adventz

February 5, 2020

The Asst. Vice President,
National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex,
Bandra (E)
MUMBAI - 400 051

Department of Corporate Services - CRD
BSE Limited,
Floor 25, Phiroze Jeejeebhoy Towers,
Dalal Street
MUMBAI - 400 001

Dear Sirs,

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

With reference to the above subject, we hereby inform you that the meeting of the Board of Directors was held on Wednesday, the 5th February, 2020 at 11.15 A.M. and concluded at 2.00 P.M.

The Board has considered and approved:

(i) Unaudited Financial Results for the quarter and nine months ended 31st December, 2019. A Copy of the approved results alongwith Limited Review Report is enclosed herewith as **Annexure A**.

(ii) Investment in the equity shares of Zuari Farmhub Limited. The details required under Regulation 30(2) & 30(9) of the Listing Regulations read with sub-clause 1.1 of Para A.1 of Annexure I of Circular number CIR/CFD/CMD/4/2015 dated 9 September 2015 issued by Securities and Exchange Board of India ("**SEBI**"), are given as **Annexure B.**

(iii) slump sale of retail, Specialty nutrients business" (SPN) & allied, Crop Protection & Care business (CPC), seeds and blended businesses of the Company to Zuari Farmhub Limited (ZFHL) at a value of Rs.785.56 Crs post subsidiariazation of ZFHL, the value which is arrived at based on an independent valuation. The details, as prescribed by SEBI Circular No. CIR/CFD/CMD/4/2015 dated September 09, 2015 in respect of disclosure of events given in Para A and Para B of Schedule III are attached as **Annexure C**.

Thanking You,

Yours Faithfully,
For Zuari Agro Chemicals Limited

R.Y. Patil
Vice President & Company Secretary

Encl: As above

Annexure-A

ZUARI AGRO CHEMICALS LIMITED

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

STATEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2019

(Rs. in Crore)

S. No	Particulars	STANDALONE						CONSOLIDATED					
		3 months ended 31/12/2019	3 months ended 30/09/2019	3 months ended 31/12/2018	9 months ended 31/12/2019	9 months ended 31/12/2018	Year ended 31/03/2019	3 months ended 31/12/2019	3 months ended 30/09/2019	3 months ended 31/12/2018	9 months ended 31/12/2019	9 months ended 31/12/2018	Year ended 31/03/2019
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Revenue												
	(a) Revenue from operations	211.71	521.80	908.14	1,880.81	3,722.67	5,126.55	885.28	1,245.46	1,653.22	4,004.51	6,103.26	8,102.90
	(b) Other income	24.14	8.14	34.71	42.93	68.58	68.87	5.67	5.45	14.39	24.20	43.86	45.52
	Total income	235.85	529.94	942.85	1,923.74	3,791.25	5,195.42	890.95	1,250.91	1,667.61	4,028.71	6,147.12	8,148.42
2	Expenses												
	(a) Cost of raw material and components consumed	116.57	196.32	746.18	766.30	2,169.56	2,838.52	487.58	593.53	1,240.40	1,840.31	3,384.61	4,401.76
	(b) Purchases of traded goods	22.48	45.22	518.44	149.47	1,396.20	1,560.25	99.04	66.68	671.70	330.57	1,950.67	2,208.47
	(c) Changes in inventories of finished goods, traded goods and work-in-progress	99.37	251.41	(601.81)	747.67	(774.75)	(464.63)	88.53	306.72	(745.51)	943.24	(875.33)	(564.06)
	(d) Employee benefits expense	23.24	25.88	25.04	74.84	75.44	100.66	42.70	44.85	44.18	133.16	132.17	175.62
	(e) Depreciation and amortisation expense	14.81	15.16	11.61	44.11	33.68	45.50	26.88	27.41	22.28	80.03	64.43	87.46
	(f) Finance costs	92.12	125.29	101.39	336.37	265.84	383.26	113.27	154.71	119.90	422.26	348.68	487.90
	(g) Other expenses	102.41	126.11	211.84	419.88	719.18	966.29	262.08	284.84	383.82	862.19	1,203.51	1,566.49
	Total expense	471.00	785.39	1,012.69	2,538.64	3,885.15	5,429.85	1,120.08	1,478.74	1,736.77	4,611.76	6,208.74	8,363.64
3	Profit / (Loss) before exceptional items and tax (1-2)	(235.15)	(255.45)	(69.84)	(614.90)	(93.90)	(234.43)	(229.13)	(227.83)	(69.16)	(583.05)	(61.62)	(215.22)
4	Exceptional items	-	-	-	-	-	11.62	-	-	-	-	-	11.62
5	Share of profit of joint venture							16.61	16.07	19.95	35.84	55.14	55.35
6	Profit / (Loss) before tax (3+4+5)	(235.15)	(255.45)	(69.84)	(614.90)	(93.90)	(222.81)	(212.52)	(211.76)	(49.21)	(547.21)	(6.48)	(148.25)
7	Tax expense/ (credit)												
	(a) Current tax	-	-	-	-	-	(14.93)	5.26	8.11	6.62	13.37	16.21	(0.96)
	(b) Deferred tax charge/ (credit)	(105.22)	-	(1.51)	(105.22)	(11.81)	3.27	(99.28)	6.21	0.94	(92.90)	(4.92)	7.85
	Income tax expense/ (credit)	(105.22)	-	(1.51)	(105.22)	(11.81)	(11.66)	(94.02)	14.32	7.56	(79.53)	11.29	6.89
8	Profit / (Loss) for the period/year (6-7) (a)	(129.93)	(255.45)	(68.33)	(509.68)	(82.09)	(211.15)	(118.50)	(226.08)	(56.77)	(467.68)	(17.77)	(155.14)
9	Other Comprehensive income / (expense) (net of tax)												
	A Items that will not be reclassified to profit or loss												
	Re-measurement gains / (losses) on defined benefit plans	0.25	0.61	(0.48)	0.76	2.21	(0.40)	(0.04)	0.70	(1.89)	0.10	1.04	(1.56)
	Income tax relating to items that will not be reclassified to profit or loss	(0.19)	-	0.17	(0.19)	(0.77)	0.14	(0.09)	(0.03)	0.66	0.04	(0.36)	0.55
	Net (loss)/gain on FVTOCI financial instruments	(1.29)	(7.90)	(3.71)	(15.32)	(22.64)	(28.78)	(1.29)	(7.90)	(3.71)	(15.32)	(22.64)	(28.78)
	Income tax relating to items that will not be reclassified to profit or loss	6.74	-	-	6.74	-	-	6.74	-	-	6.74	-	-
	Share of OCI of joint ventures							(0.39)	(0.50)	0.53	(1.25)	(0.38)	(0.93)
	B Items that will be reclassified to profit or loss												
	Share of OCI of joint ventures							-	-	-	-	-	-
	Exchange differences on translation of foreign operations							0.90	3.44	(5.02)	3.90	8.60	7.32
	Total Other Comprehensive Income/(loss) (b)	5.51	(7.29)	(4.02)	(8.01)	(21.20)	(29.04)	5.83	(4.29)	(9.43)	(5.79)	(13.74)	(23.40)
10	Total Comprehensive Income/(loss) for the period/year (a+b)	(124.42)	(262.74)	(72.35)	(517.69)	(103.29)	(240.19)	(112.67)	(230.37)	(66.20)	(473.47)	(31.51)	(178.54)
11	Profit attributable to:												
	Owners of the equity							(126.82)	(236.48)	(63.19)	(486.38)	(36.01)	(170.58)
	Non-controlling interest							8.32	10.40	6.42	18.70	18.24	15.44
	Other comprehensive income attributable to:												
	Owners of the equity							5.92	(4.32)	(9.00)	(5.59)	(13.38)	(23.05)
	Non-controlling interest							(0.09)	0.03	(0.43)	(0.20)	(0.36)	(0.35)
	Total comprehensive income attributable to:												
	Owners of the equity							(120.90)	(240.80)	(72.19)	(491.97)	(49.39)	(193.63)
	Non-controlling interest							8.23	10.43	5.99	18.50	17.88	15.09
12	Paid-up Equity Share Capital (face value Rs. 10/- per share)	42.06	42.06	42.06	42.06	42.06	42.06	42.06	42.06	42.06	42.06	42.06	42.06
13	Other Equity as per balance sheet of previous accounting year						391.60						1,227.88
	Earnings/ (Loss) per share (of Rs. 10/- each) (not annualised):												
	(a) Basic (Rs.)	(30.89)	(60.74)	(16.25)	(121.19)	(19.52)	(50.20)	(30.15)	(56.23)	(15.02)	(115.65)	(8.56)	(40.56)
	(b) Diluted (Rs.)	(30.89)	(60.74)	(16.25)	(121.19)	(19.52)	(50.20)	(30.15)	(56.23)	(15.02)	(115.65)	(8.56)	(40.56)

S.R. BATLIBOI & CO. LLP * GURUGRAM

ZUARI AGRO CHEMICALS LIMITED

Notes:

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

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

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

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

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

3. These standalone and consolidated financial results for the quarter ended on December 31, 2019 and nine months period ended April 1, 2019 to December 31, 2019 have been reviewed by the Audit Committee and taken on record by the Board of Directors of the Company in their respective meetings held on February 5, 2020. The Statutory Auditors have conducted "Limited Review" of these results in terms of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended and have expressed qualified report on the above results.

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

   In the Statement of profit and loss for the current quarter and nine months period ended from April 1, 2019 to December 31, 2019, the nature of expenses in respect of operating leases has changed from rent in previous periods to depreciation cost for the right to use asset and finance cost for interest accrued on lease liability. The adoption of this standard had no significant impact on these standalone and consolidated financial results.

5. Vide notification number 26/ 2018 dated June 13, 2018, the Government had amended the definition of "Net Input Tax Credit (ITC)" for the purpose of GST refund on account of inverted duty structure with effect from July 01, 2017 to include ITC availed only on inputs which excludes input services. The Company and the Group has claimed GST refund with respect to input services effective July 01, 2017 till April 17, 2018 which aggregates to Rs. 18.79 crores and Rs. 30.85 crores (net of amount eligible for recovery as subsidy), respectively. Further, during the quarter ended December 31, 2019, the Company and the Group has recognised GST input tax credit on services of Rs. 4.13 crores and Rs. 9.85 crores, and year to date from April 1, 2019 to December 31, 2019 of Rs. 10.35 crores and Rs. 33.37 crores respectively. During the period ended September 30, 2019, the Company received an appropriation order dated August 19, 2019 of

Rs. 26.55 crores (net of demand) towards the demand notice raised by the Department for excess refund received by the Company on account of input tax credit on services till the period March 31, 2018.

Management, based on an opinion obtained and also relying on similar fact pattern in an order dated September 18, 2018 of the High Court of Gujarat in respect of an application of another company on similar matter wherein ad-interim relief was granted, is of the view that to the extent the aforesaid Notification denies grant of refund of unutilized tax credit in respect of tax paid on input services is ultra vires to the Central Goods and Services Tax Act, 2017. The Company has also filed a writ petition in the Hon'ble High Court of Bombay at Goa in this regard and application for interim relief has been filed on September 13, 2019.

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

6. The Direct Benefit Transfer (DBT) for subsidy income was rolled out by Department of Fertilizers (DoF) during the year 2016-17 and by February 1, 2018 was on a pan India basis. Due to this new subsidy transfer framework there has been a transitional delay in realisation of subsidy from DoF i.e. from the erstwhile mechanism of point of dispatch (sales to dealers/distributors by the Company) to point of retail sale (sales to beneficiary by the dealers/distributors), and which also impacted the working capital cycle of the Company. The Company obtains cash credit and short-term loans to meet its short term working capital requirements. Significant delays in receipt of subsidy from the Government of India in earlier periods and the consequent deterioration of the Company's liquidity position, also led to elongation of the working capital cycle of our Company. Further, due to a drought like situation in our markets during last Rabi Season especially in certain parts of Maharashtra and Karnataka, our Company was unable to pass on the increase in the prices of the raw materials to the farmers which contributed to the cash flow mismatch and reduced financial flexibility of our Company. The delays in receipt of subsidy in earlier periods also impacted the Company's ratings and the credit ratings assigned to our long term and short term borrowings were downgraded from [ICRA] BB (Negative) to [ICRA] D and from [ICRA] A4 to [ICRA] D, due to our Company's inability to meet its obligation at that time in relation to the payment of certain letters of credit which led to devolvement and over-utilisation of the cash credit facilities availed by our Company for more than 30 days, delay in payment of certain term loan instalments, over-utilisation of certain fund based facilities availed. Also, two of lenders have recalled the borrowing facilities availed by the Company on account of downgrade of ratings, which they have not enforced till now. Due to above mentioned downgrade of the Company's ratings, non-availability of non-fund based limits, the Company was not able to procure the key raw materials which led to stoppage of Urea and NPK plants. Since then, the Company has cleared all the overdue outstanding with banks / Financial Institutions during the current quarter. Urea Plant has commenced production from January 10, 2020. Also, the Company was able to liquidate majority of its inventories and receivables.

   The Company is in the process of undertaking certain long-term strategic initiatives and have also assessed the financial position considering its business projections including transforming of certain short-term loans to long term debt to repay its committed liabilities in the near future. Considering the fair market value of the underlying assets available, the Company is fully secured in relation to the payment of external debts payable by the Company and is also confident that it will be able to realize its assets and discharge its liabilities in the normal course of business

7. The Operations of the Urea and Ammonia plant was suspended on July 4, 2019 on account of technical breakdown i.e. leakage in PG-Reboiler of CO2 Removal section of the Ammonia Plant. NPK-B Plant remained under shut down since April 27, 2019 except for that it was operated for five days i.e. from September 19, 2019 to September 23, 2019. NPK-A Plant was shut down from July 21, 2019 till August 26, 2019 and from September 26, 2019 to November 29, 2019. The NPK-A plant resumed production on November 30, 2019.

S.R. BATLIBOI & CO. LLP ★ GURUGRAM

ZUARI AGRO ★ LIMITED

The Start-up activities of Ammonia / Urea plant were commenced on January 1, 2020, the production of Urea commenced from January 10, 2020 and NPK- A plant has been shut down on January 22, 2020 due to non-availability of raw material.

8. The unaudited standalone financial results of the Company for the quarter December 31, 2019 have been prepared on the basis of notified concession price of Urea under New Urea Policy 2015, which are further adjusted for input price escalation / de-escalation as estimated on the basis of prescribed norms.

   For Mangalore Fertilizers and Chemicals Limited (MCFL), a subsidiary company, the Urea concession income for the nine months period ended April 1,2019 to December 31, 2019 and the year end March 31, 2019 has been recognized based on management estimate in the respective periods, pending finalization by the Government of India (GOI).

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

9. During the current quarter, reassessment has been performed regarding recognition criteria in relation to earlier periods unrecognized deferred tax asset and tax balances on the basis of future profitability projections and in due context of availability of option in current or future years, as considered appropriate, for paying Income Tax at reduced rates as per the provisions/conditions defined in the new Section 115BA in the Income Tax Act, 1961, inserted vide the Taxation Laws (Amendment) Ordinance 2019. Consequential impact has been recorded as tax credit in the standalone and consolidated financial results for current quarter and period ended April 1,2019 to December 31, 2019.

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

    The Company initiated legal proceedings before the High Court of Singapore on June 4, 2018 seeking certain relief. An order has been passed by the High Court of Singapore on August 13, 2018 mandating that *inter alia* no steps should be taken: i) in respect of any matter specified as a super-majority decision in the shareholders agreement dated December 20, 2011, without the prior written consent of the Company, to, among other things, preserve the Company's original investment; and ii) no steps should be taken to change the shareholding of MCAP or to amend the Articles of Association of MCAP or to act in any manner inconsistent with the shareholders agreement mentioned above. The Company has initiated arbitration proceedings against the JV partner in accordance with the arbitration rules of the International Chamber of Commerce (ICC). The ICC, vide its order dated December 4, 2018 on an application for interim relief amended the order passed by the High Court of Singapore by allowing the respondents (i.e. Mitsubishi Corporation and MCA Phosphate Pte Limited) to exercise contractual options to purchase or sell shares of MCA Phosphates Pte. Limited in accordance with the terms of any applicable agreements. Mitsubishi Corporation has agreed not to exercise such contractual options till the final award is issued in the aforesaid arbitration. The Company has filed its claim with the arbitration tribunal on April 23, 2019 against which the hearing has taken place during September 9, 2019 to September 12, 2019. The Arbitral Tribunal based on facts and submissions has reserved the matter for passing the award which is expected to be received by the end of February 2020.

S.R. BATLIBOI & CO. LLP * GURUGRAM *

ZUARI AGRO CHEMICALS LIMITED *

Basis the Company's discussion with its Counsel for arbitration, the Company is confident that the reliefs sought by the Company in its claim will be awarded in its favor by the Arbitration Tribunal constituted by ICC.

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

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

12. The Company is carrying a receivable of Rs. 19.49 crores for the period February 2013 and March 2013 on account of accrual of subsidy income at higher rate in comparison to rate at which subsidy is granted. However, as per the office memorandum dated April 16, 2018 issued by the Department of Fertilizer, the Government has ex-post facto approved the subsidy paid on specific quantity of P&K fertilizer received in the district during February 2013 and March 2013 months in different year since 2012-13 at the rates fixed for the next financial year which were lower than the rate approved by cabinet /CCEA for that year. The Company has represented to the Department of Fertilizer that the material moved in February 2013 and March 2013 was part of the approved movement plan of January 2013 and hence Nutrient Based Subsidy rates of 2013 should be applicable. The Company has also filed writ petition at Hon'ble High Court of Delhi against Department of Fertilizer to recover this amount. 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 September 29, 2019 has 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 is hopeful to realize the aforesaid amount, hence, no provision has been made in the accounts.

13. The unaudited consolidated financial results include the Group's share of net loss after tax of INR 0.28 crores and INR 0.97 crores and total comprehensive income of INR 0.61 crores and INR 2.88 crores, for the quarter ended December 31, 2019 and year to date from April 1, 2019 to December 31, 2019, respectively, in respect of one joint venture including its associate, both located outside India, whose financial statements and other financial information have not been subject to review and has been compiled by the management in accordance with accounting principles generally accepted in the respective country. The Company's management has converted the financial statements of such joint venture located outside India from accounting principles generally accepted in the respective country to accounting principles generally accepted in India.

14. During the quarter ended December 31, 2019 and for the nine months period ended April 1, 2019 to December 31, 2019, on account of delay in clearance of raw material from the Port and on account of agreement with GAIL, the Company has incurred expenses pertaining to Demurrages and Ship to Pay of Rs. 29.70 crores and Rs. 80.82 crores

S.R. BATLIBOI & CO. GURUGRAM

ZUARI AGRO CHEMICALS LIMITED

respectively, which has been clubbed under cost of raw material and components consumed disclosed in Statement of Unaudited Financial results.

15. The Board at its meeting held on October 25, 2019 approved the proposal to restructure its fertilizer business with a view to monetize and consolidate all its bulk fertilizer operations. Additionally, it has decided to incorporate another Company, under the name of "Zuari FarmHub Limited" (ZFHL), which will operate its Retail, Specialty Nutrients, Agricultural Development Labs (ADL), Agri-Park, Crop care and the proposed FarmHub business, for which the company is also seeking investments from Strategic and /or Financial Investor's. A Committee of Board of Directors has been formed to achieve implementation of plans for the restructuring and monetization activity.

    Further, The Company has signed two non-binding Memorandum of Undertaking (MOU) with OCP Group on November 6, 2019 in connection with such corporate reorganisation and leveraging on their existing partnerships for both consolidation exercise including all fertilizer entities of the Company and for the proposed strategic investment in ZFHL, which has since been incorporated. Over the course of the next few months, both companies intend to negotiate and subject to mutual agreement, execute certain definitive agreements in relation to the contemplated reorganisation. At an appropriate time, the parties shall undertake the process of seeking approvals, as may be necessary, from various regulatory authorities.

    The Board of Directors of the Company, has approved the Slump Sale of its Retail, Specialty Nutrients, ADL, Agri park and Crop care division to ZFHL by March 2020.

16. The Company is engaged in the business of manufacturing, trading and marketing of seeds, pesticides, chemical fertilizers and fertilizers products which constitutes a single operating segment as per Ind AS 108 hence separate segment disclosures have not been furnished.

For and on behalf of Board of Directors

Sunil Sethy
Managing Director
DIN: 00244104

ZUARI AGRO CHEMICALS LIMITED

Date: February 5, 2020
Place: New Delhi

S.R. BATLIBOI & CO. LLP * GURUGRAM *

S.R. BATLIBOI & CO. LLP
Chartered Accountants

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

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

Review Report to
The Board of Directors
Zuari Agro Chemicals Limited

1. We have reviewed the accompanying statement of unaudited standalone financial results of Zuari Agro Chemicals Limited (the "Company") for the quarter ended December 31, 2019 and year to date from April 1, 2019 to December 31, 2019 (the "Statement") attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").

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

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

4. Attention is drawn to Note 10 of the unaudited standalone financial results explaining the evaluation of recoverable amount as required under Ind AS 36 "Impairment of Assets" to assess impairment provision, if any, on the Company's investment of INR 119.43 crores in the rock phosphates mining project through MCA Phosphates Pte Ltd, a joint venture company. The joint venture company has provided for diminution in the entire value of the said investment which is under arbitration. The Company has, based on valuation carried by an external valuer, assessed that the indicative value is higher than its carrying amount as at March 31, 2019. However, complete details used in such valuation were not made available to us and we were unable to review the valuation report and pending such review and in absence of other sufficient appropriate audit evidence, we are unable to comment on the adjustments, if any, required to be made to the unaudited standalone financial results, in this regard. This is a matter continuing from the previous quarters and year ended March 31, 2019.

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

6. We draw attention to Note 6 of the unaudited standalone financial results, which states that there are conditions indicating the existence of material uncertainty over timely discharge of its liabilities and its consequential impact on company's ability to continue as a going concern and management's assessment that the Company will be able to discharge its liabilities. These conditions are including but not limited to shut down and partial capacity utilization of its plants due to company's liquidity situation, downgrade of credit ratings of Company's long term and short-term borrowings, recall of borrowing facilities by two lenders and cash loss incurred during the period and negative total equity as at end of the reporting period. Our conclusion is not modified in respect of this matter.

S. R. BATLIBOI & CO. LLP
GURUGRAM

7. We draw attention to Note 12 of the unaudited standalone financial results, wherein the Company is carrying a receivable of INR 19.49 crores in relation to the subsidy income accrued during the year ended March 31, 2013. Based on the legal opinion obtained by the Company, the 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 unaudited standalone financial results. Our conclusion is not modified in respect of this matter.

8. We draw attention to Note 5 of the unaudited standalone financial results, regarding Goods and Services Tax ('GST') credit on input services recognized by the Company based on its assessment and on a legal opinion obtained by the Company and reliance placed on an order of High Court of Gujarat providing interim relief in a similar matter. The Company has also filed a writ petition in the High Court of Bombay at Goa. Our conclusion is not modified in respect of this matter.

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

S. R. BATLIBOI & CO. LLP
GURUGRAM

per Pravin Tulysan
Partner
Membership No.: 108044

UDIN: 20108044AAAABX5087

Place: Gurugram
Date: February 5, 2020

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

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

Review Report to
The Board of Directors
Zuari Agro Chemicals Limited

1. We have reviewed the accompanying statement of unaudited consolidated financial results of Zuari Agro Chemicals Limited (the "Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), joint ventures for the quarter ended December 31, 2019 and year to date from April 1, 2019 to December 31, 2019 (the "Statement") attached herewith, being submitted by the Holding Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (the "Listing Regulations").

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

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

   We also performed procedures in accordance with the Circular No. CIR/CFD/CMD1/44/2019 dated March 29, 2019 (the "Circular") issued by the Securities and Exchange Board of India under Regulation 33(8) of the Listing Regulations, to the extent applicable except with respect to 1 joint venture, for which the respective component auditor has not responded to our review instructions including information requested of them, for discharging our duties as principal auditor pursuant to the requirements of the Circular.

4. Attention is drawn to Note 13 of unaudited consolidated financial results which reflect Group's share of net loss after tax of INR 0.28 crores and INR 0.97 crores and total comprehensive income of INR 0.61 crores and INR 2.88 crores, for the quarter ended December 31, 2019 and year to date from April 1, 2019 to December 31, 2019, respectively, as considered in the Statement, in respect of one joint venture located outside India, based on its interim financial results which have not been reviewed by any auditor. These unreviewed financial results and other unreviewed financial information have been approved and furnished to us by the management. The Holding Company's management has converted such unreviewed financial results of such joint venture located outside India from accounting principles generally accepted in its country to accounting principles generally accepted in India. Accordingly, we are unable to comment on the financial impact, if any, on the unaudited consolidated financial results if the same had been reviewed.

5. Attention is drawn to Note 10 of the unaudited consolidated financial results explaining the evaluation of recoverable amount as required under Ind AS 36 "Impairment of Assets" to assess impairment provision, if any, on the Holding Company's investment of INR 119.43 crores in the rock phosphates mining project through MCA Phosphates Pte Ltd, a joint venture company. The joint venture company has provided for diminution in the entire value of the said investment which is under arbitration. The Holding Company has, based on valuation carried by an external valuer, assessed that the indicative value is higher than its carrying amount as at March 31, 2019. However, complete details used in such valuation were not made available to us and we were unable to review the valuation report and pending such review and in absence of other sufficient appropriate audit evidence, we are unable to comment on the adjustments, if any, required to be

S. R. BATLIBOI & CO. LLP GURUGRAM

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

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

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

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

8. We draw attention to Note 6 of the unaudited consolidated financial results, which states that there are conditions indicating the existence of material uncertainty over timely discharge of its liabilities and its consequential impact on Holding Company's ability to continue as a going concern and management's assessment that the Holding Company will be able to discharge its liabilities. These conditions are including but not limited to shut down and partial utilization of its plants due to Holding company's liquidity situation downgrade of credit ratings of Holding Company's long term and short term borrowings, recall of borrowing facilities by two lenders and cash loss incurred during the period and negative total equity of the Holding Company as at end of the reporting period. Our conclusion is not modified in respect of this matter.

9. We draw attention to Note 12 of the unaudited consolidated financial results, wherein the Holding Company is carrying a receivable of INR 19.49 crores in relation to the subsidy income accrued during the year ended March 31, 2013. Based on the legal opinion obtained by the 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 unaudited consolidated financial results. Our conclusion is not modified in respect of this matter.

10. We draw attention to Note 5 of the unaudited consolidated financial results, regarding Goods and Services Tax ('GST') credit on input services recognized by the Group based on its assessment and on a legal opinion obtained by the 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 conclusion is not modified in respect of this matter.

11. The accompanying Statement includes unaudited interim financial statements results and other unaudited financial information of one subsidiary, whose interim financial results reflect Group's share of total revenues of INR 0.61 crores and INR 1.74 crores, Group's share of total net loss after tax of INR 1.02 crores and INR 3.36 crores, Group's share of total comprehensive loss of INR 0.99 crores and INR 3.30 crores, for the quarter ended December 31, 2019 and for the period from April 1, 2019 to December 31, 2019.

S.R. B[...]LIBOI & CO. LLP ★ GURUGRAM ★

respectively, as considered in the Statement, which have been reviewed by its independent auditor. The Statement also includes the Group's share of net profit after tax of INR 16.89 crores and INR 36.82 crores and total comprehensive income of INR 16.51 crores and INR 35.57 crores, for the quarter ended December 31, 2019 and for the period from April 1, 2019 to December 31, 2019, respectively, as considered in the Statement, in respect of one joint venture, whose interim financial results have been reviewed by its independent auditor. The independent auditor's reports on interim financial results of these entities have been furnished to us by the Management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures in respect of these subsidiary and joint venture is based solely on the report of such auditors and procedures performed by us as stated in paragraph 3 above.

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

Our conclusion on the Statement in respect of matters stated in para 11 and 12 above is not modified with respect to our reliance on the work done and the reports of the other auditors and the financial results certified by the Management.

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

per Pravin Tulysan
Partner
Membership No.: 108044

UDIN: 20108044AAAABY6053

Place: Gurugram
Date: February 5, 2020

Annexure B

Pursuant to Regulation 30(2) & 30(9) of the Listing Regulations read with sub-clause 1.1 of Para A.1 of Annexure I of Circular number CIR/CFD/CMD/4/2015 dated 9 September 2015 issued by Securities and Exchange Board of India ("**SEBI**"), the prescribed details in connection with acquisition made by the Company are given below:

1. **Details of the target company:**

a. Name of the Target Entity

Zuari Farmhub Limited ("ZFL"), a company registered under Companies Act, 2013 and having registered office at Jai Kisaan Bhawan, Zuarinagar, Goa-403726.

b. Size and turnover of the target entity: N.A as the Company is recently incorporated.

2. **Whether the transaction would fall within related party transactions and whether the promoter/ promoter group/ group companies have any interest in the entity being acquired?? If yes, whether the same is done at "arm's length":**

Not a related party transaction

3. **Industry to which the entity being acquired belongs:**

Name of company	Area of Business
Zuari Farmhub Limited	1. To provide Crop and Soil specific, agri input products, services and farm solutions to Indian Growers by providing blended fertilizers, specialty plant nutrients, crop care products, hybrid seeds produced and distributed through the Farm Hubs & the Retail outlets. 2. To carry on the business of manufacturers, fabricators, producers, growers, traders, makers, importers, exporters, buyers, sellers, suppliers, stockiest, agents distributors, wholesalers, retailers and concessionaire of and dealers in agri inputs, fertilizers, micronutrients, specialty nutrients, seeds, manures, animal feeds, urea and other types of organic or inorganic or mixed fertilizers of synthetic or natural origin containing nitrogen, phosphate, potassium, other macro and micro plant nutrient or other compounds, insecticides, fungicides and remedies of all kinds whatsoever for agricultural, fruit growing or other purposes whether produced from vegetable or animal matter or by any chemical process or otherwise. 3. To carry on the business and trading of fertilizers, micronutrients, manures, seeds, crop care product, farm implements & equipments, financial product, irrigation, specialty plant nutrients, animal feed, urea and other types of organic or inorganic or mixed fertilizers of synthetic or natural origin, insecticides, fungicides irrespective of whether the products are manufactured by the Company or not and any other products used for the purpose of processing or manufacturing of such products, leasing, hiring, cold chains.

4. **Objects and effects of acquisition**

ZUARI AGRO CHEMICALS LIMITED

The object of acquisition of ZFL is restructuring.

5. **Brief details of any governmental or regulatory approvals required for the acquisition:**

   No governmental or regulatory approvals are required for the said acquisition.

6. **Indicative time period for completion of the acquisition:**

   Acquisition is proposed to be completed within 30 days from the date of board approval

7. **Nature of consideration - whether cash consideration or share swap and details of the same:**

   Entirely against cash consideration

8. **Cost of acquisition cost of acquisition or the price at which the shares are acquired**

   Rs. 1,00,000/- (Rupees One Lakh only), for 10,000 (Ten thousand) equity shares of face value of Rs. 10/- each in the paid up share capital of ZFL.

9. **Percentage of Shareholding/ control to be acquired and/or the number of shares to be acquired.**

   100%

10. **Brief background about the entity acquired in terms of products/line of business acquired, date of incorporation, history of last 3 years turnover, country in which the acquired entity has presence and any other significant information (in brief)**

    ZFL was incorporated on November 11, 2019. The Registered office of the Company is at Jai Kisaan Bhawan, Zuarinagar, Goa-403726.

ZUARI AGRO CHEMICALS LIMITED

Annexure C.

The details, as prescribed by SEBI Circular No. CIR/CFD/CMD/4/2015 dated September 09, 2015 in respect of disclosure of events given in Para A and Para B of Schedule III are given below:

Particulars	Details
The amount and percentage of the turnover or revenue or income and net worth contributed by such unit or division of the listed entity during the last financial year	(i) the book value of retail, SPN, CPC, seeds and blended businesses of the Company viz. INR 53Crs being 12% of the net worth of the company, (ii) the total income of retail, SPN, CPC, seeds and blended businesses viz. INR 405 Crs being 8% of the total income of the Company
Date on which the agreement for sale has been entered into;	Being finalised and will be executed post subsidiarization of ZFHL
The expected date of completion of sale/disposal;	31.03.2020
Consideration received from such sale/disposal	At a value of Rs.785.56 Crs post subsidiariazation of ZFHL, the value which is arrived at based on an independent valuation
Brief details of buyers and whether any of the buyers belong to the promoter/ promoter group/group companies. If yes, details thereof	ZFHL will be group company post subsidiarization
Whether the transaction would fall within related party transactions? If yes, whether the same is done at arm's length	The transaction would fall within the related party transactions.
Name of the entity(ies) forming part of the slump sale, details in brief such as, size, turnover etc.	Zuari Agro Chemicals Limited Turnover: Rs.5,126.54 Crs Loss before tax: Rs.222.81 crs Loss after tax:Rs.211 crs. Zuari Farmhub Limited ZFHL, incorporated on Nov 11, 2019. Details of size, turnover etc. based on audited financial statements are not available.
Area of business of the entity(ies);	Zuari Agro Chemicals Limited – bulk fertilizers Zuari Farmhub Limited – retail, SPN, CPC and farm hub business
Rationale for slump sale	Restructuring of operations
In case of cash consideration – amount or otherwise share exchange ratio	To be mutually agreed
Brief details of change in shareholding pattern (if any) of listed entity.	No change in shareholding pattern

ZUARI AGRO ... LIMITED