosures.

Notes to Consolidated Financial Statements for the year ended 31 March 2020

e) Useful life of Property, plant and equipment

The management estimates the useful life and residual value of property, plant and equipment based on technical evaluation. These assumptions are reviewed at each reporting date.

f) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow (DCF) model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill recognised by the Group.

g) Revenue from contracts with customers

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

Determining method to estimate variable consideration and assessing the constraint

Certain contracts for the sale of goods include a right of return and volume rebates that give rise to variable consideration. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

The Group determined that the expected value method is the appropriate method to use in estimating the variable consideration for the sale of goods with rights of return, given the large number of customer contracts that have similar characteristics. In estimating the variable consideration for the sale of goods with volume rebates, the Group determined that using a combination of the most likely amount method and expected value method is appropriate. The selected method that better predicts the amount of variable consideration was primarily driven by the number of volume thresholds contained in the contract. The most likely amount method is used for those contracts with a single volume threshold, while the expected value method is used for contracts with more than one volume threshold.

Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

Estimating variable consideration for returns and volume rebates

The Group estimates variable considerations to be included in the transaction price for the sale of goods with rights of return and volume rebates.

The Group developed a statistical model for forecasting sales returns. The model used the historical return data of each product to come up with expected return percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected return percentages estimated by the Group.

The Group's expected volume rebates are analysed on a per customer basis for contracts that are subject to a single volume threshold. Determining whether a customer will be likely entitled to rebate will depend on the customer's historical rebates entitlement and accumulated purchases to date.

The Group applied a statistical model for estimating expected volume rebates for contracts with more than one volume threshold. The model uses the historical purchasing patterns and rebates entitlement of customers to determine the expected rebate percentages and the expected value of the variable consideration. Any significant changes in experience as compared to historical purchasing patterns and rebate entitlements of customers will impact the expected rebate percentages estimated by the Group.

The Group updates its assessment of expected returns and volume rebates quarterly and the refund liabilities are adjusted accordingly. Estimates of expected returns and volume rebates are sensitive to changes in circumstances and the Group's past experience regarding returns and rebate entitlements may not be representative of customers' actual returns and rebate entitlements in the future.

h) Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

i) Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

2.C. Changes in accounting policies and disclosures

New and amended standards

The Group applies, for the first time, Ind AS 116 Leases retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the date of initial application.

The nature and effect of these changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in April 2019, but do not have an impact on the Consolidated Financial Statements of the Group. The Group has not early adopted any standards or amendments that have been issued but are not yet effective.

Ind AS 116:

Ind AS 116 Leases was notified by MCA on 30 March 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to re-measure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under Ind AS 116 is substantially unchanged from accounting under Ind AS 17. Lessors will continue to classify all leases using the same classification principle as in Ind AS 17 and distinguish between two types of leases: operating and finance leases.

The Group adopted Ind AS 116 using the modified retrospective method of adoption with the date of initial application of 1 April 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. Accordingly, comparatives for the year ended 31 March 2019 have not been retrospectively adjusted. The Group elected to apply the standard to contracts that were previously identified as leases applying Ind AS 17. The Group also elected to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value.

a. Nature of the effect of adoption of Ind AS 116

The Group has lease contracts for various guest house, retail outlets and land. Before the adoption of Ind AS 116, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group; otherwise it was classified as an operating lease. Finance leases were capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognised as finance costs) and reduction of the lease liability. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in the statement of profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under Prepayments and Trade and other payables, respectively.

Upon adoption of Ind AS 116, the Group applied a single recognition and measurement approach for all leases that it is the lessee, except for short term leases and leases of low value assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Group.

Leases previously classified as finance leases

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial

Notes to Consolidated Financial Statements for the year ended 31 March 2020

application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under Ind AS 17). The requirements of Ind AS 116 was applied to these leases from 1 April 2019.

Leases previously accounted for as operating leases

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short term leases and leases of low value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short term leases exemptions to leases with lease term that ends within 12 months at the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease

b. Amounts recognised in the statement of financial position and profit or loss

Set out below, are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the year:

(INR in lakhs)

	Right-of-use assets			Lease Liabilities	Retained earnings
	Land	Building	Total		
As at 1 April 2019	**-**	**-**	**-**	**-**	**-**
Transition impact on account of adoption of Ind AS 116 "Leases" (Refer Note 3)	3,168.71	5,475.43	8,644.14	8,644.14*	-
Reclassified on account of adoption of Ind AS 116 "Leases" (Refer Note 3)	857.33	-	857.33	-	-
Additions	-	1,797.02	1,797.02	1,826.90	-
Disposal	(46.21)	(437.82)	(484.03)	(498.51)	-
Depreciation expense	(196.90)	(880.28)	(1,077.18)	-	(1,077.18)
Interest expense	-	-	-	943.72	(943.72)
Payments	-	-	-	(1,505.41)	1,505.41
As at 31 March 2020	**3,782.93**	**5,954.34**	**9,737.27**	**(9,410.84)**	**(515.49)**

*discounted operating lease commitment based on weighted average incremental borrowing rate of 10.00% - 10.70% excluding the commitments relating to short term leases.

The Group has recognised rent expense from short term leases of INR 39.28 lakhs for the twelve months ended 31 March 2020.

Cash flow from operating activities increased by INR 1,505.41 lakhs with corresponding decrease in cash flow from financing activities.

There is no material impact on other comprehensive income and the basic and diluted EPS.

Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment

The appendix addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12 and does not apply to taxes or levies outside the scope of Ind AS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The appendix specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately.
- The assumptions an entity makes about the examination of tax treatments by taxation authorities.
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.
- How an entity considers changes in facts and circumstances.

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. In determining the approach that better predicts the resolution of the uncertainty, an entity might consider, for example, (a) how it prepares its income tax filings and supports tax treatments; or (b) how the entity expects the taxation authority to make its examination and resolve issues that might arise from that examination.

The Group determined, based on its tax compliance, that it is probable that its tax treatments will be accepted by the taxation authorities. The Appendix did not have an impact on the Consolidated Financial Statements of the Group.

Amendments to Ind AS 12: Income Taxes

The amendments also clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. Since the Group's current practice is in line with these amendments, they had no impact on the Consolidated Financial Statements of the Group.

Amendments to Ind AS 109: Prepayment Features with Negative Compensation

Under Ind AS 109, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to Ind AS 109 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

These amendments have no impact on the Consolidated Financial Statements of the Group.

Amendments to Ind AS 19: Plan Amendment, Curtailment or Settlement

The amendments to Ind AS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to re-measure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event.
- Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to re-measure that net defined benefit liability/ (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss.

An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income.

These amendments had no impact on the Consolidated Financial Statements of the Group as it did not have any plan amendments, curtailments, or settlements during the period.

Amendments to Ind AS 23: Borrowing Costs

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 April 2019. Since the Group's current practice is in line with these amendments, they had no impact on the Consolidated Financial Statements of the Group.

Amendments to Ind AS 28: Long term interests in associates and joint ventures

The amendments clarify that an entity applies Ind AS 109 to long term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long term interests). This clarification is relevant

Notes to Consolidated Financial Statements for the year ended 31 March 2020

because it implies that the expected credit loss model in Ind AS 109 applies to such long term interests.

The amendments also clarified that, in applying Ind AS 109, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying Ind AS 28 Investments in Associates and Joint Ventures.

Since the Group's current practice is in line with these amendments, they had no impact on the Consolidated Financial Statements of the Group.

Annual Improvements to Ind AS 2018

Ind AS 103 Business Combinations

The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including re-measuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer re-measures its entire previously held interest in the joint operation.

An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 April 2019.

These amendments had no impact on the Consolidated Financial Statements of the Group as there is no transaction where joint control is obtained.

Ind AS 111 Joint Arrangements

An entity that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in Ind AS 103. The amendments clarify that the previously held interests in that joint operation are not re-measured.

An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 April 2019.

These amendments had no impact on the Consolidated Financial Statements of the Group as there is no transaction where a joint control is obtained.

2.D. Standards issued but not yet effective

There are no standards or amendments issued on or before 31 March 2020 but not yet effective, which may have any material impact on the Consolidated Financial Statements of the Group.

3. Property, plant and equipment

(INR in lakhs)

	Freehold land (Refer Note 45 and Note i below)	Leasehold land (Refer Note ii below)	Buildings	Railway siding	Plant and equipment	Furniture and fixtures	Office equipment	Vehicles	Right to use building	Right to use land (Refer Note ii below)	Total	Capital work-in-progress
Cost												
As at 1 April 2018	**64,192.08**	**873.70**	**13,332.53**	**1,036.20**	**104,364.37**	**1,125.43**	**1,213.41**	**1,125.87**	**-**	**-**	**187,263.59**	**14,656.26**
Additions	-	9.09	598.18	-	11,502.25	285.90	370.39	128.84	-	-	12,894.65	12,169.75
Borrowing costs	-	-	-	-	72.73	-	-	-	-	-	72.73	774.37
Disposals	-	-	0.12	-	924.94	1.00	14.61	65.94	-	-	1,006.61	11,877.06
As at 31 March 2019	**64,192.08**	**882.79**	**13,930.59**	**1,036.20**	**115,014.41**	**1,410.33**	**1,569.19**	**1,188.77**	**-**	**-**	**199,224.36**	**15,723.32**
Transition impact on account of adoption of Ind AS 116 "Leases" (Refer Note 2.C.b)	-	-	-	-	-	-	-	-	5,475.43	3,168.71	8,644.14	-
Additions	17.70	-	145.06	57.96	3,128.61	210.29	358.67	139.06	1,797.01	-	5,854.36	4,929.12
Borrowing costs	-	-	-	-	-	-	-	-	-	-	-	667.77
Assets classified as held for sale (Refer Note 8A)	5.18	-	-	-	-	-	-	-	-	-	5.18	-
Reclassified on account of adoption of Ind AS 116 "Lease"(Refer Note 2.C. and Note vi below)	-	(882.79)	-	-	-	-	-	-	-	882.79	-	-
Disposals	50.03	-	8.80	1.53	789.11	9.34	4.17	79.08	469.15	75.62	1,486.83	4,186.82
As at 31 March 2020	**64,154.57**	**-**	**14,066.85**	**1,092.63**	**117,353.91**	**1,611.28**	**1,923.69**	**1,248.75**	**6,803.29**	**3,093.08**	**212,230.85**	**17,133.39**
Depreciation and Impairment												
As at 1 April 2018	**-**	**20.61**	**1,330.04**	**247.95**	**17,680.23**	**391.13**	**644.35**	**273.30**	**-**	**-**	**20,587.61**	**-**
Charge for the year	-	4.85	434.17	87.39	7,236.33	156.39	225.77	179.82	-	-	8,324.72	-
Impairment (Refer Note viii below)	-	-	-	-	-	-	-	-	-	-	-	367.17
Disposals	-	-	-	-	381.61	0.38	10.39	26.23	-	-	418.61	-
As at 31 March 2019	**-**	**25.46**	**1,764.21**	**335.34**	**24,534.95**	**547.14**	**859.73**	**426.89**	**-**	**-**	**28,493.72**	**367.17**
Charge for the year	-	-	481.39	78.52	8,050.93	165.33	236.65	175.75	880.28	196.90	10,265.75	-
Reclassified on account of adoption of Ind AS 116 "Lease"(Refer Note 2.C. and Note vi below)	-	(25.46)	-	-	-	-	-	-	-	25.46	-	-
Disposals	-	-	2.28	0.71	396.25	9.00	3.87	41.75	31.33	29.41	514.60	-
As at 31 March 2020	**-**	**-**	**2,243.32**	**413.15**	**32,189.63**	**703.47**	**1,092.51**	**560.89**	**848.95**	**192.95**	**38,244.87**	**367.17**
Net book value												
As at 31 March 2020	**64,154.57**	**-**	**11,823.53**	**679.48**	**85,164.28**	**907.81**	**831.18**	**687.86**	**5,954.34**	**2,900.13**	**173,985.98**	**16,766.22**
As at 31 March 2019	**64,192.08**	**857.33**	**12,166.38**	**700.86**	**90,479.46**	**863.19**	**709.46**	**761.88**	**-**	**-**	**170,730.64**	**15,356.15**
As at 1 April 2018	**64,192.08**	**853.09**	**12,002.49**	**788.25**	**86,684.14**	**734.30**	**569.06**	**852.57**	**-**	**-**	**166,675.98**	**14,656.26**

For Property, plant and equipment existing as on 1 April 2015, i.e., its date of transition to Ind AS, the Group has used Indian GAAP carrying value of the assets as deemed costs.

i. This includes freehold land of INR 6,817.79 lakhs (31 March 2019: INR 6,867.78 lakhs) in respect of a subsidiary company acquired by the Parent Company in a past business combination. The said land is fair valued as per the principles of Ind AS 103 and an addition of INR 57,246.18 lakhs, on account of fair valuation, was booked in the year of acquisition of the subsidiary as a part of purchase price allocation.

ii. This includes, in respect of Parent Company, land of INR 396.00 lakhs (31 March 2019: INR 396.00 lakhs) wherein lease cum sale agreement is for a year of 10 years. Lesser shall sell the property at the end of the lease year or extended year, if any.

iii. Assets pledged as security for borrowings: Refer Note 12 for information on property, plant and equipment pledged as security against borrowings.

iv. Building includes self constructed building with net book value of INR 4,153.91 lakhs (31 March 2019: INR 4,303.25 lakhs) on leasehold land.

v. Contractual obligations: Refer to Note 32 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

vi. The net block of leasehold land of INR 857.33 lakhs (Gross block - INR 882.79 lakhs and accumulated depreciation - INR 25.46 lakhs) has been reclassified to "Right of Use" assets on account of adoption of Ind AS 116 "Leases".

Notes to Consolidated Financial Statements for the year ended 31 March 2020

vii. Capitalised Expenditure

Borrowing Costs

Plant and equipments include INR Nil (31 March 2019: INR 72.73 lakhs) towards borrowing costs capitalised during the year. The rate used to determine the amount of borrowing costs eligible for capitalisation by the Fertilizer Division was 10.00% - 10.64% p.a. (31 March 2019: 10.92%), which is the effective interest rate of the specific borrowing.

(INR in lakhs)

	31 March 2020	31 March 2019
Balance brought down	1,933.18	1,158.81
Interest expenses	667.77	847.10
Sub-Total	**2,600.95**	**2,005.91**
Less: Allocated to Property, plant and equipment	-	72.73
Balance carried over (included in Capital work-in-progress)	**2,600.95**	**1,933.18**

vii. Capital work-in-progress

Capital work-in-progress, in case of the Parent Company, as at 31 March 2020 and 31 March 2019 comprises of expenditure for revamping of ammonia urea plant and other plant and machinery in the course of construction. In case of a subsidiary company, it comprises of expenditure in respect of energy saving project.

viii. Impairment of Capital work-in-progress

During the year ended on 31 March 2019, the impairment loss of INR 367.17 lakhs represented the write-down value of Capital work-in-progress related to Jetty project of the Parent Company due to non-viability of the project in foreseeable future as internally assessed by the management and the same had been charged off to statement of profit and loss.

4. Investment property

(INR In lakhs)

Opening balance at 1 April 2018	362.29
Additions (subsequent expenditure)	-
Closing balance at 31 March 2019	362.29
Additions (subsequent expenditure)	-
Closing balance at 31 March 2020	362.29
Depreciation	
Opening balance at 1 April 2018	-
Depreciation for the year	-
Closing balance at 31 March 2019	-
Depreciation for the year	-
Closing balance at 31 March 2020	-
Net book value	
As at 1 April 2018	362.29
As at 31 March 2019	362.29
As at 1 April 2020	362.29

For investment property existing as on 1 April 2015, i.e., its date of transition to Ind AS, the Parent Company has used Indian GAAP carrying value of the assets as deemed costs.

(INR In lakhs)

Information regarding income and expenditure of Investment property	31 March 2020	31 March 2019
Rental income derived from investment properties	Nil	Nil
Direct operating expenses (including repairs and maintenance) arising from investment property that generating rental income	Nil	Nil
Direct operating expenses (including repairs and maintenance) arising from investment property that did not generate rental income	Nil	Nil
Profit arising from investment properties before depreciation and indirect expenses	Nil	Nil
Less – Depreciation	Nil	Nil
Profit arising from investment properties before indirect expenses	Nil	Nil

Investment property consist of freehold land owned by the Parent Company.

The Parent Company obtains independent valuations for its investment properties at least annually. The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available, the Parent Company considers information from a variety of sources including :-

1. Current prices in an active market of properties of different nature or recent prices of similar properties in less active market adjusted to reflect those differences.
2. Discounted cash flow projections based on reliable estimates of future cash flows.
3. Capitalised income projections based upon a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

As at 31 March 2020 and 31 March 2019, the fair values of the investment properties are INR 409.00 lakhs and INR 409.00 lakhs respectively. These valuations are based on valuations performed by an accredited independent valuer, who is specialist in valuing these types of investment properties. A valuation model in accordance with that recommended by the International Valuation Standards Committee has been applied. The valuation is done based on current prices in active market of properties of different nature.

Details of key inputs used in the valuation of investment properties are as below:

Property description: Land situated in the Pannagudi & Karaikal Village, Tamil Nadu

Significant unobservable Inputs	Inputs 31 March 2020	Inputs 31 March 2019
Land area	24.8 Acre	24.8 Acre
Prevailing market rate (per acre)	INR 18 lakhs/Acre	INR 18 lakhs/Acre
Guidelines rates obtained from register office	INR 2.68 lakhs/Acre	INR 2.68 lakhs/Acre
Assessed / adopted rate for valuation	INR 16.50 lakhs/Acre	INR 16.50 lakhs/Acre

Reconciliation of fair value:	**(INR in lakhs)**
Opening balance as at 1 April 2018	**484.00**
Fair value difference	(75.00)
Purchases	-
Closing balance as at 31 March 2019	**409.00**
Fair value difference	-
Purchases	-
Closing balance as at 31 March 2020	**409.00**

The Parent Company has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

5. Intangible Assets

(INR In lakhs)

	Software	Goodwill (Pursuant to the scheme of amalgamation)*	BT Cotton (Internally generated)	Bajra (Externally generated)	Goodwill (Pursuant to the scheme of amalgamation)**	Trademark^	Total	Intangible assets under development ##
Cost								
As at 1 April 2018	**613.59**	**403.60**	**15.32**	**8.27**	**1,533.53**	**11,405.00**	**13,979.31**	**-**
Additions	125.64	-	-	-	-	-	125.64	61.65
Disposals	-	-	-	-	-	-	-	22.62
As at 31 March 2019	**739.23**	**403.60**	**15.32**	**8.27**	**1,533.53**	**11,405.00**	**14,104.95**	**39.03**
Additions	242.78	-	-	-	-	-	242.78	90.22
Disposals	2.17	-	15.32	8.27	-	-	25.76	129.25
As at 31 March 2020	**979.84**	**403.60**	**-**	**-**	**1,533.53**	**11,405.00**	**14,321.97**	**-**
Amortization								
As at 1 April 2018	**358.56**	**28.83**	**15.32**	**8.27**	**-**	**819.45**	**1,230.43**	**-**
Charge for the year	136.04	-	-	-	-	285.13	421.17	-
Disposals	-	-	-	-	-	-	-	-
As at 31 March 2019	**494.60**	**28.83**	**15.32**	**8.27**	**-**	**1,104.58**	**1,651.60**	**-**
Charge for the year	135.95	374.77	-	-	-	285.13	795.85	-
Disposals	2.17	-	15.32	8.27	-	-	25.76	-
As at 31 March 2020	**628.38**	**403.60**	**-**	**-**	**-**	**1,389.71**	**2,421.69**	**-**
Net book value								
As at 31 March 2020	**351.46**	**-**	**-**	**-**	**1,533.53**	**10,015.29**	**11,900.28**	**-**
As at 31 March 2019	**244.63**	**374.77**	**-**	**-**	**1,533.53**	**10,300.42**	**12,453.35**	**39.03**
As at 1 April 2018	**255.03**	**374.77**	**-**	**-**	**1,533.53**	**10,585.55**	**12,748.88**	**-**

For Intangible assets existing as on 1 April 2015, i.e., its date of transition to Ind AS, the Group has used Indian GAAP carrying value of the assets as deemed costs.

*Pertains to goodwill acquired through amalgamation of Greentech Seeds International Pvt. Limited with the erstwhile subsidiary company (i.e. Zuari Agri Sciences Limited) which got merged with the Parent Company, pursuant to the scheme of amalgamation approved by the High Court of Bombay at Panaji (Goa) in an earlier year. As per the order of the High Court of Bombay at Panaji (Goa), Goodwill needs to be amortized over a year of twenty years, without having regard to the Accounting Standard, subject to available surplus for the year before amortization of goodwill. The Parent Company has amortized the said goodwill on account of sale of seeds licenses during the current year.

**Goodwill, which arose pursuant to the scheme of amalgamation of Zuari Speciality Fertilisers Limited (ZSFL) with the Parent Company. Pursuant to business transfer agreement (BTA) executed on 31 March 2020 between the Parent Company and Zuari FarmHub Limited (ZFL), said goodwill has been transferred to ZFL (Refer Note No. 53).

Software consists of cost of ERP licenses and development cost.

##Intangible asset under development comprises of software.

^Trademark represents acquisition date fair value of brand in one of the subsidiary of the Group.

Notes to Consolidated Financial Statements for the year ended 31 March 2020

5A. Investment in joint ventures

(INR in lakhs)

	Non-current			
	31 March 2020		31 March 2019	
Investments in unquoted equity instruments				
Investment in joint ventures				
17,98,16,228 (31 March 2019: 17,98,16,228) Equity shares of INR 10/- each fully paid-up of Zuari Maroc Phosphates Private Limited	77,888.13		74,294.28	
Less: Distribution of dividend during the year	(2,247.70)		(2,247.70)	
Less: Share of OCI for the year	(121.68)		(93.03)	
Add: Share of profit for the year	8,218.25	83,737.00	5,934.58	77,888.13
Nil (31 March 2019: 2,16,90,000) Equity shares of USD 1.00/- each fully paid of MCA Phosphate Pte Limited (Refer Note 52)	224.95		10,532.62	
Less: Share of OCI for the year	-		709.86	
Add: Share of profit for the year	-		(399.92)	
Less: Impairment for the year (Refer Note 52)	-		(10,617.61)	
Less: Reversal of OCI Adjustment (Refer Note 52)	(1,130.05)		-	
Add: Reversal of share of profit (Refer Note 52)	1,069.21		-	
Less: Reclassification of investment to financial assets (Refer Note 52)	(164.11)	-	-	224.95
Total		**83,737.00**		**78,113.08**
Aggregate amount of impairment in value of investments (Refer Note 52)		-		10,617.61

6. Financial assets

6A. Investments

(INR in lakhs)

	Non-current		Current	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Investments in equity instruments carried at fair value through other comprehensive income (FVTOCI)#				
Quoted equity instruments				
3,22,67,741 (31 March 2019: 3,22,67,741) Equity shares of INR 1/- each fully paid-up of Nagarjuna Fertilisers and Chemicals Limited	968.03	2,226.47	-	-
Unquoted equity instruments				
1,44,000 (31 March 2019: 1,44,000) Equity shares of INR 10/- each fully paid-up of Indian Potash Limited*	660.96	1,153.44	-	-
2,16,90,000 (31 March 2019: Nil) Equity shares of USD 1.00/- each fully paid of MCA Phosphate Pte Limited (Refer Note 52)	164.11	-	-	-
Investments in unquoted preference shares				
Investments at fair value through profit or loss				
Bangalore Beverages Limited (2,00,000 (31 March 2019: 2,00,000) redeemable cumulative preference shares of INR 1/- each with coupon rate of 10% p.a. repayable after 20 years) (Refer Note 50)	20,000.00	20,000.00	-	-
Less:- Provision for diminution in the value of investment	(20,000.00)	(20,000.00)	-	-
Investment in mutual fund				
22.199 units (31 March 2019: Nil units) of Aditya Birla Sun Life Low Duration Fund - Growth-Regular Plan	-	-	0.10	-
Total	**1,793.10**	**3,379.91**	**0.10**	**-**
Aggregate value of quoted investments	968.03	2,226.47	0.10	-
Aggregate value of unquoted investments	825.07	1,153.44	-	-
Total	**1,793.10**	**3,379.91**	**0.10**	**-**
Aggregate amount of impairment in value of investments (Refer Note 50)	20,000.00	20,000.00	-	-
Market Value of quoted Investments	**968.03**	**2,226.47**	**0.10**	**-**

* The management has assessed fair value of the investment in unquoted shares of Indian Potash Limited based on valuation report of an independent valuer. For detail of method and assumptions used for the valuation, refer Note 35.

#Investments at fair value through OCI (fully paid) reflect investment in quoted and unquoted equity securities. These equity shares are designated as fair value through other comprehensive income (FVTOCI) as they are not held for trading purpose. Thus, disclosing their fair value fluctuation in profit and loss will not reflect the purpose of holding. The Group has not transferred any gain or loss within equity in the current or previous year. Refer Note 35 for determination of their fair values.

6B. Loans

(INR in lakhs)

	Non-current		Current	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Security deposits				
Unsecured, considered good				
- with related parties (Refer Note 33)	29.33	29.33	-	-
- with others	1,475.41	1,137.35	51.78	113.97
Loans and advances				
Unsecured, considered good				
Loans and advances	-	-	64.55	-
Other loans and advances				
Secured, considered good				
Loans to employees	18.38	21.29	3.39	5.66
Interest accrued on loans to employees	2.76	1.56	-	0.10
Unsecured, considered good				
Loans to employees	14.07	18.04	5.51	6.74
Interest accrued on loans to employees	17.55	12.64	1.58	3.89
Credit impaired				
Inter corporate deposits (Refer Note i below)	-	-	568.13	1,060.56
Interest accrued on inter corporate deposits (Refer Note i below)	-	-	234.49	332.98
Less: Inter corporate deposits and interest thereon - credit impaired	-	-	(802.62)	(1,393.54)
Total	**1,557.50**	**1,220.21**	**126.81**	**130.36**

Assets pledged as security for borrowings: Refer Note 12B for information on loans pledged as security against borrowing.

Loans are non-derivative financial assets which generate a fixed or variable interest income for the Group and are measured at amortised cost. The carrying value may be affected by changes in the credit risk of the counterparties.

i. While confirming the balance due from McDowell's Holdings Limited (MHL), aggregating to INR 2,332.97 lakhs, they have sought to adjust a sum of INR 939.43 lakhs said to be due to them from one of the subsidiaries i.e. Mangalore Chemicals and Fertilisers Limited (MCFL). During the year ended 31 March 2018, the Parent Company has made a provision for the net recoverable amount from MHL of INR 1,393.54 lakhs and has charged off the same to the statement of profit and loss as exceptional items. During the previous year, the Parent Company had received INR 939.43 lakhs from MCFL. The Parent Company has filed an application under the insolvency and bankruptcy code before NCLT at Bangalore against MHL for recovery of the remaining principal amount along with the interest. MHL has filed its objections to the petition. In the meantime and pending the outcome of the petition, MHL has approached the Parent Company to settle the pending dispute. During the current year, a settlement agreement dated 17 June 2019 was entered into between the Parent Company, MHL and MCFL. Vide this settlement agreement, MHL has given the shareholding rights of 1,185,151 shares of MCFL for INR 590.92 lakhs to the Parent Company against the amount outstanding as part settlement. Accordingly, the Parent Company has recognised an income of INR 590.92 lakhs in the current year. Pursuant to the settlement agreement, the application before the NCLT has been withdrawn.

6C. Other Financial Assets

(INR in lakhs)

	Non-current		Current	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Derivative instruments at fair value through profit or loss				
Derivatives not designated as hedges				
Foreign exchange forward covers	20.36	15.29	1,643.12	141.49
Other financial assets (Unsecured, considered good)				
Non-current bank balances	3.25	393.25	-	-
Claim receivable (Refer Note 42 and Refer Note i below)	-	1,203.52	150.52	1,322.77
Receivables from Gas Pool Operator	-	-	5,604.59	4,983.78
Rebate/discount receivable from suppliers	-	-	681.41	287.81
Interest receivable from customers				
- from related parties (Refer Note 33)	-	-	254.80	272.02
- from others	-	-	229.39	5,034.66
Interest receivable on bank deposits			57.45	20.49
Packing scheme incentive grant receivable (Refer Note 56)	33.70	33.70	57.41	57.41
Other financial assets (Unsecured, credit impaired)				
Accrued service income	-	-	74.28	74.28
Claims receivable (Refer Note i below)	-	-	-	1,681.40
Less: Credit impaired	-	-	(74.28)	(1,755.68)
Total	**57.31**	**1,645.76**	**8,678.69**	**12,120.43**

Assets pledged as Security for borrowings: Refer Note 12 for information on financial assets pledged as security against borrowing.

Derivative instruments at fair value through profit or loss reflect the positive change in fair value of those foreign exchange forward contracts that are not designated in hedge relationships, but are, nevertheless, intended to reduce the level of foreign currency risk for expected sales and purchases.

Notes to Consolidated Financial Statements for the year ended 31 March 2020

i. The Parent Company has paid INR 1,171.00 lakhs to Gas Authority of India Limited (GAIL) towards Take or Pay obligation for the year 2014 against a demand of INR 5,293.00 lakhs. In terms of Contract with GAIL, this Take or Pay amount can be utilized for future Gas supplies. Subsequent to March 2020, the Parent Company has signed an indenture agreement whereby it has agreed to forfeits the right to receive make-up gas against lump-sum payment of INR 1,020.47 lakhs towards settlement of Take or Pay obligation for contract year 2014.

The Parent Company has also paid an amount of INR 1,449.00 lakhs towards Ship or Pay liability for the month of August 2014 and September 2014, out of which INR 1,310.21 lakhs relates to the period during which the Ammonia / Urea plants were under shut down due to force majeure event. Basis re-assessment performed by the management in discussion with GAIL, the Parent Company has provided for the amount recoverable of INR Nil (31 March 2019: INR 1,310.21 lakhs) for Ship or Pay.

Break up of financial assets carried at amortised cost (INR in lakhs)

	Non-current		Current	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Loans (Refer Note 6B)	1,557.50	1,220.21	126.81	130.36
Trade receivables (Refer Note 9)	-	-	221,932.12	390,616.27
Cash and cash equivalents (Refer Note 10)	-	-	26,504.15	4,989.04
Other bank balances (Refer Note 10.1)	-	-	5,855.23	3,460.01
Other financial assets (Refer Note 6C)	57.31	1,645.76	8,678.69	12,120.43
Total financial assets carried at amortised cost	**1,614.81**	**2,865.97**	**263,097.00**	**411,316.11**

7. Other assets

(INR in lakhs)

	Non-current		Current	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Unsecured, considered good, except where otherwise stated				
Capital advances				
- to related parties (Refer Note 33 and Note 47)	3,686.23	3,946.24	-	-
- to others*	5,044.50	2,462.62	-	-
Advances (other than capital advances)				
- related parties, considered good (Refer Note 33 and Note 48)	-	-	81.50	-
- others, considered good (Refer Note 44)	-	1,813.32	1,781.98	2,019.20
- others, considered doubtful (Refer Note 44 and Note 50)	4,880.59	3,067.27	64.65	85.18
	4,880.59	**4,880.59**	**1,928.13**	**2,104.38**
Less: provision for doubtful advances	(4,880.59)	(3,067.27)	(64.65)	(85.18)
	-	**1,813.32**	**1,863.48**	**2,019.20**
Balances with statutory authorities				
- considered good	-	-	9,079.67	22,316.66
- considered doubtful	-	-	1,372.43	1,055.53
	-	**-**	**10,452.10**	**23,372.19**
Less: Balances with statutory authorities - considered doubtful	-	-	(1,372.43)	(1,055.53)
	-	**-**	**9,079.67**	**22,316.66**
Advance to employees	-	-	55.73	117.14
Refund receivable Goods and Service Tax**			14,722.59	7,425.93
Prepaid expenses	330.71	-	1,837.21	3,414.46
	330.71	**-**	**16,615.53**	**10,957.53**
Total	**9,061.44**	**8,222.18**	**27,558.68**	**35,293.39**

Assets pledged as security for borrowings: Refer Note 12 for information on other assets pledged as security against borrowing.

*The Parent Company had given an advance of INR 4,029.44 lakhs in June 2010 to Karnataka Industrial Area Development Board (KIADB) for allotment of land for setting up of 1.20 Million TPA urea plant in Belgaum district. KIADB failed to acquire the land and after continuous discussion with KIADB for two years, the Parent Company had come out of the project. KIADB had refunded INR 3,425.02 lakhs and retained INR 604.42 lakhs which was to be adjusted in case the Parent Company seeks some other land in Karnataka. Based on the details of land subsequently provided by the KIADB, the Parent Company has requested to allot 12 acres of land at Belapur industrial estate and adjust the retained amount by KIADB to the cost of the new land. However, KIADB has not yet agreed for the adjustment. Management had filed the writ petition in the Hon'ble High Court of Karnataka at Bengaluru against the State of Karnataka - Industries and Commerce Department and KIADB for not allotting land to the Parent Company for setting up Fertilizer Project in Belapur Industrial Area, Udupi District, Karnataka and illegally withholding a sum of INR 604.42 lakhs. The Hon'ble High Court vide judgement dated 16 September 2019 disposed of the matter and directed the KIADB to consider the application of the Parent Company for the allotment of Land within a period of six weeks from the date of receipt of certified copy of order. Pursuant to the court order, the Parent Company issued a letter to KIADB requesting them to allot alternate land. KIADB vide their order dated 18 November 2019 has refused to adjust the forfeited amount against allotment of land in Belapur. Subsequently, the Parent Company has filed a writ petition with Hon'ble High Court of Karnataka at Bangalore on 10 February 2020 challenging the KIADB order dated 18 November 2019. The Petition is not yet listed for hearing.

Based on previous judgement and legal opinion obtained by the management for this matter, the management is hopeful to get the above amount adjusted against allotment of land or refund of the same.

**Vide notification number 26/2018 dated 13 June 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 1 July 2017 to include ITC availed only on inputs which excludes input services. The management has contested this amendment (both retrospective and prospective) at different levels of authorities including but not limited to filing a writ petition in the Hon'ble High Court of Bombay at Goa in this regard. Basis legal view obtained, the management and also relying on similar fact pattern in an order dated 18 September 2018 of the High Court of Gujarat in respect of another application of another company on this matter wherein ad-interim relief was granted, believes that the refund in respect of tax paid on input services and that no liability including interest, if any, would arise from the same. Consequently, as at 31 March 2020, the Parent Company and the Group has carried forward an amount of INR 8,286.84 lakhs and INR 14,066.22 lakhs, respectively as amount recoverable towards this matter.

Notes to Consolidated Financial Statements for the year ended 31 March 2020

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

(INR in lakhs)

	31 March 2020	31 March 2019
Raw materials [includes material in transit: INR 56.81 lakhs (31 March 2019: INR 16,704.38 lakhs)]	21,560.43	43,028.73
Work-in-progress	1,301.80	1,599.34
Finished goods	15,212.17	64,746.89
Traded goods [includes material in transit: INR 219.58 lakhs and material lying with others: INR 244.82 lakhs] (31 March 2019: includes material in transit: INR 3,955.10 lakhs and material lying with others: INR 3,025.06 lakhs]	6,745.68	55,130.06
Stores and spares [includes material in transit: INR 25.89 lakhs (31 March 2019: INR 23.73 lakhs)]	10,044.50	12,023.03
Total	**54,864.58**	**176,528.05**

During the year ended 31 March 2020, INR 170.85 Lakhs (31 March 2019: INR 274.58 lakhs) was recognised as an expense for inventories carried at net realisable value.

Assets pledged as security for borrowings: Refer Note 12 for information on inventories pledged as security against borrowing.

8A. Assets classified as held for sale

(INR in lakhs)

	31 March 2020	31 March 2019
Land at Chillamatur	5.18	-
Total	**5.18**	**-**

During the year ended 31 March 2020, the Parent Company had executed agreement for sale of land at Chillamatur on 21 August 2019. The sale of the asset is expected to be complete within 12 months. Accordingly, the said land has been classified from property, plant and equipment to Assets classified as held for sale.

Assets classified as held for sale during the reporting year are measured at lower of its carrying amount and fair value less cost to sell at the time of reclassification. Fair value of the assets were determined using the market approach.

9. Trade receivables (at amortized cost)

(INR in lakhs)

	31 March 2020	31 March 2019
Trade receivables - related parties (Refer Note 33)	148.69	1,188.45
Trade receivables - others (Refer Note 41 and Note 43)	221,783.43	389,427.82
Total	**221,932.12**	**390,616.27**

Break-up for security details:

(INR in lakhs)

	31 March 2020	31 March 2019
From Related Parties (Refer Note 33)		
Secured, considered good	0.50	0.50
Unsecured, considered good	148.19	1,187.95
From Others		
Secured, considered good	5,927.82	8,889.85
Unsecured, considered good [including subsidy receivable from government of INR 179,376.73 lakhs (31 March 2019: INR 281,034.93 lakhs)]	215,855.62	380,537.97
Trade receivables - credit impaired	9,508.05	2,244.23
Total	**231,440.18**	**392,860.50**
Less : Trade receivables - credit impaired	(9,508.05)	(2,244.23)
Total	**221,932.13**	**390,616.27**

No trade or other receivable are due from directors or other officers of the Group either severally or jointly with any other person, other than those mentioned in Note 48. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

For terms and conditions relating to related party receivables, refer Note 33.

Trade receivables from dealers are non-interest bearing during the normal credit years and are generally on terms of 15 to 120 days.

Assets pledged as Security for borrowings: Refer Note 12 for information on trade receivables pledged as security against borrowing.

10. Cash and cash equivalents

(INR in lakhs)

	31 March 2020	31 March 2019
Balances with banks:		
- on current accounts	6,687.34	1,921.34
- on cash credit accounts	360.14	1.89
- Deposits with original maturity of less than 3 months	19,451.56	3,060.00
Cash on hand	5.11	3.02
Cheque on hand	-	2.79
Total	**26,504.15**	**4,989.04**

Notes to Consolidated Financial Statements for the year ended 31 March 2020

10.1. Other bank balances

(INR in lakhs)

	31 March 2020	31 March 2019
Other Bank Balances :		
- on Unpaid dividend accounts (repatriation restricted)*	214.56	247.38
Deposits with original maturity for more than 3 months but less than 12 months	-	378.51
Margin money deposits**	5,640.67	2,834.12
Total	**5,855.23**	**3,460.01**

*The Group can utilise these balances only towards settlement of the respective unpaid dividend.

**Margin money deposits are provided as margin for letter of credits and as interest service coverage reserve for long term borrowings. The same are restricted for use till settlement of corresponding liability.

11. Share capital

(INR in lakhs)

	31 March 2020	31 March 2019
Authorised share capital		
12,25,00,000 (31 March 2019: 12,25,00,000) Equity Shares of INR 10/- each	12,250.00	12,250.00
3,45,00,000 (31 March 2019: 3,45,00,000) Preference Shares of INR 10/- each	3,450.00	3,450.00
	15,700.00	**15,700.00**
Issued and subscribed share capital*		
4,20,58,006 (31 March 2019: 4,20,58,006) Equity Shares of INR 10/- each fully paid	**4,205.80**	**4,205.80**

a. Reconciliation of shares outstanding at the beginning and end of the reporting year

Equity shares	31 March 2020		31 March 2019	
	In Numbers	INR in lakhs	In Numbers	INR in lakhs
At the beginning of the year	42,058,006	4,205.80	42,058,006	4,205.80
Issued during the year	-	-	-	-
Outstanding at the end of the year	**42,058,006**	**4,205.80**	**42,058,006**	**4,205.80**

b. Terms/Rights attached to equity shares

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

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

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

Name of Shareholder	31 March 2020		31 March 2019	
	No. of shares held	% Holding in class	No. of shares held	% Holding in class
Zuari Global Limited	8,411,601	20.00	8,411,601	20.00
Texmaco Infrastructure & Holdings Limited	3,000,125	7.13	3,000,125	7.13
Globalware Trading and Holdings Limited	7,491,750	17.81	7,491,750	17.81
Zuari Management Services Limited	5,078,909	12.08	5,078,909	12.08

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

*Pursuant to the Scheme of Arrangement and Demerger ("the Scheme") between the Parent Company (Zuari Agro Chemicals Limited) and Zuari Global Limited, the Parent Company had issued 29,440,604 equity shares of INR 10/- each aggregating to INR 2,944.06 lakhs to the existing shareholders of Zuari Global Limited in the ratio of 1 fully paid-up Equity share of INR 10/- each of Zuari Agro Chemicals Limited during the financial year ending 31 March 2013. Out of the above shares issued pursuant to the Scheme, 8,051 (31 March 2019: 8,051) Equity Shares entitlements have been kept in abeyance pursuant to Section 206A of the Companies Act, 1956 in accordance with instructions from the Special Court (Trial of Offences relating to Transactions in Securities) Act, 1992 and in respect of shareholders who could not exercise their rights in view of disputes, mistakes, discrepancy in holdings, etc.

No shares has been issued for consideration other than cash during the year of five years immediately preceding the reporting date.

Notes to Consolidated Financial Statements for the year ended 31 March 2020

11A. Other equity

(INR in lakhs)

	31 March 2020	31 March 2019
Business Restructuring Reserve		
Balance as per last financial statements	65,404.84	65,404.84
Add: Received during the year	-	-
Closing balance	**65,404.84**	**65,404.84**
Capital Reserve		
Balance as per the last financial statements	57,667.51	57,667.51
Add: Amount transferred on consolidation	259.65	-
Closing balance	**57,927.16**	**57,667.51**
General Reserve		
Balance as per last financial statements	6,150.00	6,150.00
Add: Received during the year	-	-
Closing balance	**6,150.00**	**6,150.00**
(Deficit) in the statement of profit and loss		
Balance as per last financial statements	(16,409,45)	12,701.70
Adjustment on Reclassification of Joint Venture to financial assets (Refer Note 52)	1,069.20	-
(Loss) for the year	(80,196.09)	(28,837.65)
Other comprehensive (loss)	(126.61)	(159.06)
Less: Appropriations		
Cash dividend	-	-
Dividend distribution tax (DDT)	-	(114.43)
Net (Deficit) in the statement of profit and loss	**(95,662.94)**	**(16,409.45)**
Foreign Currency Translation Reserve		
Balance as per last financial statements	1,154.92	422.99
Adjustment on Reclassification of Joint Venture to financial assets (Refer Note 52)	(1,130.05)	-
Add: Movement during the year	(2.88)	731.93
Closing balance	**21.99**	**1,154.92**
Equity instruments through Other Comprehensive Income		
Balance as per last financial statements	(2,958.83)	(81.14)
Add: Movement during the year	(969.15)	(2,877.69)
Closing balance	**(3,927.98)**	**(2,958.83)**
Total reserves and surplus	**29,913.07**	**111,009.00**

Nature and purpose of reserves

Business Restructuring Reserve

In the finance year 2012-13, Pursuant to the Scheme of Arrangement and Demerger ("The Scheme") between Zuari Industries Limited (now known as Zuari Global Limited) and Zuari Holdings Limited (now known as Zuari Agro Chemicals Limited) the Parent Company, approved by the Hon'ble High Court of Bombay at Goa, on 2 March 2012, all the assets and liabilities pertaining to fertilizer undertaking as on 1 July 2011 of Zuari Industries Limited (now known as Zuari Global Limited) had been transferred to the Parent Company at their book values and accordingly the surplus of assets over the liabilities of the fertiliser undertaking so demerged, resulted in creation of Business Restructuring Reserve of INR 65,404.84 lakhs in terms of the Order of the Hon'ble High Court of Bombay at Goa which was filed with the Registrar of Company on 21 March 2012. The said reserve be treated as free reserve and be restricted and not utilised for declaration of dividend by the Parent Company.

Notes to Consolidated Financial Statements for the year ended 31 March 2020

Capital Reserve

Capital reserve includes INR 35,300.77 lakhs as excess of parent company's share in joint venture entity viz. Zuari Maroc Phosphates Private Limited over its investment on date of transition to Ind AS. Also, includes INR 22,366.74 lakhs as bargain purchase on acquisition of subsidiary.

During the year ended 31 March 2020, capital reserve of INR 259.65 lakhs was created, pursuant to a settlement agreement dated 17 June 2019 which was entered into between Parent Company, McDowells Holdings Limited (MHL) and Mangalore Chemicals and Fertilisers Limited (MCFL), on account of part settlement of dues receivable by Parent Company from MHL. As per the terms of the aforesaid agreement, MHL has transferred its shareholding rights of 11,85,151 equity shares of MCFL (subsidiary company), in favour of the Parent Company, accordingly the shareholding of Parent Company has increased by 1% in shareholding in MCFL.

General Reserve

Under the erstwhile Companies Act, 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid-up capital of the Company for that year, then the total dividend distribution is less than the total distributable results for that year. Consequent to introduction of Companies Act, 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.

Surplus/(Deficit) in the statement of profit and loss

Surplus in the statement of profit and loss represents the profits/(losses) generated by the Group that are not distributed to the shareholder and are re-invested in the Group.

Foreign Currency Translation Reserve

Exchange differences arising on translation of the foreign operations are recognised in other comprehensive income as described in accounting policy and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed-off.

Equity instruments through Other Comprehensive Income

The Group has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVOCI equity investments reserve within equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

11B. Components of other comprehensive income (OCI) :

The disaggregation of changes to OCI by each type of reserve in equity is shown below:

During the year ended 31 March 2020 (INR in lakhs)

	Foreign Currency Translation Reserve	Equity instruments through Other Comprehensive Income	Surplus / (deficit) in the statement of profit and loss	Non-controlling interest
Re-measurement gain on defined benefit plans	-	-	(4.93)	10.96
Income tax effect	-	-	(0.02)	(3.83)
Net (loss) on equity instruments through Other Comprehensive Income	-	(1,750.92)	-	-
Income tax effect		781.77		
Share of OCI of joint ventures (net of tax)	-	-	(121.68)	-
Exchange differences on translation of foreign operations	(2.88)	-	-	-
	(2.88)	**(969.15)**	**(126.63)**	**7.13**

During the year ended 31 March 2019 (INR in lakhs)

	Foreign Currency Translation Reserve	Equity instruments through Other Comprehensive Income	Surplus / (deficit) in the statement of profit and loss	Non-controlling interest
Re-measurement gain on defined benefit plans	-	-	(101.50)	(54.56)
Income tax effect	-	-	35.47	19.07
Net (loss) on equity instruments through Other Comprehensive Income	-	(2,877.69)	-	-
Share of OCI of joint ventures (net of tax)	-	-	(93.03)	-
Exchange differences on translation of foreign operations	731.93	-	-	-
	731.93	**(2,877.69)**	**(159.06)**	**(35.49)**

12A. Borrowings

(INR in lakhs)

Non-current borrowings (at amortised cost)	31 March 2020	31 March 2019
Term Loans		
From Banks		
Secured		
Indian Rupee loans (Refer Note 1 below)**	38,530.91	54,133.62
Foreign currency loans (Refer Note 2 below)	2,113.51	24,751.66
Vehicle loans (Refer Note 4 below)	323.98	499.56
Unsecured		
Foreign Currency loans (Refer Note 3 below)	977.20	4,189.48
From financial Institutions		
Secured		
Indian Rupee loans (Refer Note 5 below)	31,297.21	33,335.34
From Others		
Unsecured		
Lease liabilities	9,410.84	-
Intercorporate Deposits (Refer Note 6 below and Note 33)	27,350.00	-
Total	**110,003.65**	**116,909.66**
Less: Amount disclosed under "Other current financials liabilities"		
- Current maturities of long term borrowings (Refer Note 14)	(52,865.80)	(30,069.73)
- Current maturities of lease liabilities (Refer Note 14)	(574.63)	-
Total	**56,563.22**	**86,839.93**

1. (a) In case of Parent Company, Indian Rupee term loan from a Bank of INR Nil (including current maturities of INR Nil) [31 March 2019: INR 6,481.48 lakhs (including current maturities: INR 6,481.48 lakhs)] carries interest rate ranging from 10.65% p.a. - 11.35% p.a. (31 March 2019 : 10.65% p.a. - 11.35% p.a.). The loan was repayable in 14 quarterly instalments starting from December 2016 with the last instalment due on March 2020. The loan was secured by first pari passu charge by way of mortgage on immoveable assets located at Goa Fertilizer Plant and first pari passu charge by way of hypothecation on moveable fixed assets located at Goa Fertilizer Plant.

   (b) In case of Parent Company, Indian Rupee term loan from a Bank of INR 3,121.53 lakhs (including current maturities: INR 3,121.53 lakhs) [31 March 2019: INR 6,385.10 lakhs (including current maturities: INR 3,260.35 lakhs)] carries interest rate ranging from 9.50% p.a. - 10.20% p.a. (31 March 2019 : 9.60% p.a. - 10.20% p.a.). The loan is repayable in 14 quarterly instalments starting from September 2017 with the last instalment due on December 2020. The loan is secured by first pari passu charge by way of mortgage on immoveable assets of Goa Fertilizer Plant (Fixed Assets Coverage Ratio 1.5 times) and first pari passu charge by way of hypothecation on moveable fixed assets of Goa Fertilizer Plant (Fixed Assets Coverage Ratio 1.5 times).

   (c) In case of Parent Company, Indian Rupee loan of INR 74.09 lakhs from a Bank (including current maturities of INR 74.09 lakhs) [31 March 2019: INR 647.07 lakhs (including current maturities: INR 500.00 lakhs)], secured by exclusive charge by way of mortgage of plot situated at Plot No. K/2/5 & K/2/6, Add/MIDC Mahad, Raigad District, Maharashtra and proposed construction thereon and exclusive charge by way of hypothecation of Plant and Machinery and other moveable assets (Existing and proposed). The loan carries interest rate of 11.40% p.a. (31 March 2019 : 11.40% p.a.) and repayable in 24 quarterly instalments commencing from December 2014 with the last instalment due on June 2020.

   (d) In case of Parent Company, Indian Rupee term loan from a Bank of INR 4,840.25 lakhs (including current maturities of INR 4,840.25 lakhs) [31 March 2019: INR 5,578.72 lakhs (including current maturities of INR 738.47 lakhs)] carries interest rate ranging from 8.80% p.a. - 10.66% p.a. (31 March 2019 : 9.95% p.a. - 11.13% p.a.). The loan is repayable in 15 equal quarterly instalments starting from November 2019 with the last instalment due on May 2023. The loan is secured by first charge on the immovable properties situated at Goa over survey number 111/1, 128/7, 132/7, 133/1, 149/1, 162/1, 164/1, 167/1 and 168/1 ranking pari passu with the other loan lenders and any other security available to the other working capital term loan lenders.

Notes to Consolidated Financial Statements for the year ended 31 March 2020

(e) In case of Parent Company, Indian Rupee term loan from a Bank of INR 2,074.20 lakhs (including current maturities of INR 2,074.20 lakhs) [31 March 2019: INR 2,390.67 lakhs (including current maturities of INR 316.47 lakhs)] carries interest rate ranging from 8.80% p.a. - 10.66% p.a. (31 March 2019 : 9.95% p.a. - 11.13% p.a.). The loan is repayable in 15 equal quarterly instalments starting from December 2019 with the last instalment due on June 2023. The loan is secured by first charge on the immovable properties situated at Goa over survey number 111/1, 128/7, 132/7, 133/1, 149/1, 162/1, 164/1, 167/1 and 168/1 ranking pari passu with the other loan lenders and any other security available to the other working capital term loan lenders.

(f) In case of Parent Company, Indian rupee term loan from a Bank of INR 950.62 lakhs (including current maturities of INR 950.62 lakhs) [31 March 2019: INR 1,095.66 lakhs (including current maturities of INR 145.05 lakhs)] carries interest rate ranging from 8.80% p.a. - 10.66% p.a. (31 March 2019 : 9.95% p.a. - 11.13% p.a.). The loan is repayable in 15 equal quarterly instalments starting from December 2019 with the last instalment due on June 2023. The loan is secured by first charge on the immovable properties situated at Goa over survey number 111/1, 128/7, 132/7, 133/1, 149/1, 162/1, 164/1, 167/1 and 168/1 ranking pari passu with the other loan lenders and any other security available to the other working capital term loan lenders.

(g) In case of Parent Company, Indian rupee term loan from a Bank of INR 3,370.28 lakhs (including current maturities of INR 3,370.28 lakhs) [31 March 2019: INR 3,884.60 lakhs (including current maturities of INR 254.31 lakhs)] carries interest rate ranging from 8.80% p.a. - 10.66% p.a. (31 March 2019 : 9.95% p.a. - 11.13% p.a.). The loan is repayable in 15 equal quarterly instalments starting from January 2020 with the last instalment due on June 2023. The loan is secured by first charge on the immovable properties situated at Goa over survey number 111/1, 128/7, 132/7, 133/1, 149/1, 162/1, 164/1, 167/1 and 168/1 ranking pari passu with the other loan lenders and any other security available to the other working capital term loan lenders.

(h) In case of a subsidiary, Indian rupee term loan from a Bank of INR 7,954.74 lakhs (including current maturities of INR 1,990.58 lakhs) [31 March 2019: INR 9,930.85 lakhs (including current maturities of INR 1,987.96 lakhs)] is secured by first pari-passu charge on all movable and immovable fixed assets (alongwith working capital lenders), other than fixed assets exclusively charged to other lenders. The loan is repayable in 20 equal quarterly instalments starting from the end of moratorium year which is 2 years from the date of disbursement. The loan carries interest in the range of 11.15% p.a. - 12.00% p.a. (31 March 2019: 11.15% p.a.).

(i) In case of a subsidiary, Indian rupee term loan from a Bank of INR Nil (including current maturities of INR Nil) [31 March 2019: INR 866.33 lakhs (including current maturities of INR 866.33 lakhs)] is secured by first charge on fixed assets funded through the term loan and first pari passu charge on all fixed assets including all immovable and movable properties, both present and future (other than fixed assets exclusively charged to other lenders), with other participating working capital lenders. The loan is repayable in 84 equal monthly instalments commencing on 8 December 2012. The loan carries interest in the range of 12.80% p.a. - 13.30% p.a. (31 March 2019: 12.80 % p.a.).

(j) In case of a subsidiary, Indian rupee term loan from a Bank of INR 4,458.78 Lakhs (including current maturities of INR 992.14 lakhs) [31 March 2019: INR 4,941.73 lakhs (including current maturities of INR 494.92 lakhs)] is secured by first pari passu charge on all movable and immovable fixed assets, both present and future (other than fixed assets exclusively charged to other lenders) and second pari-passu charge on all current assets, both present and future. The loan is repayable in 20 quarterly instalments starting from the end of moratorium year which is 15 months from the date of first disbursement. The loan carries interest in the range of 10.20% p.a. - 10.85% p.a. (31 March 2019: 10.35% p.a - 11.40% p.a.).

(k) In case of a subsidiary, Indian rupee term loan from a Bank of INR 11,686.42 lakhs (including current maturities of INR 2,591.19 lakhs) [31 March 2019: INR 11,931.41 (including current maturities of INR 265.49 lakhs)] is secured by first pari passu first charge over all movable and immovable fixed assets including plant and machinery of the subsidiary company (excluding assets exclusively charged to other banks) and first pari passu with any other security provided to other lenders including working capital lenders. The loan carries interest in the range of 8.00% p.a. - 10.15% p.a. (31 March 2019 : 9.91% p.a - 10.22% p.a). The loan is repayable in 15 equal quarterly instalments starting from the end of moratorium year which is 18 months from the date of disbursement.

2 *(a) In case of Parent Company, Foreign Currency loan in form of FCNR - B of USD Nil equivalent to INR Nil from a Bank (including current maturities of USD Nil equivalent to INR Nil) (31 March 2019: USD 26.57 millions equivalent to INR 18,027.55 lakhs (including current maturities of USD 13.29 millions equivalent to INR 8,723.28 lakhs)) carries interest rate ranging from 5.82% p.a. - 9.02% p.a. (31 March 2019 : 6.14% p.a.). The loan was repayable in 14 equal instalments starting from May 2019 with the last instalment due on October 2020. The loan was secured by exclusive charge by way of equitable mortgage of freehold land at Zuarinagar, Goa giving atleast 1.00 times security cover, Subservient charge over the current assets of Parent Company, both present and future, Subservient charge over the moveable fixed assets of Parent Company, both present and future and exclusive pledge of shares of Chambal Fertilisers and Chemicals Limited ("CFCL") held by Zuari Global Limited with a minimum share security cover of 1.50 times.

*(b) In case of Parent Company, Foreign Currency loan in form of FCNR - B of USD Nil equivalent to INR Nil from a Bank (including current maturities of USD Nil equivalent to INR Nil) (31 March 2019: USD 26.57 millions equivalent to INR 18,027.55 lakhs (including current maturities of USD 13.29 millions equivalent to INR 8,723.28 lakhs)) carries interest rate ranging from 5.82% p.a. - 9.02% p.a. (31 March 2019 : 6.14% p.a.). The loan was repayable in 14 equal instalments starting from May 2019 with the last instalment due on October 2020. The loan was secured by exclusive charge by way of equitable mortgage of freehold land at Zuarinagar, Goa giving atleast 1.00 times security cover, Subservient charge over the current assets of Parent Company, both present and future, Subservient charge over the moveable fixed assets of Parent Company, both present and future and exclusive pledge of shares of Chambal Fertilisers and Chemicals Limited ("CFCL") held by Zuari Global Limited with a minimum share security cover of 1.50 times.

(c) In case of a subsidiary, foreign currency loan from a Bank of INR 2,113.51 lakhs (including current maturities of INR 1,062.73 lakhs) [31 March 2019: INR 2,970.28 lakhs (including current maturities of INR 994.08 lakhs)] is secured by hypothecation of assets purchased out of said loan and guarantee issued by Finnvera, the state owned export credit agency of Finland. The loan is repayable in 14 equal instalments on April and October of each year. The loan carries interest of 11.24% p.a. (31 March 2019: 11.24% p.a.).

3. In case of a subsidiary, foreign currency loan from a Bank of INR 977.20 lakhs (including current maturities of INR 326.42 lakhs) [31 March 2019: INR 1,219.20 lakhs (including current maturities of INR 305.47 lakhs)] is secured by guarantee issued by Eksport Kredit Fonden plc (EKF), the state owned export credit agency of Denmark. The loan is repayable in 14 equal instalments on August and February of each year. The loan carries interest of 11.80% p.a. (31 March 2019 : 11.80% p.a.).

4. (a) In case of Parent Company, vehicle loans from a Bank of INR 199.84 lakhs (including current maturities: INR 112.33 lakhs) [31 March 2019: INR 317.41 lakhs (including current maturities: INR 116.75 lakhs)] carry interest rate ranging from 8.38% p.a. - 10.65% p.a. (31 March 2019 : 8.38% p.a. - 10.65% p.a.). The loans are repayable in 48 equal monthly instalments starting from February 2017 with the last instalment due on April 2023. The loans are secured by way of hypothecation of respective motor vehicles of the Parent Company.

(b) In case of a subsidiary, vehicle loans from Bank of INR 86.43 Lakhs (including current maturities INR 40.68 lakhs) [31 March 2019: INR 127.77 lakhs (including current maturities: INR 41.01 lakhs)] carry interest rate of 8.36% p.a. (31 March 2019 : 8.36% p.a). The loans are repayable in 30 to 48 monthly instalments. The loans are secured by way of first pari passu charge on the fixed assets financed by the said term loan of the subsidiary company.

(c) In case of a subsidiary, vehicle loan from bank of INR 37.71 lakhs (including current maturities INR 21.55 lakhs) [31 March 2019: INR 54.38 lakhs (including current maturities: INR 19.77 lakhs)] carry interest rate of 6.50% p.a. (31 March 2019: 6.50% p.a.). The loan is repayable in 48 monthly instalments. The loan is secured by way of first pari passu charge on the fixed assets financed by the said term loan of the subsidiary company.

5. (a) In case of Parent Company, Indian rupee loan of INR 18,479.25 lakhs from a financial institution (including current maturities of INR 18,479.25 lakhs) [31 March 2019: INR 18,466.62 lakhs (including current maturities: INR Nil)] carries interest rate of 11.70% p.a. (31 March 2019: 10.45% p.a. - 11.70% p.a.). The loan is repayable in 12 equal quarterly instalments starting from May 2020 with the last instalment due on May 2023. The loan is secured by first pari passu charge by way of equitable mortgage of specific immovable assets of the Parent Company with a minimum fixed asset cover of 1.25 times (unencumbered land parcel at Goa), pledge of shares of Mangalore Chemicals and Fertilisers Limited ("MCFL") with a minimum share security cover of 1.00 time. There is a shortfall of 1,22,54,657 number of shares required to be pledged having value INR 2,977.88 lakhs as on 31 March 2020, which the Parent Company expects to cure by the end of the next quarter.

*(b) In case of Parent Company, Indian rupee term loan from a financial institution of INR 12,817.96 lakhs (including current maturities of INR 12,817.96 lakhs) (31 March 2019: INR 14,868.72 lakhs (including current maturities of INR 1,160.75 lakhs)) carries interest rate ranging from 10.70% p.a. - 15.00% p.a. (31 March 2019: 10.70% p.a. - 10.85% p.a.). The loan is repayable in 16 equal quarterly instalments starting from December 2019 with the last instalment due on September 2023. The loan is secured by exclusive charge over land (including structures) with minimum cover of 1.5 times and demand promissory note.

6. (a) In case of Parent Company, Inter-corporate deposit of INR 27,350.00 lakhs (31 March 2019: INR Nil) carries interest rate of 12.00% p.a. The loan is repayable after 36 months from the date of disbursement.

*ICICI Bank Limited ("ICICI") issued a notice of default vide its letter dated 26 June 2019 ("Notice"), detailing the defaults and consequent breach of representations of warranties by the Parent Company under the facility agreements entered into between ICICI and the Parent Company. ICICI, vide the Notice called upon the Parent Company to immediately cure the default of INR 1,798.47 lakhs outstanding as on 30 June 2019 which was subsequently paid on 17 July 2019 and also revised the applicable interest rate increasing it by 2.00% p.a., on account of the downgrade of the credit rating. Subsequently, ICICI vide a letter dated 4 July 2019 recalled the rupee term loan facilities extended to the Parent Company, aggregating to INR 35,000.00 lakhs and sought immediate repayment of the outstanding amount of INR 16,380.18 lakhs. The Parent Company has repaid the loan by availing fresh short term loan from other bank during the current year.

Also, another lender, Aditya Birla Finance Limited ("ABFL") vide a letter dated 24 May 2019 recalled the rupee term loan facility extended by ABFL to the Parent Company, aggregating to an amount of INR 15,000.00 lakhs of which INR 14,110.00 lakhs (net of margin money) were outstanding as on date (outstanding as on 31 March 2020: INR 12,817.96 lakhs (net of margin money)).

Accordingly, the outstanding amounts for loan facilities obtained from these lenders has been treated as current and are disclosed under current maturity of long term borrowing under other financial liabilities following the principles of Ind AS 1 "Presentation of Financial Statements" and the terms of the loans payable were not renegotiated, before the financial statements were approved for issue.

** In case of Parent Company, due to breach of covenant as on 31 March 2020, non-current portion of long term loans from bank is classified as current in the financial statement and disclosed under current maturity of long term borrowing under other financial liabilities following the principles of Ind AS 1 "Presentation of Financial Statements" and the terms of the loans payable were not renegotiated, before the financial statements were approved for issue.

Notes to Consolidated Financial Statements for the year ended 31 March 2020

12B. Borrowings

(INR in lakhs)

Current Borrowings	31 March 2020	31 March 2019
Secured*		
From Banks		
Cash credit (including working capital demand loans)		
(The rate of interest on cash credit varies between banks ranging from 10.15% - 15.40% p.a. (31 March 2019: 9.50% p.a - 14.15% p.a) and are repayable on demand. The rate of interest on working capital demand loans varies between 9.45% p.a.- 14.00% p.a. (31 March 2019: 9.20% - 10.45% p.a.) and are repayable over a year of 30 to 180 days).	72,803.06	98,775.61
Buyers/Suppliers credit		
(The rate of Interest on buyers/suppliers credit varies between 2.48% p.a - 4.21% p.a. (31 March 2019: 3.09% p.a - 5.08% p.a.) and are repayable over a year of 69 - 298 days) (USD 60.97 million) (31 March 2019: USD 199.03 million).	46,132.34	137,645.67
Short term loans		
(6.15% - 8.20% p.a. (31 March 2019: 8.20% p.a.) (including 6.15% - 8.20% p.a. (31 March 2019: 7.72% p.a.) paid directly by Government of India to the bank) secured against subsidy receivable of equal amount from Government of India, Ministry of Chemicals and Fertilizer under Special Banking Arrangement).	30,074.21	29,133.93
Bills discounted	53,307.90	95,771.22
(Local bills discounted with banks repayable over a year of 180 days at the rate varies between 7.25% - 11.69% p.a. (31 March 2019: 8.20% p.a - 12.00% p.a.) against Letter of Credit issued by another bank having securities as disclosed below).		
From Financial Institutions		
Short term loans**	11,581.61	-
(Short term loan from Bank at the rate of 12.00% p.a. (31 March 2019: Nil) payable over next seven months)		
Unsecured		
From banks		
Short term loans		
Working capital demand loans	-	22,500.00
Nil (The rate of interest varies between 9.40% - 11.00% p.a. and is repayable over a year of 30 to 180 days)		
Others - short term loan (Refer Note (g) below)	2,905.48	1,594.55
From Others		
Inter corporate deposits	10,000.00	21,150.00
(The rate of interest is 9.25% p.a. (31 March 2019: 9.25% p.a. - 15.00% p.a.) and is repayable over a year of 365 days)		
Total	**226,804.60**	**406,570.98**

*(a) In respect of the Parent Company, Cash credit (including working capital demand loans) of INR 72,744.43 lakhs (31 March 2019: INR 94,236.65 lakhs), Buyers credit of INR Nil (31 March 2019: INR 20,197.27 lakhs), Suppliers credit of INR Nil (31 March 2019: INR 36,812.36 lakhs) and Bill discounting of INR 4,500.00 lakhs (31 March 2019: INR 56,500.00 lakhs) are secured by the first charge by way of hypothecation on the current assets (excluding assets against which specific loans have been availed), both present and future, wherever situated pertaining to the fertilizer division of the Parent Company and the Parent Company's fertilizer division's present and future book debts outstanding, moneys receivable, claims, bills, contracts, engagements, rights and assets excluding some subsidy receivable amount exclusively charged to certain banks.

(b) In respect of the Parent Company, Cash credit of INR Nil (31 March 2019: INR 2,878.16 lakhs) was secured by equitable mortgage of land, hypothecation of stock in trade, book debts, plant and machinery and vehicles, both present and future of one of the divisions of the Parent Company.

(c) In respect of the Parent Company, Cash credit of INR Nil (31 March 2019: INR 1,389.50 lakhs) are secured by hypothecation of inventory cum book debts and all current assets of one of the divisions of the Parent Company.

(d) Short term loans of INR 30,074.21 lakhs (31 March 2019: INR 29,133.93 lakhs) are secured against subsidy receivable of equal amount from Government of India, Ministry of Chemicals and Fertilizer under Special Banking Arrangement.

**(e) In respect of the Parent Company, Indian rupee loan from a Bank of INR 11,581.61 lakhs (31 March 2019: INR Nil) carries interest rate of 12.00% p.a. The loan is repayable in 7 equal instalments starting from April 2020 with the last instalment due on October 2020. The loan is secured by exclusive charge 90 acre-unencumbered land situated at Goa providing minimum security cover of 1.00 times, Subservient charge on current assets and moveable fixed assets of the Parent Company, both present and future and pledge on shares of Chambal Fertilisers and Chemicals Limited ("CFCL") held by Zuari Global Limited with a minimum value of INR 28,800.00 lakhs.

(f) In respect of a subsidiary, buyers credit facilities of INR 8,199.50 lakhs (31 March 2019: INR 8,241.25 lakhs), suppliers credit of INR 37,932.84 lakhs (31 March 2019: INR 72,394.79 lakhs), bill discounting of INR 48,807.90 lakhs (31 March 2019: INR 39,271.22 lakhs), cash credit (including demand loans) of INR 58.63 lakhs (31 March 2019: INR 271.30 lakhs) are secured by first pari passu charge on all current assets (both present and future) and property, plant and equipment of the subsidiary company, excluding assets which are exclusively charged to other lenders.

(g) In respect of a subsidiary, a purchase card facility of INR 2,905.48 lakhs (31 March 2019: INR 1,594.55 lakhs) has been availed from a Bank. The facility carries interest in the range of 9.28% - 9.60% p.a. (March 31, 2019 : 7.05% - 7.90% p.a.).

Note on devolvement and non-payment of current and non-current borrowing: In respect of the Parent Company, For the period starting from 1 April 2019 to 31 March 2020, following are the devolvement on account of non-payment of letter of credits, buyers credit, suppliers credit, term loan and bill discounted and the terms of such loans payable were not renegotiated:

Bank	Amount not paid on due date (1 April 2019 to 31 March 2020)	Amount outstanding as on 31 March 2020
State Bank of India	20,365.62	-
Bank of Baroda	17,836.46	-
Canara Bank	15,077.54	-
Corporation Bank	24,973.56	-
IDBI Bank Limited	11,500.00	-
Axis Bank Limited	13,124.48	-
ICICI Bank Limited	17,953.25	-
HDFC Bank Limited	17,411.68	-
Ratnakar Bank Limited	13,041.67	-
Yes Bank Limited	19,786.46	-
Indusind Bank Limited	5,000.00	-
Rabo Bank	373.33	-

13. Trade payables

(INR in lakhs)

	Non-current		Current	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Trade payables				
- Outstanding dues to related parties (Refer Note 33)	-	-	34,864.89	30,247.91
- Outstanding dues to micro and small enterprises (Refer Note 29)	-	-	780.63	824.02
- Outstanding dues to others	-	-	160,995.77	164,592.57
Total	**-**	**-**	**196,641.29**	**195,664.50**

Notes to Consolidated Financial Statements for the year ended 31 March 2020

14. Other financial liabilities

(INR in lakhs)

	Non-current		Current	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Financial liabilities at fair value through profit or loss				
Derivatives not designated as hedges				
Foreign exchange forward covers	275.66	546.19	212.67	6,719.02
Total financial liabilities at fair value through profit or loss (a)	**275.66**	**546.19**	**212.67**	**6,719.02**
Other financial liabilities at amortised cost				
Current maturities of long term borrowings (Refer Note 12A)	-	-	52,865.80	30,069.73
Current maturities of lease liabilities (Refer Note 12A)	-		574.63	-
Trade deposits - dealers and others				
- from related parties (Refer Note 33)	-	-	0.50	0.50
- from others	-	-	15,079.39	13,194.52
Employee benefits payable	-	-	2,246.50	1,934.70
Payable towards capital goods				
- to related parties (Refer Note 33)	-	-	-	1.00
- to others *	-	-	1,407.31	1,824.89
Interest accrued but not due on borrowings	-	-	2,609.27	2,778.05
Other interest payable**	-	-	10,060.38	4,260.65
Unclaimed dividends	-	-	214.56	247.38
Payable towards voluntary retirement scheme	23.20	66.31	27.98	27.33
Other dues	-	-	531.17	909.98
Total other financial liabilities at amortised cost (b)	**23.20**	**66.31**	**85,617.49**	**55,248.73**
Total other financial liabilities (a+b)	**298.86**	**612.50**	**85,830.16**	**61,967.75**

* Including INR 9.52 lakhs (31 March 2019: INR 11.36 lakhs) outstanding due to Micro and Small Enterprises (Refer Note 29).

** - Including INR 279.07 lakhs (31 March 2019: INR 193.93 lakhs) outstanding due to Micro and Small Enterprises (Refer Note 29).
- Includes INR 4,335.74 lakhs (31 March 2019: INR 1,605.60 lakhs) payable to related party on account of overdue interest (Refer Note 33).

Foreign exchange forward contracts

While the Group entered into other foreign exchange forward contracts with the intention of reducing the foreign exchange risk of expected sales and purchases, these other contracts are not designated in hedge relationships and are measured at fair value through profit or loss.

Terms and conditions of the above financial liabilities:

Trade payables are normally non-interest bearing. For maturity profile of trade payables and other financial liabilities, Refer Note 37 For terms and conditions relating to related party payables, Refer Note 33.

For explanations on the Group's credit risk management processes, Refer Note 37.

Break-up of financial liabilities carried at amortised cost

(INR in lakhs)

	Non-current		Current	
	31 March 2020	**31 March 2019**	**31 March 2020**	**31 March 2019**
Non-current borrowings (Refer Note 12A)	56,563.22	86,839.93	-	-
Current borrowings (Refer Note 12B)	-	-	226,804.60	406,570.98
Trade payables (Refer Note 13)	-	-	196,641.29	195,664.50
Other financial liabilities (Refer Note 14)	298.86	612.50	85,830.16	61,967.75
Total financial liabilities carried at amortised cost	**56,862.08**	**87,452.43**	**509,276.05**	**664,203.23**

15. Other Liabilities

(INR in lakhs)

	Non-current		Current	
	31 March 2020	**31 March 2019**	**31 March 2020**	**31 March 2019**
Statutory Liabilities	-	-	827.39	885.21
Contract Liabilities - Advances received from customers*	-	-	7,399.79	14,436.54
Deferred income (Refer Note 56)	164.31	85.28	47.40	17.05
Total	**164.31**	**85.28**	**8,274.58**	**15,338.80**

*Includes advances received from related parties of INR Nil (31 March 2019: INR 10,734.34 lakhs) (Refer Note 33)

Revenue recognized from amounts included in contract liabilities at the beginning of the year is INR 13,724.22 lakhs (31 March 2019: INR 15,077.68 Lakhs)

Deferred income (Refer Note 56)

(INR in lakhs)

	31 March 2020	**31 March 2019**
Opening	**102.34**	**119.39**
Deferred during the year	151.70	-
Released to the statement of profit and loss	(42.33)	(17.05)
Closing	**211.71**	**102.34**

16. Provisions

(INR in lakhs)

	Non-current		Current	
	31 March 2020	**31 March 2019**	**31 March 2020**	**31 March 2019**
Provision for employee benefits				
Gratuity (Refer Note 31)	1,447.40	1,641.16	523.68	211.38
Provision for post retirement medical benefit (Refer Note 31)	56.84	57.70	6.59	6.93
Leave encashment (unfunded)	-	-	3,227.80	3,177.83
	1,504.24	**1,698.86**	**3,758.07**	**3,396.14**
Total	**1,504.24**	**1,698.86**	**3,758.07**	**3,396.14**

Notes to Consolidated Financial Statements for the year ended 31 March 2020

17. Income Tax

The major components of income tax expense for the year ended 31 March 2020 and 31 March 2019 are:

Profit or loss section (INR in lakhs)

	31 March 2020	31 March 2019
Current income tax:		
Current income tax charge	1,614.61	1,397.18
Adjustment of tax relating to earlier years	-	(1,493.31)
	1,614.61	**(96.13)**
Deferred tax:		
MAT Credit reversal in respect of earlier years	1,298.77	-
Adjustments in respect of deferred tax of earlier years	(2,628.78)	(424.21)
Relating to origination and reversal of temporary differences	3,375.74	1,209.33
	2,045.73	**785.12**
Income tax expense reported in the statement of profit or loss	**3,660.34**	**688.99**

OCI section

Deferred tax related to items recognised in OCI during the year: (INR in lakhs)

	31 March 2020	31 March 2019
Net loss/(gain) on re-measurements of defined benefit plans	(6.03)	156.06
Deferred tax charged/(credit) to OCI	3.85	(54.54)
Net (loss) on equity instruments through Other Comprehensive Income	1,750.92	2,877.69
Deferred tax charged/(credit) to OCI	(781.77)	-

Reconciliation of tax expense and the accounting profit multiplied by domestic tax rate for 31 March 2020 and 31 March 2019

(INR in lakhs)

	31 March 2020	31 March 2019
Accounting (loss) before Income tax	(73,567.95)	(26,604.17)
Income tax rate	25.168%	34.944%
At statutory income tax rate	(18,515.58)	(9,296.56)
Adjustment in respect of tax related to earlier years	(2,628.78)	(424.21)
Tax impact of Share of profit of joint ventures	(2,068.37)	(1,934.03)
Reversal of capital gain on slump sale	17,437.22	-
Tax effect of income that are not taxable in determining taxable profit:		
Dividend Income	131.61	129.17
Others Adjustments	(7.06)	(50.66)
Impact of profit on non-tax jurisdiction	125.01	0.93
Non-deductible expenses for tax purposes:		
Interest on Micro and Small Enterprises	21.59	20.92
Disallowance under Section 14A	187.01	6.70
Impact of adoption of Section 115BAA**	9,265.75	-
Impact of change in tax rate for future period*	(2,056.87)	-
Reversal of unabsorbed depreciation	149.92	-
Impairment of non-current investment (Refer Note 52)	-	4,116.18
Unrecognized deferred tax asset	-	8,054.53
Effect of higher tax rates in case of a subsidiary company	738.74	-
Others adjustments	880.15	66.02
Income tax (income)/expense reported in the statement of profit and loss	**3,660.34**	**688.99**

Deferred tax:

(INR in lakhs)

	As at 31 March 2018	Provided during the year	As at 31 March 2019	Provided during the year	As at 31 March 2020
Deferred tax liability:					
Property, plant and equipment impact of difference between tax depreciation and depreciation/amortisation charged for the financial reporting	23,871.93	(291.09)	23,580.84	(6,854.01)	16,726.83
Mark to market (MTM) forward contract	-	1,757.75	1,757.75	(1,757.75)	-
Others	267.18	(152.75)	114.43	(35.46)	78.97
Total deferred tax liability (A)	**24,139.11**	**1,313.91**	**25,453.02**	**(8,647.22)**	**16,805.80**
Deferred tax assets:					
Provision for doubtful debts and advances	974.35	-	974.35	1,640.77	2,615.12
MAT credit entitlement	9,014.29	(220.35)	8,793.94	(482.34)	8,311.60
Expenses allowable in Income tax on payment basis and deposition of Statutory dues	2,273.45	564.77	2,838.22	(1,367.84)	1,470.38
Brought forward losses and unabsorbed depreciation	19,304.91	(200.71)	19,104.20	(14,481.40)	4,622.80
Impairment of non-current investment (Refer Note 52)				3,695.00	3,695.00
Others	442.46	439.62	882.08	1,080.78	1,962.86
Total deferred tax assets (B)	**32,009.46**	**583.33**	**32,592.79**	**(9,915.03)**	**22,677.76**
Deferred Tax (Asset) (B - A)	**7,870.35**	**(730.58)**	**(7,139.77)**	**1,267.81**	**(5,871.96)**
Disclosed in the Financial Statements					
Deferred Tax Assets	9,208.20		8,895.14		6,741.16
Deferred Tax Liabilities	(1,337.85)		(1,755.37)		(869.20)

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

*During the year ended 31 March 2020, the Parent Company has made assessment regarding recognition criteria in relation to deferred tax asset and tax balances on the basis of future profitability projections and manner/period of utilization thereof including restructuring exercises being considered by the management along with considering paying Income Tax at reduced rates as per the provisions/conditions defined in the new Section 115BAA in the Income Tax Act, 1961, inserted vide the Taxation Laws (Amendment) Ordinance 2019. Consequentially, the Parent Company has recognised deferred tax assets on brought forward losses and unabsorbed depreciation and reversed the balance of MAT credit entitlement and deferred tax assets on brought forward losses under Section 35AD of Income Tax Act, 1961, which shall not be available for set off under the provisions of Section 115BAA of the Income Tax Act, 1961. In case of subsdiary company, assessment has been performed regarding utilization of Minimum Alternate Tax (MAT) on the basis of future profitability projections. Further, the management also assessed it to be probable that post utilization of MAT the Subsidiary Company will be exercising option to pay Income Tax at reduced rates as per the provisions/conditions defined in the new Section 115BAA in the Income Tax Act, 1961, inserted vide the Taxation Laws (Amendment) Ordinance 2019 and consequently, tax credit has been recorded in the consolidated financial statements for current year ended 31 March 2020.

Deferred tax assets on unabsorbed business losses and unrecognised capital losses including but not limited to indexation of capital assets have not been recognised to the extent there are no tax planning opportunities or other evidence of recoverability for the same in the near future. Further, the Parent Company has also not recognised deferred tax asset relating to temporary difference realisation of which is dependent upon events outside the control of the Parent Company.

The temporary differences associated with investments in subsidiaries and joint venture, for which a deferred tax liability has not been recognised. The Group has determined that undistributed profits of its subsidiaries and joint venture will not be distributed in the foreseeable future, until it obtains the consent from the Parent Company and all the joint venture partners respectively.

17A. Income tax assets/liabilities for current tax (net)

(INR in lakhs)

	31 March 2020	31 March 2019
Income tax assets - related parties (Refer Note 33 and Note 47)	1,708.35	1,708.35
Income tax assets - others (net)	3,053.88	3,836.45
Total income tax assets (net)	**4,762.23**	**5,544.80**

Notes to Consolidated Financial Statements for the year ended 31 March 2020

18. Revenue from operations

(INR in lakhs)

	31 March 2020	31 March 2019
Revenue from contracts with customers		
Sale of products		
Finished products	403,585.37	571,715.63
Traded products	96,691.15	237,474.13
Other operating revenues		
Rendering of Services	252.51	681.06
Scrap sales	549.56	419.19
Revenue from operations	**501,078.59**	**810,290.01**
Timing of revenue recognition		
Goods transferred to the customers at a point in time	500,954.85	810,191.70
Service rendered at a point in time	123.74	98.31
Total revenue from contracts with customers	**501,078.59**	**810,290.01**

Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price		
Revenue as per contracted price	**514,580.85**	**820,397.82**
Adjustments		
Sales return	(33.97)	(1,969.05)
Discount	(13,067.36)	(7,680.68)
Others	(400.93)	(458.08)
Revenue from contract with customers	**501,078.59**	**810,290.01**

Performance obligation

The Group recognises revenue from sale of goods at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods. The performance obligation is satisfied upon delivery of the goods and payment is generally due within 15 to 120 days from delivery.

The Group also recognises the subsidy income receivable from the Government of India as per New Pricing Scheme for Urea and as per Nutrient Based Subsidy Policy for Phosphatic and Potassic (P&K) fertilisers at the time of sale of goods to its customers. The Direct Benefit Transfer (DBT) Scheme entails 100% payment of subsidy to the Group on the basis of actual sales by the retailer to the beneficiary, however the performance obligation of the Group is satisfied upon delivery of the goods to its customer.

The Group does not have any other performance obligation in respect of its supply of goods to the customers.

a. (i) Sales of Finished Products and Traded Products include Government subsidies of INR 2,40,491.92 lakhs (31 March 2019: INR 3,67,635.27 lakhs). Subsidies include INR 1,053.65 lakhs (31 March 2019: INR 5,829.79 lakhs) (including INR 1,053.65 lakhs; 31 March 2019: INR 3,050.79 lakhs, disclosed in Note a (ii) below) in respect of earlier years, notified during the year.

(ii) A subsidiary recognises urea concession income from the Government of India (GOI) based on estimates and changes, if any, are recognised in the year of finalisation of the prices by the GOI under the scheme. Accordingly, sales of products for the year include differential urea concession income of INR 1,053.65 lakhs (31 March 2019: INR 3,050.79 lakhs) relating to immediately preceding financial year recognised on finalisation of escalation/de-escalation claims.

b. Subsidy for Urea has been accounted based on notified concession price under New Urea Policy, 2015 and other adjustments as estimated in accordance with known policy parameters in this regard.

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

d. The subsidy on Phosphatic and Potassic fertilizers has been accounted for as per concession price notified by the Government of India under Nutrient Based Subsidy Policy, from time to time.

Notes to Consolidated Financial Statements for the year ended 31 March 2020

19. Other income

(INR in lakhs)

	31 March 2020	31 March 2019
Interest Income on		
Bank deposits	1,168.84	469.86
Inter-corporate loans	-	219.01
Overdue debtors, employee loans etc.	2.68	2,169.67
Income tax refund	157.11	119.29
Dividend income on non-current investments	2.16	2.16
Other non-operating income		
Profit on sale of property, plant and equipment (net)	434.63	-
Excess provision/unclaimed liabilities/unclaimed balances written back	1,245.94	501.74
Incentive under packing scheme incentive (Refer Note 56)	17.05	17.05
Insurance Claims	187.85	38.61
Miscellaneous income	1,768.94	1,014.60
Total	**4,985.20**	**4,551.99**

Total interest income (calculated using the effective interest method) for financial assets that are not at fair value through profit or loss.

(INR in lakhs)

	31 March 2020	31 March 2019
In relation to Financial assets classified at amortised cost	1,171.52	2,858.54
In relation to Financial assets classified at FVOCI	-	-
Total	**1,171.52**	**2,858.54**

20. Cost of raw materials and components consumed

(INR in lakhs)

	31 March 2020	31 March 2019
Inventory at the beginning of the year	43,028.73	31,455.11
Add : Purchases	223,093.25	451,270.20
Add: Transfer of Stock for captive consumption	-	2,851.05
	266,121.98	**485,576.36**
Less: Transferred to trading stock	(522.18)	(2,371.15)
Less: Inventory at the end of the year	(21,560.43)	(43,028.73)
Cost of raw materials and components consumed	**244,039.37**	**440,176.48**

21. Purchase of traded goods

(INR in lakhs)

	31 March 2020	31 March 2019
Traded goods purchase details		
Imported Di-ammonium phosphate (IDAP)	5,074.95	118,944.79
Imported Muriate of potash (IMOP)	10,017.91	58,744.15
Single super phosphate (SSP)	-	1.42
Urea	-	2,662.35
Speciality fertilisers	2,497.19	16,007.87
Complex fertilisers	3,231.09	6,537.37
Pesticides	7,313.34	12,208.64
Seeds	554.54	307.91
Others	7,249.24	3,061.51
Add: Transfer from materials purchased	522.18	2,371.15
Cost of traded goods purchased	**36,460.44**	**220,847.16**

Notes to Consolidated Financial Statements for the year ended 31 March 2020

22. Changes in inventories of finished goods, traded goods and work-in-progress

(INR in lakhs)

	31 March 2020	31 March 2019
Inventories at the end of the year		
Finished goods	15,212.17	64,746.89
Traded goods	6,745.68	55,130.06
Work-in-progress	1,301.80	1,599.34
	23,259.65	**121,476.29**
Inventories at the beginning of the year		
Finished goods	64,746.89	24,470.45
Traded goods	55,130.06	36,540.46
Work-in-progress	1,599.34	4,058.92
	121,476.29	**65,069.83**
	98,216.64	**(56,406.46)**

23. Employee benefits expense

(INR in lakhs)

	31 March 2020	31 March 2019
Salaries, wages and bonus	14,430.92	14,274.16
Contribution to provident and other funds	1,207.53	1,071.22
Post-retirement medical benefit (Refer Note 31)	5.02	9.84
Gratuity expense (Refer Note 31)	368.29	344.54
Staff welfare expenses	1,476.14	1,861.88
Total	**17,487.90**	**17,561.64**

24. Finance costs

(INR in lakhs)

	31 March 2020	31 March 2019
Interest expense	47,545.15	41,867.24
Interest on income tax	30.14	10.64
Exchange difference to the extent considered as an adjustment to borrowing cost	3,698.49	3,454.20
Other borrowing cost	2,188.32	3,457.73
Total	**53,462.10**	**48,789.81**

Total interest expense (calculated using the effective interest method) for financial liabilities that are not at fair value through profit or loss

(INR in lakhs)

	31 March 2020	31 March 2019
In relation to Financial liabilities classified at amortised cost	47,545.15	41,867.24
Total	**47,545.15**	**41,867.24**

25. Depreciation and amortization expense

(INR in lakhs)

	31 March 2020	31 March 2019
Depreciation of property, plant and equipment (Refer Note 3)	10,265.75	8,324.72
Amortisation of intangible assets (Refer Note 5)	795.85	421.17
Total	**11,061.60**	**8,745.89**

Notes to Consolidated Financial Statements for the year ended 31 March 2020

26. Other expenses

(INR in lakhs)

	31 March 2020	31 March 2019
Stores and spares consumed	1,590.41	2,223.29
Power, fuel and water	48,284.18	60,131.24
Bagging and other contracting charges	3,061.16	3,881.22
Outward freight and handling	27,608.42	56,574.29
Rent	2,377.02	3,601.21
Rates and taxes	154.06	107.33
Insurance	1,836.97	777.42
Repairs and maintenance		
Plant & machinery	4,799.03	5,922.37
Buildings	488.96	1,056.07
Others	676.19	1,186.48
Royalty on sales (net)	-	16.85
Provision for doubtful receivable/advances	13,566.85	1,835.40
Research and development expenses	0.11	5.36
Subsidy claims written off	156.59	141.16
Impairment of capital work-in-progress	-	367.17
Foreign exchange variation (net)	6,991.33	5,044.00
Loss on disposal of property, plant and equipment (net)	280.82	542.27
Donation	6.17	6.33
CSR expenditure (Refer details below)	143.52	136.06
Advances write - off	2,382.68	3,180.49
Miscellaneous expenses*	12,717.47	9,912.70
Total	**127,121.94**	**156,648.71**
***Payments to statutory auditors**		
As statutory auditors		
Audit fees	78.45	75.50
Tax audit fee	9.00	14.47
Limited review fees	31.50	30.00
In other capacity		
Other services (includes certification fees and right issue)	188.22	74.78
Reimbursement of expenses	25.77	13.16
Total	**332.94**	**207.91**
CSR Expenditure:		
Gross amount required to be spent by the Group during the year (under Section 135 of the Companies Act, 2013)	104.30	50.34
Amount spent during the year (other than on construction/acquisition of any asset)	143.52	136.06
Amount spent during the year (on construction/acquisition of any asset)	**-**	-
Amount yet to be spent/paid	**-**	-
Total	**143.52**	**136.06**

Notes to Consolidated Financial Statements for the year ended 31 March 2020

27. Distributions made and proposed

(INR in lakhs)

	31 March 2020	31 March 2019
Cash dividends on equity shares declared and paid:		
Final equity dividends: INR 1 per equity share (31 March 2019: INR 1 per equity share)	544.87	556.72
Dividend distribution tax on equity dividend	112.00	114.43
	656.87	**671.15**
Proposed dividends on equity shares:		
Proposed final equity dividends: INR 0.50 per equity share (31 March 2019: INR 1 per equity share)	272.43	544.87
Dividend distribution tax on proposed equity dividend	-	112.00
	272.43	**656.87**

Proposed dividend on equity shares are subject to approval at the annual general meeting and are not recognized as a liability (including DDT thereon) as at 31 March.

28 A. Exceptional Items:

(INR in lakhs)

	31 March 2020	31 March 2019
Provision for impairment of investments (Refer Note (a) below)	-	10,617.61
	-	**10,617.61**

(a) Exceptional items for the year ending 31 March 2019 includes INR 10,617.61 lakhs representing impairment of the Parent Company's investment in the rock phosphate mining project (which is under development) through MCA Phosphate Pte Limited as more fully described in Note 52.

28 B. Earnings Per Share (EPS)

Basic and Diluted EPS amounts are calculated by dividing the profit/(loss) for the year attributable to equity holders of the Parent Company by the weighted average number of equity shares outstanding during the year.

The following reflects the income and share data used in the basic and diluted EPS computations: (INR in lakhs)

	31 March 2020	31 March 2019
(Loss) after taxation as per statement of profit and loss (INR in lakhs)	(80,196.09)	(28,837.65)
Weighted average number of shares used in computing earnings per share	42,058,006	42,058,006
(Loss) per share – Basic and diluted (in INR)	(190.68)	(68.57)
Face value per share (in INR)	10.00	10.00

29. Dues to Micro, Small and Medium Enterprises

The Group has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act is as follows:

(INR in lakhs)

Particulars	31 March 2020	31 March 2019
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year:		
- Principal amount due to micro and small enterprises	790.15	835.38
- Interest due on above	85.81	60.55
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of each accounting year	279.07	193.93
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	85.81	60.55

30. Group Information

Information about subsidiaries

The consolidated financial statements of the Group includes subsidiaries and joint ventures, listed in the table below:

Name of Subsidiary Company	Country of Incorporation	Ownership Interest (%)	
		31 March 2020	31 March 2019
Mangalore Chemicals and Fertilizers Limited	India	54.03%	53.03%
Zuari FarmHub Limited	India	100.00%	-
Adventz Trading DMCC	United Arab Emirates	100.00%	100.00%

Name of Joint Ventures	Country of Incorporation	Ownership Interest (%)	
		31 March 2020	31 March 2019
Zuari Maroc Phosphates Private Limited (ZMPPL) (including its 80.45% subsidiary - Paradeep Phosphates Limited)	India	50.00%	50.00%
MCA Phosphates Pte Limited (MCAP) (including its associate Fosfatos del Pacifico S.A.) (Refer Note 52)	Singapore	-	30.00%

Financial Statements of MCA Phosphates Pte. Limited and Fosfatos del Pacifico S.A. for the year ended 31 March 2019, which include the Group's share of total comprehensive income (comprising of loss and other comprehensive income) of INR 309.94 lakhs, were unaudited and had been compiled by the management. Also, financial statements of its associate Fosfatos del Pacifico S.A. had been derived by deducting three months period ended 31 March 2018 and adding three months period ended 31 March 2019 to the figured of audited financial statements for the year ended 31 December 2018.

30 A. Material partly-owned subsidiaries

Financial information of subsidiaries that have material non-controlling interests is provided below:

Proportion of equity interest held by non-controlling interests: (INR in lakhs)

Name	Country of incorporation and operation	31 March 2020	31 March 2019
Mangalore Chemicals and Fertilisers Limited	India	45.97%	46.97%
Information regarding non-controlling interest			
		31 March 2020 INR in lakhs	**31 March 2019 INR in lakhs**
Accumulated balances of material non-controlling interest:		41,422.68	39,955.19
		31 March 2020 INR in lakhs	**31 March 2019 INR in lakhs**
Total Comprehensive Income allocated to material non-controlling interest:		2,974.93	1,509.00
Dividend distributed and paid to non-controlling interest		544.87	556.72

The summarised financial information of the subsidiary is provided below. This information is based on amounts before inter-company eliminations.

Summarised statement of profit and loss for the period ended 31 March 2020 and 31 March 2019:

	31 March 2020	31 March 2019
	INR in lakhs	INR in lakhs
Revenue from operations	271,084.42	307,363.76
Other Income	2,321.72	1,203.47
Cost of raw material and components consumed	140,030.22	157,092.20
Purchases of traded goods	22,602.71	74,365.48
Change in inventories of finished goods, work-in-progress and traded goods	22,056.77	(9,870.88)
Employee benefits expense	7,086.26	7,070.62
Other expenses	63,438.67	63,793.84

Notes to Consolidated Financial Statements for the year ended 31 March 2020

	31 March 2020 INR in lakhs	31 March 2019 INR in lakhs
Finance costs	11,147.69	11,101.93
Profit before tax	**7,043.82**	**5,014.04**
Income tax	588.50	1,726.11
Profit for the year	**6,455.32**	**3,287.93**
Other Comprehensive income/ (loss) for the year	15.50	(75.56)
Total comprehensive income	**6,470.82**	**3,212.37**
Attributable to non-controlling interests	2,974.93	1,509.00
Dividends paid to non-controlling interests	544.87	556.72

Summarised balance sheet as at 31 March 2020 and 31 March 2019:

	31 March 2020 INR in lakhs	31 March 2019 INR in lakhs
Inventories and cash and cash equivalents	45,910.79	58,037.22
Property, plant and equipment, other non-current financial assets and other non-current assets	71,082.52	67,565.90
Trade Receivable, other financial assets and other current assets	163,316.26	166,215.42
Trade and other payable	(79,646.95)	(72,029.70)
Non-current liabilities	(1,689.41)	(2,170.83)
Interest-bearing loans and borrowing and deferred tax liabilities (non-current)	(144,414.96)	(168,101.82)
Total equity	**54,558.25**	**49,516.19**
Attributable to:		
Non-controlling interest*	41,422.68	39,955.19

*Includes impact of fair valuation at the time of acquisition of controlling stake in May 2015.

Summarised cash flow information for the year ended 31 March 2020 and 31 March 2020:

	31 March 2020 INR in lakhs	31 March 2019 INR in lakhs
Operating	62,865.87	(26,175.07)
Investing	(6,463.52)	(5,888.30)
Financing	(39,267.67)	24,964.05
Net increase/(decrease) in cash and cash equivalents	**17,134.68**	**(7,099.32)**

30 B. Interest in Joint Ventures

a) Zuari Maroc Phosphate Private Limited

The Group has a 50% interest in Zuari Maroc Phosphate Private Limited, a joint venture engaged in the business as an investment company and to acquire and hold and otherwise deal in shares, stocks, debentures. The Group's interest in Zuari Maroc Phosphates Private Limited is accounted for using the equity method in the consolidated financial statements.

Summarised financial information of the joint venture, based on its Ind AS financial statements, and reconciliation with the carrying amount of the investment in consolidated financial statements are set out below:

Summarised Balance Sheet as at 31 March 2020 and 31 March 2019:

	31 March 2020 INR in lakhs	31 March 2019 INR in lakhs
Current assets, including cash and cash equivalents: INR 431.89 lakhs (31 March 2019: INR 1,900.30 lakhs)	361,189.00	432,015.41
Non-current assets, including advance tax: INR 2,157.26 lakhs (31 March 2019: INR 2,129.24 lakhs)	176,576.33	167,294.09
Current liabilities	(321,860.91)	(387,959.30)
Non controlling Interest	(31,345.88)	(28,984.07)
Non-current liabilities, including borrowing: INR 13,942.24 lakhs (31 March 2019: INR 21,887.94 lakhs)	(18,851.22)	(27,513.69)
Equity	**165,707.32**	**154,852.44**

Notes to Consolidated Financial Statements for the year ended 31 March 2020

	31 March 2020	31 March 2019
	INR in lakhs	INR in lakhs
Proportion of the Group's ownership	50%	50%
Proportionate value the Group's ownership	82,853.66	77,426.22
Add: DDT liability provided in consolidation	923.82	461.91
Less: Elimination of unrealised profit on closing inventory	(40.49)	-
Carrying amount of the investment in consolidation	83,736.99	77,888.13
Dividend received	2,247.70	2,247.70

Summarised statement of Profit and Loss for the period ended:

	31 March 2020	31 March 2019
	INR in lakhs	INR in lakhs
Revenue from operations	419,286.45	435,791.22
Other income	3,575.90	4,042.79
Cost of raw material and components consumed	(221,014.06)	(284,763.83)
Purchases of traded goods	(47,540.83)	(83,910.93)
Changes in inventories of finished goods, traded goods and work in progress	(25,857.41)	56,244.92
Depreciation and amortization expense	(7,247.59)	(7,009.74)
Finance costs	(19,179.49)	(15,925.26)
Employee benefits expense	(13,192.79)	(13,057.87)
Other expense	(65,732.56)	(66,187.38)
Profit before share of loss from associate, exceptional items and tax	**23,097.62**	**25,223.92**
Share of loss from associate	(82.82)	(9.01)
Profit before tax	**23,014.80**	**25,214.91**
Income tax expense	(2,720.29)	(10,238.37)
Profit for the year	**20,294.51**	**14,976.54**
Other comprehensive (loss) / income	(302.49)	(231.26)
Total comprehensive income for the year	**19,992.02**	**14,745.28**
Share of non controlling interest in total comprehensive income	3,717.92	3,062.17
Total comprehensive income	**16,274.10**	**11,683.11**
Proportion of the Group's ownership	50%	50%
Group's share of total comprehensive income for the year before profit elimination	**8,137.05**	**5,841.55**
Less: Elimination of unrealised profit on closing inventory	(40.49)	**-**
Group's share of total comprehensive income for the year	**8,096.56**	**5,841.55**

Contingent Liabilities and Capital Commitments*

	31 March 2020	31 March 2019
	INR in lakhs	INR in lakhs
Claims/demand raised by Government Authorities**		
a. Claims/demand raised by Income Tax Authorities	467.41	1,344.37
b. Claims/demand raised by Sales Tax Authorities	8,031.61	7,018.45
Other Claims against the Company not acknowledged as debts**	4,962.33	4,781.20
Estimated amount of contracts remaining to be executed on capital account not provided for	5,075.87	2,581.88

* Being share of the Group in the Joint Company.

**Based on discussions with the solicitors / favourable decisions in similar cases / legal opinions taken by the Group, the management believes that the Group has a good chance of success in the above mentioned cases and hence, no provision is considered necessary. The above has been compiled based on the information and records available with the Group.

Notes to Consolidated Financial Statements for the year ended 31 March 2020

(INR in lakhs)

31. Gratuity and other post-employment benefit plans

Particulars	31 March 2020	31 March 2019
- Gratuity Plan- Asset/(Liability)*	(1,971.08)	(1,852.54)
- Provident Fund -Asset**	85.95	220.13
- Post Retirement Medical Benefit Plan - (Liability)	(63.43)	(64.63)
Total	**(1,948.56)**	**(1,697.04)**

*In respect of a foreign subsidiary company, defined benefit obligation of INR 33.65 lakhs (31 March 2019: INR 16.52 lakhs) is not funded.

** Plan assets of INR 85.95 lakhs (31 March 2019: INR 220.13 lakhs) have not been recognised in the financial statements, as the surplus of the trust, is distributable among the beneficiaries of the provident fund trust. The above includes amount contributed by Zuari Global Limited (related party of the Parent Company).

a) Gratuity

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 Gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement/termination/resignation. The Gratuity plan for the Group 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 has taken an Insurance policy, whereby these contributions are transferred to the insurer. The Group makes provision of such gratuity asset/liability in the books of account on the basis of actuarial valuation carried out by an independent actuary.

b) Provident Fund

As per Ind-AS 19, Employee Benefits, provident funds set up by employers, which requires interest shortfall to be met by the employer, needs to be treated as defined benefit plan. Actuarial valuation of Provident Fund is carried out in accordance with the guidance note issued by Actuary Society of India.

c) Post Retirement Medical Benefit Plan

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

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet for the respective plans:

Net employee benefits expense (recognized in Employee Cost) for the year (INR in lakhs)

Particulars	Gratuity	
	31 March 2020	31 March 2019
Current Service Cost	233.78	230.97
Net Interest Cost	150.90	142.01
Return on plan assets	(16.39)	(28.44)
Total	**368.29**	**344.54**

Particulars	Post Retirement Medical Benefit Plan	
	31 March 2020	31 March 2019
Net Interest Cost	5.02	4.24
Total	**5.02**	**4.24**

Amount recognised in other comprehensive income for the year

Particulars	Gratuity	
	31 March 2020	31 March 2019
Actuarial (gain)/ loss		
- change in demographic and financial assumptions	17.34	44.25
- experience variance (i.e. Actual experience vs assumptions)	(81.22)	54.08
Return on plan assets (excluding amounts included in net interest expense)	57.85	57.73
Total	**(6.03)**	**156.06**

(INR in lakhs)

Particulars	Post Retirement Medical Benefit Plan	
	31 March 2020	31 March 2019
Re-measurement (or Actuarial) (gain) / loss arising from :		
- change in demographic assumptions	0.03	-
- change in financial assumptions	2.95	-
- experience variance (i.e. Actual experiences assumptions)	(9.21)	5.60
Total	**(6.23)**	**5.60**

Changes in the present value of the defined benefit obligation for the year:

Gratuity:

(INR in lakhs)

Particulars	31 March 2020	31 March 2019
Opening defined obligation	**4,037.32**	**3,971.44**
Current service cost	233.77	230.97
Interest cost	298.68	309.42
Re-measurement (or Actuarial) (gain)/loss arising from:	-	-
- change in demographic assumptions	(0.11)	-
- change in financial assumptions	10.95	21.86
- experience variance (i.e. Actual experiences assumptions)	(46.65)	(27.03)
Benefits paid	(652.67)	(596.68)
Net transfer liability in/(out)	-	23.84
Actuarial (gains) /losses on obligation	(28.07)	103.50
Defined benefit obligation	**3,853.22**	**4,037.32**

Provident Fund:

(INR in lakhs)

Particulars	31 March 2020	31 March 2019
Opening defined obligation	**13,003.89**	**12,117.81**
Current service cost	248.05	233.41
Interest cost	1,079.65	933.92
Contributions by Employee plan participants	691.69	657.67
Benefits Paid out of funds	(2,093.74)	(1,846.35)
Re-measurement (or Actuarial) (gain) loss arising from :		
- experience variance	39.96	11.21
Settlements/transfer in	227.97	896.22
Defined benefit obligation	**13,197.47**	**13,003.89**

Post Retirement Medical Benefit Plan:

(INR in lakhs)

Particulars	31 March 2020	31 March 2019
Opening defined obligation	**64.63**	**54.79**
Interest cost	5.02	4.24
Re-measurement (or Actuarial) (gain) / loss arising from :		
- change in demographic assumptions	0.03	
- change in financial assumptions	2.95	
- experience variance (i.e. Actual experiences assumptions)	(9.21)	5.60
Defined benefit obligation	**63.43**	**64.63**

Notes to Consolidated Financial Statements for the year ended 31 March 2020

Changes in the fair value of plan assets for the year ended:

Gratuity: (INR in lakhs)

Particulars	31 March 2020	31 March 2019
Opening fair value of plan assets	**2,201.30**	**2,528.88**
Interest income	148.06	167.41
Return on plan assets (excluding amounts included in net interest expense) - OCI	(37.22)	(16.64)
Contribution by Employer	260.57	130.98
Benefits paid	(652.67)	(596.68)
Actuarial gain/(loss)	(4.24)	(12.65)
Service cost (Transfer in/Out)	-	-
Closing fair value of plan assets	**1,915.80**	**2,201.30**

The Group expects to contribute INR 785.00 lakhs (31 March 2019 : INR 346.00 lakhs) to gratuity fund in the next financial year.

Provident Fund: (INR in lakhs)

Particulars	31 March 2020	31 March 2019
Opening fair value of plan assets	**13,224.02**	**12,358.41**
Interest income	1,147.14	957.78
Return on plan assets (excluding amounts included in net interest expense) - OCI	(152.84)	29.37
Employer Contribution	248.05	233.41
Plan participants/Employee contribution	691.69	657.67
Benefits paid	(2,093.74)	(1,846.35)
Settlements/Transfer in	219.10	833.73
Closing fair value of plan assets	**13,283.42**	**13,224.02**

The Parent Company expects to Contribute INR 545.71 lakhs (31 March 2019: INR 342.33 lakhs) to provident fund trust in the next financial year.

Gratuity (INR in lakhs)

Particulars	31 March 2020	31 March 2019
Investment with insurer (Life Insurance Corporation of India)	1,915.80	2,201.30

Provident Fund (Managed Through Trust) (INR in lakhs)

Particulars	31 March 2020	31 March 2019
Self managed investments	13,283.42	13,224.02

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

Investment pattern in plan assets: (INR in lakhs)

Particulars	Gratuity		Provident Fund	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Funds managed by insurance companies	100%	100%	0%	0%
Funds managed by trust	0%	0%	100%	100%

The principal assumptions used in determining benefit obligation for the Group's plans are shown below: (INR in lakhs)

Particulars	Gratuity		Provident Fund		Post Retirement Medical Benefit Plan	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Discount rate (in %)	6.85%	7.75%	6.85%	7.75%	6.85%	7.75%
Salary Escalation (in %)	8% for first 2 years and 6.5% thereafter	9% for first 2 years and 7.5% thereafter	-	-	-	-
Mortality rate (Upto Normal Retirement Age)	100%	100%	100%	100%	100% of IALM 2012-14	100% of IALM 06-08
Mortality rate (Above Normal Retirement Age)	N.A.	N.A.	N.A.	N.A.	90% of LIC 96-98 mod ult.	90% of LIC 96-98 mod ult.
Withdrawal rate (per annum)	1%-3%	1%-3%	1%-3%	1%-3%	-	-

A quantitative sensitivity analysis for significant assumption for the Group is as shown below:

Gratuity Plan (in case of parent company)

Assumptions	31 March 2020		31 March 2020		31 March 2020		31 March 2020	
	Discount rate		Future salary increases		Attrition rate		Mortality rate	
Sensitivity Level	1% increase	1% decrease	1% increase	1% decrease	50% increase of attrition rate	50% decrease of attrition rate	10% increase of mortality rate	10% decrease of mortality rate
	INR in lakhs	INR in lakhs	INR in lakhs	INR in lakhs	INR in lakhs	INR in lakhs	INR in lakhs	INR in lakhs
Defined benefit obligation	1,678.72	1,894.03	1,887.52	1,682.31	1,780.18	1,778.01	1,779.31	1,779.07
	31 March 2019		31 March 2019		31 March 2019		31 March 2019	
Assumptions	Discount rate		Future salary increases		Attrition rate		Mortality rate	
Sensitivity Level	1% increase	1% decrease	1% increase	1% decrease	50% increase of attrition rate	50% decrease of attrition rate	10% increase of mortality rate	10% decrease of mortality rate
	INR in lakhs	INR in lakhs	INR in lakhs	INR in lakhs	INR in lakhs	INR in lakhs	INR in lakhs	INR in lakhs
Defined benefit obligation	1,977.17	2,233.92	2,226.61	1,980.65	2,097.30	2,096.75	2,097.22	2,096.98

Gratuity Plan (in case of a subsidiary)

	31 March 2020		31 March 2020		31 March 2020		31 March 2020	
Assumptions	Discount rate		Future salary increases		Attrition rate		Mortality rate	
Sensitivity Level	0.5 % increase	0.5 % decrease	0.5 % increase	0.5 % decrease	0.5 % increase	0.5 % decrease	0.5 % increase	0.5 % decrease
	INR in lakhs	INR in lakhs	INR in lakhs	INR in lakhs	INR in lakhs	INR in lakhs	INR in lakhs	INR in lakhs
Defined benefit obligation	1,794.02	1,919.42	1,919.11	1,793.77	1,855.85	1,852.48	1,854.37	1,854.20
	31 March 2019		31 March 2019		31 March 2019		31 March 2019	
Assumptions	Discount rate		Future salary increases		Attrition rate		Mortality rate	
Sensitivity Level	0.5 % increase	0.5 % decrease	0.5 % increase	0.5 % decrease	0.5 % increase	0.5 % decrease	0.5 % increase	0.5 % decrease
	INR in lakhs	INR in lakhs	INR in lakhs	INR in lakhs	INR in lakhs	INR in lakhs	INR in lakhs	INR in lakhs
Defined benefit obligation	1,880.16	2,004.90	2,004.51	1,879.98	1,940.86	1,939.41	1,940.25	1,940.17

A quantitative sensitivity analysis for significant assumption for the Group is as shown below:

Provident Fund

	31 March 2020	
Assumptions	Interest Rate Guarantee	
Sensitivity Level	1% increase	1% decrease
	INR in lakhs	INR in lakhs
Defined benefit obligation	13,814.67	13,079.01
	31 March 2019	
Assumptions	Interest Rate Guarantee	
Sensitivity Level	1% increase	1% decrease
	INR in lakhs	INR in lakhs
Defined benefit obligation	13,623.86	12,967.20

Post Retirement Medical Benefit Plan

	31 March 2020		31 March 2020	
Assumptions	Discount rate		Mortality rate	
Sensitivity Level	1% increase	1% decrease	10% increase of mortality rate	10% decrease of mortality rate
	INR in lakhs	INR in lakhs	INR in lakhs	INR in lakhs
Defined benefit obligation	59.72	67.37	61.65	65.21
	31 March 2019		31 March 2019	
Assumptions	Discount rate		Mortality rate	
Sensitivity Level	1% increase	1% decrease	10% increase of mortality rate	10% decrease of mortality rate
	INR in lakhs	INR in lakhs	INR in lakhs	INR in lakhs
Defined benefit obligation	60.85	68.65	62.82	66.45

Notes to Consolidated Financial Statements for the year ended 31 March 2020

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

Maturity Profile of Defined benefit obligation:

Expected cash flows over the next (valued on undiscounted basis):

	Gratuity		Post Retirement Medical Benefit Plan	
	31 March 2020	**31 March 2019**	**31 March 2020**	**31 March 2019**
	INR in lakhs	**INR in lakhs**	**INR in lakhs**	**INR in lakhs**
Within the next 12 months (next annual reporting period)	1,014.92	577.33	6.59	6.93
Between 1 and 5 years	1,554.07	2,141.61	23.43	24.93
Between 5 and 10 years	1,160.24	1,159.33	22.29	24.16
Beyond 10 years	3,289.54	3,899.26	23.92	28.40

The average duration of the defined benefit plan obligation at the end of the reporting period is 6-7 years (31 March 2019: 6 years).

32. Commitments and Contingencies

A. Contingent liabilities:

(INR in lakhs)

		31 March 2020	31 March 2019
I	**Demands / Claims from Government Authorities***		
(A)	**Demands from Income Tax Authorities**		
i)	Demands in respect of assessment year 2012-13 for disallowances mainly on account of loss on sale of fertiliser bonds for which an appeal is pending with CIT (Appeals)	14.64	1,565.30
ii)	Demands in respect of assessment year 2013-14 for disallowances u/s 14A on account of expenditure for earning exempt income for which an appeal is pending with CIT (Appeals)	46.55	367.43
iii)	Demands in respect of assessment year 2014-15 for disallowances u/s 14A on account of expenditure for earning exempt income for which an appeal is pending with CIT (Appeals)	78.57	370.76
iv)	Demands in respect of assessment year 2015-16 for disallowances u/s 37 on account of expendtiure incurred before commencement of business for which an appeal is pending with CIT (Appeals)	318.50	-
v)	Demands in respect of assessment year 2016-17 for disallowances u/s 14A on account of expenditure for earning exempt income, depreciation on Goodwill and unrealised exchange loss for which an appeal is pending with CIT (Appeals)	1,505.87	-
vi)	Demands in respect of assessment year 2017-18 for disallowances u/s 14A on account of expenditure for earning exempt income, depreciation on Goodwill and unrealised exchange loss for which an appeal is pending with CIT (Appeals)	1,433.95	-
vii)	Disputed income tax liability in respect of a subsidiary company of Assessment Year 2014-15^	358.04	358.04
viii)	Income-tax advance to Zuari Global Limited against earlier years demand pertains to Fertiliser Business in relation to Demerger happened in financial year 2011-12	1,708.36	1,708.36
(B)	**Demands from Sales Tax and Other Authorities**		
i)	Demand Notice from Commercial Tax Department, Maharashtra towards financial year 2011-12	2.87	2.87
ii)	Exparte Order received from Commercial Tax Department Lucknow, UP for the month of May 2016 to July 2016, September 2016, October 2016 and December 2016	14.34	14.34
iii)	Penalty order received for delay in payment of tax from Commercial Tax Department Lucknow, UP towards financial year 2016-17	9.23	9.23
iv)	Demand Notice from Commercial Tax Department, Chhattisgarh towards financial year 2012-13	-	0.08
v)	Demand notice from Commercial Tax Department, Jaipur towards Excess Input Tax Credit availed for the periods 2011-12 and 2013-14 in respect of Parent Company	32.10	32.10
vi)	Demand notice from Commercial Tax Department, Madhya Pradesh towards non-submission of "C Form" for the period 2013-14 of the Parent Company	2.48	2.48
vii)	Demand notice from commercial tax department Kerala towards Conceded an interstate stock transfer (Out) of taxable items for the period 2009-10 of the Parent Company	15.52	15.52

Notes to Consolidated Financial Statements for the year ended 31 March 2020

(INR in lakhs)

		31 March 2020	31 March 2019
viii)	Demand Notice from commercial tax department Meerut, UP towards financial year 2009-10	52.76	52.76
ix)	Mismatch of input credit taken in respect of sales tax Maharashtra for assessment year 2014-15	-	6.87
x)	Demand Notice from commercial tax department Meerut, UP towards financial year 2013-14 on account of tax rate difference	16.40	16.40
xi)	Demand Notice from commercial tax department Telangana towards Short ITC reversal on stock transfers	8.85	-
xii)	Entry tax demand for assessment year 2012-13	0.08	0.08
xiii)	Demand notice from Sales Tax Department, Baramati towards ITC claim disallowed for the period 1 April 2013 - 31 March 2014	-	5.50
xiv)	Demand notice received for Telangana state towards payment of Entry tax financial year 2017-18	0.24	-
xv)	Demand Notice from commercial tax department Goa towards non-registration under Goa Green Cess Act, 2013 as being importer of natural gas	4,291.34	-
xvi)	Disputed customs duty liability under appeal by a subsidiary company before CESTAT	400.63	356.83
xvii)	Demand notice from Customs department, Mumbai towards non eligibility of exemption under notification no. 04/06-CE dt 1 March 2006 (as amended by notification no. 4/2011-CE dt. 1 March 2011) towards Counter-Vailing Duty (CVD) for the imports at Navasheva port for the period 24 March 2011 to 2 December 2011. Appeal filed with West Zonal Branch of the Customs, Excise and Service Tax Appellate Tribunal at Mumbai for waiver of pre-deposit and penalty	26.10	26.10
xviii)	Demand notice from Customs Department, Chennai towards denial of import of MOP at concessional rate of duty for the period 1 April 2001 to 28 February 2006. The Parent Company has filed appeal with South Regional branch of the Customs, Excise and Service Tax Appellate Tribunal at Bangalore for waiver of pre-deposit and stay of impugned order	284.74	284.74
xix)	Demand notice from Customs Department, Chennai towards denial of import of MOP at concessional rate of duty for the period 2002-03 and 2003-04. Appeal filed with South Regional branch of the Customs, Excise and Service Tax Appellate Tribunal at Bangalore for waiver of pre-deposit and stay of impugned order	148.28	148.28
xx)	Customs Duty Differential on finalised Bill of Entries-Dharamatar Port-Order by Deputy Commissioner of Customs(P) Alibaug Division	71.02	71.02
xxi)	Demand notice from CGST, Goa on account of GST refund on services under inverted duty structure from July 2017 to March 2018 towards financial year 2017-18	2,767.33	2,767.33
xxii)	Interest appropriation on Demand raised by CGST, Goa on account of GST refund on services under inverted duty structure from July 2017 to March 2018 towards financial year 2017-18	756.26	-
xxiii)	Demand notice from Commissioner of Central Excise towards classification of micronutrients for the period April 2012 to March 2016 in respect of subsidiary company	638.75	638.75
xxiv)	Demand notice from Commissioner of Central Excise, Mangalore towards considering subsidy as assessable value and accordingly demanding of excise duty for the period March 2011 to September 2012 in respect of subsidiary company	4,700.16	4,700.16
xxv)	Demand notice from Authority on Advance Ruling (AAR), Bangalore towards entry tax on DG sets, WHRB and auxiliaries for the period January 2012 to July 2014 in respect of subsidiary company	351.96	351.96
xxvi)	Classification dispute of Outdoor catering service as "Man Power Supply" and demanding service tax thereon for financial year 2014-15 in respect of subsidiary company	9.27	9.27
xxvii)	Classification dispute of Outdoor catering service as "Man Power Supply" and demanding service tax thereon in respect of period from April 2015 to June 2017 in respect of subsidiary company	-	11.92
xxviii)	Service tax payable under Reverse Charge Mechanism on Transportation of Micronutrients classifying them as non fertilisers for financial year 2013-14, 2014-15 and 2015-16 in respect of subsidiary company	6.22	6.22
xxix)	Disallowance of VAT input tax credit on Inter-State Sales - Nellore for financial year 2013-14 in respect of subsidiary company	-	14.20
xxx)	Proposition notice issued to levy VAT on subsidy income reported in annual accounts by including subsidy as a part of taxable turnover during the financial year 2015-16 in respect of subsidiary company	8,332.29	-
II	**Other claims against the Group not acknowledged as debts***		
i)	Claims against the Group not acknowledged as debts	361.44	124.15

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

Notes to Consolidated Financial Statements for the year ended 31 March 2020

^In respect of subsidiary company, the income tax matters under appeal include certain deductions claimed by the Company for financial years 2012-13 and 2013-14 which have resulted in tax losses, on which deferred tax assets have been recognized and utilized against taxable profits of following years, which have been disallowed by the income tax authorities and the differential tax liability (deferred tax / regular tax) that may arise is estimated to be INR 3,315.00 lakhs and interest thereon. The Subsidiary Company is contesting aforesaid disallowances and the management, based on independent tax opinions, believes that its position will likely be upheld in the appellate process and accordingly no expense has been accrued in this regard.

C. Financial Guarantees:

(INR in lakhs)

	31 March 2020	31 March 2019
Aggregate amount of guarantees issued by the banks to various Government Authorities and Others**	1,584.72	5,341.60

**In respect of Parent Company, bank guarantees of INR 534.00 lakhs (31 March 2019: INR 2,411.55 lakhs) are secured by a charge created by way of hypothecation on the current assets, both present and future, wherever situated pertaining to the Parent Company and the Parent Company's present and future book debts outstanding, moneys receivable, claims, bills, contracts, engagements, rights and assets.

D. Commitments:

(INR in lakhs)

	31 March 2020	31 March 2019
Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances)	22,075.61	22,985.44

33. Related party transactions

In accordance with the requirements of Ind AS - 24 'Related Party Disclosures', names of the related parties, related party relationship, transactions and outstanding balances including commitments where control exits and with whom transactions have taken place during reported periods are:

(i) Joint ventures of the Group

1) Zuari Maroc Phosphates Private Limited
2) Paradeep Phosphates Limited – Subsidiary of Zuari Maroc Phosphates Private Limited

(ii) Key management personnel of the Group

1) Mr. Saroj Kumar Poddar - Chairman
2) Mr. Sunil Sethy - Managing Director
3) Mr. Sandeep Agrawal - Chief Financial Officer (upto 11 April 2019)
4) Mr. Samrat Sen - Chief Financial Officer (w.e.f. 12 April 2019 upto 14 December 2019)
5) Mr. R. K. Gupta - Chief Financial Officer (w.e.f. 5 February 2020)
6) Mr. R. Y. Patil - Vice President and Company Secretary (upto 31 March 2020)
7) Mr. Vijayamahantesh Khannur, Company Secretary (w.e.f. 1 April 2020)
8) Mr. N. Suresh Krishnan – Non-Executive Director
9) Mr. Akshay Poddar - Non-Executive Director
10) Mr. Marco Wadia - Independent Director
11) Mr. Gopal Krishna Pillai - Independent Director (upto 31 March 2020)
12) Mr. J. N. Godbole - Independent Director (upto 17 February 2020)
13) Ms. Kiran Dhingra - Independent Director
14) Mr. Dipankar Chatterji - Independent Director (w.e.f. 14 February 2020)

(iii) Parties having significant influence

1) Zuari Global Limited
2) Indian Furniture Products Limited (IFPL)
3) Forte Furniture Products (India) Private Limited (joint venture of IFPL till 13 March 2019 and joint venture of ZGL w.e.f. 14 March 2019)
4) Simon India Limited
5) Zuari Management Services Limited
6) Zuari Infraworld India Limited
7) Zuari Finserv Limited
8) Zuari Investments Limited
9) Gobind Sugar Mills Limited (subsidiary of Zuari Investments Limited)
10) Zuari Indian Oil Tanking Private Limited (Joint Venture of Zuari Global Limited)

(iv) Details of Post employment benefit plans managed through separate trusts (para 9 (b) (v) of Ind AS 24)

1) Zuari Industries Limited Employee Provident Fund
2) Zuari Industries Limited Senior Staff Superannuation Fund
3) Zuari Industries Limited Non Management Employees Pension Fund
4) Zuari Industries Limited Gratuity Fund
5) MCF Ltd Employees Gratuity Fund Trust ("MCF Gratuity Trust")
6) MCF Ltd Employees Superannuation Trust ("MCF Superannuation Trust")

Following transactions were carried out amongst the related parties in the ordinary course of business for the year ended : (INR in lakhs)

Sr. No	Transaction details	31 March 2020			31 March 2019	
		Joint Ventures	Enterprises having Significant Influence	Key Management Personnel	Joint Ventures	Enterprises having Significant Influence
1	**Expenses incurred on their behalf**					
	- Paradeep Phosphates Limited	58.95	-	-	141.08	-
	- Gobind Sugar Mills Limited	-	6.34	-	-	18.67
	- Zuari Global Limited	-	0.67	-	-	-
	- Indian Furniture Products Limited	-	-	-	-	1.19
2	**Expenses incurred on our behalf**					
	- Paradeep Phosphates Limited	-	-	-	592.52	-
	- Simon India Limited	-	-	-	-	41.75
	- Gobind Sugar Mills Limited	-	-	-	-	0.30
3	**Service charges paid**					
	- Zuari Management Services Limited	-	1,044.63	-	-	812.79
	- Zuari Finserv Limited	-	0.53	-	-	10.09
4	**Other Income**					
	- Paradeep Phosphates Limited	283.06	-	-	97.99	-
5	**Transfer of employee benefits**					
	- Paradeep Phosphates Limited	8.84	-	-	16.43	-
	- Zuari Global Limited	-	-	-	-	8.06
	- Simon India Limited	-	-	-	-	6.25
6	**Purchase of traded goods**					
	- Paradeep Phosphates Limited	1,751.99	-	-	3,492.24	-
7	**Purchase of raw materials**					
	- Paradeep Phosphates Limited	6,131.46	-	-	16,251.50	-
8	**Rebate received on purchase of traded goods**					
	- Paradeep Phosphates Limited	83.20	-	-	2.15	-
9	**Rebate received on purchase of Raw Material**					
	- Paradeep Phosphates Limited	436.29	-	-	-	-
10	**Sale of finished goods**					
	- Gobind Sugar Mills Limited	-	93.15	-	-	353.03
	- Paradeep Phosphates Limited	9,800.96	-	-	23,875.00	-
11	**Purchase of fixed assets**					
	- Indian Furniture Products Limited	-	107.78	-	-	240.09
	- Forte Furniture Products (India) Private Limited	-	0.96	-	-	1.00
12	**Other expenses**					
	- Indian Furniture Products Limited	-	200.21	-	-	-
13	**Interest paid**					
	- Paradeep Phosphates Limited	2,730.14	-	-	1,605.60	-

Notes to Consolidated Financial Statements for the year ended 31 March 2020

Sr. No	Transaction details	31 March 2020			31 March 2019	
		Joint Ventures	Enterprises having Significant Influence	Key Management Personnel	Joint Ventures	Enterprises having Significant Influence
14	**Interest income on loan/deposit/trade receivable**					
	- Gobind Sugar Mills Limited (net of reversal of interest income of INR 55.08 lakhs (31 March 2019: INR 125.57 lakhs)	-	(55.08)	-	`	(46.10)
	- Paradeep Phosphates Limited	63.25	-	-	247.78	-
	- Zuari Global Limited	-	-	-	-	133.61
	- Indian Furniture Products Limited	-	-	-	-	83.08
15	**Service income received**					
	- Paradeep Phosphates Limited	162.58	-	-	245.40	-
	- Zuari Global Limited	-	2.50	-	-	-
16	**Inter corporate deposits**					
	- Zuari Global Limited	-	22,550.00	-	-	-
	- Zuari Management Services Limited	-	4,800.00	-	-	-
17	**Interest paid on Inter corporate deposits**					
	- Zuari Global Limited	-	1,509.80	-	-	-
	- Zuari Management Services Limited	-	411.88	-	-	-
18	**Rent paid**					
	- Zuari Global Limited	-	48.39	-	-	44.43
	- Zuari Infraworld India Limited	-	42.94	-	-	39.03
	- Gobind Sugar Mills Limited	-	2.40	-	-	2.40
19	**Advance to Employee**					
	- Mr. Sunil Sethy	-	-	81.00	-	-
20	**Dividend received**					
	- Zuari Maroc Phosphate Private Limited	2,247.70	-	-	2,247.70	-
21	**Dividend paid**					
	- Mr. Akshay Poddar	-	-	2.51	-	-
22	**Contribution to Gratuity Fund**	-	260.57	-	-	130.98
23	**Contribution to Superannuation Fund**	-	243.99	-	-	256.86
24	**Contribution to Provident Fund (including employees contribution)**	-	852.25	-	-	891.07
25	**Contribution to Contributory Pension Fund (including employees contribution)**	-	82.73	-	-	90.92

Terms and conditions of transactions with related parties

The transactions of sale and purchases with related parties are made on terms equivalent to those prevailing in arm's length transactions. The outstanding balances at the year end of trading activities are generally unsecured. Interest is charged as per terms of the contract with the related parties which is at arm's length. The net outstanding balances are settled generally in cash.

There have been no guarantees provided or received for any related party receivables or payables.

For the period ended 31 March 2020, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2019: INR Nil).

Compensation of key management personnel of the Parent Company*

	31 March 2020 (INR in lakhs)	31 March 2019 (INR in lakhs)
Short term employee benefits	526.51	675.48
Retirement benefits	6.12	15.50
Sitting Fee	48.70	42.70
Total compensation paid to key management personnel	**581.33**	**733.68**

*The amount disclosed above are the amounts recognised during the reporting period related to key management personnel. As the liabilities for the gratuity and compensated absences are provide on an actuarial basis for the Group as a whole, the amount pertaining to the key management personnel is not ascertainable and therefore not included above.

Balance Outstanding as on : (INR in lakhs)

Sr. No	Transaction details	31 March 2020			31 March 2019	
		Joint Ventures	Enterprises having Significant Influence	Key management personnel	Joint Ventures	Enterprises having Significant Influence
1	**Trade payables :**					
	- Zuari Management Services Limited	-	-	-	-	83.93
	- Zuari Infraworld India Limited	-	-	-	-	3.83
	- Paradeep Phosphates Limited	34,818.96	-	-	30,107.31	-
	- Zuari Global Limited	-	45.80	-	-	4.64
	- Zuari Finserv Limited	-	0.13	-	-	0.20
	- Simon India Limited	-	-	-	-	48.00
2	**Trade receivable/Other receivable :**					
	- Gobind Sugar Mills Limited	-	146.89	-	-	723.31
	- Paradeep Phosphates Limited	1.80	-	-	465.14	-
	- Zuari Management Services Limited	-	0.50	-	-	-
3	**Interest accrued/received on loan/deposit/trade receivable :**					
	- Gobind Sugar Mills Limited	-	-	-	-	24.23
	- Paradeep Phosphates Limited	254.80	-	-	247.79	-
4	**Capital advance :**					
	- Zuari Global Limited (Advance for purchase of Land)	-	3,209.13		-	3,209.13
	- Indian Furniture Products Limited	-	477.10		-	737.11
5	**Security deposits given :**					
	- Zuari Infraworld India Limited	-	29.33	-	-	29.33
6	**Advance given for income tax liability :**					
	- Zuari Global Limited	-	1,708.35	-	-	1,708.35
7	**Advance to Employee:**					
	- Mr. Sunil Sethy	-	-	81.00	-	-
8	**Inter corporate deposits:**					
	- Zuari Global Limited	-	22,550.00	-	-	-
	- Zuari Management Services Limited	-	4,800.00	-	-	-
9	**Payable toward capital goods :**					
	- Forte Furniture Products (India) Private Limited	-	-	-	-	1.00
10	**Trade deposit received :**					
	- Gobind Sugar Mills Limited	-	0.50	-	-	0.50
11	**Interest payable :**					
	- Paradeep Phosphates Limited	4,335.74	-	-	1,605.60	-
12	**Advance from customers:**					
	- Paradeep Phosphates Limited	-	-	-	10,734.34	-
13	**Gratuity fund balance :**	-	1,915.80	-	-	2,201.30
14	**Provident fund balance* :**	-	13,283.42	-	-	13,224.02

*Includes amount contributed by Zuari Global Limited (related party of the Parent Company).

34. Segment Information:

Information regarding primary segment reporting as per Ind AS-108

The Group is engaged in the business of manufacturing, trading and marketing of seeds, pesticides, chemical fertilizers and fertilizer products which according to the management, is considered as the only business segment.

Accordingly, no separate segmental information has been provided herein.

Geographical Segments

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

Revenue from single customer i.e. Government of India amounted to INR 240,491.92 lakhs (31 March 2019: INR 367,635.27 lakhs) arising from sales in the fertilizers segment.

Notes to Consolidated Financial Statements for the year ended 31 March 2020

35. Fair Values

Set out below, is a comparison by class of the carrying amounts and fair value of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

(INR In lakhs)

	Carrying value		Fair value	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Financial assets				
Investments:				
Investment in quoted equity share at FVTOCI	968.03	2,226.47	968.03	2,226.47
Investment in unquoted equity share at FVTOCI	660.96	1,153.44	660.96	1,153.44
Investment in mutual fund	0.10	-	0.10	-
Others:				
Loans and advances	64.55	-	64.55	-
Employee loans and interest thereon	63.24	69.92	63.24	69.92
Security deposits	1,556.52	1,280.65	1,556.52	1,280.65
Foreign exchange forward covers	1,663.48	156.78	1,663.48	156.78
Claims receivable	150.52	2,526.29	150.52	2,526.29
Packing scheme incentive grant receivable	91.11	91.11	91.11	91.11
Other financial assets	6,830.89	10,992.01	6,830.89	10,992.01
Total financial assets	**12,049.40**	**18,496.67**	**12,049.40**	**18,496.67**
Financial Liabilities				
Borrowings				
Long term borrowings	110,003.65	116,909.66	110,003.65	116,909.66
Short term borrowings	226,804.60	406,570.98	226,804.60	406,570.98
Others:				
Foreign exchange forward covers	488.33	7,265.21	488.33	7,265.21
Payable towards voluntary retirement scheme	51.18	93.64	51.18	93.64
Other financial liabilities	32,149.08	25,151.67	32,149.08	25,151.67
Total financial liabilities	**369,496.84**	**555,991.16**	**369,496.84**	**555,991.16**

The management assessed that cash and cash equivalents, trade receivables and trade payables approximate their carrying amounts largely due to the short term maturities of these instruments.

Borrowings are primarily Indian domestic long term rupee loans wherein interest rates are linked to benchmark rates (Marginal Cost of Lending Rates/ Prime Lending Rates) of respective lenders. These benchmark rates are determined based on cost of funds of the lenders, as well as, market rates. The benchmark rates are periodically revised by the lenders to reflect prevalent market conditions. Accordingly, effective cost of debt for Borrowings at any point of time is in line with the prevalent market rates. Due to these reasons, management is of the opinion that they can achieve refinancing, if required, at similar cost of debts, as current effective rates. Hence, the discontinuing rate for calculating the fair value of Borrowings has been taken in line with the current cost of debt.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

The following methods and assumptions were used to estimate the fair values:

(i) Derivative financial instruments - The fair value of forward foreign exchange contracts is determined using the forward exchange rates at the balance sheet date. The fair value of foreign currency option contracts is determined using the Black Scholes valuation model. The derivatives are entered into with the banks counterparties with investment grade credit ratings.

(ii) Security deposits/Employee loans - The fair value of security deposits/employee loans approximates the carrying value and hence, the valuation technique and inputs have not been given.

(iii) The fair values of the unquoted equity shares have been estimated using a DCF model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

(iv) The fair values of the remaining FVTOCI financial assets are derived from quoted market prices in active markets.

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31st March 2020 are as shown below:

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
As on 31 March 2020 Investment in Unquoted equity share of Indian Potash Limited	DCF Method	WACC and Long Term Growth Rate (LTGR)	WACC 13.79% & LTGR 4%	Increase in WACC and decrease in LTGR by 0.50% would result in decrease in fair value by INR 53.28 lakhs and Decrease in WACC and increase in LTGR by 0.50% would result in increase in fair value by INR 59.04 lakhs respectively.
As on 31 March 2019 Investment in Unquoted equity share of Indian Potash Limited	DCF Method	WACC and Long Term Growth Rate (LTGR)	WACC 12.17% & LTGR 4%	Increase in WACC and decrease in LTGR by 0.50% would result in decrease in fair value by INR 113.76 lakhs and Decrease in WACC and increase in LTGR by 0.50% would result in increase in fair value by INR 129.60 lakhs respectively.

Reconciliation of fair value measurement of unquoted equity shares classified as FVTOCI assets: (INR in lakhs)

As at 1 April 2018	**1,272.24**
Re-measurement loss recognised in OCI	(118.80)
Purchases	-
Sales	-
As at 31 March 2019	**1,153.44**
Re-measurement loss recognised in OCI	(492.48)
Purchases	-
Sales	-
As at 31 March 2020	**660.96**

36. Fair value measurements

(i) Financial instruments by category (INR in lakhs)

	31 March 2020			31 March 2019		
	FVTPL	**FVTOCI**	**Amortised cost**	**FVTPL**	**FVTOCI**	**Amortised cost**
Financial assets						
Investments-						
Investment in quoted equity share at FVTOCI	-	968.03	-	-	2,226.47	-
Investment in unquoted equity share at FVTOCI	-	660.96	-	-	1,153.44	-
Investment in mutual fund	-	0.10	-	-	-	-
Loans and interest thereon	-	-	127.79	-	-	69.92
Security deposits	-	-	1,556.52	-	-	1,280.65
Trade receivables	-	-	221,932.13	-	-	390,616.27
Cash and cash equivalents	-	-	26,504.15	-	-	4,989.04
Bank balances other than above	-	-	5,855.23	-	-	3,460.01
Foreign exchange forward covers	1,663.48	-	-	156.78	-	-
Other financial assets	-	-	7,072.52	-	-	13,609.40
Total Financial assets	**1,663.48**	**1,629.09**	**263,048.34**	**156.78**	**3,379.91**	**414,025.29**
Financial liabilities						
Borrowings	-	-	336,808.25	-	-	523,480.64
Trade payables	-	-	196,641.23	-	-	195,664.50
Foreign exchange forward covers	488.33	-	-	7,265.21	-	-
Payable for capital goods	-	-	1,407.31	-	-	1,825.89
Others	-	-	30,792.95	-	-	23,419.42
Total Financial liabilities	**488.33**	**-**	**565,649.74**	**7,265.21**	**-**	**744,390.45**

Notes to Consolidated Financial Statements for the year ended 31 March 2020

(ii) Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2020:

(INR in lakhs)

	Fair value measurement using				
	Date of Valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:					
Investment in quoted equity share at FVTOCI	31 March 2020	968.03	968.03		
Investment in unquoted equity share at FVTOCI	31 March 2020	660.96	-	-	660.96
Investment in mutual fund	31 March 2020	0.10	0.10	-	-
Assets for which fair values are disclosed					
Loans and advances	31 March 2020	64.55	-	64.55	-
Employee loans and interest thereon	31 March 2020	63.24	-	63.24	-
Security deposits	31 March 2020	1,556.52	-	1,556.52	-
Foreign exchange forward covers	31 March 2020	1,663.48	-	1,663.48	-
Claims receivable	31 March 2020	150.52	-	150.52	-
Packing scheme incentive grant receivable	31 March 2020	91.11	-	91.11	-
Other financial assets	31 March 2020	6,830.89	-	6,830.89	-

There have been no transfers between level 1, level 2 and level 3 during the year.

Quantitative disclosures fair value measurement hierarchy for liabilities as at 31 March 2020:

(INR in lakhs)

	Fair value measurement using				
	Date of Valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Liabilities measured at fair value					
Foreign exchange forward covers	31 March 2020	488.33	-	488.33	-
Liabilities for which fair values are disclosed					
Long term borrowings	31 March 2020	110,003.65	-	110,003.65	-
Short term borrowings	31 March 2020	226,804.60	-	226,804.60	-
Payable towards voluntary retirement scheme	31 March 2020	51.18	-	51.18	-
Other financial liabilities	31 March 2020	32,149.08	-	32,149.08	-

There have been no transfers between level 1, level 2 and level 3 during the year.

Quantitative disclosures, fair value measurement hierarchy for assets as at 31 March 2019:

(INR in lakhs)

	Fair value measurement using				
	Date of Valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:					
Investment in quoted equity share at FVTOCI	31 March 2019	2,226.47	2,226.47	-	-
Investment in unquoted equity share at FVTOCI	31 March 2019	1,153.44	-	-	1,153.44
Assets for which fair values are disclosed					
Employee loans and interest thereon	31 March 2019	69.92	-	69.92	-
Security deposits	31 March 2019	1,280.65	-	1,280.65	-
Foreign exchange forward covers	31 March 2019	156.78	-	156.78	-

(INR in lakhs)

	Fair value measurement using				
	Date of Valuation	Total	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
			(Level 1)	(Level 2)	(Level 3)
Claims receivable	31 March 2019	2,526.29	-	2,526.29	-
Packing scheme incentive grant receivable	31 March 2019	91.11	-	91.11	-
Other financial assets	31 March 2019	10,992.01	-	10,992.01	-

There have been no transfers between level 1, level 2 and level 3 during the year.

Quantitative disclosures fair value measurement hierarchy for liabilities as at 31 March 2019:

(INR in lakhs)

	Fair value measurement using				
	Date of Valuation	Total	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
			(Level 1)	(Level 2)	(Level 3)
Liabilities measured at fair value					
Foreign exchange forward covers	31 March 2019	7,265.21	-	7,265.21	-
Liabilities for which fair values are disclosed					
Long term borrowings	31 March 2019	116,909.66	-	116,909.66	-
Short term borrowings	31 March 2019	406,570.98	-	406,570.98	-
Payable towards voluntary retirement scheme	31 March 2019	93.64	-	93.64	-
Other financial liabilities	31 March 2019	25,151.67	-	25,151.67	-

There have been no transfers between level 1, level 2 and level 3 during the year.

37. Financial risk management objectives and policies

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include loans, trade and other receivables and cash and cash equivalents that derive directly from its operations. The Group also holds investments and enters into derivative transactions. The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks.

The Group's risk management is carried out by a treasury department under policies approved by the Board of Directors. The treasury department identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board of Directors (Committee of directors for Banking and Finance) provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as commodity risk. Financial instruments affected by market risk include borrowings, investments and derivative financial instruments. The sensitivity analysis in the following sections relate to the position as at 31 March 2020 and 31 March 2019.

The sensitivity analysis have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant.

The analysis exclude the impact of movements in market variables on: the carrying values of gratuity and other post retirement obligations, provisions, and other non-financial assets.

The following assumptions have been made in calculating the sensitivity analysis:

-The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2020 and 31 March 2019.

a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Notes to Consolidated Financial Statements for the year ended 31 March 2020

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's loss before tax is affected through the impact on floating rate borrowings, as follows:

(INR In lakhs)

	Increase/ decrease in basis points	Effect on profit / (loss) before tax
For the period ended 31 March 2020		
INR Borrowings	+50	(982.99)
USD Borrowings	+50	(230.66)
Euro Borrowings	+50	(15.45)
INR Borrowings	-50	982.99
USD Borrowings	-50	230.66
Euro Borrowings	-50	15.45
For the period ended 31 March 2019		
INR Borrowings	+50	(1,170.66)
USD Borrowings	+50	(403.18)
Euro Borrowings	+50	(20.95)
INR Borrowings	-50	1,170.66
USD Borrowings	-50	403.18
Euro Borrowings	-50	20.95

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

b) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group uses foreign exchange forward contracts to manage its transaction exposures. The foreign exchange forward contracts are not designated as cash flow hedges and are entered into for periods consistent with foreign currency exposure of the underlying transactions, generally from one to 7 months.

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in exchange rates of various currencies with INR, with all other variables held constant. The impact on the Group's loss before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives.

For the period ended 31 March 2020 (INR In lakhs)

	Change in foreign currency rate	Effect on profit before tax
USD	+5%	(1,498.12)
	-5%	1,498.12
GBP	+5%	-
	-5%	-
Euro	+5%	(36.84)
	-5%	36.84

For the period ended 31 March 2019 (INR In lakhs)

	Change in foreign currency rate	Effect on profit before tax
USD	+5%	(3,588.56)
	-5%	3,588.56
GBP	+5%	(2.39)
	-5%	2.39
Euro	+5%	(46.29)
	-5%	46.29

c) Commodity price risk

(i) The Group's operating activities require the ongoing purchase of natural gas. Natural gas being an international commodity is subject to price fluctuation on account of the change in the crude oil prices, demand supply pattern of natural gas and exchange rate fluctuations. The Group is not affected by the price volatility of the natural gas as under the Urea pricing formula the cost of natural gas is pass through if the consumption of natural gas is with in the permissible norm for manufacturing of Urea.

(ii) The Group deals in purchase of imported fertilisers (i.e. DAP and MOP), which are imported by the Group and sold in the domestic market. The import prices of these goods are governed by international prices. There is a price and material availability risk, which may not be in line to meet the domestic market requirement. The risk is also with domestic manufacturers whose costing is based on majorly imported raw materials and small value-add. However, a dynamic alignment of procurement to sales and constant review of market conditions and competitors costing help in mitigating the impact.

(iii) The Group also deals in purchase of imported raw materials (i.e. P2O5, Ammonia, Potash and Urea), which are imported by the Group and used in the manufacturing of NPK. The import prices of these materials are governed by international prices. There is a price and material availability risk.

Equity price risk

The Group's listed and non-listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to unlisted equity securities at fair value was INR 660.96 lakhs (31 March 2019: INR 1,153.44 lakhs). Sensitivity analyses of these investments have been provided in Note 35.

At the reporting date, the exposure to listed equity securities at fair value was INR 968.03 lakhs (31 March 2019: INR 2,226.47 lakhs). A decrease of 5% on the BSE market price could have an impact of approximately INR 48.40 lakhs (31 March 2019: INR 111.32 lakhs) on the other comprehensive income or equity attributable to the Group. An increase of 5% in the value of the listed securities would also impact other comprehensive income and equity. These changes would not have an effect on profit or loss.

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

a) Trade receivables

The Group receivables can be classified into two categories, one is from the customers into the market and second one is from the Government in the form of subsidy. As far as Government portion of receivables are concerned, credit risk is nil. For market receivables from the customers, the Group extends credit to customers in normal course of business. The Group considers factors such as credit track record in the market and past dealings for extension of credit to customer. The Group monitors the payment track record of the customer. Outstanding customer receivables are regularly monitored. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and operate in largely independent markets. The Group has also taken security deposits from its customers, which mitigate the credit risk to some extent. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 9. The Group holds collateral as security for many of its customers. In case of Parent Compony, at 31 March 2020, 45.23% (31 March 2019: 12.87%) of the Parent Company's trade receivables are covered by collateral security. In case of Subsidiary Compony, at 31 March 2020, 8.62% (31 March 2019: 5.52%) of the Subsidiary Company's trade receivables are covered by collateral security. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several geographical areas and are having long term business relationship with the Group.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The Group adjusts the receipts from customer on first in first out basis. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than five years and are not subject to enforcement activity. Security collaterals obtained by the Parent Company resulted in a decrease in the ECL of INR 457.53 lakhs as at 31 March 2020 (31 March 2019: INR 399.74 lakhs). During the current year, the Group has performed certain key steps for recoverability of trade receivables including but not limited to reconciliation with its customers, filing of legal cases with customers, recoverability assessment of aged receivables and etc. Basis these steps taken by the management, the Group has provided based on their best estimate INR 5,889.85 lakhs (31 March 2019 : INR Nil) in the statement of profit and loss.

Notes to Consolidated Financial Statements for the year ended 31 March 2020

Set out below is the information about the credit risk exposure of the Parent Company's trade receivables and contract asset using provision matrix:

(INR in lakhs)

	Contract Asset	<1 Yr	1-2 Yr	2-3 Yr	3-4 Yr	4-5 Yr	>5 Yr	Grand Total
	ECL Rate	**0.40%**	**0.99%**	**3.71%**	**18.32%**	**20.53%**	**100.00%**	
31 March 2020	Estimated total gross carrying amount at default	6,511.47	6,496.86	2,161.78	2,351.79	2,514.55	1,420.97	**21,457.42**
	ECL- simplified approach	26.25	64.09	80.24	430.87	516.31	1,420.97	**2,538.74**
	Net carrying amount	**6,485.22**	**6,432.77**	**2,081.54**	**1,920.92**	**1,998.23**	**-**	**18,918.67**
31 March 2019	**ECL Rate**	**0.39%**	**0.69%**	**1.06%**	**3.35%**	**3.44%**	**100.00%**	
	Estimated total gross carrying amount at default	54,821.50	6,210.44	5,703.94	4,432.10	696.82	1,327.63	**73,192.43**
	ECL- simplified approach	215.30	42.59	60.74	148.49	23.99	1,327.63	**1,818.74**
	Net carrying amount	**54,606.20**	**6,167.85**	**5,643.20**	**4,283.61**	**672.83**	**-**	**71,373.69**

Set out below is the information about the credit risk exposure of the Subsidiary Company's trade receivables and contract asset using provision matrix:

(INR in lakhs)

	Contract Asset	<1 Yr	1-2 Yr	2-3 Yr	3-4 Yr	4-5 Yr	>5 Yr	Grand Total
	ECL Rate	**0.15%**	**3.69%**	**8.23%**	**12.29%**	**26.34%**	**100.00%**	
31 March 2020	Estimated total gross carrying amount at default	25,943.40	1,683.73	1,706.83	929.59	530.24	5.41	**30,799.20**
	ECL- simplified approach	38.08	62.09	140.53	114.28	139.64	5.41	**500.03**
	Net carrying amount	**25,905.32**	**1,621.64**	**1,566.30**	**815.31**	**390.60**	**-**	**30,299.17**

Reconciliation of provision for doubtful debts, loans, other financial assets and other advances falling under stage 3 of impairment testing:

(INR in lakhs)

	Trade receivables	Loans (Refer Note 53)	Other financial assets	Other advances	Total
Provision as on 1 April 2018:	**1,336.33**	**1,393.54**	**-**	**1,885.60**	**4,615.47**
Add: Provision made during the period	950.78	-	1,755.68	2,322.38	5,028.84
Less: Provision utilized during the period	(42.88)	-	-	-	(42.88)
Provision as on 31 March 2019:	**2,244.23**	**1,393.54**	**1,755.68**	**4,207.98**	**9,601.43**
Add: Provision made during the period	11,540.86	-		2,130.22	13,671.08
Less: Provision utilized during the period	(4,277.04)	(590.92)	(1,681.40)	(20.53)	(6,569.89)
Provision as on 31 March 2020:	**9,508.05**	**802.62**	**74.28**	**6,317.67**	**16,702.62**

Reconciliation of impairment allowance on investment in equity securities at fair value through profit and loss (FVTPL):

	Amount (INR in lakhs)
Impairment allowance as on 1 April 2018:	**1,161.76**
Add: Provision made during the period	11,779.36
Less: Provision reversed during the period	(1,161.76)
Impairment allowance as on 31 March 2019:	**11,779.36**
Add: Provision made during the period	-
Less: Provision reversed during the period	**-**
Impairment allowance as on 31 March 2020:	**11,779.36**

b) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the guidelines framed by the board of directors of the Group. Guidelines broadly covers the selection criterion and over all exposure which the Group can take with a particular financial institution or bank. Further the guideline also covers the limit of overall deposit which the Group can make with a particular bank or financial institution. The Group does not maintain the significant amount of cash and deposits other than those required for its day to day operations.

Liquidity risk

The Group's objective is to maintain optimum levels of liquidity to meet its cash and collateral requirements at all times. The Group relies on a mix of borrowings and excess operating cash flows to meet its needs for funds. The current committed lines of credit are sufficient to meet its short to medium/long term expansion needs. The Group monitors rolling forecasts of its liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

(INR in lakhs)

	Less than 1 Year	1-3 Years	3-5 years	> 5 years	Total
Year ended 31 March 2020					
Borrowings	279,670.42	33,719.78	14,007.21	-	327,397.41
Lease Obligation	574.63	1,945.97	1,808.67	5,081.57	9,410.84
Other financial liabilities	32,177.06	23.20	-	-	32,200.26
Trade and other payables	196,641.23	-	-	-	196,641.23
Foreign exchange forward covers	212.67	275.66	-	-	488.33
	509,276.01	**35,964.61**	**15,815.88**	**5,081.57**	**566,138.07**
Year ended 31 March 2019					
Borrowings	436,640.71	70,361.24	16,478.69	-	523,480.64
Other financial liabilities	25,179.00	66.31	-	-	25,245.31
Trade and other payables	195,664.50	-	-	-	195,664.50
Foreign exchange forward covers	6,719.02	546.19	-	-	7,265.21
	664,203.23	**70,973.74**	**16,478.69**	**-**	**751,655.66**

38. Capital management

For the purpose of the Group's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Group. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors its capital using gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents.

(INR in lakhs)

	31 March 2020	31 March 2019
Total Borrowings (Refer Note 12A and Note 12B)	336,808.25	523,480.64
Trade payables (Refer Note 13)	196,641.23	195,664.50
Other payables (Refer Note 14)	32,688.59	32,510.52
Less: Cash and cash equivalents (Refer Note 10)	(26,504.15)	(4,989.04)
Net debts	**539,633.92**	**746,666.62**
Total equity	34,118.84	115,214.79
Capital and net debt	**573,752.76**	**861,881.41**
Gearing ratio (%)	**94.05%**	**86.63%**

Notes to Consolidated Financial Statements for the year ended 31 March 2020

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements.

No changes were made in the objectives, policies or processes for managing capital during the year ended 31 March 2020 and 31 March 2019.

The Parent Company has various covenants to be complied in respect of its borrowings. The primary covenants are total outstanding liabilities to tangible net worth ratio, debt service coverage ratio, interest coverage ratio, fixed assets coverage ratio, current ratio, debt to EBITDA ratio, current assets to current liabilities ratio and total debt to equity ratio. Following are the non-compliances for debt covenants for borrowings from:

Lender Name	Covenants breached	Consequences of breach	Management assessment
HDFC Limited	Total outstanding liabilities to tangible net worth ratio, debt service coverage ratio, interest coverage ratio	The Parent Company shall pay default interest of 2% per annum over and above the applicable interest rate for each of the above event till such time such default/non-compliance is cured to the Lender's satisfaction	There were breach of certain covenants in the previous year 31 March 2019, the lender had not charged any penal interest on such breach of covenants and had not withdrawn the facility. The Parent Company has accounted for provision of penal interest during the current year following the conservative approach. Due to breach of covenant, as at 31 March 2020, non-current portion of term loans from bank has been classified as current in the financial statement and is disclosed under current maturity of long term borrowing under other financial liabilities following the principles of Ind AS 1 "Presentation of Financial Statements".
Aditya Birla Finance Limited	Debt to EBITDA ratio, fixed asset coverage ratio, total debt to equity, total debt and contingent liability to equity, debt service coverage ratio	Any breach in financial covenants shall attract a penalty of 1% per annum till time such breach is cured.	There were breach of certain covenants in the previous year 31 March 2019, the lender had not charged any penal interest on such breach of covenants and had not withdrawn the facility. The Parent Company has accounted for provision of penal interest during the current year following the conservative approach. Due to breach of covenant, as at 31 March 2020, non-current portion of term loans from bank has been classified as current in the financial statement and is disclosed under current maturity of long term borrowing under other financial liabilities following the principles of Ind AS 1 "Presentation of Financial Statements".
RBL Bank	Term loan to EBITDA ratio, debt service coverage ratio, fixed asset coverage ratio, interest coverage ratio, current assets to current liability ratio. Also paid up equity of INR 20,000 lakhs had to be infused by the Parent Company till September 2017 which is in process till 31 March 2020.	Bank reserves the right to cancel the facility and charge 1% to 2% per annum being penal interest from the date of default till the date breach is corrected.	There were breach of certain covenants in the previous year 31 March 2019, the lender had not charged any penal interest on such breach of covenants and had not withdrawn the facility. The Parent Company has accounted for provision of penal interest during the current year following the conservative approach. Due to breach of covenant, as at 31 March 2020, non-current portion of term loans from bank has been classified as current in the financial statement and is disclosed under current maturity of long term borrowing under other financial liabilities following the principles of Ind AS 1 "Presentation of Financial Statements".
Rabo Bank	Total outstanding liabilities to tangible net worth ratio, debt service coverage ratio, interest coverage ratio, fixed assets coverage ratio. Also paid up equity of USD 30 million had to be infused by the Parent Company within 180 days of the execution of the loan which is in process till 31 March 2020	Bank reserves the right to discontinue the facility and charge 2% per annum being penal interest from the date of default till the date breach is corrected.	There were breach of certain covenants in the previous year 31 March 2019, the lender had not charged any penal interest on such breach of covenants and had not withdrawn the facility. The Parent Company has accounted for provision of penal interest during the current year following the conservative approach. Due to breach of covenant, as at 31 March 2020, non-current portion of term loans from bank has been classified as current in the financial statement and is disclosed under current maturity of long term borrowing under other financial liabilities following the principles of Ind AS 1 "Presentation of Financial Statements".

39. Disclosure required under Section 186 (4) of the Companies Act, 2013

Included in loans, the particulars of which are disclosed in below as required by Section 186 (4) of the Companies Act, 2013:

(i) For further details of loans, Refer Note 6B.

(ii) Details of Investments made are given under Note 6A.

Notes to Consolidated Financial Statements for the year ended 31 March 2020

40. Based on the circulars received for revision in uniform freight relating to secondary freight and direct road movement, the Parent Company has, during the earlier years, accrued additional freight subsidy income of INR 600.52 lakhs (upto 31 March 2019: INR 3,043.72 lakhs) relating to Urea. Also, the Parent Company has receivables of INR 2,910.62 lakhs (upto 31 March 2019: INR 2,910.62 lakhs) for Phosphoric and Potassic Fertilisers, for which the claims are yet to be submitted.

As the proforma/format for raising the bills for the additional freight subsidy is recently notified and the Parent Company is in process of raising the bills, the amount of INR 3,511.14 lakhs (31 March 2019: INR 5,954.34 lakhs) is still pending for collection. The Parent Company is hopeful to realize the above entire amount of INR 3,511.14 lakhs (31 March 2019: INR 5,954.34 lakhs).

41. Based on Department of Fertilizers (DoF) notification no. 12012/3/2010 - FPP dated 2 April 2014, the Group has accrued subsidy income of INR 18,413.74 lakhs for the period ended from 1 April 2014 to 31 March 2020 (upto 31 March 2019: INR 15,979.43 lakhs) towards reimbursement of additional fixed cost at the rate of INR 350 per MT and special compensation of INR 150 per MT to urea units which had completed 30 years and converted to gas. During the current year, DoF issued circular F.No.12012/2/2010-FPP dated 30 March 2020 for smooth implementation of provisions of Modified NPS III. However, DoF is yet to issue notification for the performa/format for raising the bills.

As required by the notification, the Group has fulfilled the required conditions i.e. a) submission of requisite cost data for the financial year 2012-13 to DoF and b) in case of Parent Company, conversion from Naphtha/Furnace Oil to Gas of fertilizer plant at Goa completed during Annual Turnaround in April 2011, whereas, the Gas was made available to the plant in the month of February 2013.

Basis management assessment, the Group is hopeful of recovering the above reimbursements as per the policy parameters of modified NPS III and NUP 2015 during next financial year.

42. The Parent Company is carrying receivable of INR Nil (31 March 2019: INR 1,596.53 lakhs) on account of claim raised on a product supplier for loss suffered on purchase of material which did not meet the specified standards. The Parent Company has entered into a Memorandum of Understanding (MoU) with the supplier subsequent to 31 March 2019 for purchase of material and the supplier has agreed to give rebates for adverse market conditions during an earlier period. Accordingly, the Parent Company has reviewed the cash flows from the supplier towards recovery of the amount and has discounted the long term portion of the inflows. Consequently, considering the current situation, the Parent Company has booked an impairment loss of INR 1,394.13 lakhs (31 March 2019: INR 611.31 lakhs) on the receivable in the statement of profit and loss.

43. The Parent Company is carrying a receivable of INR 1,949.03 lakhs (31 March 2019: INR 1,949.03 lakhs) 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 16 April 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 Parent 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 Parent Company had filed writ petition at Hon'ble High Court of Delhi against Department of Fertilizer to recover this amount. Pursuant to the court order the Court hearing was granted by DoF to present its claims and also submitted written representations. DoF vide their order dated 29 September 2019 had rejected the representation and submissions by the Parent Company. The Parent Company is in the process of filing writ petition to the higher authority against the order passed by DoF and based on the legal assessment done by the Parent Company, it is hopeful to realize the aforesaid amount, hence, no provision has been made in the accounts.

44. The Parent Company was 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 had incurred an expenditure on feasibility study and related expenditure amounting to INR 3,212.39 lakhs (31 March 2019: INR 3,212.39 lakhs) in earlier years which was disclosed as recoverable. The Parent Company has provided for the investment in the rock phosphate mining project through MCAP as per Note 52 described below. The Parent Company had also claimed recovery of expenses incurred on RAK project in its claim as this project was envisaged with the view of backward integration. Based on order passed by ICC, the Parent Company's claim for reimbursement of expenses incurred on RAK project was also dismissed. In view of above, the Parent Company has decided not to proceed further on RAK project, thereby, the Parent Company has provided INR 1,813.32 lakhs (31 March 2019: INR 1,399.07 lakhs) during the current year.

45. During the financial year 2013-14, the Parent Company had sold part of freehold land to Zuari Global Limited at a consideration of INR 16,359.32 lakhs. The possession of the said parcel of land was handed over on 28 March 2014; however the transfer of title is under progress. The Parent Company had received full consideration from the buyer in the financial year 2013-14.

46. In terms of demerger of fertilizer undertaking from Zuari Global Limited in an earlier year, the land records of some of the land parcels are in the process of being mutated in the name of the Parent Company.

47. Zuari Global Limited (ZGL) had demerged its fertilizer undertaking to the Parent Company with effect from 1 July 2011. ZGL has during an earlier year, based on Hon'ble High Court order on demerger of fertilizer undertaking, identified amount of income tax paid under protest pertaining to fertilizer undertaking demerged into the Parent Company.

The Parent Company has exchanged letter of mutual understanding with ZGL wherein the Parent Company has paid such amount of income tax paid under protest. During the financial year ended on 31 March 2017, the Parent Company had paid INR 2,533.85 lakhs to ZGL on this account pending completion of final assessment/litigation in respect of such financial years, out of which, during the year ended 31 March 2019, ZGL has received a favourable order of INR 825.50 lakhs in respect of fertilizer undertaking for the assessment year 2008-09, 2009-10, 2010-11 and 2011-12. Subsequent to 31 March 2020, ZGL has received a favourable order of INR 1,186.19 lakhs for assessment year 2012-13 in respect of claim of fertiliser undertaking.

Notes to Consolidated Financial Statements for the year ended 31 March 2020

The Parent Company has also paid INR 3,209.13 lakhs in financial year 2016-17 as advance to Zuari Global Limited for purchase of two pieces of land in Solapur district. Pursuant to business transfer agreement (BTA) executed on 31 March 2020 between the Parent Company and Zuari FarmHub Limited (ZFL), the land parcels has been transferred to ZFL (Refer Note No. 53). The Subsidiary Company is in the process of getting it registered in the name of the Subsidiary Company.

48. In case of Parent Company, due to loan repayment defaults during the year, the remuneration of INR 81.00 lakhs paid to its Managing Director in accordance with ordinary resolution but not without prior approval from banks/financial institutions and approval of shareholders by special resolution as per provisions of Section 197 of Companies Act, 2013 (Act) read with Schedule V, has been recognized as recoverable from Managing Director as at year end. As per Section 197(10) of the Act, the Parent Company proposes to seek approval of shareholders by way of special resolution for waiver of recovery of remuneration paid to Managing Director, after obtaining prior approval from the banks/financial institutions.

49. The outbreak of Coronavirus (COVID -19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity. The Nationwide total lockdown announced from 25 March 2020 due to COVID-19 pandemic was gradually lifted based on the impact of outbreak. The agriculture and fertilizer sector remain relatively unaffected on demand side, the Group's operation have not been affected significantly on account of COVID-19 despite some issues relating to non-availability of labour and supply chain disruptions. The proactive support and relaxations extended by the Central and respective State Governments helped Group's production, distribution and sale of fertilizers and crop protection chemicals to remain unaffected. The Group has been able to operate its plants at normal levels by mobilizing critical work force and adopting stringent social distancing, safety measures and guidelines issued in this regard.

Further, the Group has also assessed the impact of this pandemic on recoverability of carrying value of financial and non-financial assets as at the balance sheet date using various internal and external information up to the date of approval of these financial statements. The management has also performed sensitivity analysis on the assumptions used and based on present estimates and believes that the carrying amount is considered to be recoverable and accordingly no further adjustments is required in the financial statements.

However, the impact assessment of Covid-19 is a continuing process given the uncertainties associated with its nature and duration. The impact of Covid-19 may be different from that estimated as at the date of approval of these financial statements and the Group will continue to monitor any material changes to future economic conditions.

50. (a) United Breweries Limited, KingFisher Finvest India Limited, McDowell Holdings Limited instituted arbitration proceedings against the Parent Company and its erstwhile subsidiary, Zuari Fertilizer and Chemicals Limited (now merged with the Parent Company) alleging breach of the Shareholders Agreement (SHA) dated 12 May 2014 executed between the parties. The arbitration was instituted before the former Chief Justice of India. The Award was passed on 8 May 2017 wherein the Arbitrator has held that the SHA cannot be specifically enforced. The claims raised by the Claimants stand dismissed and the arbitrator has ordered to pay to the Parent Company a sum of INR 75.00 lakhs. The Award has been challenged by the Claimants before the High Court of Bombay at Mumbai and the matter has been disposed in favour of the Parent Company.

(b) Mangalore Chemicals and Fertilizers Limited (MCFL), a subsidiary Company, in an earlier year 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 of INR 20,000.00 lakhs and advances of INR 1,668.20 lakhs aggregating to INR 21,668.20 lakhs were fully provided for during the year ended March 31, 2016.

Zuari Fertilisers and Chemicals Limited, the holding company (now merged with the Parent Company) had filed a petition before the National Company Law Tribunal, Bengaluru ("NCLT") to claim accountability of erstwhile promoter group for the aforesaid irregularities. On 19 August 2019, the aforesaid petition has been withdrawn and accordingly this matter has been disposed of by the NCLT.

51. During the year ended 31 March 2020, the Parent Company has recorded demurrage charges and ship or pay charges of INR 7,995.09 lakhs in cost of raw material consumed. Further, basis review of recoverability for certain assets including but not limited to intangibles, trade receivables, advances and other assets, impairment of INR 14,826.41 lakhs, has been recorded in other expenses in the statement of profit and loss for the year ended 31 March 2020.

52. In respect of the Parent Company's investment of INR 11,943.47 lakhs (31 March 2019: INR 11,943.47 lakhs) in the rock phosphate mining project (which is under development) through MCA Phosphate Pte Limited (MCAP), a joint venture company, there had been a deadlock between the Parent Company and its JV partner Mitsubishi about certain impairments recorded in the financial statements of MCAP for financial years 2015-16 and 2016-17.

On 15 February 2018, MCAP had issued a share offer notice by virtue of which the Parent Company was offered to subscribe to certain ordinary shares. In light of the objections already raised by the Parent 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 30 May 2018, the Parent Company obtained a clarification from the JV partner that its shareholding in MCAP has been diluted from 30% to 0.17% with effect from 1 April 2018. The Parent Company initiated legal proceedings before the High Court of Singapore on 4 June 2018 seeking certain relief. An order has been passed by the High Court of Singapore on 13 August 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 20 December 2011, without the prior written consent of the Parent Company, to, among other things, preserve the Parent 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 Parent Company had 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 4 December 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 Parent Company has filed its claim with the arbitration tribunal on 23 April 2019.

For the year ended 31 March 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 indicated a value higher than the carrying value of investment in the books of the Parent Company. Based on the report of independent valuer, impairment loss of INR 1,161.76 lakhs recognised for the year 31 March 2018 had been reversed in 31 March 2019 and disclosed as an exceptional income.

During the current year, based upon multiple hearings for arbitration which occurred between 9 September 2019 to 12 September 2019, ICC has passed its partial award on February 11, 2020. The Arbitral Tribunal (by majority) agreed that approval of MCAP's financial statements for Financial Year 2016 and 2017 was in violation of Parent Company's Super Majority Rights; it refused to grant any other reliefs claimed by the Parent Company for the reasons cited in the Partial Award including the Parent Company's prayer for a buy-out for an amount of USD 37 million.

The Arbitral Tribunal also held that the higher of the fair market value and book value of MCAP's shares is currently USD 0. For the purposes of buy-out in terms of the MCAP Shareholders Agreement, the Call Price for Parent Company's 21,690,000 ordinary shares in MCAP are valued at USD 0.01 per share. Consequently, the Parent Company and JV Partner entered into a stipulation agreement on 27 March 2020, vide which they inter alia was agreed:

- Parent Company will pay JV Partner USD 216,900/- towards the costs incurred by JV Partner in the Arbitration;
- JV Partner will buy Parent Company's shares in MCAP for a total value of USD 216,900

ICC has passed its final order on 7 May 2020. As per final order, Parties shall have no rights or claims against each other. Each Party will bear its own costs of ICC arbitration and Singapore Proceedings, except that the Parent Company will reimburse JV Partner $216,900 for fees paid by JV Partner to the ICC.

JV Partner will exercise its Call Option to purchase Parent Company's shares of MCAP for $216,900. Within 15 days of the Final Award, Parent Company will transfer to JV Partner all of its shares of MCAP which the Parent Company has already initiated through its counsels. MCAP shall thereafter exercise the Put Option and will promptly provide notice to counsel for Parent Company when that is done. Additionally, ICC reimburses the Parties for any fees previously paid to the ICC, Zuari will be entitled to 85% of such reimbursed fees, and Mitsubishi will be entitled to 15% of reimbursed fees.

Basis the ICC order and stipulation agreement, the Parent Company has assessed the fair value of the said investment as at 31 March 2019 and have concluded that the impairment loss was required to be recognized as at 31 March 2019. Accordingly, the Parent Company has recognized an impairment loss of INR 11,779.36 lakhs in the consolidated financial statements and the figures for the year ended 31 March 2019 have been appropriately restated and disclosed under exceptional items as per Ind AS 8 "Accounting Policies, Change in Accounting Estimates and Errors".

Also, the Parent Company has concluded that the Parent Company would cease to consolidate MCAP as Joint Venture in accordance with Ind AS 28 "Investments in Associates and Joint Ventures" using equity method of consolidation for the year ended 31 March 2020. Accordingly, the Parent Company has recognized on consolidation adjustment of INR 60.85 lakhs in opening retained earnings for earlier years and reversal of loss of INR 97.22 lakhs and OCI income of INR 384.96 lakhs recognized from 1 April 2019 till 31 December 2019 in the consolidated financial statements and the figures for the year ended 31 March 2020 and carried investment at fair value of USD 0.01 as at 31 March 2020.

As per the requirements of paragraph 40A(b) of Ind AS 1 "Presentation of Financial Statements", the Group has not presented the third balance sheet i.e. at the beginning of 01 April 2018 as the management believes that the restatement as explained above does not have a material effect on the information in the balance sheet at the beginning of 01 April 2018.

Disclosure pursuant to Ind AS 8 "Accounting Policies, Change in Accounting Estimates and Errors" (specified under Section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2015) is as below:

(INR in lakhs)

	Profit before tax	Profit after tax	Earnings per share* (INR)	Total comprehensive income	Financial assets - Investments	Other equity
Year Ended 31 March 2019 (Restated)	(26,604.17)	(27,293.16)	(68.57)	(29,633.47)	78,113.09	111,009.00
Year Ended 31 March 2019 (Published)	(14,824.81)	(15,513.80)	(40.56)	(17,854.11)	89,892.45	122,788.36

*basis and diluted

53. Pursuant to board approval obtained on 5 February 2020 and vide business transfer agreement dated 31 March 2020, the Parent Company has transferred assets and liabilities of its retail, speciality nutrients business (SPN) & allied, crop protection & care business (CPC), seeds and blended businesses to Zuari FarmHub Limited (ZFL) with effect from 31 March 2020, on a going concern basis under a slump sale arrangement at a consideration of INR 78,556.00 lakhs based on valuation from an independent expert. Consequently, the Parent Company has prepared the consolidated financial statements in accordance with the principles of Ind AS 110 "Consolidated Financial Statements".

Subsequent to year end, OCP Group has expressed an interest to make an investment in ZFL of USD 46.5 million (equivalent to INR 35,184.00 lakhs) to acquire 30% stake in ZFL, subject to the completion of a confirmatory due diligence by OCP. The Parent Company has accepted the offer.

Notes to Consolidated Financial Statements for the year ended 31 March 2020

54. Statutory Group Information:

Name of the entity in the Group	Net Assets, i.e., total assets minus total liabilities		Share in profit and loss		Share in other comprehensive income /(loss)		Share in total comprehensive income/ (loss)	
	As % of consolidated net assets	Amount in INR lakhs	As % of consolidated profit and loss	Amount in INR lakhs	As % of consolidated other comprehensive income	Amount in INR lakhs	As % of consolidated total comprehensive income	Amount in INR lakhs
Parent Company								
Zuari Agro Chemicals Limited								
31 March 2020	34%	11,702.93	24%	(18,900.90)	89%	(982.47)	24%	(19,883.37)
31 March 2019	27%	31,586.30	114%	(32,894.26)	126%	(2903.65)	115%	(35,797.91)
Subsidiary Companies								
Mangalore Chemicals and Fertilizers Limited								
31 March 2020	160%	54,558.25	(8%)	6,455.32	(1%)	15.50	(8%)	6,470.82
31 March 2019	43%	49,516.19	(11%)	3,287.93	3%	(75.56)	(10%)	3,212.37
Adventz Trading DMCC								
31 March 2020	(1%)	(234.09)	1%	(496.70)	0%	(2.89)	1%	(499.59)
31 March 2019	0%	262.71	0%	(2.65)	(1%)	22.07	(0%)	19.42
Zuari FarmHub Limited								
31 March 2020	(132%)	(44,955.14)	0%	(56.46)	0%	-	0%	(56.46)
31 March 2019	0%	-	0%	-	0%	-	0%	-
Non-controlling interests in all subsidiaries								
31 March 2020	121%	41,422.68	4%	(2,967.80)	1%	(7.13)	4%	(2,974.93)
31 March 2019	35%	39,955.19	5%	(1,544.49)	(2%)	35.49	5%	(1,509.00)
Joint Ventures								
31 March 2020	0%	-	(10%)	8,218.25	11%	(121.68)	(10%)	8,096.57
31 March 2019	0%	-	(19%)	5,534.66	(27%)	616.83	(20%)	6,151.49
Eliminations and adjustments due to Consolidation								
31 March 2020	(83%)	(28,375.79)	90%	(72,447.78)	0%	-	89%	(72,447.78)
31 March 2019	(5%)	(6,105.59)	11%	(3,218.84)	0%	-	10%	(3,218.84)
Total								
31 March 2020	**100%**	**34,118.84**	**100%**	**(80,196.08)**	**100%**	**(1,098.67)**	**100%**	**(81,294.75)**
31 March 2019	**100%**	**115,214.80**	**100%**	**(28,837.65)**	**100%**	**(2,304.82)**	**100%**	**(31,142.47)**

55. The Parent Company is in the business of manufacturing and trading of various types of fertilizer products. Due to significant delays in receipt of subsidy from the Government of India in earlier periods, drought like situation in our key marketing area in earlier periods there was consequent deterioration of the Parent Company's liquidity position, which led to elongation of the working capital cycle of our Parent Company. The Parent 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 Parent Company, on account of which the Parent Company is having net current liability position of INR 150,627.37 lakhs as at 31 March 2020. These factors adversely impacted company's cash flow, debt positions, delay in repayment of loans on contractual maturity date, recall of loans from two lenders due to non-meeting of covenant breach, downgrading of their rating to (ICRA) D and prolonged shut down of its plants for different periods during the year.

With optimal working capital liquidation/realization and in agreement with lenders on the Resolution plan, the Parent Company has cleared all the overdues with Banks/Financial Institutions by 5 December 2019 and have reduced its borrowings and all accounts are now standard with all lenders since 2 January 2020. Also, different plants commenced its operations due to availability of raw materials and working capital. All these have helped upgrading of its rating to (ICRA) B stable in April 2020.

The management believes that the Parent Company will be able to realize its assets and discharge its liabilities in the normal course of business and thus material uncertainty will be resolved due to various steps undertaken (explained above), restructuring and sale of certain assets as explained in Note 53 and Note 57, ongoing discussion with other lenders for funding as required, expected advance from a Group Company against acquisition of assets, and future cash flow projections, the management of Parent Company believes that the Parent Company is fully secured in relation to the payment of external debts payable by the Parent Company.

56. In case of one of the division, the Parent Company has been granted Eligibility Certificate by the Directorate of Industries, Government of Maharashtra vide letter No. JDI/PUNE/PSI-2007/EC-12/2012/732 dated 19 July 2012. As per the Eligibility Certificate, the Parent Company is entitled to:

a) Electricity Duty exemption for a period of 15 years from the date of commercial production of the division.

b) 25% refund of annual VAT and CST liability (after set-off) on sale of manufactured goods from the project of the division.

In terms of the Indian Accounting Standard (Ind AS 20) "Accounting for Government Grants", the eligible incentive is considered as a capital grant and has been set-up as deferred income, 'being recognised in the statement of profit and loss over the life of the eligible fixed assets.

Incentive receivable in respect of VAT and CST liability aggregating INR 85.28 lakhs as at 31 March 2020 (31 March 2019: INR 102.34 lakhs) has been set up as deferred income and is being recognised in the statement of profit and loss on systematic basis over the life of the eligible fixed assets. During the year, INR 17.05 lakhs (31 March 2019: INR 17.05 lakhs) has been credited to the statement of profit and loss.

Incentive in respect of electricity duty exemption is accounted for during the year as a reduction from the electricity charges (i.e. the electricity charges recognised in Note 26 are considered net of electricity duty as per payments made to the electricity board). Pursuant to business transfer agreement (BTA) executed on 31 March 2020 between the Parent Company and Zuari FarmHub Limited (ZFL), the deferred income has been transferred to ZFL (Refer Note No. 53).

57. Events after the reporting period

In October 2019, with a view to building a large fertilizer company with access to both Phosphates and Nitrogenous fertilizers and to access the markets serviced by the Parent Company, it proposed and OCP group agreed to evaluate Parent Company's Goa plant for a merger into or slump sale to Paradeep Phosphates Limited (PPL) on both Strategic and financial grounds.

With this objective in mind, reputed advisors were engaged both by the Parent Company and OCP and after detailed discussions, both Parent Company and OCP have recently agreed to a valuation of USD 280 million for the Goa plant of the Parent Company. This transaction would bring in long term funds in the Parent Company and would take care of long term Liabilities of the Parent Company.

Both the parties have also agreed that the said valuation is subject to a confirmatory due diligence to be undertaken by PPL for purchase of Goa Plant of the Parent Company and other legal requirements including approval of Government of India.

It may be noted that presently, the Parent Company and OCP hold 50% each of the total equity capital of Zuari Maroc Phosphates Private Limited (ZMPPL) and ZMPPL holds 80.45% of the Share Capital of PPL.

As per our report of even date

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

per **Pravin Tulsyan**
Partner
Membership Number : 108044

Place of Signature: New Delhi
Date: 19 June 2020

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

Sunil Sethy
Managing Director
DIN: 00244104

N. Suresh Krishnan
Director
DIN: 00021965

R. K. Gupta
Chief Financial Officer

Vijayamahantesh Khannur
Company Secretary
ACS No. 19257

Date: 19 June 2020

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