

10th Annual Report 2018-2019



Farmer First



ZUARI AGRO CHEMICALS LIMITED

CORPORATE INFORMATION

Board of Directors

Saroj Kumar Poddar

Chairman

Sunil Sethy

Managing Director

Akshay Poddar

Non-Executive Director

N. Suresh Krishnan

Non-Executive Director

Marco P. A. Wadia

Independent Director

J. N. Godbole

Independent Director

Gopal Krishna Pillai

Independent Director

Kiran Dhingra

Independent Director

Other Key Management Personnel

Madan Mohan Pandey

President Agri Business

V. Seshadri

Vice President Group Treasury

Nitin M. Kantak

Chief Operating Officer

Rahul Maitra

Jt. President HR

Sabaleel Nandy

Jt. President Strategy and Technical

Samrat Sen

Chief Financial Officer

Vice President & Company Secretary

R. Y. Patil

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. Corporation Bank
4. Bank of Baroda
5. HDFC Bank Ltd
6. Axis Bank Ltd
7. ICICI Bank Ltd
8. IDBI Bank Ltd
9. RBL Bank Ltd
10. Yes Bank Ltd
11. Coöperatieve Rabobank U.A.
12. IndusInd Bank Ltd

Legal Advisors

Khaitan & Co., Kolkatta

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

5th Floor, Global Business Park,

Tower A, M. G. Road, Sector 26,

Gurugram - 122 002, Haryana

Tel: 91-124-4827800

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

DIRECTORS' REPORT 2018-19

To the Members,

1. Your Directors place before you the Tenth Annual Report of the Company together with Statement of Accounts for the accounting year ended 31st March, 2019.

2. Financial Highlights:

₹ In lakhs

Particulars	Standalone		Consolidated	
	Current Year	Previous Year	Current Year	Previous Year
	2018-19	2017-18	2018-19	2017-18
Profit/(Loss) for the year before depreciation, exceptional item and taxation	(18,893.15)	10,726.02	(12,775.34)	21,867.40
Less : Depreciation for the year	4,549.81	4,258.09	8,745.89	8,252.77
Exceptional Expenses	(1,161.76)	2,555.30	(1,161.76)	2,555.30
Share of Profit / (Loss) of an associate and a joint venture	-	-	5,534.66	5,848.78
Profit/(loss) before tax	(22,281.20)	3,912.63	(14,824.81)	16,908.11
Less : Provision for taxation – Current Tax	-	1,799.09	1,397.18	3,566.29
Income Tax Credit of earlier years	(1,493.31)	-	(1,493.31)	-
Deferred Tax Charges (Credit)	327.01	(919.87)	785.12	(1,240.63)
Profit/(loss) after tax	(21,114.90)	3,033.41	(15,513.80)	14,582.45
Other Comprehensive Income	(2,903.65)	(1,331.55)	(2,340.31)	(1,341.30)
Total Comprehensive Income/(Loss)	(24,018.55)	1,701.86	(17,854.11)	13,241.16
Proposed Dividend : NIL (PY NIL) (in case of a subsidiary Re. 1 (PY Re. 1)	-	-	1,185.15	1,185.15
Tax on dividend (Including Surcharge)	-	-	243.61	243.61
Earnings per equity shares (EPS)	₹ (50.20)	₹ 7.21	₹ (40.56)	₹ 27.91

A. Review of Operations:

The revenue from operations (Standalone) for the year ended 31st March, 2019 was ₹ 5,12,654.69 lakhs as compared to ₹ 4,64,995.68 lakhs for the previous year ended 31st March, 2018.

The loss before tax for the year ended 31st March, 2019 was ₹ 22,281.20 lakhs as compared to profit of ₹ 3,912.63 lakhs for the year ended 31st March, 2018. The loss after Tax stood at ₹ 21,114.90 lakhs for the year ended 31st March, 2019 as compared to profit of ₹ 3,033.41 lakhs for the previous year.

The Gross revenue from operations (Consolidated) for the year ended 31st March, 2019 was ₹ 8,10,290.01 lakhs as compared to ₹ 7,27,085.57 lakhs for the previous year.

The Consolidated loss before tax for the year ended 31st March, 2019 was ₹ 14,824.81 lakhs as compared to profit before tax of ₹ 16,908.11 lakhs for the year ended 31st March, 2018. The loss after tax adjustment stood at ₹ 15,513.80 lakhs for the year ended 31st March, 2019 as

compared to a profit after tax of ₹ 14,582.45 lakhs for the previous year.

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

B. Reserves:

The Net Deficit in the statement of Profit and loss and General Reserves as on 31st March 2019 is ₹ 23,286.17 lakhs, as against ₹ 2,145.31 lakhs Net Deficit in the statement of profit and loss as on 31st March 2018.

3. Dividend:

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

4. Capital Projects:

The Company has successfully implemented the Revamp of the Primary Reformer Convection Section. The Basic Engineering was carried out by M/s CASALE, Switzerland.

The Detailed Engineering, Design and Erection was carried out by M/s Heurtey Petrochem, India.

The ID Fan was replaced as part of the Convection Section Revamp. The Steam Turbine Drivers of the ID and FD Fans were retrofitted for superior steam rate with M/s Elliott's design and supply.

The Low Temperature Shift (LTS) Converter was retrofitted with M/s CASALE's Axial-Radial Internals. As a consequence, the Converter was charged with smaller size catalyst and with higher volume.

The above schemes were implemented during the Annual Turnaround (ATA) of the plant of October-November-2018. The CAPEX for these schemes were ₹ 40 Crores (appx.). Post Start-up after ATA, an energy savings to the tune of 0.1 GCal/MT Urea (appx.) has been accrued.

During the ATA, the Transfer Line between the Primary and Secondary Reformers was replaced. The Design of the Transfer Line is by M/s KBR, USA. The Fabrication of the same was by M/s L&T, India. The CAPEX was approximately ₹ 20 Crores.

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 is embarking on an Energy Savings Project (ESP) with target Specific Energy Consumption of Urea at 6.1 GCal/MT. The ESP will be executed over a period of two years at an approximate CAPEX outlay of ₹ 380 Crores (including the costs of schemes already implemented which are enumerated above, schemes under implementation).

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)
 - a) The details of technology imported : Axial-Radial Internals for LTS Converter of CASALE, Switzerland design
 - b) The year of import : 2018-19
 - c) Whether the technology been fully absorbed : Yes, The pressure drop across the LTS Converter has substantially reduced by about 0.8 Kg/cm²
 - d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof : Not Applicable
- (iv) The expenditure incurred on Research and Development : Not Applicable

The services of M/s CASALE has been engaged to carry out the Process Design Package for the ESP schemes and their integration. Two schemes viz. VAM based Chiller and Membrane type PGRU are under execution. The technology supplier for the latter is M/s MTR, USA and the job is being executed by M/s TPL, India.

The major features of the ESP are Revamp of the 2 nos. Ammonia Synthesis Converters and the Revamp of the CO₂ Removal Section of the Ammonia Plant for lower CO₂ Regeneration Energy. The Project will also include Revamp/ Replacement of the Driver Steam Turbine(s) of the Syngas Compressor by Indigenous supply.

The project for replacement of the pressurized storage of Liquid Ammonia in Horton Spheres with the Atmospheric Ammonia Storage Tank (AAST) will be expedited once the necessary statutory clearances are obtained. This project will run parallel to the Ammonia / Urea ESP.

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

The Company implemented a few energy savings/ conservation schemes during the plant Annual Turnaround of October-November-2018. They are Complete Revamp of the Reformer Convection Section, Retrofit of Low Temperature Shift Converter with Axial-Radial Internals along with replacement of catalyst of appropriate size and retrofit of Steam Turbine Drives of ID and FD Fans. The implementation of the aforementioned schemes has resulted in reduction of specific energy consumption of Urea by approximately 0.1 GCal/MT.

C. Foreign Exchange and Outgo:

The expenditure in foreign currency for the year ended 31st March, 2019 was ₹ 6.95 crores as compared to ₹ 3.37 crores during the previous year. The foreign exchange earnings for the year ended 31st March, 2019 was ₹ 4.94 crores as compared to ₹ 10.92 crores during the previous year

6. Environment and Safety:

Your Company continues its environment and safety initiatives and had successfully achieved certification of internationally recognized Environment & Safety Standards ISO 14001: 2004 and OHSAS 18001:2007 in the year 2015. The company is currently in the process of transition of ISO 14001:2004 to ISO 14001:2015 and migration of OHSAS 18001:2007 to ISO 45001:2018 through TUV Nord.

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

The Company's policy to improve the surrounding environment continued throughout the year. Continuous online Ambient Air Quality Monitoring Station which is connected to the Goa State Pollution Control Board (GSPCB) server provides air quality on real-time basis. It has also 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. It 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.

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

Community awareness programmes on the 'Do's and Don'ts in case of ammonia gas leakage' for the students & teachers of the neighboring schools, employees and the general public were undertaken during the year as planned. Awareness program on DO`S AND DON`T`S IN CASE OF AMMONIA GAS EMERGENCY was held for the South Goa District Administration. DO`s and DON`T`s in case of ammonia gas emergency was conducted for the residents of the Zuarinagar & Shantadurga High School at Sancoale

The company conducts various activities related to Safety, Health & Environment during National Safety Week, Road Safety Week, Environment Week & Fire Service Day. Health, Safety & Environment Quiz & Poster contest, live demonstration of firefighting techniques, domestic & household safety for the students of neighboring schools, employees' children and people residing in surrounding

community are taken up during those days. The Company also conducts campaigns through FM Radio on 'DO`S AND DON`TS in case of ammonia gas leakage'. 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.

As part of the safety performance following parameters were considered:

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

7. Industrial Relations:

Cordial and conducive working conditions prevailed amongst the Company employees and the contract workmen. Wage settlement is under negotiation with company employees. As a result of some of the contract Labour union wage settlements expiry, a new charter of demands from Contract Labour union is expected.

8. Extract of the Annual Return:

The Annual Return referred to in Section 92(3) of the Companies Act, 2013 of the Company has been placed on the website of the Company and can be accessed 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 made 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- 'J'**

10. Particulars of Loans, Guarantees or Investments:

The details of Loans, Corporate Guarantees and Investments made during the year under the provisions of Section 186 of the Companies Act, 2013 are given in Note No. 40 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 'H'** 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 'I'**.

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 year under review, 1 meeting of the Committee was held on 7th January, 2019.

The Risk Management Committee consists of the following members:

- Mr. Sunil Sethy
- Mr. N. Suresh Krishnan
- Mr. J.N. Godbole
- Mr. Marco Wadia
- Mr. Sabaleel Nandy
- Mr. R.Y. Patil
- Mr. Samrat Sen

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 two Independent Directors, one Executive Director and one Non-Executive Director. The Board has designated Mr. R.Y. Patil, Vice President & Company Secretary as Secretary of the Committee. During the year under review, 1 meeting of the Committee was held on 7th January, 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	1
J.N. Godbole	Member	Non Executive Independent Director	1
Sunil Sethy	Member	Managing Director	1
Akshay Poddar	Member	Non Executive Director	-

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

Ms. Kiran Dhingra has been re-appointed as Independent Director for a further period of 3 years w.e.f 1st April, 2018.

Mr. Marco Wadia has been re-appointed as Independent Director for a further period of 3 years w.e.f. 1st April, 2019, subject to the approval of the shareholders.

Mr. Gopal Krishna Pillai has been re-appointed as Independent Director for a period of 1 year w.e.f. 1st April, 2019, subject to the approval of the shareholders.

Mr. J.N. Godbole has been re-appointed as Independent Director w.e.f. 1st April, 2019 upto the age of 75 years i.e. upto 17th February, 2020., subject to the approval of the shareholders.

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

Mr. R.Y. Patil, Vice President & Company Secretary has been re-appointed as Key Managerial Personnel for a period of 1 year w.e.f. 1st April, 2019.

The Board of Directors of the Company at its meeting held on 15th May, 2019, re-appointed Mr. Sunil Sethy as Managing Director of the Company w.e.f 1st August, 2019 for a further period of 1 year, subject to the approval of shareholders at the forthcoming Annual General Meeting (AGM).

Brief profile along with other particulars of Mr. Sunil Sethy, Mr. Marco Wadia, Mr. Gopal Krishna Pillai and Mr. J.N. Godbole as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are disclosed in the 10th Annual General Meeting Notice.

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

Mr. Samrat Sen has been appointed as Chief Financial Officer and Key Managerial Personnel w.e.f. 12th April, 2019.

Mr. Sunil Sethy, Managing Director, Mr. R.Y. Patil, Vice President & Company Secretary and Mr. Samrat Sen - 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;

- Performance evaluation of the Board, Chairman and non-Independent Directors by the Independent Directors;
- Performance evaluation of the Board, its committees and Independent Directors by the Board of Directors; and
- 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 under review, seven Board meetings were held on 18th April, 2018, 25th May, 2018, 25th June, 2018, 1st August, 2018, 1st November, 2018, 7th January, 2019 and 8th February, 2019. 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, seven 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. 33(b) 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 SEBI Listing Regulations. The Report on Corporate Governance is enclosed as **Annexure 'A'** to this report. A Certificate on compliance of Corporate Governance by a Practicing Company Secretary is enclosed as **Annexure 'B'**. Declaration by the Managing Director is enclosed as **Annexure 'C'**, the Management Discussion and Analysis is enclosed as **Annexure 'E'** and Secretarial Audit Report is enclosed as **Annexure 'F'** to this report.

22. Statutory Auditors:

As per section 139 of the Companies Act, 2013 and Rules made thereunder, M/s. S.R. Batliboi & Co. LLP, Chartered Accountants, New Delhi, 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 qualified opinion summarized below

Attention is drawn to Note 46 of the standalone & consolidated Ind AS financial statements 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 ₹ 11,943.47 lakhs 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. 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 standalone Ind AS financial statements, in this regard.

Comment by the Board of Directors on the Audit Report :-

The matter being under litigation with ICC international court of arbitration, the accounting treatment is given based on independent valuer's report. Any impact due to arbitration order cannot be estimated as of now.

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 2019-20 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, 2018 was filed by the Company with the Ministry of Corporate Affairs on 29th August, 2018.

24. Secretarial Audit :

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 2018-19 is enclosed as **Annexure 'F'** 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 were no complaints/cases filed/pending with the Company during the financial year.

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 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.

Your Company, Zuari Global Limited and Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V. ("**Subscriber**") (together the "**Parties**") entered into an agreement dated December 21, 2018 for subscription of foreign currency convertible bonds ("**FCCBs**") in five series,

for a principal amount of Euro 4,400,000 for each series aggregating to Euro 22,000,000 at an issue price of 100% of the principal amount with specified interest rates and redemption terms, by the Subscriber to finance the planned expansion and modernisation of our Company's fertiliser unit in Goa, India ("FCCB Subscription Agreement").

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 53.03% 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, 2019 was ₹ 3,07,363.76 lakhs as compared to ₹ 2,69,290.26 lakhs for the year ended March 31, 2018.

The profit before tax for the year ended March 31, 2019 was ₹ 5,014.04 lakhs as compared to ₹ 7504.70 for the year ended March 31, 2018. Total Comprehensive Income stood at ₹ 3,212.37 for the year ended March 31, 2019 compared to ₹ 6,042.30 lakhs for the previous year.

(b) Adventz Trading DMCC :

Adventz Trading DMCC, subsidiary of your Company is engaged in the business of trading in chemical fertilizers, seeds, agricultural and veterinary pesticides and basic industrial chemicals.

The primary revenue center for the business will come from the trading of commodities primarily fertilizer raw materials, specialty agri inputs and finished goods. 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.

Management's mission is to develop the Commodities Trading Firm into a globally acclaimed and credible company which would be able to sustain its operations in a profitable manner and at the same time cater to its client in the most efficient way. 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.

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, 2019 was ₹ 4,742.29 lakhs as against ₹ 15.08 lakhs during the previous year.

The profit before exceptional Items and tax for the year ended 31st March, 2019 was ₹ 4,704.83 lakhs as against loss before exceptional Items and tax of ₹ 28.07 lakhs during the previous year. Profit after tax for the year was ₹ 4,689.44 lakhs as compared to loss after tax of ₹ 28.07 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, 2019 was ₹ 4,35,791.22 lakhs as against ₹ 3,79,656.55 lakhs during the previous year.

The profit before exceptional Items and tax for the year ended 31st March, 2019 was ₹ 25,148.69 lakhs as against profit before exceptional Items and tax of ₹ 27,738.80 lakhs during the previous year. Profit after tax for the year was ₹ 15,896.15 lakhs as compared to profit after tax of ₹ 15,058.51 lakhs in the previous year.

(b) MCA Phosphates Pte Limited:

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

The supply of rock phosphate from the asset will help your company to reduce its dependence on suppliers for critical raw material-rock phosphate and is a step forward in the backward integration of its downstream phosphate business and for expanding its downstream fertilizer plants.

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

31. 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.

32. Compliance of Secretarial Standards:

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

33. 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

S.K. Poddar

Chairman

DIN: 00008654

Place : Gurugram

Date : 15th May, 2019

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

During the year under review, seven Board meetings were held on 18th April, 2018, 25th May, 2018, 25th June, 2018, 1st August, 2018, 1st November, 2018, 7th January, 2019 and 8th February, 2019.

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 31-3-2019	No. of Board Meetings Attended	No. of shares held	Attendance at last AGM	No. of Board Committees of other Companies * as on 31-03-2019	
						Chairman	Member
S.K.Poddar++	Promoter Group/ Chairman -Non Executive Director	11	5	179406	No	-	-
Sunil Sethy	MD	5	7	NIL	Yes	1	1
N. Suresh Krishnan	NED	9	6	NIL	Yes	1	4
Akshay Poddar+	Promoter Group/ NED	16	5	150585	No	1	2
J.N. Godbole	NED / I	7	7	NIL	Yes	2	5
Marco Wadia	NED / I	12	7	2811	Yes	4	4
Gopal Krishna Pillai	NED / I	5	7	NIL	Yes	2	2
Kiran Dhingra	NED / I	3	7	NIL	Yes	-	2

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.

Name of the Director	Name of the listed Entities where the Director of the Company is Director as on 31.03.2019	Category of Directorship of the listed Entities where the Director of the Company is Director as on 31.03.2019
Saraj 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
	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 31.03.2019	Category of Directorship of the listed Entities where the Director of the Company is Director as on 31.03.2019
Akshay Poddar	Mangalore Chemicals & Fertilizers Limited Texmaco Rail & Engineering Limited Texmaco Infrastructure & Holdings Limited Adventz Securities Enterprises Limited	Non-Executive - Non Independent Director Non-Executive Director Non-Executive & Non-independent Director Non -Executive Director
Sunil Sethy	Mangalore Chemicals And Fertilisers limited	Non-Executive - Non Independent Director
N. Suresh Krishnan	Gobind Sugar Mills Limited Mangalore Chemicals & Fertilizers Limited Texmaco Infrastructure & Holdings Limited Zuari Global Limited	Non- Executive Director- Chairman Managing Director Non-Executive & Non-independent Director Managing Director
Gopal Krishna Pillai	Berger Paints India Limited Adani Ports And Special Economic Zone Limited	Non-Executive Independent Director Non-Executive - Independent Director
Kiran Dhingra	Goa Carbon Limited	Non Executive Independent Director
Marco Wadia	Gobind Sugar Mills Limited Chambal Fertilisers And Chemicals Limited Josts Engineering Company Limited Stovec Industries Limited Zuari Global Limited	Non Executive Independent Director Non-Executive Independent Director Non-Executive Independent Director Non-Executive - Independent Director Non- Executive Independent Director
Jayant Narayan Godbole	J. K. Cement Limited. Emami Paper Mills Limited Gujarat Alkalies and Chemicals Limited Saurashtra Cement Limited Kesar Terminals & Infrastructure Limited Zuari Global Limited	Non-Executive - Independent Director Non-Executive - Independent Director Non-Executive - Independent Director, Non-Executive - Independent Director Non-Executive - Independent Director Non-Executive Independent Director

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

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

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

Mr. Saroj Kumar Poddar

Mr. Saroj Kumar Poddar 73, a leading Indian industrialist of international repute, is Chairman of the Adventz group. The group, with a total turnover in excess of US \$3 billion, comprises 23 leading companies in various verticals, constituting key drivers of the Indian economy and was repositioned under the Adventz banner by Mr. Poddar, to leverage its exemplary equity in terms of knowledge, best

practices and technical excellence. Under Mr. Poddar, the group has promoted various seminal projects including joint ventures with leading international corporations. The most notable of these ventures are Hettich India Private Ltd - a joint venture with the Hettich Group of Germany and MCA Phosphates Pte. Ltd. - a joint venture with Mitsubishi Corporation, Japan. Mr. Poddar was also instrumental in promoting Gillette India Ltd., a venture with the renowned 'The Gillette Company,' USA and was founder Chairman of the Company since 1984, before relinquishing the position in December 2013. At Mr. Poddar's initiative the group has acquired a controlling stake as well as management control of Kalindee Rail Nirman (Engineers) Ltd. and Bright Power both of which offers synergetic strength to its core railway products Business.

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

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

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

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

Names of the Companies in which Mr. Saroj Kumar Poddar is a Director as on 31st March, 2019:

Sr.No		Name of the Companies/Body Corporate/firms	
		Public Limited Companies	Private Limited Companies
1	Chambal Fertilisers And Chemicals Limited	1.	Hepo India Private Limited
2	Texmaco Rail & Engineering Limited	2.	Hettich India Private Limited
3	Zuari Agro Chemicals Limited	3.	Forte Furniture Products India Private Limited
4	Zuari Global Limited	4.	Adventz Finance Private Limited
5	Texmaco Infrastructure & Holdings Limited	5.	Adventz Homecare Private Limited
6	Paradeep Phosphates Ltd	Companies Outside India	
7	Lionel India Limited	1.	Calcutta Tramways Company Ltd.
LLP		2.	Indo Maroc Phosphore S.A.(IMACID)
1	Flinta Real Estate LLP		
2	Adventz Developers LLP		

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	Retired IAS Officer. Former Home Secretary to the Government of India.
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

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 and 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 as 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 in-depth 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 http://www.zuari.in/investor/corporate_governance.

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 8th February, 2019, 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 four independent Directors and one Non -Executive Director. The permanent invitees include Managing Director, Chief Financial Officer and Head of Internal Audit. The Vice President & Company Secretary is the Secretary of the Committee. During the year, 7 meetings were held on 25th May, 2018, 5th June, 2018, 1st August, 2018, 10th September, 2018, 1st November, 2018, 7th January, 2019 and 8th February, 2019.

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	7
J.N. Godbole	Member	Non- Executive Independent Director	7
N.Suresh Krishnan	Member	Non - Executive Director	7
Gopal Krishna Pillai	Member	Non- Executive Independent Director	6
Kiran Dhingra	Member*	Non- Executive Independent Director	6

*w.e.f. 25th May, 2018

b) Nomination and Remuneration Committee:

The Nomination and Remuneration Committee comprises three Non-Executive Directors out of which two are Independent Directors. The Board has designated Mr. R.Y. Patil, Vice President & Company Secretary as Secretary of the Committee. The Committee met 2 times i.e. on 24th May, 2018 and 8th February, 2019, during the financial year ended 31st March, 2019.

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	2
J.N. Godbole	Member	Non- Executive Independent Director	2
Akshay Poddar	Member	Non - Executive Director	2

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 contribution to the Provident Fund, Superannuation Fund, Gratuity and others.

₹ In lakhs

Managing Director	Salary including joining bonus	Perquisites	Retirement benefits	Total Remuneration
Sunil Sethy	89.99	-	-	89.99

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

Mr. Sunil Sethy received sitting fees of ₹ 3.45 lakhs for the financial year 2018-19 from Mangalore Chemicals and Fertilizers Limited.

The term of appointment of Managing Director is 2 years w.e.f. 1st August, 2017. Notice period for termination of appointment is six months on either side.

The Board of Directors of the Company at its meeting held on 15th May, 2019, re-appointed Mr. Sunil Sethy as Managing Director of the Company w.e.f 1st August, 2019 for a further period of 1 year, subject to the approval of shareholders at the forthcoming Annual General Meeting(AGM).

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, 2019 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	3,25,000
2.	Mr. Akshay Poddar	2,80,000
3.	Mr. N. Suresh Krishnan	6,55,000
4.	Mr. J.N. Godbole	7,35,000
5.	Mr. Marco Wadia	7,65,000
6.	Mr. Gopal Krishna Pillai	5,15,000
7.	Ms. Kiran Dhingra	5,00,000

Pecuniary relationship of Directors:

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

- Remuneration paid to the Managing Director and Sitting Fees paid to the Non - Executive Directors;
- Reimbursement of expenses incurred by the Directors in discharging their duties;
- Professional fees of ₹ 3.73 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 considered material enough to infringe independence of Mr. Marco Wadia;

- 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. R.Y. Patil, Vice President & Company Secretary as the Compliance Officer. The Committee met 4 times during the financial year ended 31st March, 2019 on 25th May, 2018, 1st August, 2018, 1st November, 2018 and 8th February, 2019.

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 were 16 complaints received from the shareholders during the year, out of which 15 were duly addressed and 1 complaint was pending as on 31st March, 2019.

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	4
Marco Wadia	Member	Non- Executive Independent Director	4
N. Suresh Krishnan	Member	Non- Executive Director	4

d) Other Committees

Apart from the above stated Board Committees, the Board has also constituted other committees including Committee 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
2017-18	Jai Kisaan Bhawan, Zuarinagar, Goa - 403 726	10-09-2018	11.30 A.M.	1. Re-appointment of Ms. Kiran Dhingra as 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
2015-16		29-09-2016	10.30 A.M.	1. Reclassification of certain shareholders from Promoter group category to Public category

b) Details of the Special Resolutions passed through Postal Ballot during the financial year 2018-19:

Brief procedure for postal Ballot	Postal Ballot conducted as per Sec. 110 of Companies Act, 2013 and Companies (Management and Administration) Rules, 2014
Type of meeting	Postal Ballot
Date of Postal Ballot Notice	25 th June, 2018
Type of Resolution	Special resolutions
Items of Resolutions based through the Postal Ballot	1. Raising of funds through issue of Foreign Currency Convertible Bonds (FCCBs) 2. Issue and allotment of Compulsorily Convertible Debentures on Rights basis and equity shares arising on conversion of Compulsorily Convertible Debentures
Details of voting pattern	1. Votes in favour : 23948960 (99.99%) Votes against : 101 (0.0004%) Invalid votes : 16 2. Votes in favour : 23809833 (99.42%) Votes against : 138189 (0.5770%) Invalid votes : 16
Name of Scrutinizer for conducting Postal Ballot	Mr. Shivaram Bhat, Practicing Company Secretary
Date of declaration of result and date of approval	4 th August, 2018 and 3 rd August, 2018

14. Disclosures

- Mr. Marco Wadia, is a Partner of Crawford Bayley & Co., Solicitors & Advocates, which has a professional relationship with the Company. The professional fee of ₹ 3.73 lakhs paid to Crawford Bayley & Co. during the year is not considered material enough 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.
- 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.
- 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
- 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, 2018 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

- 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.

Compliance Officer and has authorised Managing Director to monitor compliance of said Regulations.

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 Vice President & Company Secretary, as the

18. General Shareholders Information:

a) Annual General Meeting :

The Annual General Meeting of the Company will be held on Friday 6th September, 2019 at Jai Kisaan Bhawan, Zuarinagar, Goa - 403 726 at 11.30 A.M.

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

c) Financial calendar (Tentative):

Financial Period	Declaration of Financial Results
Results for the quarter ended 30 th June, 2019	Within 45 days of the end of the quarter or such prescribed period
Results for the half-year ended 30 th Sept. 2019	Within 45 days of the end of the quarter or such prescribed period
Results for the quarter ended 31 st Dec. 2019	Within 45 days of the end of the quarter or such prescribed period
Audited Annual Results 2019-20	Within 60 days of the end of the quarter or such prescribed period

d) Date of book closure: N.A.

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

e) Dividend payment date: No dividend is proposed for the financial year 2018-19.

The company has paid the annual listing fees to the stock Exchanges for the Financial Year 2018-19.

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

Stock Code:

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

BSE Limited, Mumbai: 534742

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

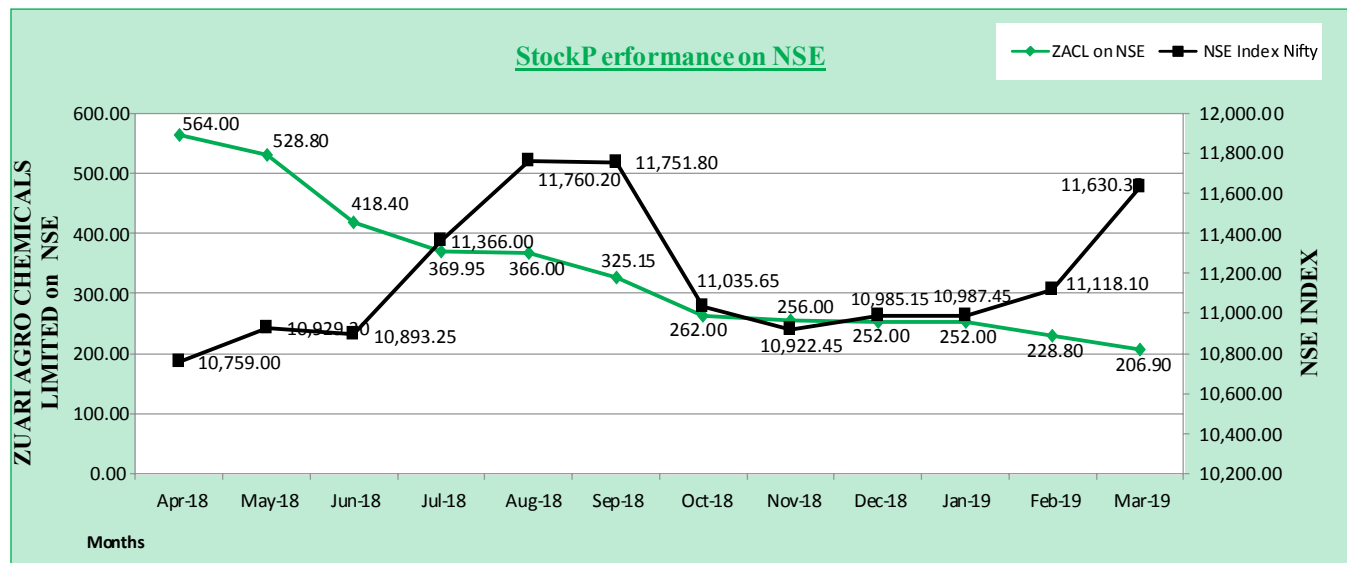
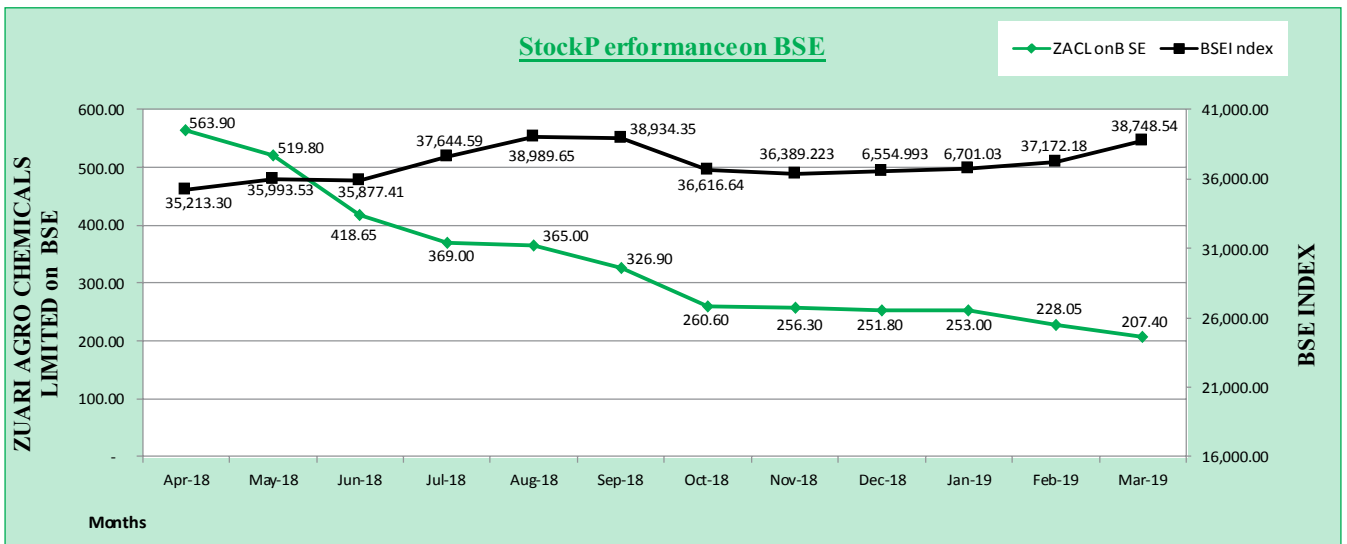
The National Stock Exchange of India Limited, Mumbai:
ZUARI
International Standard Identification Number (ISIN):
INE840M01016

h) Market Place Data:

High/Low share prices at BSE & NSE during each month for the period 1st April, 2018 to 31st March, 2019:

Month	ZACL on BSE		BSE INDEX	
	High (₹)	Low (₹)	High	Low
April, 2018	563.90	485.00	35213.30	32972.56
May, 2018	519.80	360.60	35993.53	34302.89
June, 2018	418.65	325.10	35877.41	34784.68
July, 2018	369.00	304.00	37644.59	35106.57
August, 2018	365.00	305.60	38989.65	37128.99
September, 2018	326.90	231.00	38934.35	35985.63
October, 2018	260.60	210.00	36616.64	33291.58
November, 2018	256.30	225.00	36389.22	34303.38
December, 2018	251.80	211.00	36554.99	34426.29
January, 2019	253.00	205.25	36701.03	35375.51
February, 2019	228.05	174.60	37172.18	35287.16
March, 2019	207.40	176.55	38748.54	35926.94

Month	ZACL on NSE		NSE INDEX	
	High (₹)	Low (₹)	High	Low
April, 2018	564.00	491.00	10759.00	10111.30
May, 2018	528.80	362.15	10929.30	10417.80
June, 2018	418.40	323.30	10893.25	10550.90
July, 2018	369.95	304.00	11366.00	10604.65
August, 2018	366.00	308.00	11760.20	11234.95
September, 2018	325.15	232.80	11751.80	10850.30
October, 2018	262.00	211.20	11035.65	10004.55
November, 2018	256.00	224.85	10922.45	10341.90
December, 2018	252.00	210.35	10985.15	10534.55
January, 2019	252.00	207.95	10987.45	10612.85
February, 2019	228.80	173.10	11118.10	10585.65
March, 2019	206.90	177.50	11630.35	10817.00



i) Shareholding as on 31st March, 2019:

a) The distribution of shareholding as on 31st March, 2019 :

No. of shares	No. of shareholders	% of shareholders
Upto 500	37433	95.36
501 - 1000	907	2.31
1001- 2000	421	1.07
2001 - 3000	144	0.37
3001 - 4000	76	0.19
4001 - 5000	48	0.12
5001 - 10000	111	0.28
10001 and above	117	0.30
39257	100.00	

b) Shareholding Pattern as on 31st March, 2019:

Category	No. of shares held	% shareholding
Promoters	27356419	65.04
Banks/Financial Institutions/ Insurance Companies/NBFCs/ Non Nationalised banks	2317713	5.51
Foreign Institutional Investors/ Portfolio Investors	928313	2.21
Mutual Funds/Alternate investments funds	1088941	2.59
NRIs/OCBs/Foreign bank/ Foreign Company	192743	0.46
Private Bodies Corporate	4554699	10.83
Public	5619178	13.36
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:**

4,17,17,052 equity shares (99.19%) have been dematerialized as on 31st March, 2019.

n) **Share Transfer System**

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

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

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 -403726
Mahad : SSP Fertiliser Division K-2/5 & K-2/6.
MIDC, Mahad, Raigad- 402302
Baramati : Speciality Fertiliser Division G-335, MIDC,
Baramati -413133, Pune

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 2018-19 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	17.50
Limited review fee	9.00
Tax Audit fee	3.50
Other services (certification fees) including reimbursement of expenses	7.80
Total	37.80

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	10.97
Quarterly Limited Review	21.00
In other capacity	
Right issue / Qualified institutional placement (QIP) certification	41.84
Other services (certification fees)	30.00
Reimbursement of expenses	8.30
Total	170.11

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 were no complaints/cases filed/pending with the Company during the financial year.

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 the recommendations of the 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 :**

India Ratings & Research Private Limited has assigned the below mentioned rating :

Instrument Type	Size of Issue(million)	Rating/Outlook	Rating Action
Long term loan	INR 1,300	IND A-/Stable	Assigned
Proposed bank facility	INR 700	Provisional IND A/Stable/ Provisional IND A2+	Assigned

As on 31 Mar'19 the ICRA rating was:

Instrument*	Previous Rated Amount (₹ crore)	Current Rated Amount (₹ crore)	Rating Action
Long Term Fund Based	1,200.0	1200.0	[ICRA]BBB+ reaffirmed; Outlook revised to Negative from Stable
Long Term Fund Based Interchangeable#	(75.0)	(75.0)	[ICRA]BBB+ reaffirmed; Outlook revised to Negative from Stable
Long Term un-allocated limits	265.0	265.0	[ICRA]BBB+ reaffirmed; Outlook revised to Negative from Stable
Short Term non-fund-based limits	2,750.0	2750.0	[ICRA]A2+; reaffirmed
Total	4215.0	4215.0	

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 2018-19 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-J' 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.

- 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.
- 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.
- 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: http://www.zuari.in/investor/corporate_governance

- The Company has a policy for determining 'material' subsidiary and is disclosed on the website. The weblink for the same is: http://www.zuari.in/investor/corporate_governance
- The Company has Related Party Transaction Policy which is available on the website of the Company. The weblink for the same is: http://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:

- Providing half yearly unaudited financial results of the Company to each household of the shareholder.
- Sharing the expenses for maintaining the Chairman's Office.
- Internal Auditor reports directly to the Audit Committee.

ANNEXURE 'B' TO THE DIRECTORS' REPORT

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

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 2019.

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.

Place : Panaji, Goa
Date : 15th May, 2019

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

ANNEXURE 'C' TO THE DIRECTORS' REPORT

DECLARATION BY THE MANAGING DIRECTOR

Pursuant to Regulation 26(3) of SEBI (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 2018-19.

Place : Gurugram
Date : 15th May, 2019

SUNIL SETHY
MANAGING DIRECTOR
DIN : 00244104

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, 2019 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	JAYANT NARAYAN GODBOLE	00056830	20/05/2011
5	SUNIL SETHY	00244104	28/07/2017
6	MARCO PHILIPPUS ARDESHIR WADIA	00244357	20/05/2011
7	KIRAN DHINGRA	00425602	10/03/2015
8	GOPAL KRISHNA 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.

Place: Panaji, Goa
Date: 15th May, 2019

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

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:

After strong growth in 2017 and early 2018, global economic activity slowed notably in the second half of last year, reflecting a confluence of factors affecting major economies. China's growth declined following a combination of needed regulatory tightening to rein in shadow banking and an increase in trade tensions with the United States. The euro area economy lost more momentum than expected as consumer and business confidence weakened and car production in Germany was disrupted by the introduction of new emission standards; investment dropped in Italy as sovereign spreads widened; and external demand, especially from emerging Asia, softened. Elsewhere, natural disasters hurt activity in Japan. Trade tensions increasingly took a toll on business confidence and, so, financial market sentiment worsened, with financial conditions tightening for vulnerable emerging markets in the spring of 2018 and then in advanced economies later in the year, weighing on global demand. Conditions have eased in 2019 as the US Federal Reserve signaled a more accommodative monetary policy stance and markets became more optimistic about a US-China trade deal, but they remain slightly more restrictive than in the fall. Global Growth is Set to moderate in the near term, then pick up modestly. As a result of these developments, global growth is now projected to slow from 3.6 percent in 2018 to 3.3 percent in 2019, before returning to 3.6 percent in 2020. Growth for 2018 was revised down by 0.1 percentage point relative to the October 2018 World Economic Outlook (WEO), reflecting weakness in the second half of the year, and the forecasts for 2019 and 2020 are now marked down by 0.4 percentage point and 0.1 percentage point, respectively. The current forecast envisages that global growth will level off in the first half of 2019 and firm up after that. The projected pickup in the second half of 2019 is predicated on an ongoing buildup of policy stimulus in China, recent improvements in global financial market sentiment, the waning of some temporary drags on growth in the euro area, and a gradual stabilization of conditions in stressed emerging market economies, including Argentina and Turkey. Improved momentum for emerging market and developing economies is projected to continue into 2020, primarily reflecting developments in economies currently experiencing macroeconomic distress—a forecast subject to notable uncertainty. By contrast, activity in advanced economies is projected to continue to slow gradually as the impact of US fiscal stimulus fades and growth tends toward the modest potential for the group. Beyond 2020, global growth is set to plateau at about 3.6 percent over the medium term, sustained by the increase in the relative size of economies, such as those of China and India, which

are projected to have robust growth by comparison to slower-growing advanced and emerging market economies (even though Chinese growth will eventually moderate).

i) World Agriculture Outlook

Early prospects point to a likely rebound of 2.7 percent in global cereal production in 2019, following a decline registered in 2018. Based on the conditions of crops already in the ground and on planting intentions for those still to be sown, and assuming normal weather for the remainder of the season, world cereal output is forecast to reach a new record level of 2722 million tonnes (including rice in milled equivalent), that is 71 million tonnes higher than in 2018. Among the major cereals, wheat, maize and barley would account for most of the rise in cereal production, with projected year-on-year increases of 2.5 percent, 2.2 percent and 6.1 percent, respectively. Global rice production is likely to remain close to the 2018 all-time high.

Global wheat production in 2018/19 was down 4 percent from the previous year to the lowest level in 4 years. Much of the decline was in major exporting countries. Global consumption is down primarily on lower feed and residual use in the European Union and Iran. Global trade is down as lower imports for Bangladesh, Saudi Arabia, the United Arab Emirates, and Vietnam more than offset higher demand from Indonesia and the Philippines.

World wheat production prospects for the "new crop" 2019/20 marketing year is somewhat mixed and uncertain - most notably among major World wheat exporters and producers. In its International Crop & Weather Highlights report on May 7, 2019 the USDA gave the following assessments of developing crop conditions as they affect wheat production prospects. In aggregate, forecast global World Wheat production in "current" MY 2018/19 of 732.78 MMT is down 3.9% from last year's record high of 763.19 MMT. Lower production has occurred in the "current" 2018/19 marketing year (which began June 1, 2018) in some major exporting countries such as Australia, the European Union, and the Black Sea Region / Former Soviet Union 12 countries, China, and Mexico. These declines were partially offset by production increases projected for exporters such as the United States, Argentina, and Canada.

The global coarse grain production forecast for 2018/19 is up 5.3 million tons to 1,377.2 million. Brazil corn production is raised, reflecting improved yield prospects for second-crop corn. Argentina corn is higher based on expectations of larger area. Corn production is raised for the EU, Mexico, and Indonesia, with reductions for the Philippines and Pakistan.

World coarse grain consumption is forecast to increase to a record high in 2019-20 and to continue to increase over the medium term. Growing populations and rising per capita incomes in emerging and developing economies are driving an increase in global meat consumption. Ongoing strong demand from livestock industries will increase the use of coarse grains for feed. Demand for coarse grains is also being bolstered by biofuel policies that continue to encourage substitution of ethanol for fossil fuels.

Global 2018/19 rice supplies are decreased by 0.4 million tons to 663.8 million with lower carry-in stocks and production. Global production is down as reductions for Indonesia, Pakistan, and the Philippines are not completely offset by higher production for Sri Lanka. World 2018/19 consumption is raised 0.4 million tons to 492.4 million on higher expected use in Pakistan and Sri Lanka more than offsetting reduced use in Laos and Mexico. Global 2018/19 trade is lowered marginally to 47.3 million tons as reduced exports by Pakistan, the EU, and the United States are not completely offset by higher exports from Cambodia, Peru, and Uruguay.

The 2018/19 global oilseed supply and demand forecasts include increased production, lower exports, and increased stocks. Global oilseed production is raised 2.0 million tons to 595.0 million mainly on higher soybean production for Brazil and rapeseed production for India.

Higher rapeseed and soybean production more than offset decreases for peanuts and sunflower seed. Global rapeseed production is up 1.4 million tons with greater area harvested in India prompting the higher output. Brazil soybean production is raised but is unchanged from the February forecast. Global oilseed crush is mostly unchanged while oilseed trade falls roughly 1 million tons in response to the trade issues between Canada and China. Global oilseed stocks are up slightly on larger carryover in Brazil soybean stocks following a slightly higher estimate for 2018 production. Global meal trade is higher this month on larger exports and imports of rapeseed meal. Global vegetable oil trade is also higher this month on increased demand for imports by China following a decline in rapeseed crush and oil output.

The U.S. Department of Agriculture's (USDA's) first 2019/20 world cotton projections anticipate that production will exceed consumption, raising world stocks slightly, by 1 million bales. World cotton production is expected to rise 6.8 percent with yields rebounding in a number of countries and area also rising. Global consumption is expected to continue growing, but at a rate slightly below its long-run average. It is expected that China will continue to gradually expand imports following years of significant limitations in import access applied to facilitate disposal of surplus government-held stocks.

Global 2018/19 cotton production is expected lower by 4.2 percent from the previous year to 118.5 million bales, as many

major producing countries witnessed decreases excluding Brazil (up) and China (unchanged). The United States saw a 12.1-percent decrease with severe storms affecting yields and dry weather encouraging higher abandonment. Likewise, drought almost halved Australian production from the previous year as problems with precipitation also drove production down in most of Central Asia, India, Pakistan, and the United States.

The global fertilizer market is expected to value at USD 155.8 billion in 2019, and it is 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 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 196 million thousand tonnes in 2018 and is forecast to reach 199 million tonnes in 2019. Total world supply of (Ammonia + Phosphoric acid + Potash) is estimated at 268 million tonnes in 2018 and is forecast to reach 274 million tonnes in 2019.

ii) Commodity prices

The majority of energy, metal and mineral, and agricultural commodity prices declined in the last quarter of 2018, only to rebound in the first quarter of 2019 (Figure 1). By March, more than half (although virtually none of the energy prices) had recouped their losses and returned to September 2018 levels. The weakness of energy, as well as metal and mineral prices in late 2018, mainly reflected concerns about global growth, especially in China amid trade tensions. Renewed fiscal stimulus and the resumption of U.S.- China trade negotiations in January, however, improved growth prospects and supported a rebound in commodity prices. This rebound was compounded by a series of commodity-specific supply factors.

Oil prices are expected to average \$66/bbl in 2019 and \$65/bbl in 2020, lower than the October projections (by \$8/bbl and \$4/bbl, respectively). The downward revisions reflect a weaker outlook for global growth in 2019 and much larger than expected increases in U.S. shale production. The forecast assumes that production cuts by OPEC and its partners will be sustained throughout 2019, and that demand will strengthen in 2020 in tandem with a recovery from the current soft patch in the global economy.

Metal prices are expected to continue their recovery in 2019 and 2020 following sharp drops in the second half of 2018. Supply concerns (especially in copper and zinc), disruptions (in

iron ore production due to the tailings dam disaster in Brazil), and China's fiscal stimulus are expected to provide support. Risks are broadly balanced. Downside risks include a weaker than expected demand boost from China's fiscal stimulus and a prolonged stall in U.S.- China trade negotiations; upside risks include tighter-than expected environmental policies and slower-than expected easing of supply bottlenecks.

Agricultural prices are expected to fall 2.6 percent in 2019, on average, amid ample stocks. In 2020, prices are expected to rise 1.7 percent on expected cuts in U.S. crop plantings and higher costs of energy and fertilizers. Risks to this outlook are to the upside. Higher-than-expected energy costs could lift prices of some crops such as grains and oilseeds. Greater-than-projected growth in biofuel production could also lead to higher prices for some food commodities.

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 is estimated at ₹ 18.53 trillion (US\$ 271.00 billion) in FY18. 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 per cent of Gross Value Added (GVA) in Manufacturing and Agriculture respectively, 13 per cent of India's exports and six per cent of total industrial investment.

As per second advance estimates for 2018-19 of GOI, there is an increase in the production of foodgrains, pulses, oilseeds, sugarcane and decrease in cotton. Details as follows.

Particulars	Unit of Measurement	Target 2018-19	2 nd Advance Estimates of 2018-19	2 nd Advance Estimates of 2017-18
Total Foodgrains	million tonnes	290.25	281.37	277.49
Total Pulses	million tonnes	25.95	24.02	23.95
Total Oilseeds	lakh tonnes	359.99	315.02	298.82
Sugarcane	lakh tonnes	3850.00	3808.34	3532.26
Cotton	lakh bales of 170 kg each	355.00	300.87	339.15

Fruit production in the 2018-19 crop year is likely to drop to 99.92 lakhs MT from 117 lakhs MT in 2017-18. Vegetable production may fall by 7 lakhs MT (to 116 lakhs MT) in 2018-19 as against last crop year's 123 lakhs MT.

Total agricultural exports from India grew at a CAGR of 16.45 per cent over FY10-18 to reach US\$ 38.21 billion in FY18. Between Apr 2018-Feb 2019 agriculture exports were US\$

34.31 billion. India is also the largest producer, consumer and exporter of spices and spice products. Spice exports from India reached US\$ 3.1 billion in 2017-18. Tea exports from India reached a 36 year high of 240.68 million kgs in CY 2017 while coffee exports reached record 395,000 tonnes in 2017-18. Food & Grocery retail market in India was worth US\$ 380 billion in 2017.

The IMD has given a monsoon forecast of 96% with a model error of +/- 5% of the LPA. It has also forecasted normal rainfall over the country as a whole is likely to be near normal.

iv) Indian Fertilizer scenario

The Indian fertilizer market was worth INR 5,437 Billion in 2018. Looking forward, the market is projected to reach INR 11,116 Billion by 2024, growing at a CAGR of 12.3% during 2019-2024. 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.

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.

The demand for urea is expected to remain stable while performance of the domestic Phosphorous and Potash (P&K) players is expected to be under pressure in 2019 due to the increased raw material prices and depreciated rupee. The P&K manufacturers are entirely dependent on imports to meet their raw material requirement.

The recent currency depreciation and increase in phosphoric acid prices have resulted in an increase in the input costs which the players have passed on to the farmers. However, owing to the weakness in monsoon in certain pockets of the country several players have had to pass on higher discounts to the dealers. Additionally, a lag in passing on the price increase has also resulted in negative impact on the profitability of these players. P&K manufacturers which are backward integrated in manufacturing phosphoric acid and are operating in regions where monsoon has been adequate are expected to face a lower impact on their profitability.

Demand for urea is expected to grow at a stable rate of 2 to 3% in-line with the long-term growth rate. Timely intervention on the revised fixed cost issue will therefore remain a key monitorable in the near term as the actual cash pay-out to urea players. The same would result in significant improvement in the financial profile of several urea players.

Contrary to the widely prevalent belief of monsoon being a driver of fertiliser sales, as per ICRA's analysis, primary fertiliser sales volumes have a very low correlation with monsoon. The sales volumes also depend on the beginning of the season systemic inventory levels and water reservoir levels.

The overall volume growth for the fertiliser sector should remain in-line with the long-term growth of 2 to 4%, with urea sales growing at around 2 to 3% while P&K sales are expected to grow at 4%.

Fertiliser sales have witnessed healthy growth so far in year to date 2018-2019 with overall volume growth of 6%. Urea sales have grown 3% year on year while DAP/NPK sales have witnessed 11% year on year growth. MOP sales have witnessed a de-growth of 6.6% year on year partly due to non-availability of the material in the market and also due to a steep increase in the retail price for the up coming rabi season.

The fertiliser industry continues to be buffeted by legacy issues like under-budgeting of the subsidy, resulting in large backlogs. Although Govt's initiative of Special Banking Arrangements (SBA) acts as a temporary relief by subsidising the interest costs for urea players, it's not sufficient. Moreover, DBT related challenges still linger, resulting in elevated levels of working capital for the industry.

v) Government initiatives:

India is likely to overshoot its fertiliser subsidy bill for FY 2018-19 by 300 billion rupees (\$4.2 billion), and the government could tap state banks to fund the extra spending. The Govt. budgeted 700.8 billion rupees for fertiliser subsidies for the 2018/19 year ending March 31, but nearly half of the money was used to settle dues from the previous year. A rise in fertiliser prices overseas and a fall in the rupee currency also made imported fertilisers more expensive, lifting the total subsidy requirement for the year to 1 trillion rupees, the highest ever.

Since the Ministry of Finance denied extra money to the Ministry of Chemicals and fertilisers for this year, the government is considering a "special banking arrangement" for local fertiliser companies. Such a move would be in keeping with other recent financially-draining measure taken by Modi's government to win the support of farmers, small business owners and the less well-off after the ruling party suffered setbacks in state elections and with a general election due in months. The bank route could also help the government meet its decade-low headline fiscal deficit target of 3.3 per cent of the gross domestic product.

In the past, too, Govt. of India has rolled over subsidy requirements by using special arrangements with banks such as State Bank of India or by delaying payments to companies. Considering the poor tax collections, the government would not be able to pay the entire subsidy this year. Monthly goods and services tax collection have been averaging below expectation at 967.8 billion rupees since April, compared with an average target of over 1.2 trillion rupees.

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

- Prime Minister of India, launched the Pradhan Mantri Kisan Samman Nidhi Yojana (PM-Kisan) and transferred ₹ 2,021 crore (US\$ 284.48 million) to the bank accounts of more than 10 million beneficiaries on February 24, 2019.
- 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.
- In September 2018, the Government of India announced ₹ 15,053 crore (US\$ 2.25 billion) procurement policy named 'Pradhan Mantri Annadata Aay SanraksHan Abhiyan' (PM-AASHA), under which states can decide the compensation scheme and can also partner with private agencies to ensure fair prices for farmers in the country.

- In September 2018, the Cabinet Committee on Economic Affairs (CCEA) approved a ₹ 5,500 crore (US\$ 820.41 million) assistance package for the sugar industry in India.
- The Government of India is going to provide ₹ 2,000 crore (US\$ 306.29 million) for computerisation 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 per cent 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 per cent FDI in marketing of food products and in food product e-commerce under the automatic route.

Achievements in the sector

Sugar production in India has reached 27.35 million tonnes (MT) in 2018-19 sugar season, as of March 15 2019, 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 per cent CAGR between 2014 and 2017 to reach 131.8 million metric tonnes. Coffee exports reached record 395,000 tonnes in 2017-18.

Between 2014 and 2018, 10,000 clusters were approved under the Paramparagat Krishi Vikas Yojana (PKVY).

Between 2014-15 and 2017-18 (up to December 2017), capacity of 2.3 million metric tonnes was added in godowns while steel silos with a capacity of 625,000 were also created during the same period.

Around 100 million Soil Health Cards (SHCs) have been distributed in the country during 2015-17 and a soil health mobile app has been launched to help Indian farmers.

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 targets to increase the average income of a farmer household at current prices to ₹ 219,724 (US\$ 3,420.21) by 2022-23 from ₹ 96,703 (US\$ 1,505.27) in 2015-16.

vi) Marketing:

The company's brand - Jai Kisaan - has completed integration with Navratna and Mangala, giving the brand a Pan-India presence. Jai Kisaan is now the umbrella brand for the entire range of fertilisers, speciality plant nutrients and crop care products of Adventz Agri Business. To herald the advent of a unified brand for Adventz Agri Business, a campaign based on the theme of 'Ann Dhan Sampann' was released between 4th June '18 to 5th Sept. '18 - more than 8000 spots were released in mainline Hindi news channels and regional channels. The campaign is an ode to the farmer who is making the nation self-reliant in food production through his relentless efforts.

The company has continued its emphasis on farmer-focused activities like farmer meetings, crop seminars, product demonstrations and field days to spread awareness about balanced plant nutrition among farmers. These on-ground activations and brand campaigns are aimed at generating better brand pull and create demand for NPK and Specialty fertilisers by highlighting their benefits for various crops.

The total sales volume of fertilizers stood at 15.32 lakhs MT during 2018-19 against 17.81 lakhs MT achieved last year, mainly on account of lower imports of DAP and MOP. However, Complexes and SSP sales have grown by 8% each over last year. Overall sales in pesticides for the year were ₹154 lakhs, compared to ₹ 146 lakhs achieved last year. The Company has started pre-placement of products in early Kharif markets and will be focusing on its own products as well as . In the Specialty Fertilizer business, the Company achieved sales of ₹166 crores during FY 2018-19, compared to ₹ 147 crores achieved last year.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The company has adequate systems of internal control in place, which are commensurate with its size and the nature of its operations. These are designed to provide reasonable assurance with respect to maintaining reliable financial and operational information, complying with applicable statutes,

executing transactions with proper authorisation coupled with ensuring compliance of corporate policies through documented Standard Operating Procedures (SOP) and Limits Of Financial Authority Manual (LOAM). These documents are reviewed and updated on an ongoing basis to improve the internal control systems and operational efficiency. The company uses a state-of-the-art ERP (SAP) system to record data for accounting and managing information with adequate security procedure and controls.

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

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.

MATERIAL DEVELOPMENT IN HUMAN RESOURCES:

As a part of integration of Agri Business operations and to leverage the strengths of the Group companies, the Adventz Group has consolidated and restructured the Sales, Marketing and Supply & Distribution functions of PPL, ZAFL and MCFL on 25th April, 2016 resulting in re-organized and re-aligned marketing territories pan India under 5 Zones & 27 Regional

Marketing Offices with common frontline sales force. The Group envisages better operational efficiency and effective channel management through this consolidation and more empowerment for customer facing roles. Zones will operate as independent profit centers supported by Zonal accountants in each zone.

The marketing activities for the group will be conceptualized and coordinated by the centralized marketing team located in Pune. The implementation of these will be carried out by the respective RMO's/Zones. 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.

FINANCIAL REVIEW:

The Company's overall financial performance for the year 2018-19 has not been very good due to a very difficult business scenario. The total revenues from operations in 2018-19 stood at ₹ 5,126.55 Crores as compared to ₹ 4,649.96 Crores in 2017-18. The Company had a loss before tax of ₹222.81 Crores in 2018-19 as compared to a profit before tax of ₹ 39.13 Crores in 2017-18. The loss after tax for 2018-19 was at ₹ 211.15 Crores as against a profit after tax for 2017-18 of ₹ 30.33 Crores. The Company's EBITDA before exceptional item for 2018-19 was ₹ 137.55 Crores as against ₹ 257.28 Crores in 2017-18. The Finance Costs for 2018-19 was ₹ 383.26 Crores as against ₹ 315.82 Crores in 2017-18. During the year the Company's other income stood at ₹ 68.87 Crores as against ₹ 81.25 crores in the previous year.

The performance of own manufactured fertilizers & other Agri products:

Particulars	2018-19	2017-18
Urea Production (MT)	408,849	472,897
Urea Sales (MT)	406,008	465,325
Di-Ammonium phosphates Production (MT)	113,572	218,038
Di-Ammonium phosphates Sales (MT)	94,067	223,176
Other Complex Fertilisers Production (MT)	623,722	470,081
Other Complex Fertilisers Sales (MT)	547,169	434,380
Single Super Phosphate Production (MT)	1,08,858	99,178
Single Super Phosphate Sales (MT)	107,259	99,022

The performance of other divisions:

Particulars	2018-19	2017-18
Sale of Seeds (₹ in Crores)	30.75	15.42
Sale of Specialty Fertilizers (₹ in Crores)	46.85	34.88
Sale of Single Super Phosphate (₹ in Crores)	88.98	72.25
Sales of Finished Products & other Products (₹ in Crores)	3,325.83	2842.56
Total Sales of Finished Goods (₹ in Crores)	3,492.41	2,965.11

The revenue from the Traded products was ₹ 1,631.01 Crores during the financial year in comparison to ₹ 1,559.57 Crores in previous year. The sales of various products are as under:

Particulars	2018-19	2017-18
Di-Ammonium phosphates (MT)	198,404	237,224
Muriate of Potash (MT)	182,799	302,904
Urea (MT)	15,139	10,493
Other Complex Fertilisers(MT)	18,225	4,609
Sale of Speciality Fertilisers (₹ in Crores)	101.57	58.45
Sale of Other Traded Goods (₹ in Crores)	1418.58	1,343.61
Sale of Traded Urea (₹ in Crores)	8.52	5.91
Pesticides (₹ in Crores)	102.34	149.29
Seeds (₹ in Crores)	-	2.32
Total Sales from Traded Products (₹ in Crores)	1631.01	1559.57

OUTLOOK :

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.

Prime Minister of India, launched the Pradhan Mantri Kisan Samman Nidhi Yojana (PM-Kisan). 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. In February, the first Narendra Modi government presented an interim budget for the current fiscal because it was about to complete its term. During the Vote on Account Budget, the Government had

allocated ₹ 74,996 crores (annualised for FY 19-20) before the Lok Sabha elections. which indicates that the subsidy arrears by end of F.Y. 2019-20 would be substantial, forcing the industry to continue to depend on their own working capital borrowings. Finance Minister Nirmala Sitharaman will present the first full-year budget of the new government on July 5, after being sworn in for a second term.

On the monsoon front India's weather office on Friday reiterated its April forecast of a normal south-west monsoon, predicting 96% of the 50-year long-term average (LPA) rainfall of 89cm.

As per IMD, the south-west monsoon is expected to hit Kerala on 6 June, with a model error of +/-4 days, This is expected to result in recharging of ground water levels and improve irrigation prospects. In light of the above, the consumption is expected to grow. There is also an enhanced focus on soil health and yield improvement through sustainable means to promote use of complex and speciality fertilisers.

OPPORTUNITIES :

For FY. 2019-20, 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.

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.

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

Profitability Ratio	31-Mar-2019	31-Mar-2018	Variation %	Reasons in variation
i Interest Coverage Ratio { EBIT*/ Interest Cost}	0.24	0.92	(73.39)%	Interest cost increased by ₹ 6,766.19 lakhs mainly due to rise in requirement of working capital. EBIT reduced by ₹ 19,450.27 lakhs due to increase in RM prices, weakening of rupee against dollar, higher fixed cost & lower trade volume.
ii Operating Profit Margin (%) {EBITDA**/ Revenue}	2.46 %	6.09 %	(59.63)%	Increase in RM prices along with weakened currency compared to last year resulted into higher input cost which could not be passed on completely which resulted into lower margin. Also, lower trade volumes due to adverse market conditions on account of weak monsoon condition in the key market area and fixed cost as compared to last financial year.
iii Net Profit Margin (%) {Profit After tax / Revenue}	(4.12)%	0.65 %	(731.04)%	Reduction in operational margins and lower trade volumes which resulted into rise in working capital requirement provided higher interest cost during the year as compared to last year. This resulted into reduction in net profit margin as well.
Balance Sheet Ratios				
iv Debtors Turnover { Debtors / Revenue *365}	171.49	173.06	(0.90)%	
v Inventory Turnover { COGS / Average inventory *365}	87.45	59.65	46.61 %	Increase in finished goods prices and weak monsoon conditions in key market areas resulted in rise in inventory levels. Average finished goods inventory during the year increased by ₹ 22,552.71 lakhs and trading goods inventory by ₹ 13,229.50 lakhs as compared to last year.
vi Current Ratio { Current Assets/ Current Liabilities}	0.85	0.81	4.59 %	
vii DEBT Equity Ratio { Debt/ Equity}	8.12	4.66	74.26 %	Net working capital requirements increased by ₹ 20,078 lakhs which is funded through new borrowings. Additionally loss for the year of ₹ 21,115 lakhs resulted in reduction of equity.
viii Return on net worth { Profit after tax / Net worth}	(0.46)	0.04	(1113.74)%	Loss for the year of ₹ 21,115 lakhs compared to a profit of ₹ 3,033 lakhs in last year due to the aforesaid reasons has also resulted reduction in net worth by equivalent amount 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.

ANNEXURE 'F' TO THE DIRECTORS' REPORT

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

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

To the Members,
Zuari Agro Chemicals Limited
Jai Kisaan Bhawan,
Zuarinagar, Goa- 403726

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Zuari Agro Chemicals Limited** (hereinafter called 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, 2019 (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, 2019 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, 2009;
 - d) The Securities and Exchange Board of India (Share Based Employees 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:

- a. The Company had made an application to the Central Govt seeking approval pursuant to Section 197 in the matter of remuneration paid to the Managing Director during the year ended March 31, 2016 and a Special Resolution approving waiver of recovery of excess remuneration was passed at Annual General Meeting (AGM) held on September 22, 2017.

The Company has been advised by the Central Govt that the provisions of Section 66 to 70 of the Companies (Amendment) Act, 2017 [Amendment Act] have come into force w.e.f. September 12, 2018, (effective date) the application for waiver of excess remuneration is abated and accordingly closed and filed.

According to the information and explanation given by the Management, the amendment act mandates to obtain requisite approval within one year from the effective date. The approval of shareholders in respect of excess remuneration amounting to ₹ 149.82 lakhs in the earlier year will be obtained in the ensuing General Meeting in accordance with the provisions of the Amendment Act.

- b. During the audit period, Company has passed special resolution by way of postal ballot dated 3rd August, 2018 approving-
 - a. Raising of funds through Issue of Foreign Currency Convertible Bonds up to an aggregate amount not exceeding Euro 32 million ; and
 - b. issue and allot compulsorily Convertible Debentures on Right basis and Equity shares arising on conversion of Compulsorily Convertible Debentures aggregating to up to an amount of ₹ 500 crore

Place: Panaji, Goa
Date: 15th May, 2019

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

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.

Place: Panaji, Goa

Date : 15th May, 2019

Shivaram Bhat

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

ANNEXURE 'G' TO THE DIRECTORS' REPORT

Format of reporting of Corporate Social Responsibility (CSR)

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

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

Our projects and initiatives are guided by our CSR Policy, and reviewed closely by the CSR Committee instituted and adopted by the Board of Directors as per "**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://www.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

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

The company had average net loss of ₹ 5035 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 ₹ 75.27 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	18.27 lakhs	Direct expenditure - 100% Overheads - Nil	21.34 lakhs	Sambhav Foundation (NGO)
2.	Sanitation, Education and Health Project	"slum development, sanitation, health, education"	Zuarinagar and surrounding villages in Goa	27.02 lakhs	Direct expenditure - 100% Overheads - Nil	28.05 lakhs	Margdarshak (NGO)
3.	Provisioning of Drinking Water to villages	"safe drinking water"	Bellem & Daddo Villages, Goa	22.48 lakhs	Direct expenditure - 100% Overheads - Nil	24.76 lakhs	(Direct)
4.	Educational Scholarships for economically backward	"promoting education"	Mormugao Taluka, Goa	1.11 lakhs	Direct expenditure - 100% Overheads - Nil	1.11 lakhs	(Direct)
TOTAL (Rupees in lac)				₹ 68.88 Lakhs		₹ 75.27 Lakhs*	

* Total expenditure includes ₹ 15.67 lakhs, w.r.t. activities completed in FY 2017-18 but payment was done in FY 2018-19.

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 2018-19, the company spent a total of ₹ 75.27 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 2019-20 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 : 15th May, 2019
Place : Gurugram

Sunil Sethy
Managing Director
DIN: 00244104

Gopal Krishna Pillai
Chairman of CSR Committee
DIN: 02340756

ANNEXURE 'H' 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 2018-19:

S.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	1:36
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

* 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;

S.No.	Name of the Director	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary in the financial year
1	S.K.Poddar- Chairman*	Nil
2	Mr. Sunil Sethy - Managing Director	-
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	Sandeep Agrawal - Chief Financial Officer	8.5%
10	R Y Patil - Vice President & Company Secretary	8.5%

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

(iii) The percentage increase in the median remuneration of employees in the financial year: 10.29%

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

There are 1121 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 9.85% 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

Date: 15th May, 2019

Place: Gurugram

S.K. Poddar
Chairman
DIN: 00008654

ANNEXURE 'I' 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 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	Sandeep Agarwal	1.61 Cr	Permanent	B.Com, A.C.S(Company Secretary), C.A	02 June 2016	02.03.1971 48 yrs	Vedanta Group	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									
2	Madan Pandey	0.76 Cr.	Permanent	BE & PGDM	01 Nov 2018	30.10.1971 47 Yrs	Emami	Nil	NA
3	Rahul Maitra	0.68 Cr	Permanent	MBA	01 Aug 2018	23 07.1975 43 Yrs	Strides Shasun	Nil	NA
4	N Kapoor *	1.89 Cr	Permanent	B.Sc, M.B.A 39 yrs	01 Sept 2014	15.09.1953 65 yrs	Chambal Fertilisers & Chemicals Limited	Nil	NA
5	P K Gandhi **	1.80Cr.	Permanent	P.G. In Personnel Mgt.	16 Feb 2009	08.08.1954 64 yrs.	Punj Loyd	Nil	NA

* upto 30th Sept 2018

** upto 31st Aug 2018

On behalf of the Board of Directors

S.K. Poddar
Chairman
DIN: 00008654

Date: 15th May, 2019

Place: Gurugram

ANNEXURE 'J' 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, 2019.

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

Date: 15th May, 2019

Place: Gurugram

S.K. Poddar
Chairman
DIN: 00008654

ANNEXURE 'K' 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

SI. No.	Particulars	Details	
1.	Name of the subsidiary	Mangalore Chemicals & Fertilizers Limited (MCFL)*	Adventz Trading DMCC
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	01-04-2018 to 31-03-2019	01-04-2018 to 31-03-2019
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	INR	AED Exchange Rate 18.83
4.	Share capital	11,854.87	50,000
5.	Reserves & surplus	37,661.32	13,44,779
6.	Total assets	2,91,818.54	33,27,752
7.	Total Liabilities	2,42,302.35	19,32,973
8.	Investments	0	0
9.	Turnover	3,07,363.76	30,62,682
10.	Profit before taxation	5,014.04	(13,933)
11.	Tax expense/(credit)	1,726.11	0
12.	Profit after taxation	3,287.93	(13,933)
13.	Proposed Dividend	1,185.15	0
14.	% of shareholding	53.03%	100%

*Direct Subsidiary of the Company w.e.f 13th November, 2017.

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.

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

S.K.Poddar

Chairman
DIN:00008654

Sunil Sethy

Managing Director
DIN: 00244104

Marco Wadia

Director
DIN:00244357

Samrat Sen

Chief Financial Officer

R Y Patil

Vice President & Company Secretary
FCS.2845

Place:Gurugram

Date:15th May, 2019

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)**

Name of the Company	Joint Venture	Joint Venture
	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)
1. Latest audited Balance sheet	31 st March, 2019	31 st March, 2019
2. Shares of Joint Ventures held by the Company on the year end	50%	30%
No.(No. of Shares)	17,98,16,228.00	2,16,90,000.00
Amount of Investment in Joint Venture	17981.62	11943.48
Extend of Holding	50.00%	30.00%
3. Description of how there is significant influence	Based on the percentage of Holding in the Joint Venture Company	Based on the percentage of Holding in the Joint Venture Company
4. Reason why the Joint Venture is not consolidated	Not Applicable	Not Applicable
5. Networth attributable to Shareholding as per latest audited Balance sheet	₹ 77,426.22	₹ 12,004.32
6. Profit/(Loss) for the year{Profit/(Loss) after Tax}	₹ 14,976.54	₹ (1,937.86)
i. Considered in Consolidation	₹ 5,934.58	₹ (399.92)
ii. Not Considered in Consolidation	₹ 9,041.96	₹ (1,537.94)

Note 1: Consolidated Financial Statements of MCA Phosphates Pte. Limited for the year ended 31st March, 2019 are unaudited.

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

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

S.K.Poddar
Chairman
DIN:00008654

Sunil Sethy
Managing Director
DIN: 00244104

Marco Wadia
Director
DIN:00244357

Samrat Sen
Chief Financial Officer

R Y Patil
Vice President & Company Secretary
FCS.2845

Place: Gurugram
Date: 15th May, 2019

Independent Auditor's Report

To the Members of Zuari Agro Chemicals Limited

Report on the Audit of the Standalone Ind AS Financial Statements

Qualified 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, 2019, 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, except for the effects of the matters described in the 'Basis for Qualified Opinion' section of our report, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013 ("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, 2019, its loss including other comprehensive income its cash flows and the changes in equity for the year ended on that date.

Basis for Qualified Opinion

Attention is drawn to Note 46 of the standalone Ind AS financial statements 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 11,943.47 lakhs 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. 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 standalone Ind AS financial statements, in this regard.

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 qualified audit opinion on the standalone Ind AS financial statements.

Emphasis of Matter

- a) We draw attention to Note 46 of the standalone Ind AS financial statements, which describes the impact of INR 1,161.76 lakhs as an adjustment related to assessment of the impairment of investment in MCA Phosphates Pte Ltd, a joint venture company, which has led to a restatement of the standalone Ind AS financial statements for the year ended March 31, 2018.
- b) We draw attention to Note 43 of the 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 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.
- c) We draw attention to Note 7 of the 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 and is confident of matter being to be decided in its favor.

Our opinion is not qualified 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, 2019. 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. In addition to the matter described in the 'Basis for Qualified Opinion' section we have determined

the matters described below to be the key audit matters to be communicated in our report. For each matter below, our description of how our audit addressed the matter is provided in that context.

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 accompanying standalone Ind AS financial statements.

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

Key audit matter	How our audit addressed the key audit matter
Revenue recognition (as described in note 18 of the standalone Ind AS financial statements)	
<p>For the year ended March 31, 2019 the Company has recognized revenue from sale of products of INR 306,090.26 lakhs.</p> <p>Revenue from sale of products is recognized when the significant risk and rewards of ownership of the goods have been transferred to the customer which generally coincide with the delivery of goods, recovery of 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. The Company considers estimated time of delivery of goods and this has an impact on the timing and extent of revenue recognition from sale of products. The varied terms that define when title, risk and rewards are transferred to the customer, as well as the high volume of transactions, give rise to the risk that revenue could be recognized in the incorrect period for sales transactions occurring on and around the year end.</p> <p>Accordingly, due to the significant risk associated with revenue recognition, it has been determined to be a key audit matter in our audit of the standalone Ind AS financial statements.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Evaluated the Company's revenue recognition policy and its compliance in terms of Ind AS 115 'Revenue from contracts with customers'. • Understood and tested the operating effectiveness of internal controls as established by the management in relation to revenue recognition. • Performed sales transactions testing based on a representative sampling and traced to sales invoices and other related documents to ensure that the related revenues and trade receivables are recorded appropriately taking into consideration the terms and conditions of the agreements with customers, including the shipping terms. • Tested sales transactions made near the year end by agreeing a sample of sales transactions occurring around the year end to supporting documentation including customer confirmation of receipt of goods to establish that sales and corresponding trade receivables are properly recorded in the correct period. • Performed monthly analytical review of revenue from sale of goods by streams to identify any unusual trends. • Assessed the relevant disclosures made within the standalone Ind AS financial statements.
Accounting for Deferred Tax Assets on unused tax losses and Minimum Alternate Tax (MAT) credit entitlement (as described in Note 17 of the standalone Ind AS financial statements)	
<p>As at 31 March 2019, the Company has recognized deferred tax assets of INR 8,895.14 lakhs in the standalone Ind AS financial statements.</p> <p>Deferred tax assets are recognized on carried forward tax losses and MAT credit entitlement when it is probable that taxable profit will be available against which the carried forward tax losses and MAT credit entitlement can be utilized. The Company's ability to recognize deferred tax assets on carried forward tax losses is assessed by the management at the end of each reporting period, taking into account forecasts of future taxable profits and the law and jurisdiction of the taxable items and the assumptions on which these projections are determined by management.</p> <p>Given the degree of estimation based on the projection of future taxable profits, management's decision to create deferred tax assets on tax losses has been identified to be a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Gained an understanding of the deferred tax assessment process, and evaluated the design and tested the operating effectiveness of controls in respect of process of recognizing deferred tax on carried forward tax losses and MAT credit entitlement. • Evaluated management's assumptions and estimates like projected revenue growth etc. in relation to the probability of generating future taxable income to support the recognition of deferred income tax asset with reference to forecast taxable income. • Assessed the consistency of business plan with the latest management estimates as calculated during the budget process and the reliability of the process by which the estimates were calculated and assessed reasons for differences between projected and actual performances. • 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.

Impairment of Investment in Mangalore Chemicals and Fertilizers Limited, a subsidiary company

(as described in note 6A of the standalone Ind AS financial statements)

During the current year, impairment indicators were identified by the management on the investment in a subsidiary company, Mangalore Chemicals and Fertilizers Limited, of INR 53,521.45 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 and discounting future cash flows. 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 to be a key audit matter.

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 Assessing management's forecasting accuracy by comparing prior year forecasts to actual results and assessing the potential impact, if any of such variances.
 - o Assessed the assumptions around the key drivers of the cash flow forecasts including discount rates, expected growth rates and terminal growth rates used in association with our valuation experts. 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 Testing the integrity of the models together with their clerical accuracy.
- Assessed the recoverable value by performing sensitivity testing of key assumptions used.
- Assessed the competence and objectivity of the external experts, to satisfy ourselves that these parties are appropriate in their roles within the estimation process.
- Assessed the related disclosures in this regard in the standalone Ind AS financial statements.

Litigation, claims and other contingencies of INR 34,216.09 lakhs

(as described in Note 7, Note 46 and Note 52 of the standalone Ind AS financial statements)

As indicated in Note 7, Note 46 and Note 52, the Company is involved in various litigations and claims including court and arbitration proceedings.

This risk of litigations and claims would have a significant financial impact if the potential exposures were to materialize.

Accordingly, unexpected adverse outcomes of such litigations and claims could materially impact the Company as the outcome of such legal actions is uncertain and the positions taken by the management are based on the legal opinions obtained by the Company.

Our audit procedures included the following:

- Obtained an understanding of identification process relating to litigations and claims and contingent liabilities and evaluated the design and tested the operating effectiveness of controls in respect of process
- Assessed the progress of all significant contingencies, consideration of any evidence of legal disputes.
- Evaluated management's assessment of the likely outcome and potential exposures arising from significant contingencies subject to ongoing court and arbitration proceedings and considered the requirements for any provision.

<p>The amounts of claims may be significant and estimates of the amounts of provisions or contingent liabilities are subject to significant management judgement.</p> <p>This matter has been determined to be a key matter, since the aforementioned cases requires significant judgements by management, including that obtained from its legal advisors.</p>	<ul style="list-style-type: none"> • Inquired with both legal and finance personnel in respect of ongoing litigations or claims proceedings, inspected relevant correspondence and requested a confirmation letter from the Company's in-house legal counsel. Also, obtained legal confirmation letters on sample basis from external legal counsels. • Assessed the related disclosure of litigations, claims and other contingencies as described in notes to the standalone Ind AS financial statements.
<p>Impact of government policies/ notifications on recognition of subsidy accruals/claims and their recoverability (as described in note 18 of the standalone Ind AS financial statements)</p>	
<p>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.</p> <p>During the year, the Company has recognised concession income of INR 206,252.24 lakhs and as at March 31, 2019, the Company has receivables of INR 169,492.30 lakhs relating to concession income.</p> <p>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.</p> <p>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.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • 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 reasonable certainty for complying with the relevant conditions as specified in the notifications and policies and collections of concession income. • Read all the notifications issued by Department of Fertilizers applicable for concession income recognized during the year. • Considered 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. • 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, the level of credit loss charged over time and provisions made. • Assessed the related disclosure in standalone Ind AS financial statements.
<p>Tax provision and tax litigations of INR 7,467.55 lakhs (as described in Note 33B of the standalone Ind AS financial statements)</p>	
<p>The Company has received income tax demand orders and notices relating to disallowance of certain deductions, expenses, etc. and has also received various indirect tax demand orders and notices, which are under litigation. The Company is contesting these demands and has made provision where the outflow of resources embodying economic benefits is considered to be probable.</p> <p>Significant judgements and estimates are required to assess impact of aforesaid litigations on the financial position, results of operations and cash flows. Accordingly, this matter has been determined to be a key audit matter in our audit of the standalone Ind AS financial statements.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Obtained an understanding of the process and tested the operative effectiveness of management's key internal controls over recognition / disclosure of tax provisions and contingencies. • Obtained confirmations from the Company's external legal counsel on significant tax litigations and evaluated the independence, objectivity and competency of the Company's specialists involved. • Read relevant tax laws and discussed with the management, to understand the underlying matters in demand orders / notices and basis for management judgement and estimates. • Involved specialists to perform an evaluation of assumptions used and relevant judgements passed by the authorities. • Assessed the related disclosures in the standalone Ind AS financial statements.

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 the 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 on the other information that we obtained prior to the date of this auditor's report, 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 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 system 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 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, 2019 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

The information as at and for the year ended March 31, 2018, has been reclassified from the financial statements previously presented to conform to the presentation of the financial statements for the period ended March 31, 2019.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and except for the matter described in the Basis for Qualified Opinion paragraph, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) Except for the matter described in the Basis for Qualified Opinion paragraph, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, 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) Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, 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 matter described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Company;
- (f) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;
- (g) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above;
- (h) With respect to the adequacy of the internal financial controls over financial reporting of the Company 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;
- (i) In our opinion, the managerial remuneration for the year ended March 31, 2019 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (j) 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 33 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 were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **S.R. Batliboi & CO. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per Vishal Sharma

Partner

Membership Number: 96766

Place: Gurugram

Date: 15 May 2019

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')

- 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (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 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
- (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.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- (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	Nature of the Dues	Amount (In INR lacs)	Period to which amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax Demand	260.42	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)

Name of the Statute	Nature of the Dues	Amount (In INR lacs)	Period to which amount relates	Forum where dispute is pending
Custom Act, 1962	Demand for Differential custom duty	458.12	24-03-2011 to 02-12-2011 01-04-2001 to 28-02-2006 2002-03 to 2003-04 2006-07 to 2008-09	CESTAT
Custom Act, 1962	Demand for Differential custom duty	63.92	2006-07 to 2008-09	Commissioner of Custom Appeals.
Central Sales Tax Act	Demand for Non- Submission of "C Form"	2.48	2013-14	Commercial Tax Department, Madhya Pradesh.
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
Chhattisgarh Value Added Act 2003	Excess Input Credit Availed.	0.08	2012-13	Commercial Tax Department
Central Goods and Service Tax Act, 2017, Goa Goods and Service Tax Act, 2017 and Integrated Goods and Service Tax Act, 2017	Recovery of excess refund claimed on ITC on services	2,767.33	2017-18	Assistant Commissioner of Central Goods and Service Tax
UP Value Added Tax, 2008	Penalty Order received for delay in payment of tax from Lucknow, UP	9.23	2016-17	Commercial Tax Department
MVAT Act, 2002	VAT payable	5.87	2010-11	Joint Commissioner Appeals
UP Value Added Tax, 2008	Exparte Order Received	4.34	May-2016 to July-2016, Sep-2016, Oct-2016, Dec-16	Commissioner of Custom Appeals.

- (viii) According to the information and explanations given by the management, the Company has delayed in repayment of loans or borrowings to one bank during the year to the extent of INR 2,696 lakhs (the delay in such being for less than 2 days) and INR Nil of such dues were in arrears as on the balance sheet date. 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 explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals

mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

However, the approval of Shareholders in respect of excess remuneration paid to Managing Director amounting to INR 149.82 lakhs in an earlier year is awaited and will be obtained by the Company in the ensuing Annual General Meeting.

- (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 Vishal Sharma
Partner
Membership Number: 96766

Place: Gurugram
Date: 15 May 2019

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE 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")

We have audited the internal financial controls over financial reporting of Zuari Agro Chemicals Limited ("the Company") as of March 31, 2019, 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 financial statements was established and maintained and if such controls operated effectively in all material respects.

An audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls 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 qualified 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 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 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 Ind AS financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these standalone 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.

Qualified Opinion

According to the information and explanations given to us and based on our audit, the following material weakness has been identified in the operating effectiveness of the Company's internal financial controls over financial reporting with reference to these standalone Ind AS financial statements as at March 31, 2019:

- (a) The Company's internal financial controls over evaluation of provision for impairment in the value of investments were not operating effectively which could potentially result in the Company recognising provision for impairment in the value of investment.

This is a matter continuing from the previous year.

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

In our opinion, the Company has, in all material respects, maintained adequate internal financial controls over financial reporting with reference to these standalone Ind AS financial statements as of March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated

in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India, and except for the possible effects of the material weakness described above on the achievement of the objectives of the control criteria, the Company's internal financial controls over financial reporting with reference to these standalone Ind AS financial statements were operating effectively as of March 31, 2019.

Explanatory paragraph

We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act, the standalone Ind AS financial statements of Zuari Agro Chemicals Limited, which comprise the Balance Sheet as at March 31, 2019, and the related 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 financial statements, including a summary of significant accounting policies and other explanatory information. This material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2019 standalone Ind AS financial statements of Zuari Agro Chemicals Limited and this report does not affect our report dated May 15, 2019, which expressed a qualified opinion on those standalone Ind AS financial statements.

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

per Vishal Sharma
Partner
Membership Number: 96766

Place: Gurugram
Date: 15 May 2019

Balance Sheet as at 31 March 2019

(Amount in INR lakhs, unless otherwise stated)

	Notes	As at 31 March 2019	As at 31 March 2018 (Restated) (Refer Note 55)	As at 1 April 2017 (Restated) (Refer Note 55)
Assets				
Non-current assets				
Property, plant and equipment	3	52,027.41	48,215.68	46,211.55
Capital work-in-progress	3	11,938.07	11,353.05	12,919.87
Investment property	5	362.29	362.29	362.29
Intangible assets	4	2,062.52	2,067.20	2,091.79
Intangible assets under development	4	-	-	19.34
Financial assets				
(i) Investments	6A	86,835.17	88,551.11	91,077.29
(ii) Loans	6B	619.83	675.94	560.29
(iii) Others	6C	1,630.47	1,719.62	46.85
Deferred tax assets (net)	17	8,895.14	9,208.20	8,310.66
Other non-current assets	7	6,495.40	7,967.83	9,177.61
Income tax assets (net)	17A	5,298.07	6,654.10	6,716.18
		176,164.37	176,775.02	177,493.72
Current assets				
Inventories	8	122,835.07	65,675.53	44,869.78
Financial assets				
(i) Trade receivables	9	240,865.99	220,354.00	218,729.74
(ii) Cash and cash equivalents	10	709.45	3,349.40	672.47
(iii) Bank balances other than (ii) above	10.1	2,653.84	1,305.51	18.52
(iv) Loans	6B	153.71	1,784.27	2,369.63
(v) Others	6C	11,808.19	19,269.45	21,142.95
Other current assets	7	27,179.62	17,464.77	3,030.99
		406,205.87	329,202.93	290,834.08
Total assets		582,370.24	505,977.95	468,327.80
Equity and liabilities				
Equity				
Equity share capital	11	4,205.80	4,205.80	4,205.80
Other equity	11A	39,159.86	63,178.41	61,982.75
Total equity		43,365.66	67,384.21	66,188.55
Non-current liabilities				
Financial liabilities				
(i) Borrowings	12A	59,773.00	32,342.38	39,343.51
(ii) Others	14	66.31	79.97	106.37
Other non-current liabilities	15	85.29	102.34	119.40
Provisions	16	57.70	48.95	45.31
		59,982.30	32,573.64	39,614.59

Balance Sheet as at 31 March 2019

(Amount in INR lakhs, unless otherwise stated)

	Notes	As at 31 March 2019	As at 31 March 2018 (Restated) (Refer Note 55)	As at 1 April 2017 (Restated) (Refer Note 55)
Current liabilities				
Financial liabilities				
(i) Borrowings	12B	267,256.85	270,154.45	256,795.83
(ii) Trade payables	13			
a) total outstanding dues of micro enterprises and small enterprises		537.11	150.22	106.28
b) total outstanding dues of creditors other than micro enterprises and small enterprises		149,155.95	91,949.97	57,897.17
(iii) Others	14	45,752.76	23,200.44	30,155.41
Other current liabilities	15	13,970.22	16,684.30	14,949.00
Liabilities for current tax (net)	17A	-	1,476.04	9.10
Provisions	16	2,349.39	2,404.68	2,611.87
		479,022.28	406,020.10	362,524.66
Total liabilities		539,004.58	438,593.74	402,139.25
Total equity and liabilities		582,370.24	505,977.95	468,327.80

Summary of significant accounting policies **2**

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

As per our report of even date

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm's Registration No.301003E/E300005

per **Vishal Sharma**

Partner

Membership Number : 96766

Place: Gurugram

Date: May 15, 2019

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

S. K. Poddar

Chairman

DIN: 00008654

Samrat Sen

Chief Financial Officer

Place: Gurugram

Date: May 15, 2019

Sunil Sethy

Managing Director

DIN: 00244104

R.Y. Patil

Vice President & Company Secretary

FCS: 2845

Marco Wadia

Director

DIN: 00244357

Statement of Profit and Loss for the year ended 31 March 2019

(Amount in INR lakhs, unless otherwise stated)

Particulars	Notes	For the year ended 31 March 2019	For the year ended 31 March 2018 (Restated) (Refer Note 55)
I REVENUE			
Revenue from operations	18	512,654.69	464,995.68
Other income	19	6,886.85	8,124.87
Total income (I)		519,541.54	473,120.55
II Expenses			
Cost of raw material and components consumed	20	283,852.07	220,346.66
Purchases of traded goods	21	156,025.08	141,088.94
Changes in inventories of finished goods, traded goods and work in progress	22	(46,462.96)	(23,431.70)
Excise duty on sale of goods	23	-	239.34
Employee benefits expense	24	10,065.66	9,302.76
Finance costs	25	38,325.72	31,582.14
Depreciation and amortization expense	26	4,549.81	4,258.09
Other expenses	27	96,629.12	83,266.39
Total expense (II)		542,984.50	466,652.62
III (Loss)/ Profit before exceptional items and tax (I - II)		(23,442.96)	6,467.93
IV Exceptional items	30a	(1,161.76)	2,555.30
V (Loss)/ Profit before tax (III - IV)		(22,281.20)	3,912.63
VI Tax expense / (credit):			
(1) Current Tax	17	-	1,799.09
(2) Adjustment of tax relating to earlier years	17	(1,493.31)	-
(3) Deferred tax (credit)/ charge	17	327.01	(919.87)
Income tax expense/ (credit)		(1,166.30)	879.22
VII (Loss)/ Profit for the year (V - VI)		(21,114.90)	3,033.41
VIII Other Comprehensive Income/ (loss)			
Items that will not be reclassified to profit or loss			
Re-measurement gains / (loss) on defined benefit plans	30b	(39.91)	63.93
Income tax effect		13.95	(22.34)
Net (loss) on FVTOCI equity securities		(2,877.69)	(1,373.14)
Other comprehensive (loss) for the year, net of tax		(2,903.65)	(1,331.55)
IX Total comprehensive (loss) / profit for the year, net of tax (VII + VIII)		(24,018.55)	1,701.86
X (Loss)/ earnings per equity share:	29		
(nominal value of share INR 10/- (31 March 2018- INR 10/-))			
(1) Basic		(50.20)	7.21
(2) Diluted		(50.20)	7.21

Summary of significant accounting policies

2

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

As per our report of even date

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm's Registration No.301003E/E300005

per **Vishal Sharma**

Partner

Membership Number : 96766

Place: Gurugram

Date: May 15, 2019

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

S. K. Poddar

Chairman

DIN: 00008654

Samrat Sen

Chief Financial Officer

Place: Gurugram

Date: May 15, 2019

Sunil Sethy

Managing Director

DIN: 00244104

R.Y. Patil

Vice President & Company Secretary

FCS: 2845

Marco Wadia

Director

DIN: 00244357

Statement of Cash Flows for the year ended 31 March 2019

(Amount in INR lakhs, unless otherwise stated)

Particulars	Notes	For the year ended 31 March 2019	For the year ended 31 March 2018 (Restated) (Refer Note 55)
A Cash flow from operating activities:			
(Loss) / profit before tax		(22,281.20)	3,912.63
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation of property, plant and equipment	26	4,442.11	4,112.67
Amortisation of intangible assets	26	107.70	145.42
Loss on disposal of property, plant and equipment (net)	27	216.90	241.49
Impairment of capital work in progress	27	367.17	-
Impairment/ (reversal of impairment) of long term investment	30a	(1,161.76)	1,161.76
Excess provision / unclaimed liabilities / unclaimed balances written back	19	(487.17)	(273.94)
Bad debts, claims and advances written off	27	3,180.49	173.01
Provision for doubtful debts, claims and advances	27	941.17	1,800.33
Subsidy claims written off	27	141.16	138.90
Incentive under packing scheme incentive	19	(17.05)	(17.05)
Unrealized foreign exchange fluctuation loss		116.86	1,073.42
Interest expense	25	32,975.69	26,209.51
Interest income	19	(2,650.59)	(6,096.45)
Dividend income	19	(2,878.30)	(316.38)
Operating profit before working capital adjustments		13,013.18	32,265.32
Working capital adjustments :			
(Decrease) in provisions		(86.45)	(139.62)
Increase in trade payables and other liabilities		59,001.45	(30,561.71)
(Increase) in trade receivables		(21,594.32)	(2,169.96)
(Increase) in Inventories		(57,159.54)	(20,805.75)
(Increase) in other assets, financial assets		(3,854.55)	(10,662.35)
Decrease/ (Increase) in loans and advances		1,694.05	(846.21)
		(21,999.36)	(4,062.18)
Less : Income tax paid (net of refunds)		1,373.29	(270.08)
Net cash flow from Operating Activities (A)*		(7,612.89)	27,933.06
B Cash flow from investing activities:			
Purchase of property, plant and equipment, including intangible assets, CWIP and capital advances		(8,474.56)	(3,203.60)
Proceeds from sale of Property, plant and equipment		34.79	2.67
Purchase of non-current investments		-	(8.72)
Investment in bank deposits (having original maturity of more than 3 months)		(1,737.71)	(1,284.96)
Interest received		3,396.93	2,449.94
Payment in unclaimed dividend account			
Dividend received		2,878.30	316.38
Net cash flow (used in) in investing activities (B)		(3,902.25)	(1,728.29)
C Cash flow from financing activities:			
Proceeds from long term borrowings		53,002.53	21,466.24
(Repayment) of long term borrowings		(11,958.63)	(30,444.51)
Proceeds from buyer's credit		1,52,596.46	219,741.41
(Repayment) of buyer's credit		(1,70,203.73)	(246,631.27)
Proceeds from short term loans		2,14,000.00	309,985.00
(Repayment) of short term loans		(2,44,000.00)	(306,316.00)
Proceeds from of other short term borrowings		44,687.21	35,696.10
Dividend paid on equity shares		-	(420.58)
Dividend distribution tax paid		-	(85.62)
Interest paid		(29,248.65)	(26,518.61)
Net cash flow (used in) financing activities (C)		8,875.19	(23,527.84)

Statement of Cash Flows for the year ended 31 March 2019

(Amount in INR lakhs, unless otherwise stated)

Particulars	Notes	For the year ended 31 March 2019	For the year ended 31 March 2018 (Restated) (Refer Note 55)
D Net (decrease)/increase in cash and cash equivalents (A + B + C)		(2,639.95)	2,676.93
Cash and cash equivalents at the beginning of the year		3,349.40	672.47
Cash and cash equivalents at the year end (Refer Note 10)		709.45	3,349.40
Balances with banks			
- On Current accounts		706.36	3,343.61
- On cash credit accounts		1.89	3.74
Cash on hand		0.91	1.76
Cheques on hand		0.29	0.29
Cash and cash equivalents		709.45	3,349.40

Changes in liabilities arising from financing activities	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 13)	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

Changes in liabilities arising from financing activities	1 April 2017	Cash flows	Foreign currency exchange difference	31 March 2018
Long term borrowings (Refer Note 12A & 14)	52,802.07	(8,978.26)	-	43,823.81
Short term borrowings (Refer Note 12B)	2,56,795.83	12,475.25	883.37	2,70,154.45
Total liabilities from financing activities	3,09,597.90	(3,496.99)	883.37	3,13,978.26

* Cash Flow from operating activities for the 31 March 2019 is after considering Corporate Social Responsibility Expenditure of INR 75.27 lakhs (31 March 2018: INR 40.22 lakhs)

Summary of significant accounting policies

2

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

As per our report of even date

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm's Registration No.301003E/E300005

per **Vishal Sharma**

Partner

Membership Number : 96766

Place: Gurugram

Date: May 15, 2019

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

S. K. Poddar

Chairman

DIN: 00008654

Samrat Sen

Chief Financial Officer

Place: Gurugram

Date: May 15, 2019

Sunil Sethy

Managing Director

DIN: 00244104

R.Y. Patil

Vice President & Company Secretary

FCS: 2845

Marco Wadia

Director

DIN: 00244357

Statement of Changes in Equity for the year ended 31 March 2019

(Amount in INR lakhs, unless otherwise stated)

(a) Equity Share Capital

Equity shares of INR 10 each issued, subscribed and fully paid	31 March 2019		31 March 2018	
	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 2019: (INR in lakhs)

	Reserves and surplus (Refer Note 11A)			OCI	Total other equity
	Business Restructuring Reserve	Surplus / (deficit) in the statement of profit and loss	General reserve	FVTOCI equity securities	
As at 1 April 2018	65,404.84	(8,295.31)	6,150.00	(81.12)	63,178.41
(Loss) for the year	-	(21,114.90)	-	-	(21,114.90)
Other comprehensive income/(loss) (Refer Note 30b)	-	(25.96)	-	(2,877.69)	(2,903.65)
Total comprehensive (loss) for the year	-	(21,140.86)	-	(2,877.69)	(24,018.55)
As at 31 March 2019	65,404.84	(29,436.17)	6,150.00	(2,958.81)	39,159.86

For the year ended 31 March 2018: (INR in lakhs)

	Reserves and surplus			Items of OCI	Total
	Business Restructuring Reserve	Surplus in the statement of profit and loss	General reserve	Equity/(Debt) instruments through OCI	
As at 1 April 2017	65,404.84	(10,864.11)	6,150.00	1,292.02	61,982.75
Profit for the year	-	3,033.41	-	-	3,033.41
Other comprehensive income/(loss) (Refer Note 30b)	-	41.59	-	(1,373.14)	(1,331.55)
Total comprehensive income/(loss) for the year	-	3,075.00	-	(1,373.14)	1,701.86
Cash dividends		(420.58)			(420.58)
Dividend distribution tax (DDT) (Refer Note 28)		(85.62)			(85.62)
At 31 March 2018	65,404.84	(8,295.31)	6,150.00	(81.12)	63,178.41

Summary of significant accounting policies

2

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

As per our report of even date

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm's Registration No.301003E/E300005

per **Vishal Sharma**

Partner

Membership Number : 96766

Place: Gurugram

Date: May 15, 2019

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

S. K. Poddar

Chairman

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Chief Financial Officer

Place: Gurugram

Date: May 15, 2019

Sunil Sethy

Managing Director

DIN: 00244104

R.Y. Patil

Vice President & Company Secretary

FCS: 2845

Marco Wadia

Director

DIN: 00244357

Notes to the Standalone Financial Statements for the year ended 31 March 2019

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 403726. 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.

The National Company Law Tribunal, Mumbai Bench (NCLT) vide its order dated 14 September 2017 has approved/sanctioned the scheme of amalgamation of Zuari Fertilisers and Chemicals Limited (ZFCL), Zuari Speciality Fertilizers Limited (formerly known as Zuari Rotem Speciality Fertilizers Limited) (ZSFL) and Zuari Agri Sciences Limited (ZASL) with the Company under the provisions of Sections 391 to 394 of the Companies Act, 1956 and other applicable provisions of Companies Act, 1956 and Sections 230 to 232 of the Companies Act, 2013, as may be applicable. The appointed date of the Amalgamation is 1 April 2015. The amalgamation came into effect from 13 November 2017 pursuant to filing of NCLT order with the Registrar of Companies on the said date. As a consequence of the amalgamation, there is no change in the shareholding pattern of the Company, given that the Company is not required to issue any shares pursuant to the Amalgamation of all the Transferor Companies i.e. ZFCL, ZSFL and ZASL. ZFCL and ZASL were the wholly-owned subsidiaries of the Company. The Company has on 11 December 2015 acquired balance 50% of equity shares of ZSFL held by Rotem Amfert Negev Limited for INR 1,332.33 lakhs (Refer Note No 54 for details).

These standalone financial statements were authorized for issue in accordance with a resolution of the Board of Directors of the Company in their meeting held on 15 May 2019.

2.A. 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 an accrual basis and under the 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

Notes to the Standalone Financial Statements for the year ended 31 March 2019

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 and hedge accounting 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 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 profit or 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

Notes to the Standalone Financial Statements for the year ended 31 March 2019

- 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 distribution 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 Company'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 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) 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 (however, in relation to Leasehold land acquired on acquisition of one division (erstwhile joint venture company and became subsidiary company subsequently) have been stated at fair value instead of cost.

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 (however, in relation to Leasehold land acquired on acquisition of one division (erstwhile joint venture company and became subsidiary company subsequently) have been stated at fair value instead of cost.

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.

vii) 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

Notes to the Standalone Financial Statements for the year ended 31 March 2019

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 & 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:

- 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.
- The useful lives of certain plant and machinery having net block of INR 190.06 lakhs are estimated as 30 to 40 years. These lives are higher than those indicated in schedule II.
- The useful lives of certain buildings having net block of INR 266.55 lakhs are estimated as 15 years. These lives are lower than those indicated in schedule II.
- 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.
- Property, plant and equipment whose value is less than INR 5,000/- are depreciated fully in the year of purchase.

Leasehold land are amortized on a straight-line basis over the lease tenure i.e. 95 years. In respect of one of the leasehold land, lease cum sale agreement is for a period of 10 years. Lesser shall sell the property during the currency of the lease period or at the end of the lease period. Hence no depreciation has been provided thereon.

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.

viii) 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 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

Notes to the Standalone Financial Statements for the year ended 31 March 2019

- 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 (Refer Note 54).

ix) 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.

x) 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 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 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

Notes to the Standalone Financial Statements for the year ended 31 March 2019

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.

xi) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1 April 2015, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Where the Company is the lessee

Leases, where the lessor effectively retains substantially all the risks and rewards of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term, unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

xii) 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

Notes to the Standalone Financial Statements for the year ended 31 March 2019

(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

Notes to the Standalone Financial Statements for the year ended 31 March 2019

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 Company 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 Company 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 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.

xiii) 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.

xiv) 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.

Notes to the Standalone Financial Statements for the year ended 31 March 2019

xv) 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.

xvi) 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.

xvii) 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

Notes to the Standalone Financial Statements for the year ended 31 March 2019

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 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.

Notes to the Standalone Financial Statements for the year ended 31 March 2019

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 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.

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

xviii) 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 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 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

Notes to the Standalone Financial Statements for the year ended 31 March 2019

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 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.

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. Remeasurement, 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.

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. The present value of the expected obligation is charged to the Statement of Profit and Loss in the year when such scheme is formally announced.

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.

Notes to the Standalone Financial Statements for the year ended 31 March 2019

xix) 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.

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.

Minimum Alternate Tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement" and grouped under Deferred Tax. The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

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

Notes to the Standalone Financial Statements for the year ended 31 March 2019

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.

xx) 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.

xxi) 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.

xxii) 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 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.

xxiii) 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 review 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.

2.B. 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) 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.

Notes to the Standalone Financial Statements for the year ended 31 March 2019

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 32.

b) 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 38 for further disclosures.

c) 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.

d) 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.

e) 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 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

Notes to the Standalone Financial Statements for the year ended 31 March 2019

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.

f) 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.

2.C. Changes in accounting policies and disclosures

New and amended standards

The Company applied Ind AS 115 for the first time. 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 March 2019, but do not have an impact on the standalone financial statements of the Company. The Company has not early adopted any standards or amendments that have been issued but are not yet effective.

Ind AS 115 Revenue from Contracts with Customers

Ind AS 115 was issued on 28 March 2018 and supersedes Ind AS 18 Revenue and it applies, with limited exceptions, to all revenue arising from contracts with its customers. Ind AS 115 establishes a five-step model to account for revenue arising

from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Ind AS 115 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Company has adopted Ind AS 115 using the modified retrospective method of adoption. Under the modified retrospective approach, there are no significant adjustments required to the retained earnings at 1 April 2018 in standalone financial statement. Also, the application of Ind AS 115 does not have any significant impact on recognition and measurement of revenue and related items in the standalone financial statement.

Amendment to Ind AS 20 Government grant related to non-monetary asset

The amendment clarifies that where the government grant related to asset, including non-monetary grant at fair value, shall be presented in balance sheet either by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset. Prior to the amendment, Ind AS 20 did not allow the option to present asset related grant by deducting the grant from the carrying amount of the asset. These amendments do not have any impact on the standalone financial statements as the Company continues to present grant relating to asset by setting up the grant as deferred income.

Amendment to Ind AS 38 Intangible asset acquired free of charge

The amendment clarifies that in some cases, an intangible asset may be acquired free of charge, or for nominal consideration, by way of a government grant. In accordance with Ind AS 20 Accounting for Government Grants and Disclosure of Government Assistance, an entity may choose to recognise both the intangible asset and the grant initially at fair value. If an entity chooses not to recognise the asset initially at fair value, the entity recognises the asset initially at a nominal amount plus any expenditure that is directly attributable to preparing the asset for its intended use. The amendment also clarifies that revaluation model can be applied for asset which is received as government grant and measured at nominal value. These amendments do not have any impact on the Company's standalone financial statements.

Notes to the Standalone Financial Statements for the year ended 31 March 2019

Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Considerations

The appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the date of the transactions for each payment or receipt of advance consideration. This Interpretation does not have any impact on the Company's standalone financial statements.

Amendments to Ind AS 40 Transfers of Investment Property

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. These amendments do not have any impact on the Company's standalone financial statements.

Amendments to Ind AS 12 Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

These amendments do not have any impact on the Company's standalone financial statements.

2.D. Standards issued but not yet effective

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Company's standalone financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become 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 is effective for annual periods beginning on or after 1 April 2019. 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 remeasure 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 remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under Ind AS 116 is substantially unchanged from today's 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 intends to adopt this standard from 1 April 2019. Ind AS 116 also requires lessees and lessors to make more extensive disclosures than under Ind AS 17.

Transition to Ind AS 116

The Company plans to adopt Ind AS 116 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. Accordingly, comparatives for the year ended 31 March 2019 will not be retrospectively adjusted.

The Company will elect to apply the standard to contracts that were previously identified as leases applying Ind AS 17. The Company will therefore not apply the standard to contracts that were not previously identified as containing a lease applying Ind AS 17.

The Company will elect to use the exemptions proposed by the standard on lease contracts for which the lease terms

Notes to the Standalone Financial Statements for the year ended 31 March 2019

ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value.

The Company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment

The Interpretation 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 Interpretation 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 interpretation is effective for annual reporting periods beginning on or after 1 April 2019, but certain transition reliefs are available. The Company will apply the interpretation from its effective date. Since the Company operates in comparatively simple tax environment and does not operate in a complex multinational environment, applying the Interpretation may not have significant impact in its standalone financial statements.

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.

The amendments should be applied retrospectively and are effective for annual periods beginning on or after 1 April 2019. 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.

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 April 2019. These amendments will apply only to any future plan amendments, curtailments, or settlements of the Company.

Notes to the Standalone Financial Statements for the year ended 31 March 2019

Amendments to Ind AS 12: Income Taxes

The amendments 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.

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, the Company does not expect any effect on its standalone financial statements.

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, the Company does not expect any effect on its standalone financial statements.

Notes to the Standalone Financial Statements for the year ended 31 March 2019

3. Property, plant and equipment

(INR in Lakhs)

	Freehold land (Refer Note 48)	Leasehold land (Refer Note i)	Buildings	Railway Siding	Plant & Equipment	Furniture & fixtures	Office equipment	Vehicles	Total	Capital work in progress
Cost										
As at 1 April 2017	78.12	849.78	8,352.75	542.54	41,542.52	559.71	829.88	444.79	53,200.09	12,919.87
Additions	-	23.91	2.79	-	5,042.91	164.17	96.44	428.95	5,759.17	3,810.16
Borrowing costs	-	-	-	-	601.79	-	-	-	601.79	-
Disposals	-	-	-	-	307.92	0.09	3.55	7.89	319.45	5,376.98
As at 31 March 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
Depreciation and impairment										
As at 1 April 2017	-	16.24	511.99	74.28	5,755.84	144.60	343.76	141.83	6,988.54	-
Charge for the year	-	4.35	254.48	42.12	3,432.24	79.82	187.93	111.73	4,112.67	-
Disposals	-	-	-	-	65.25	0.02	3.15	6.87	75.29	-
As at 31 March 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
Net book value										
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 31 March 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
As at 1 April 2017	78.12	833.54	7,840.76	468.26	35,786.68	415.11	486.12	302.96	46,211.55	12,919.87

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.

- This includes land of INR 396.00 lakhs (31 March 2018: 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. Additions during the year represents registration charges.
- Assets pledged as security for borrowings: Refer Note 12 for information on property, plant and equipment pledged as security against borrowing.
- Building includes self constructed building with net book value of INR 4,303.25 lakhs (31 March 2018 : INR 4,452.52 lakhs) on leasehold land.
- Contractual obligations: Refer to Note 33 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

v. Capitalised Expenditure

Borrowing cost:

Plant & equipment include INR 52.95 lakhs (31 March 2018: INR 601.79 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 10.92% (31 March 2018: 10.01%), which is the effective interest rate of the specific borrowing.

	(₹ in Lakhs)	
Particulars	31 March 2019	31 March 2018
Balance brought down	1,017.79	864.47
Interest expenses	600.46	755.11
Sub-Total	1,618.25	1,619.58
Less: Allocated to Property, plant and equipment	52.95	601.79
Balance carried over (included in Capital work in progress)	1,565.30	1,017.79

vi. Capital work in progress

Capital work in progress as at 31 March 2019 and at 31 March 2018 comprises of expenditure for revamping of ammonia urea plant and other plant & 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 (31 March 2018: INR Nil) 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. In the current year ended 31 March 2019, the same has been charged off to statement of profit and loss.

Notes to the Standalone Financial Statements for the year ended 31 March 2019

4. Intangible Assets

	Software	Goodwill (Pursuant to the scheme of amalgamation)*	BT Cotton (Internally generated) #	Bajra (Externally generated) #	Goodwill (Pursuant to the scheme of amal- gamation)**	Total	(₹ in Lakhs) Intangible assets under develop- ment ##
Cost							
As at 1 April 2017	380.63	403.60	15.32	8.27	1,533.53	2,341.35	19.34
Additions	120.83	-	-	-	-	120.83	82.38
Disposals	-	-	-	-	-	-	101.72
As at 31 March 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	-
Amortisation							
As at 1 April 2017	225.97	-	15.32	8.27	-	249.56	-
Charge for the year	116.59	28.83	-	-	-	145.42	-
Disposals	-	-	-	-	-	-	-
As at 31 March 2018	342.56	28.83	15.32	8.27	-	394.98	-
Charge for the year	107.70	-	-	-	-	107.70	-
Disposals	-	-	-	-	-	-	-
As at 31 March 2019	450.26	28.83	15.32	8.27	-	502.68	-
Net book value							
As at 31 March 2019	154.22	374.77	-	-	1,533.53	2,062.52	-
As at 31 March 2018	158.90	374.77	-	-	1,533.53	2,067.20	-
As at 1 April 2017	154.66	403.60	-	-	1,533.53	2,091.79	19.34

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 Pvt 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 Goodwill is allocated to a Cash Generating Unit (CGU) i.e. Seed Division and has been assessed for impairment by the management by identifying realizable value of the assets of the CGU. As per the assessment, no impairment is required for the aforesaid goodwill.

** Goodwill, which arose pursuant to the scheme of amalgamation of Zuari Speciality Fertilisers Limited (ZSFL) with the Company (Refer Note 54). Goodwill acquired through business combination with indefinite life has been allocated to the Cash Generating Unit (CGU) i.e. Water Soluble Fertilizers (WSF) and has been assessed for impairment by the management by discounting of projected future cash flows of the CGU. As per the assessment, no impairment is required for the aforesaid goodwill.

The calculation of value in use for the WSF CGU is based on the following key assumptions:

- Projected increase in sale
- Discount rate
- Increase in expenses
- Working capital cycle

Projected increase in sale - Increase in sale is projected based on past trend of the business specific to the Company. The sale projection for manufactured WSF is limited to the plant capacity.

Discount rates - Discount rates represent the current market assessment of the risks specific to the CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Company and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Company's investors. The cost of debt is based on the interest-bearing borrowings the Company is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate.

Increase in expenses: The expense projection is in co-relation to the increase of projected volume in the business and the past trend specific to the Company.

Working capital cycle - The working capital cycle is based on industry trend and past trend specific to the Company.

Software consists of cost of ERP licenses and development cost.

BT cotton and Bajra represents trademark in name of erstwhile subsidiary company (i.e. Zuari Agri Sciences Limited) which has got merged with the Company.

Intangible assets under development comprises of software.

Notes to the Standalone Financial Statements for the year ended 31 March 2019

5 Investment property

Particulars	(INR in lakhs)
Opening balance at 1 April 2017	362.29
Additions (subsequent expenditure)	-
Closing balance at 31 March 2018	362.29
Additions (subsequent expenditure)	-
Closing balance at 31 March 2019	362.29
Depreciation	
Opening balance at 1 April 2017	-
Depreciation for the year	-
Closing balance at 31 March 2018	-
Depreciation for the year	-
Closing balance at 31 March 2019	-
Net book value	
As at 1 April 2017	362.29
As at 31 March 2018	362.29
As at 31 March 2019	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 2019	31 March 2018
Rental income derived from investment properties	Nil	Nil
Direct operating expenses (including repairs and maintenance) generating rental income	Nil	Nil
Direct operating expenses (including repairs and maintenance) 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 2019 and 31 March 2018, the fair values of the investment properties are INR 409.00 lakhs and INR 484.00 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 2019	31 March 2018
Land area	24.8 acre	24.8 acre
Prevailing market rate (per acre)	INR 18 lakhs/acre	INR 25 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 19.52 lakhs/acre

Notes to the Standalone Financial Statements for the year ended 31 March 2019

Reconciliation of fair value:	(₹ in Lakhs)
Opening balance as at 1 April 2017	430.00
Fair value difference	54.00
Purchases	-
Closing balance as at 31 March 2018	484.00
Fair value difference	(75.00)
Purchases	-
Closing balance as at 31 March 2019	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

Particulars	Non Current	
	31 March 2019	31 March 2018
Investments in unquoted equity instruments carried at cost		
Investment in joint ventures		
17,98,16,228 (31 March 2018: 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 2018: 2,16,90,000) Equity shares of USD 1.00/- each fully paid-up of MCA Phosphate Pte Limited (Refer Note 46)*	11,943.47	10,781.71
Investment in Subsidiary		
50 (31 March 2018: 50) Equity shares of AED 1,000/- each fully paid-up of Adventz Trading DMCC	8.72	8.72
Investments in quoted equity instruments carried at cost		
Investment in subsidiary		
6,28,43,211 (31 March 2018: 6,28,43,211) Equity shares of INR 10/- each fully paid-up of Mangalore Chemicals & Fertilisers Limited (refer note (a) below)*	53,521.45	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 2018: 3,22,67,741) Equity shares of INR 1/- each fully paid-up of Nagarjuna Fertilisers and Chemicals Limited	2,226.47	4,985.37
Unquoted equity instruments		
1,44,000 (31 March 2018: 72,000) Equity shares of INR 10/- each fully paid up of Indian Potash Limited**	1,153.44	1,272.24
Total	86,835.17	88,551.11
Aggregate value of quoted investments	55,747.92	58,506.82
Aggregate value of unquoted investments	31,087.25	30,044.29
Total	86,835.17	88,551.11
Aggregate amount of impairment in value of investments (Refer Note 46)	-	1,161.76
Market value of quoted investments	27,677.97	43,413.99

* The Company has recognized an impairment loss of INR Nil (31 March 2018: INR 1,161.76 lakhs) on the above investments. Based on the report of independent valuer, impairment loss of INR 1,161.76 lakhs recognized for the year 31 March 2018 has been reversed in the current year and has been reported as exceptional item in the statement of profit and loss (Refer Note 46).

(a) 4,93,94,819 (31 March 2018: 2,15,41,152) number of shares of Mangalore Chemicals 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 & Fertilizers 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.

** During the financial year ended 31 March 2019, the Company was allotted 72,000 bonus shares by Indian Potash Limited in the ratio of one equity share for each share held.

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 details of method and assumptions used for the valuation refer Note 36.

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. Refer Note 36 for determination of their fair values.

Notes to the Standalone Financial Statements for the year ended 31 March 2019

6B Loans

(₹ in Lakhs)

Particulars	Non Current		Current	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Security deposits				
Unsecured, considered good				
- with related parties (Refer Note 34)	29.33	29.33	-	-
- with others	355.29	386.51	101.01	108.42
Loans and advances to related parties (Refer Note 34)				
Unsecured, considered good				
Loans and advances	181.68	171.22	-	700.00
Interest accrued on loans, advances and deposits	-	-	36.31	11.95
Other loans and advances				
Secured, considered good				
Loans to employees	21.29	9.38	5.66	6.86
Interest accrued on loans to employees	1.56	6.59	0.10	-
Unsecured, considered good				
Loans to employees	18.04	47.94	6.74	14.00
Interest accrued on loans to employees	12.64	24.97	3.89	3.61
Inter corporate deposits (Refer Note 53)	-	-	-	939.43
Credit impaired				
Inter corporate deposits (Refer Note 53)	-	-	1,060.56	1,060.56
Interest accrued on inter corporate deposits (Refer Note 53)	-	-	332.98	332.98
Less: Inter corporate deposits & interest thereon- credit impaired	-	-	(1,393.54)	(1,393.54)
Total	619.83	675.94	153.71	1,784.27

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.

6C Other financial assets

(₹ in Lakhs)

Particulars	Non Current		Current	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Derivative instruments at fair value through profit or loss				
Derivatives not designated as hedges				
Foreign exchange forward covers	-	-	116.25	300.24
Other financial assets (Unsecured, considered good)				
Non-current bank balances	393.25	3.35	-	-
Accrued service income	-	-	-	74.28
Claims receivable (Refer Note 42) (Refer Note i below)	1,203.52	1,682.57	1,322.78	3,025.83
Receivables from Gas Pool Operator (Refer Note ii below)	-	-	4,983.78	9,520.91
Rebate/discount receivable from suppliers	-	-	196.49	405.58
Interest receivable from customers				
- from related parties (Refer Note 34)	-	-	272.02	289.08
- from others (Refer Note iii below)	-	-	4,838.97	5,584.61
Interest receivable on bank deposits	-	-	20.49	11.51
Packing scheme incentive grant receivable (Refer Note 44)	33.70	33.70	57.41	57.41
Other financial assets (Unsecured, credit impaired)				
Accrued service income	-	-	74.28	-
Claims receivable (Refer Note i below)	-	-	1,681.40	-
Less: Credit impaired	-	-	(1,755.68)	-
Total	1,630.47	1,719.62	11,808.19	19,269.45

Notes to the Standalone Financial Statements for the year ended 31 March 2019

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, till that time the amount is shown under Claim receivable. 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. Based on the legal opinion obtained by the Company on the above matters, the management is hopeful to receive the amount paid towards the above claims. The management is also in continuous discussion with GAIL and as per their discussions, management is confident of recovery from GAIL basis the terms of these contracts. During the year, the Company has made a provision of INR 1,681.40 lakhs (31 March 2018: INR Nil) against the above claims basis the best possible estimate of recovery.
- ii. The amount is receivable from the Gas Pool Operator under the uniform pricing policy of imported natural gas. As per Gas pool mechanism, the landed cost of gas (which varies from plant to plant owing to differential rates at which natural gas is contracted, which is the most important component for production of urea), is uniformly averaged for all the natural gas grid connected urea plants. The Company has aged balance outstanding with the Gas pool operator due to non-payment by one of urea manufacturing unit to gas pool account. The management is confident to recover the outstanding amount in the near future as per the applicable guidelines and also have realised significant portion subsequently. Hence, the amount is fully recoverable and thereby no provision is required.
- iii. The Company has accrued interest income on overdue dealer balances on accrual basis to the extent it is reasonably certain of their ultimate collection as per best estimate.

Break up of financial assets carried at amortised cost

(INR in Lakhs)

Particulars	Non Current		Current	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Loans (Refer Note 6B)	619.83	675.94	153.71	1,784.27
Trade receivables (Refer Note 9)	-	-	240,865.99	220,354.00
Cash and cash equivalents (Refer Note 10)	-	-	709.45	3,349.40
Other bank balances (Refer Note 10.1)	-	-	2,653.84	1,305.51
Other financial assets (Refer Note 6C)	1,630.47	1,719.62	11,808.19	19,269.45
Total financial assets carried at amortised cost	2,250.30	2,395.56	256,191.18	246,062.63

7. Other assets

(INR in Lakhs)

Particulars	Non current		Current	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Unsecured, considered good, except where otherwise stated				
Capital advances				
- to related parties (Refer Note 34 & 50)	3,946.24	3,209.13	-	-
- to others*	735.84	1,091.12	-	-
Advances (other than capital advances)				
Related parties, considered good (Refer Note 34)	-	-	-	6.66
Others, considered good (Refer Note 45)	1,813.32	3,667.58	1,737.29	1,501.98
Others, considered doubtful	1,399.07	-	85.18	56.10
	3,212.39	3,667.58	1,822.47	1,564.74
Less: Provision for doubtful advances	(1,399.07)	-	(85.18)	(56.10)
	1,813.32	3,667.58	1,737.29	1,508.64
Advance to employees	-	-	112.22	3.07
Balances with statutory authorities	-	-	17,633.07	3,944.76
Refund receivable Goods and Service Tax**	-	-	5,211.78	10,812.53
Prepaid expenses	-	-	2,485.26	1,138.72
Gratuity plan asset (Refer Note 32)	-	-	-	57.05
Total other assets	6,495.40	7,967.83	27,179.62	17,464.77

Assets pledged as security for borrowings: Refer Note 12 for information on other assets pledged as security against borrowing.

Notes to the Standalone Financial Statements for the year ended 31 March 2019

* 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 seek some other land in Karnataka. Based on the details of land subsequently provided by the KIADB, the Company has requested to allot 12 acres land at Belapu 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 has 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 Belapu Industrial Area, Udupi District, Karnataka and illegally withholding a sum of INR 604.42 lakhs. Also, based on 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 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 Company has claimed GST refund with respect to input services effective 1 July 2017 which aggregates to INR 1,878.53 lakhs (net of amount eligible for recovery as subsidy). The Company has also recognised GST input tax credit of INR 2,177.67 lakhs on input services for the year ended 31 March 2019. Management, based on an opinion obtained by the Company and also relying on similar fact pattern in an order dated 18 September 2018 of the High Court of Gujarat in respect of an application of another company on similar matter wherein ad-interim relief was granted, is of the view that to the extent the aforesaid Notification denies grant of refund of unutilized tax credit in respect of tax paid on input services is ultra vires to the Central Goods and Services Tax Act, 2017. The Company has also filed a writ petition in the Hon'ble High Court of Bombay at Goa in this regard. Accordingly, the management is confident of refund in respect of tax paid on input services and that no liability including interest, if any, would arise from the same.

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

	(INR in Lakhs)	
	31 March 2019	31 March 2018
Raw materials [includes material in transit: INR 8,945.78 lakhs (31 March 2018: INR 5,635.48 lakhs)]	26,521.05	15,675.66
Work-in-progress	1,376.19	4,056.43
Finished goods	54,731.54	19,066.81
Traded goods [includes material in transit: INR 104.60 lakhs and material lying with others: INR 3,025.06 lakhs (31 March 2018: includes material in transit: INR 5,437.06 lakhs and material lying with others: INR 632.77 lakhs)]	36,676.93	23,198.46
Stores and spares	3,529.36	3,678.17
Total	122,835.07	65,675.53

During the year ended 31 March 2019: INR 245.77 lakhs (31 March 2018: INR 397.71 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.

9. Trade receivables (at amortized cost)*

	(INR in Lakhs)	
Particulars	31 March 2019	31 March 2018
Trade receivables - related parties (Refer Note 34)	725.11	1,602.83
Trade receivables - others (Refer Note 41 & Note 43)	240,140.88	218,751.17
Total	240,865.99	220,354.00

* Refer Note 49

Break-up for security details:

Particulars	31 March 2019	31 March 2018
From Related Parties (Refer Note 34)		
Secured, considered good	0.50	0.50
Unsecured, considered good	724.61	1,602.33

Notes to the Standalone Financial Statements for the year ended 31 March 2019

Particulars	(INR in Lakhs)	
	31 March 2019	31 March 2018
From others		
Secured, considered good	6,411.16	5,079.43
Unsecured, considered good [including subsidy receivable from Government: INR 1,69,492.30 lakhs (31 March 2018: INR 1,68,538.37 lakhs)]	233,729.72	213,671.74
Trade receivables - credit impaired	1,818.74	910.84
Total	242,684.73	221,264.84
Less : Trade receivables- credit impaired	(1,818.74)	(910.84)
Total	240,865.99	220,354.00

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 34.

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 borrowing.

10. Cash and Cash Equivalents

	(INR in Lakhs)	
	31 March 2019	31 March 2018
Balances with banks		
- On Current accounts	706.36	3,343.61
- On Current accounts	1.89	3.74
Cash on hand	0.91	1.76
Cheque on hand	0.29	0.29
Total	709.45	3,349.40

10.1. Other Bank balances

	(INR in Lakhs)	
	31 March 2019	31 March 2018
Other Bank Balances :		
- On Unpaid dividend accounts (repatriation restricted)*	20.62	20.11
Balances with banks - current account- escrow account	-	0.01
Deposits with original maturity for more than 3 months but less than 12 months	378.51	378.51
Margin money deposits**	2,254.71	906.88
Total	2,653.84	1,305.51

* 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 coverage reserve for long term borrowings. The same are restricted for use till settlement of corresponding liability.

Notes to the Standalone Financial Statements for the year ended 31 March 2019

11. Share Capital

Particulars	(INR in Lakhs)	
	31 March 2019	31 March 2018
Authorised share capital**		
12,25,00,000 (31 March 2018: 12,25,00,000) Equity Shares of INR 10/- each	12,250.00	12,250.00
3,45,00,000 (31 March 2018: 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 2018: 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 2019		31 March 2018	
	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 share holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by Board of Directors is subject to the approval of shareholders in the 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 2019		31 March 2018	
	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 share holders/members and other declarations received from share holders regarding beneficial interest, the above share holding represents both legal and beneficial ownership of shares.

* 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 2018: 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.

**Refer Note 54 for increase in authorised share capital

No shares has been issued for consideration other than cash during the period of five years immediately preceding the reporting date.

Notes to the Standalone Financial Statements for the year ended 31 March 2019

11A. Other equity

	(INR in lakhs)	
	31 March 2019	31 March 2018
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
Surplus / (deficit) in the statement of profit and loss		
Balance as per last financial statements	(8,295.31)	(10,864.11)
(Loss)/ profit for the year	(21,114.90)	3,033.41
Other comprehensive income	(25.96)	41.59
Less : Appropriations		
Cash dividend	-	(420.58)
Dividend distribution tax (DDT)	-	(85.62)
Net (deficit) in the statement of profit and loss	(29,436.17)	(8,295.31)
FVTOCI Reserve		
Balance as per last financial statements	(81.12)	1,292.02
Add/Less: Movement during the year	(2,877.69)	(1,373.14)
Closing balance	(2,958.81)	(81.12)
Total other equity	39,159.86	63,178.41

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 as 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.

FVTOCI Reserve

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.

Notes to the Standalone Financial Statements for the year ended 31 March 2019

12A. Borrowings

	(INR in lakhs)	
Non-current borrowings (at amortised cost)	31 March 2019	31 March 2018
Term Loans		
From Banks		
Secured		
Indian Rupee loans (Refer Note 1 below)	26,463.30	24,934.48
Foreign Currency loans (Refer Note 2 below)	24,751.66	-
Vehicle loans (Refer Note 3 below)	317.41	434.07
From financial Institutions		
Secured		
Indian rupee loans (Refer Note 4 below)	33,335.34	18,455.26
Total	84,867.71	43,823.81
Less: Amount disclosed under "Other current financial liabilities" (Current maturities of long term borrowings) (Refer Note 14)	(25,094.71)	(11,481.43)
Total	59,773.00	32,342.38

- 1 (a) Indian Rupee term loan from a Bank of INR 6,481.48 lakhs (including current maturities of INR 6,481.48 lakhs) [31 March 2018: INR 11,439.28 lakhs (including current maturities INR 5,000.00 lakhs)] carries interest rate of 11.35% p.a. The loan is repayable in 14 quarterly instalments starting from December 2016 with the last instalment due on March 2020. The loan is secured by first pari passu charge by way of mortgage on immovable 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 Nil (including current maturities of INR Nil) [31 March 2018: INR 3,368.29 lakhs (including current maturities INR 3,368.29 lakhs)] carried interest rate of 10.90 % p.a. The loan was repayable in 8 equal quarterly instalments starting from March 2017 with the last instalment due on December 2018. The loan was secured by exclusive charge by way of mortgage over the immovable property owned by the Company and located within the State of Goa and having minimum cover value of not less than 1.5 times.
- (c) Indian Rupee term loan from a Bank of INR 6,385.10 lakhs (including current maturities INR 3,260.35 lakhs) [31 March 2018: INR 8,862.51 lakhs (including current maturities: INR 2,499.00 lakhs)] carries interest rate of 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 immovable 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).
- (d) Indian Rupee loan of INR 647.07 lakhs from a Bank (including current maturities of INR 500.00 lakhs) [31 March 2018: INR 1,264.40 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 & Machinery and other moveable assets (Existing and proposed). The loan carries interest rate of 11.40% p.a. and repayable in 24 quarterly instalments commencing from December 2014 with the last instalment due on December 2020.
- (e) Indian Rupee term loan from a Bank of INR 5,578.72 lakhs (including current maturities of INR 738.47 lakhs) [31 March 2018: INR Nil (including current maturities INR Nil)] carries interest rate of 10.35 % 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.
- (f) Indian Rupee term loan from a Bank of INR 2,390.67 lakhs (including current maturities of INR 316.47 lakhs) [31 March 2018: INR Nil (including current maturities INR Nil)] carries interest rate of 10.35% 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 1,095.66 lakhs (including current maturities of INR 145.05 lakhs) [31 March 2018: INR Nil (including current maturities of INR Nil)] carries interest rate of 10.35 % 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.
- (h) Indian rupee term loan from a Bank of INR 3,884.60 lakhs (including current maturities of INR 254.31 lakhs) [31 March 2018: INR Nil (including current maturities of INR Nil)] carries interest rate of 10.35% 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.

Notes to the Standalone Financial Statements for the year ended 31 March 2019

- 2 (a) Foreign Currency loan in form of FCNR - B of USD 9.91 millions equivalent to INR 6,724.11 lakhs from a Bank (including current maturities of USD 4.95 millions equivalent to INR 3,397.80 lakhs) (31 March 2018: INR Nil including current maturities: Nil) carries interest rate of 6.14% p.a. The loan is repayable in 14 equal instalments starting from May 2019 with the last instalment due on October 2020. The loan is 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 the Company, both present and future, Subservient charge over the moveable fixed assets of the Company, both present and future and exclusive pledge of shares of Chambal Fertilisers & Chemicals Limited ("CFCL") held by Zuari Global Limited with a minimum security cover of 1.50 times. The charge documents in respect of above are in the process of registration with registrar of companies.
- (b) Foreign Currency loan in form of FCNR - B of USD 26.57 millions equivalent to INR 18,027.55 lakhs from a Bank (including current maturities of USD 13.29 millions equivalent to INR 8,723.28 lakhs) (31 March 2018: INR Nil including current maturities: Nil) carries interest rate of 6.13% p.a. The loan is repayable in 14 equal instalments starting from May 2019 with the last instalment due on October 2020. The loan is 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 the Company, both present and future, Subservient charge over the moveable fixed assets of the Company, both present and future and exclusive pledge of shares of Chambal Fertilisers & Chemicals Limited ("CFCL") held by Zuari Global Limited with a minimum security cover of 1.50 times. The charge documents in respect of above are in the process of registration with registrar of companies.
3. Vehicle loans from a Bank of INR 317.41 lakhs (including current maturities of INR 116.75 lakhs) [31 March 2018: INR 434.07 lakhs (including current maturities: INR 114.14 lakhs)] carry interest rate ranging from 8.38%-10.65% p.a. The loans are repayable in 48 equal monthly instalments starting from February 2017 with the last instalment due on March 2022. The loans are secured by way of hypothecation of respective motor vehicles of the Company.
- 4 (a) Indian Rupee loan of INR 18,466.62 lakhs from a financial institution (including current maturities of INR Nil) [31 March 2018: INR 18,455.26 lakhs (including current maturities: INR Nil)] carries interest rate of 11.70 % p.a. The loan is repayable in 12 equal quarterly instalments starting from February 2020 with the last instalment due on February 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 Fertilizers Limited ("MCFL") with a minimum share security cover of 1 time.
- (b) Indian rupee term loan from a financial institution of INR 14,868.72 lakhs (including current maturities of INR 1,160.75 lakhs) (31 March 2018: Nil including current maturities of Nil) carries interest rate of 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, facility ISRA (Interest Service Reserve Account) equivalent to 1 quarter of interest to be created out of the facility as undisbursed Facility amount and demand promissory note.

12B. Borrowings

(INR in lakhs)

Current borrowings	31 March 2019	31 March 2018
Secured *		
From Banks		
Cash credit (including working capital demand loans)		
(The rate of interest on cash credit varies between banks ranging from 9.50% - 14.15% and are repayable on demand. The rate of interest on working capital demand loans varies between 9.20% - 10.45% and are repayable over a period of 30 to 60 days)	98,504.31	74,375.57
Buyers / Suppliers credit		
(The rate of Interest on buyers/ suppliers credit varies between 2.88% - 5.08% (31 March 2018: 1.83% - 2.46%) and are repayable over a period of 69 - 298 days) (USD 82.44 Million (31 March 2018 : USD 113.66 Million)	57,009.63	74,084.14
Short term loans		
(8.20% (including 7.72% 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)	11,592.91	31,016.68
Bills discounted		
(Local bills discounted with banks repayable over a period of 180 days at the rate varies between 8.95% - 12.00% against Letter of Credit issued by another bank having securities as disclosed below)	56,500.00	27,645.31

Notes to the Standalone Financial Statements for the year ended 31 March 2019

(INR in lakhs)

Current borrowings	31 March 2019	31 March 2018
Unsecured		
From Banks		
Short term loans		
Working capital demand loans (The rate of Interest on loans varies between 9.40 % - 11.00% and are repayable over a period of 30 to 180 days)	22,500.00	52,500.00
Buyers credit (The rate of Interest on buyers credit varies between 2.00% - 2.205% and has a tenure of up to 6 months) (USD Nil (31 March 2018 : USD 0.82 Million)	-	532.75
From Others		
Inter corporate deposits (The rate of Interest varies between 9.25 % - 15.00% and are repayable over a period of 90 to 365 days)	21,150.00	10,000.00
Total	267,256.85	270,154.45

*(a) Cash credit (including working capital demand loans) of INR 94,236.65 lakhs (31 March 2018: INR 66,851.66 lakhs), Buyers credit of INR 20,197.27 lakhs (31 March 2018: INR 74,084.14 lakhs), Suppliers credit of INR 36,812.36 lakhs (31 March 2018: Nil) and Bill discounting of INR 56,500.00 lakhs (31 March 2018: INR 27,645.31 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 2,878.16 lakhs (31 March 2018: INR 4,560.56 lakhs) are 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 1,389.50 lakhs (31 March 2018: INR 1,271.21 lakhs) are secured by hypothecation of inventory cum book debts and all current assets of one of the divisions of the Company.

(d) Cash credit of INR Nil (31 March 2018: INR 1,692.14 lakhs) are secured by hypothecation of inventories and book debts of one of the divisions of the Company.

(e) Short term loans of INR 11,592.91 lakhs (31 March 2018: INR 31,016.68 lakhs) are secured against subsidy receivable of equal amount from Government of India, Ministry of Chemicals and Fertilizer under Special Banking Arrangement.

13. Trade payables

(INR in lakhs)

	Non current		Current	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Trade payables				
- outstanding dues to related parties (Refer Note 34)	-	-	36,723.20	11,610.92
- outstanding dues to micro and small enterprises (Refer Note 31)	-	-	537.11	150.22
- outstanding dues to others	-	-	112,432.75	80,339.05
Total	-	-	149,693.06	92,100.19

Notes to the Standalone Financial Statements for the year ended 31 March 2019

14. Other financial liabilities

(INR in lakhs)

	Non current		Current	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Financial liabilities at fair value through profit or loss				
Derivatives not designated as hedges				
Foreign exchange forward covers	-	-	3,443.90	244.91
Total financial liabilities at fair value through profit or loss (a)	-	-	3,443.90	244.91
Other financial liabilities at amortised cost				
Current maturities of long term borrowings (Refer Note 12A)	-	-	25,094.71	11,481.43
Trade deposits - dealers and others				
- from related parties (Refer Note 34)	-	-	0.50	0.50
- from others	-	-	9,379.00	8,964.07
Employee benefits payable	-	-	960.53	826.59
Payable towards capital goods				
- to related parties (Refer Note 34)	-	-	1.00	89.13
- to others*	-	-	1,066.38	110.74
Interest accrued but not due on borrowings	-	-	875.63	557.09
Other interest payable**	-	-	4,883.16	874.23
Unclaimed dividends	-	-	20.62	20.11
Payable towards voluntary retirement scheme	66.31	79.97	27.33	31.64
Total other financial liabilities at amortised cost (b)	66.31	79.97	42,308.86	22,955.53
Total other financial liabilities (a+b)	66.31	79.97	45,752.76	23,200.44

* Including INR 11.36 lakhs (31 March 2018: INR 9.93 lakhs) outstanding due to Micro and Small Enterprises (Refer Note 31).

** - Including INR 193.26 lakhs (31 March 2018: INR 133.38 lakhs) outstanding due to Micro and Small Enterprises (Refer Note 31).
- Includes INR 2,228.60 lakhs (31 March 2018: INR 44.62 lakhs) payable to related party on account of overdue interest (Refer Note 34).

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 liabilities, Refer Note 38.

For terms and conditions relating to related party payables, Refer Note 34.

For explanations on the Company's credit risk management processes, Refer Note 38.

Break up of financial liabilities carried at amortised cost

(INR in lakhs)

	Non Current		Current	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Non-current borrowings (Refer Note 12A)	59,773.00	32,342.38	-	-
Current borrowings (Refer Note 12B)	-	-	267,256.85	270,154.45
Trade payables (Refer Note 13)	-	-	149,693.06	92,100.19
Other financial liabilities (Refer Note 14)	66.31	79.97	45,752.76	23,200.44
Total financial liabilities carried at amortised cost	59,839.31	32,422.35	462,702.67	385,455.08

Notes to the Standalone Financial Statements for the year ended 31 March 2019

15. Other liabilities

(INR in lakhs)

	Non current		Current	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Statutory Liabilities	-	-	554.82	648.79
Contract Liabilities - Advances received from customers*	-	-	13,398.35	16,018.46
Deferred income (Refer Note 44)	85.29	102.34	17.05	17.05
Total	85.29	102.34	13,970.22	16,684.30

* Includes advances received from related parties of INR 11,148.03 lakhs (31 March 2018: INR Nil) (Refer Note 34) Revenue recognized from amounts included in contract liabilities at the beginning of the year is INR 14,135.50 lakhs (31 March 2018: INR 260.28 lakhs)

Deferred income (Refer Note 44)

(INR in lakhs)

	31 March 2019	31 March 2018
Opening	119.39	136.44
Deferred during the year	-	-
Released to the statement of profit and loss	(17.05)	(17.05)
Closing	102.34	119.39

16. Provisions

(INR in lakhs)

	Non current		Current	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Provision for employee benefits				
Gratuity (Refer Note 32)	-	-	106.75	-
Provision for post retirement medical benefit (Refer Note 32)	57.70	48.95	6.93	5.84
Leave encashment (unfunded)	-	-	2,235.71	2,302.89
	57.70	48.95	2,349.39	2,308.73
Others provisions				
Provision for sales return*	-	-	-	95.95
	-	-	-	95.95
Total	57.70	48.95	2,349.39	2,404.68

*The Company has made a provision for expected sales return out of sale of seeds made during the previous year towards loss on such expected sales returns. The movement of such provision is as follows:

Movement in provisions	31 March 2019	31 March 2018
Opening	95.95	105.79
Addition	-	95.95
Reversal/ Utilization	95.95	105.79
Closing	-	95.95

Notes to the Standalone Financial Statements for the year ended 31 March 2019

17. Income tax

The major components of income tax expense for the year ended 31 March 2019 and 31 March 2018 are:

Profit or loss section	(INR in lakhs)	
	31 March 2019	31 March 2018
Current income tax:		
Current income tax charge	-	1,799.09
Adjustment of tax relating to earlier years	(1,493.31)	-
Sub total	(1,493.31)	1,799.09
Deferred tax:		
Adjustments in respect of deferred tax of earlier years	(440.89)	(1,500.10)
Relating to origination and reversal of temporary differences	767.90	580.23
Sub total	327.01	(919.87)
Income tax (income)/expense reported in the statement of profit or loss	(1,166.30)	879.22

OCI section

Deferred tax related to items recognised in OCI during the year:

	(INR in lakhs)	
	31 March 2019	31 March 2018
Net (gain)/loss on remeasurements of defined benefit plans	39.91	(63.93)
Deferred tax charged/(credit) to OCI	(13.95)	22.34

Reconciliation of tax expense/ (income) and the accounting profit multiplied by domestic tax rate for 31 March 2019 and 31 March 2018

	(INR in lakhs)	
	31 March 2019	31 March 2018
Accounting (loss)/ profit before Income tax	(22,281.20)	3,912.63
Income tax rate	34.944%	34.608%
At statutory income tax rate	(7,785.94)	1,354.08
Adjustment in respect of tax related to earlier years	(440.89)	(1,500.10)
Tax effect of income that are not taxable in determining taxable profit:		
Wealth Tax Reversal	-	(14.73)
Dividend income	(1,005.79)	(109.49)
Others adjustments	(50.66)	-
Non-deductible expenses for tax purposes:		
Interest on Micro and Small Enterprises	20.92	15.01
Disallowance under Section 14A	6.70	761.26
Unrecognized deferred tax asset	8,054.53	-
Provision for impairment of investment	-	402.06
Others adjustments	34.83	34.18
Impact of change in tax rate, Deferred tax calculated 31 March 2018: 34.944% (31 March 2017: 34.608%)	-	(63.05)
At the effective income tax rate	(1,166.30)	879.22
Income tax (income)/ expense reported in the statement of profit and loss	(1,166.30)	879.22

Notes to the Standalone Financial Statements for the year ended 31 March 2019

Deferred tax:					(INR in lakhs)
	As at 31 March 2017	Provided during the year	As at 31 March 2018	Provided during the year	As at 31 March 2019
Deferred tax liability:					
Property, plant and equipment impact of difference between tax depreciation and depreciation/amortisation charged for the financial reporting	9,490.39	179.53	9,669.92	137.45	9,807.37
Mark to market (MTM) forward contract	-	-	-	1,757.75	1,757.75
Others	22.76	6.18	28.94	4.47	33.41
Total deferred tax liability (A)	9,513.15	185.71	9,698.86	1,899.67	11,598.53
Deferred tax assets:					
Provision for doubtful debts and advances	194.73	630.94	825.67	-	825.67
MAT credit entitlement	1,008.00	1,799.09	2,807.09	(1,508.33)	1,298.76
Expenses allowable in Income tax on payment basis and deposition of Statutory dues	1,571.07	(120.98)	1,450.09	454.64	1,904.73
Brought forward losses and unabsorbed depreciation	14,958.90	(1,377.71)	13,581.19	2,413.85	15,995.04
Others	91.11	151.91	243.02	226.45	469.47
Total deferred tax assets (B)	17,823.81	1,083.25	18,907.06	1,586.61	20,493.67
Deferred Tax (Net) (B-A)	8,310.66	897.54	9,208.20	(313.06)	(8,895.14)

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.

The Company has till date recognised INR 1,298.76 lakhs (31 March 2018: INR 2,807.09 lakhs) as Minimum Alternate Tax (MAT) credit entitlement which represents that portion of the MAT Liability, the credit of which would be available based on the provision of Section 115JAA of the Income Tax Act, 1961. The management based on the future profitability projections is confident that there would be sufficient taxable profits in future which will enable the Company to utilize the above MAT credit entitlement.

The Company has till date recognised INR 15,995.04 lakhs (31 March 2018: INR 13,581.19 lakhs) as deferred tax assets on unabsorbed depreciation and carried forward tax loss, which the management based on the future profitability projections is confident that there would be sufficient taxable profits in future which will enable the Company to utilize the above deferred tax assets. Deferred tax asset of INR 8,054.53 lakhs (31 March 2018: Nil) on business losses has not been recognized as there are no tax planning opportunities or other evidence of recoverability for the same in the near future.

17A. Income tax assets / liabilities for current tax (net)

	(INR in lakhs)	
	31 March 2019	31 March 2018
Income tax assets- related parties (Refer Note 34 & 50)	1,708.35	2,533.85
Income tax assets (net)	3,589.72	4,120.25
Total income tax assets (net)	5,298.07	6,654.10
	(INR in lakhs)	
	31 March 2019	31 March 2018
Liabilities for current tax (net)	-	1,476.04
Total income tax liabilities (net)	-	1,476.04

18. Revenue from operations:

	(INR in lakhs)	
	31 March 2019	31 March 2018
Revenue from contracts with customer		
Sale of products* (including excise duty)		
Finished products	349,241.15	308,765.61
Traded products	163,101.35	155,957.34
Other operating revenues		
Scrap sales	312.19	272.73
Revenue from operations	512,654.69	464,995.68

Notes to the Standalone Financial Statements for the year ended 31 March 2019

	(INR in lakhs)	
Timing of revenue recognition	31 March 2019	31 March 2018
Goods transferred to the customers at a point in time	512,654.69	464,995.68
Total revenue from contracts with customers	512,654.69	464,995.68

	(INR in lakhs)	
Right of return assets and refund liabilities	31 March 2019	31 March 2018
Right of return assets	-	-
Refund liabilities	-	-
Arising from rights of return	-	95.95
	-	95.95

	(INR in lakhs)	
Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price	31 March 2019	31 March 2018
Revenue as per contracted price	516,124.63	470,002.24
Adjustments		
Sales return	(1,969.05)	(2,581.54)
Discount	(1,500.89)	(2,425.02)
Revenue from contract with customers	512,654.69	464,995.68

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 of INR 206,252.24 lakhs (31 March 2018 : INR 198,620.70 lakhs). Subsidies include INR 2,779.00 lakhs (31 March 2018: INR 725.27 lakhs) in respect of earlier years, notified during the period.
- 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.
- e. Goods and Service Tax (GST) has been effective from 1 July 2017, consequently excise duty, value added tax (VAT), service tax etc. have been replaced with GST. Until 30 June 2017, 'Sale of products' includes the amount of excise duty recovered on sales amounting to INR 239.24 lakhs. The Company collects GST on behalf of the Government and not included in 'Sale of products', and therefore revenue from 'Sale of products' for the period ended 31 March 2019 is not comparable with that of the previous year.

Notes to the Standalone Financial Statements for the year ended 31 March 2019

19. Other income

	(INR in lakhs)	
	31 March 2019	31 March 2018
Interest Income on		
Bank deposits	118.25	31.29
Intercompany loans	243.38	101.58
Overdue debtors, employee loans etc.	2,169.67	5,947.82
Income tax refund	119.29	15.76
Dividend Income on non-current investments	2,878.30	316.38
Other non-operating income		
Rent received	16.96	17.05
Excess provision/unclaimed liabilities/unclaimed balances written back	487.17	273.94
Incentive under packing scheme incentive (Refer Note 44)	17.05	17.05
Miscellaneous income	836.78	1,404.00
Total	6,886.85	8,124.87

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 2019	31 March 2018
In relation to Financial assets classified at amortised cost	2,531.30	6,080.69
In relation to Financial assets classified at FVOCI	-	-
Total	2,531.30	6,080.69

20. Cost of raw materials and components consumed

	(INR in lakhs)	
	31 March 2019	31 March 2018
Inventory at the beginning of the year	15,675.66	18,227.57
Add : Purchases	294,217.56	219,037.18
Add: Transfer of Stock for captive consumption	2,851.05	-
	312,744.27	237,264.75
Less: Transferred to trading stock	(2,371.15)	(1,242.43)
Less: Inventory at the end of the year	(26,521.05)	(15,675.66)
Cost of raw material & components consumed	283,852.07	220,346.66

21. Purchase of traded goods

	(INR in lakhs)	
	31 March 2019	31 March 2018
Traded goods purchase details		
Di-Ammonium Phosphate (DAP)	82,440.19	62,765.81
Muriate of Potash (MOP)	42,991.06	59,086.52
Single Super Phosphate (SSP)	1.42	32.91
Speciality Fertilisers	8,237.90	5,409.02
Complex Fertilisers	8,566.28	3,094.46
Pesticides	10,243.73	9,273.29
Seeds	307.91	155.59
Others	865.44	28.91
Add: Transfer from materials purchased	2,371.15	1,242.43
Cost of traded goods purchased	156,025.08	141,088.94

Notes to the Standalone Financial Statements for the year ended 31 March 2019

22. Changes in inventories of finished goods, traded goods and work-in- progress		(INR in lakhs)	
	31 March 2019	31 March 2018	
Inventories at the end of the year			
Finished goods	54,731.54	19,066.81	
Traded goods	36,676.93	23,198.46	
Work-in-progress	1,376.19	4,056.43	
	92,784.66	46,321.70	
Inventories at the beginning of the year			
Finished goods	19,066.81	9,626.13	
Traded goods	23,198.46	10,217.94	
Work-in-progress	4,056.43	3,045.93	
	46,321.70	22,890.00	
	(46,462.96)	(23,431.70)	
23. Excise Duty on sales of goods		(INR in lakhs)	
	31 March 2019	31 March 2018	
Excise duty on sales of goods	-	239.34	
Total	-	239.34	
24. Employee Benefits Expense		(INR in lakhs)	
	31 March 2019	31 March 2018	
Salaries, wages and bonus	7,834.35	7,133.14	
Contribution to provident and other funds	631.68	568.79	
Post-retirement medical benefit (Refer Note 32)	9.84	4.23	
Gratuity expense (Refer Note 32)	125.17	120.98	
Staff welfare expenses	1,464.62	1,475.62	
Total	10,065.66	9,302.76	
25. Finance Costs		(INR in lakhs)	
	31 March 2019	31 March 2018	
Interest expense	32,965.05	26,144.73	
Interest on Income Tax	10.64	64.77	
Exchange difference to the extent considered as an adjustment to borrowing cost	2,822.77	3,864.27	
Other borrowing cost	2,527.26	1,508.37	
Total	38,325.72	31,582.14	
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 2019	31 March 2018	
In relation to Financial liabilities classified at amortised cost	32,965.05	26,144.73	
Total	32,965.05	26,144.73	
26. Depreciation and amortisation expense		(INR in lakhs)	
	31 March 2019	31 March 2018	
Depreciation of property, plant and equipment (Refer Note 3)	4,442.11	4,112.67	
Amortisation of intangible assets (Refer Note 4)	107.70	145.42	
	4,549.81	4,258.09	

Notes to the Standalone Financial Statements for the year ended 31 March 2019

27. Other expenses

	(INR in lakhs)	
	31 March 2019	31 March 2018
Stores and spares consumed	1,271.79	1,016.35
Power, fuel and water	31,693.27	26,191.81
Bagging and other contracting charges	3,100.02	2,815.34
Outward freight and handling	38,205.58	39,150.98
Rent	2,641.83	2,026.43
Rates and taxes	99.08	110.19
Insurance	390.61	581.57
Repairs and maintenance		
Plant & machinery	3,108.51	3,305.56
Buildings	912.68	651.70
Others	425.77	430.17
Payment to statutory auditors (Refer details below)	170.11	166.00
Royalty on sales (net)	16.85	14.70
Provision for doubtful receivable/advances	941.17	406.79
Research and development expenses (Refer details below)	5.36	83.06
Subsidy claims written off	141.16	138.90
Foreign exchange variation (net)	2,972.74	964.46
Impairment of capital work-in-progress	367.17	
Loss on disposal of property, plant and equipment (net)	216.90	241.49
Donation	0.50	-
CSR expenditure (Refer details below)	75.27	40.22
Advances write-off	3,180.49	173.01
Miscellaneous expenses	6,692.26	4,757.66
Total	96,629.12	83,266.39

	(INR in lakhs)	
	31 March 2019	31 March 2018
Payments to statutory auditors		
As statutory auditors		
Audit fees	58.00	38.73
Tax audit fee	10.97	13.11
Limited review fees	21.00	8.25
In other capacity		
Qualified institutional placement (QIP) certification	41.84	-
Other services (certification fees)	30.00	98.30
Reimbursement of expenses	8.30	7.61
Total	170.11	166.00

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)	75.27	40.22
Amount spent during the year (on construction/ acquisition of any asset)	-	-
Amount yet to be spent/ paid	-	-
Total	75.27	40.22

Notes to the Standalone Financial Statements for the year ended 31 March 2019

The details of Research & Development Expenses are given below:

(INR in lakhs)

	31 March 2019	31 March 2018
Repairs and maintenance- Plant and machinery	0.01	1.07
Farm maintenance	-	39.27
Testing expenses	2.69	31.30
Consumables	0.54	4.09
Miscellaneous expenses	2.12	7.33
Total	5.36	83.06

The Company research and development concentrates on the development of new variety of seeds with better quality and high productivity. No capital expenditure have been incurred on research and development during the year.

28. Distributions made and Proposed

(INR in lakhs)

	31 March 2019	31 March 2018
Cash dividends on equity shares declared and paid:		
Final equity dividends: INR Nil per equity share (31 March 2018: INR 1 per equity share)	-	420.58
Dividend distribution tax on equity dividend	-	85.62
	-	506.20
Proposed dividends on equity shares:		
Proposed final equity dividends: INR Nil per equity share (31 March 2018: INR Nil per equity share)	-	-
Dividend distribution tax on proposed equity dividend	-	-
	-	-

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability (including DDT thereon) as at 31 March.

29. 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 2019	31 March 2018
(Loss) / profit after taxation as per Statement of profit and loss (INR in lakhs)	(21,114.90)	3,033.41
Weighted average number of shares used in computing earnings per share	42,058,006	42,058,006
(Loss) / earnings per share - Basic and diluted (in INR)	(50.20)	7.21
Face value per share (in INR)	10.00	10.00

Notes to the Standalone Financial Statements for the year ended 31 March 2019

30. a. Exceptional Items:

	(INR in lakhs)	
	31 March 2019	31 March 2018
Provision for impairment of investments (Refer Note (a) below)	(1,161.76)	1,161.76
Provision for doubtful advances (Refer Note (b) below)	-	1,393.54
	(1,161.76)	2,555.30

- (a) Exceptional items for the year ended 31 March 2018 includes INR 1,161.76 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 46, impairment recognized has been reversed in the year ended 31 March 2019.
- (b) Exceptional items for the year ended 31 March 2018 includes INR 1,393.54 lakhs representing provision made against inter corporate deposits including interest accrued thereon (Refer Note 53).

b. 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 2019

	(INR in lakhs)	
	FVTOCI equity securities	Surplus / (deficit) in the statement of profit and loss
Re-measurement gains on defined benefit plans	-	(39.91)
Income tax effect	-	13.95
Net (loss) on FVTOCI equity securities	(2,877.69)	-
	(2,877.69)	(25.96)

During the year ended 31 March 2018

	(INR in lakhs)	
	FVTOCI equity securities	Surplus / (deficit) in the statement of profit and loss
Re-measurement (loss) on defined benefit plans	-	63.93
Income tax effect	-	(22.34)
Net (loss) on FVTOCI equity securities	(1,373.14)	-
	(1,373.14)	41.59

31. 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 2019	31 March 2018
The principal amount and the interest due thereon remaining unpaid to any supplier:		
- Principal amount	548.47	160.15
- Interest thereon	59.88	43.36
The amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day	Nil	Nil
The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act	Nil	Nil
The amount of interest accrued and remaining unpaid	193.26	133.38
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act	59.88	43.36

Notes to the Standalone Financial Statements for the year ended 31 March 2019

32. Gratuity and other post-employment benefit plans

(INR in lakhs)

Particulars	(INR in lakhs)	
	31 March 2019	31 March 2018
- Gratuity Plan- Asset/ (Liability)*	(106.75)	57.05
- Provident Fund -Asset**	220.13	240.60
- Post Retirement Medical Benefit Plan - (Liability)	(64.63)	(54.79)
Total	48.75	242.86

* Plan assets of INR Nil (31 March 2018: INR 57.05 lakhs) have been recognised in other assets in respect of the Company.

** Plan assets of INR 220.13 lakhs (31 March 2018: INR 240.60 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 actuarial 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 2019	31 March 2018
Current service cost	127.74	124.05
Past service cost	-	-
Net interest cost	(2.57)	(3.07)
Total	125.17	120.98

(INR in lakhs)

Particulars	Post Retirement Medical Benefit Plan	
	31 March 2019	31 March 2018
Current service cost	-	-
Past service cost	-	-
Net interest cost	4.24	4.23
Total	4.24	4.23

Notes to the Standalone Financial Statements for the year ended 31 March 2019

Amount recognised in Other Comprehensive Income for the year ended (INR in lakhs)

Particulars	Gratuity	
	31 March 2019	31 March 2018
Actuarial (gain)/ loss		
- change in financial assumptions	21.86	(17.44)
- experience variance (i.e. Actual experience vs assumptions)	(27.03)	(56.90)
Return on plan assets (excluding amounts included in net interest expense)	45.08	10.41
Total	39.91	(63.93)

(INR in lakhs)

Particulars	Post Retirement Medical Benefit Plan	
	31 March 2019	31 March 2018
Re-measurement (or Actuarial) (gain) / loss arising from :		
- change in financial assumptions	-	-
- experience variance (i.e. Actual experiences assumptions)	5.60	-
Total	5.60	-

Changes in the present value of the defined benefit obligation for the year ended

Gratuity: (INR in lakhs)

Particulars	31 March 2019	31 March 2018
Opening defined obligation	2,104.59	2,194.88
Current service cost	127.74	124.05
Interest cost	164.84	162.34
Re-measurement (or Actuarial) (gain) / loss arising from :		
- change in demographic assumptions	-	0.08
- change in financial assumptions	21.86	(17.52)
- experience variance (i.e. Actual experiences assumptions)	(27.03)	(56.90)
Benefits paid	(318.74)	(273.53)
Net transfer liability in/ (out)	23.84	(28.81)
Defined benefit obligation	2,097.10	2,104.59

Provident Fund: (INR in lakhs)

Particulars	31 March 2019	31 March 2018
Opening defined obligation	12,117.81	11,521.58
Current service cost	233.41	224.20
Interest cost	933.92	971.09
Contributions by Employee / plan participants	657.67	622.67
Benefits Paid out of funds	(1,846.35)	(1,257.24)
Re-measurement (or Actuarial) (gain) / loss arising from :		
- experience variance	11.21	13.92
Settlements / transfer in	896.22	21.59
Defined benefit obligation	13,003.89	12,117.81

Notes to the Standalone Financial Statements for the year ended 31 March 2019

Post retirement Medical Benefit Plan:		(INR in lakhs)	
Particulars	31 March 2019	31 March 2018	
Opening defined obligation	54.79	50.56	
Interest cost	4.24	3.79	
Re-measurement (or Actuarial) (gain) / loss arising from :			
- change in financial assumptions	-	(0.77)	
- experience variance (i.e. Actual experiences assumptions)	5.60	1.21	
Defined benefit obligation	64.63	54.79	

Changes in the fair value of plan assets for the year ended

Gratuity:		(INR in lakhs)	
Particulars	31 March 2019	31 March 2018	
Opening fair value of plan assets	2,161.64	2,218.88	
Interest income	167.41	165.41	
Return on plan assets (excluding amounts included in net interest expense) - OCI	(45.08)	(10.41)	
Contribution by Employer	25.11	33.01	
Benefits paid	(318.73)	(245.25)	
Closing fair value of plan assets	1,990.35	2,161.64	

The Company expects to contribute INR 241.39 lakhs (31 March 2018: INR 66.62 lakhs) to gratuity fund in the next financial year.

Provident Fund:		(INR in lakhs)	
Particulars	31 March 2019	31 March 2018	
Opening fair value of plan assets	12,358.41	11,749.50	
Interest income	957.78	916.46	
Return on plan assets (excluding amounts included in net interest expense) - OCI	29.37	63.20	
Employer Contribution	233.41	224.20	
Plan participants/ Employee contribution	657.67	622.67	
Benefits paid	(1,846.35)	(1,257.24)	
Settlements / Transfer in	833.73	39.62	
Closing fair value of plan assets	13,224.02	12,358.41	

The Company expects to Contribute INR 342.33 lakhs (31 March 2018: INR 246.62 lakhs) to provident fund trust in the next financial year.

Gratuity		(INR in lakhs)	
Particulars	31 March 2019	31 March 2018	
Investment with insurer (Life Insurance Corporation of India)	1,990.35	2,161.64	

Provident Fund (Managed Through Trust)		(INR in lakhs)	
Particulars	31 March 2019	31 March 2018	
Self managed investments	13,224.02	12,358.41	

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.

Notes to the Standalone Financial Statements for the year ended 31 March 2019

Investment pattern in plan assets:

Particulars	Gratuity		Provident fund	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
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 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Discount rate (in %)	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%
Salary Escalation (in %)	9% for first 2 years and 7.5% thereafter	9% for first 2 years and 7.5% thereafter	-	-	-	-
Mortality Rate (in %)(Upto Normal Retirement Age)	100%	100%	100%	100%	100% of IALM 06-08	100% of IALM 06-08
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%	-	-

A quantitative sensitivity analysis for significant assumption for the Company are as shown below:

Gratuity Plan

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
	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

Assumptions	31 March 2018		31 March 2018		31 March 2018		31 March 2018	
	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
	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	1,985.87	2,239.42	2,233.82	1,987.83	2,104.79	2,104.26	2,104.67	2,104.51

A quantitative sensitivity analysis for significant assumption for the Company are as shown below:

Provident Fund

Assumptions	31 March 2019	
	Interest Rate Guarantee	
Sensitivity Level	1% increase	1% decrease
	INR in lakhs	INR in lakhs
Defined benefit obligation	13,623.86	12,967.20

Assumptions	31 March 2018	
	Interest Rate Guarantee	
Sensitivity Level	1% increase	1% decrease
	INR in lakhs	INR in lakhs
Defined benefit obligation	12,668.06	12,083.29

Notes to the Standalone Financial Statements for the year ended 31 March 2019

Post retirement Medical Benefit Plan

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
	INR in lakhs	INR in lakhs	INR in lakhs	INR in lakhs
Defined benefit obligation	60.85	68.65	62.82	66.45

Assumptions	31 March 2018		31 March 2018	
	Discount rate		Mortality rate (in %)	
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	51.59	58.20	53.26	56.33

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.

Maturity Profile of Defined benefit obligation:

Expected cash flows over the next (valued on undiscounted basis):

Particulars	Gratuity		Post retirement Medical Benefit Plan	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	INR in lakhs	INR in lakhs	INR in lakhs	INR in lakhs
Within the next 12 months (next annual reporting period)	472.72	428.79	6.93	5.84
Between 1 and 5 years	1,004.29	1,030.13	24.93	21.19
Between 5 and 10 years	687.11	763.04	24.16	20.94
Beyond 10 years	1,825.04	1,709.51	28.40	26.83

The average duration of the defined benefit plan obligation at the end of the reporting period is 6 years (31 March 2018: 6 years).

33. Commitments and Contingencies

A. Leases:

Operating Lease - as lessee

- i) The Company has entered into the operating leases on certain godowns, office premises, retail outlets and vehicles with lease term between 1 to 15 years and are renewable / cancellable at the option of either of parties. The Company also has the option, under some of its leases, to lease the assets for additional term of 3 to 5 years. There are no restrictions imposed by the lease arrangements. There are no subleases.

The aggregate amount of operating lease payments recognized in the statement of profit and loss (including minimum lease payment) is INR 2,641.83 lakhs (31 March 2018: INR 2,026.43 lakhs).

- ii) Future minimum rental payable under non-cancellable operating lease as at the year end are as follows:

Particulars	(INR in lakhs)	
	31 March 2019	31 March 2018
i) Lease payments for the year	50.06	77.84
ii) Payable for a period not later than one year	51.82	78.59
iii) Payable for a period later than one year and not later than 5 years	14.82	52.22
iv) Payable for the period later than 5 years	-	-

Notes to the Standalone Financial Statements for the year ended 31 March 2019

b. Contingent Liabilities:

Claims against the Company not acknowledged as debts

Particulars	(INR in lakhs)	
	31 March 2019	31 March 2018
I Demands / Claims from Government Authorities *		
(A) Demands from Income Tax Authorities		
i) Demands in respect of assessment year 2012-13 for which an appeal is pending with CIT (Appeals)	1,565.30	1,565.30
ii) Demands in respect of assessment year 2013-14 for which an appeal is pending with CIT (Appeals)	367.43	367.43
iii) Demands in respect of assessment year 2014-15 for which an appeal is pending with CIT (Appeals)	370.76	370.76
iv) TDS demand for late filling of TDS for financial year 2017-18	-	2.86
v) 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	2,388.67
(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, Andhra Pradesh towards financial year 2015-16	-	1.90
v) Demand Notice from Commercial Tax Department, Chhattisgarh towards financial year 2012-13	0.08	0.08
vi) Demand Notice from Commercial Tax Department, Jaipur towards non submission of "F Form" for the periods 2010-11, 2011-12 & 2012-13 in respect of Company	-	96.77
vii) Demand notice from Commercial Tax Department, Jaipur towards Excess Input Tax Credit availed for the periods 2011-12 & 2013-14 in respect of Company	32.10	32.10
viii) 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
ix) 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
x) Demand Notice from commercial tax department Meerut, UP towards financial year 2009-10	52.76	52.76
xi) 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
xii) 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
xiii) 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
xiv) Customs Duty Differential on finalised Bill of Entries-Dharamatar Port-Order by Deputy Commissioner of Customs(P) Alibaug Division	71.02	71.02
xv) Entry tax demand for assessment year 2012-13	0.08	0.08
xvi) Demand notice from Sales Tax Department, Baramati towards ITC claim disallowed for the period 01 April 2013 - 31 March 2014	5.50	-
xvii) 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 (Refer Note 7)	2,767.33	-
xviii) Mismatch of input credit taken in respect of sales tax Maharashtra for assessment year 2014-15	6.87	-
xix) The Company had a long term agreement for supply of water with Public Works Department (PWD), Government of Goa (GOG) dated 20 October 2006 which was valid upto 31 March 2016. Since PWD was not able to supply the daily required quantity of 10,000 M3, the Company had entered into another agreement on 28 March 2014 with Water Resource Department (WRD), GOG. Consequently, the Company had made representation for revision in the Contract with PWD, GOG for revision of minimum daily quantity from 8,500 M3 to 1,500 M3 effective 1 May 2014, however, in absence of revision in agreement PWD, GOG had continued with raising invoices with daily minimum quantity of 8,500 M3. The Company was given to understand that proposal for revision of the agreement with PWD, GOG was in active consideration, hence, Company had been paying them monthly for minimum quantity of 1,500 M3. During the financial year ended 31 March 2019, the Company has signed an agreement with PWD, GOG with reduced minimum quantity of 1,500 M3 effective 1 May 2014. The management believes that the aforesaid demand will be waived off by PWD, GOG.	-	5,451.35
xx) Demand Notice from commercial tax department Meerut, UP towards financial year 2013-14 on account of tax rate difference	16.40	-

Notes to the Standalone Financial Statements for the year ended 31 March 2019

Particulars	(INR in lakhs)	
	31 March 2019	31 March 2018
II. Other claims against the Company not acknowledged as debts*		
1) Claims against the Company not acknowledged as debts	100.01	101.24

* 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.

Particulars	(INR in lakhs)	
	31 March 2019	31 March 2018
C. Financial guarantees		
Aggregate amount of guarantees issued by the banks to various Government Authorities and Others**	2,411.55	7,902.33

** Bank guarantees of INR 2,411.55 lakhs (31 March 2018: INR 7,902.33 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.

- D.** The Company had received a demand of INR 5,293.00 lakhs (31 March 2018: INR 5,293.00 lakhs) from Gas Authority of India Limited (GAIL) toward Take or Pay obligation. Even prior to receiving this demand, the Company has represented to GAIL to reduce the annual contractual quantity based on which the Company is confident that the Take or Pay amount will be substantial lower. Further, in terms of Contract with GAIL, this Take or Pay amount can be utilised for future Make up Gas supplies. The Company is in discussion with GAIL to reduce / waive the Take or Pay charges, hence, no provision has been made for the aforesaid demand amount.
- E.** The Supreme Court of India in a judgment on Provident Fund dated 28 February 2019 addressed the principle for determining salary components that form part of Basic Salary for individuals below a prescribed salary threshold. The Company determined that they had not previously included such components in Basic Salary for such individuals. It is however unclear as to whether the clarified definition of Basic Salary would be applicable prospectively or retrospectively. The Company has made a provision on a prospective basis from the date of the Supreme Court order and is in the process of obtaining clarity on the judgment as well as determining the impact of any retrospective adjustment, if applicable.

Particulars	(INR in lakhs)	
	31 March 2019	31 March 2018
F. Commitments:		
Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances)	4,811.58	4,197.15

34. 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 exists 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

(ii) Joint ventures of the Company

- 1) Paradeep Phosphates Limited - Subsidiary of Zuari Maroc Phosphates Private Limited

(iii) Key Management Personnel of the Company

- 1) Mr. Saroj Kumar Poddar - Chairman
- 2) Mr. Sunil Sethy - Additional Director w.e.f 28 July 2017 & Managing Director w.e.f 1 August 2017
- 3) Mr. Kapil Mehan - Managing Director (upto 3 June 2017)
- 4) Mr. Sandeep Agrawal - Chief Financial Officer (upto 11 April 2019)
- 5) Mr. Samrat Sen - Chief Financial Officer (w.e.f. 12 April 2019)
- 6) Mr. R.Y. Patil - Vice President and Company Secretary
- 7) Mr. N. Suresh Krishnan - Non-Executive Director
- 8) Mr. Akshay Poddar - Non-Executive Director
- 9) Mr. Marco Wadia - Independent Director
- 10) Mr. Gopal Krishna Pillai - Independent Director
- 11) Mr. J.N. Godbole - Independent Director
- 12) Ms. Kiran Dhingra - Independent Director

Notes to the Standalone Financial Statements for the year ended 31 March 2019

(iv) 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)
- 4) Simon India Limited
- 5) Zuari Management Services Limited
- 6) Zuari Infracore 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)

(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 amongst the related parties in the ordinary course of business for the year ended :-

S. No.	Transaction details	31 March 2019			31 March 2018		
		Subsidiaries	Joint Ventures	Enterprises having Significant Influence	Subsidiaries	Joint Ventures	Enterprises having Significant Influence
1	Expenses incurred on their behalf						
	- Paradeep Phosphates Limited	-	135.24	-	-	178.92	-
	- Gobind Sugar Mills Limited	-	-	18.67	-	-	379.64
	- Mangalore Chemicals and Fertilizers Limited*	952.84	-	-	-	-	-
	- Indian Furniture Products Limited	-	-	1.19	-	-	-
2	Expenses incurred on our behalf						
	- Paradeep Phosphates Limited	-	542.75	-	-	410.12	-
	- Simon India Limited	-	-	41.75	-	-	-
	- Gobind Sugar Mills Limited	-	-	0.30	-	-	0.58
	- Mangalore Chemicals and Fertilizers Limited	1.82	-	-	2.46	-	-
3	Director deposit given						
	- Zuari Global Limited	-	-	-	-	-	1.00
4	Service charges paid						
	- Zuari Management Services Limited	-	-	703.67	-	-	101.88
	- Zuari Finserv Limited	-	-	10.09	-	-	-
5	Other income						
	- Paradeep Phosphates Limited	-	97.99	-	-	93.30	-
6	Loans/ advances given						
	- Adventz Trading DMCC	-	-	-	171.22	-	-
7	Transfer of employee benefits						
	- Paradeep Phosphates Limited	-	16.43	-	-	57.48	-
	- Mangalore Chemicals and Fertilizers Limited	-	-	-	13.21	-	-
	- Forte Furniture Products (India) Private Limited	-	-	-	-	-	4.42
	- Zuari Global Limited	-	-	8.06	-	-	-
	- Simon India Limited	-	-	6.25	-	-	-
8	Purchase of traded goods						
	- Paradeep Phosphates Limited	-	2,000.25	-	-	12,769.43	-
	- Mangalore Chemicals and Fertilizers Limited	5,692.90	-	-	4,054.02	-	-

Notes to the Standalone Financial Statements for the year ended 31 March 2019

(INR in lakhs)

S. No.	Transaction details	31 March 2019			31 March 2018		
		Subsidiaries	Joint Ventures	Enterprises having Significant Influence	Subsidiaries	Joint Ventures	Enterprises having Significant Influence
9	Purchase of raw materials						
	- Mangalore Chemicals and Fertilizers Limited	39.19	-	-	-	-	-
	- Paradeep Phosphates Limited	-	16,251.50	-	-	-	-
10	Rebate received on purchase of traded goods						
	- Mangalore Chemicals and Fertilizers Limited	71.78	-	-	-	-	-
	- Paradeep Phosphates Limited	-	2.15	-	-	270.95	-
11	Sale of finished goods						
	- Gobind Sugar Mills Limited	-	-	353.03	-	-	-
	- Mangalore Chemicals and Fertilizers Limited	4,579.11	-	-	3,685.08	-	-
	- Paradeep Phosphates Limited	-	23,383.54	-	-	-	-
12	Purchase of fixed assets						
	- Indian Furniture Products Limited	-	-	240.09	-	-	189.20
	- Forte Furniture Products (India) Private Limited	-	-	1.00	-	-	0.90
13	Interest paid						
	- Gobind Sugar Mills Limited	-	-	-	-	-	0.04
	- Paradeep Phosphates Limited	-	1,605.60	-	-	254.20	-
	- Mangalore Chemicals and Fertilizers Limited	642.65	-	-	269.93	-	-
14	Interest income on loan/ deposit/ trade receivable						
	- Gobind Sugar Mills Limited (net of reversal of interest income of INR 125.57 lakhs (31 March 2018: Nil))	-	-	(46.10)	-	-	119.66
	- Paradeep Phosphates Limited	-	247.78	-	-	-	-
	- Adventz Trading DMCC	24.36	-	-	11.95	-	-
	- Zuari Global Limited	-	-	133.61	-	-	-
	- Indian Furniture Products Limited	-	-	83.08	-	-	-
15	Service income received						
	- Paradeep Phosphates Limited	-	245.40	-	-	108.34	-
16	Rent paid						
	- Zuari Global Limited	-	-	44.43	-	-	42.17
	- Zuari Infraworld India Limited	-	-	39.03	-	-	41.99
	- Gobind Sugar Mills Limited	-	-	2.40	-	-	2.16
17	Dividend paid						
	- Zuari Global Limited	-	-	-	-	-	84.12
	- Zuari Management Services Limited	-	-	-	-	-	50.79
18	Dividend received						
	- Mangalore Chemicals and Fertilizers Limited	628.43	-	-	314.22	-	-
19	Contribution to gratuity fund	-	-	25.11	-	-	33.01
20	Contribution to superannuation fund	-	-	151.58	-	-	169.37
21	Contribution to provident fund (including employees contribution)	-	-	891.07	-	-	846.87
22	Contribution to contributory pension fund (including employees contribution)	-	-	90.92	-	-	108.59
23	Accrued service income						
	- Zuari Indian Oiltanking Private Limited	-	-	-	-	-	4.12

* includes INR 939.43 lakhs paid to the Company (Refer Note 53)

Notes to the Standalone Financial Statements for the year ended 31 March 2019

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 2019, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2018: INR Nil).

Compensation of key management personnel of the Company**

	31 March 2019 (INR in lakhs)	31 March 2018 (INR in lakhs)
Short-term employee benefits	309.56	329.86
Retirement benefits	15.50	14.54
Sitting Fee	37.75	30.45
Total compensation paid to key management personnel	362.81	374.85

**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 provided 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)

S. No.	Transaction details	31 March 2019			31 March 2018		
		Subsidiaries	Joint Ventures	Enterprises having Significant Influence	Subsidiaries	Joint Ventures	Enterprises having Significant Influence
1	Loan given :						
	- Adventz Trading DMCC	181.68	-	-	171.22	-	-
2	Trade payables :						
	- Mangalore Chemicals and Fertilizers Limited	6,486.07	-	-	799.93	-	-
	- Gobind Sugar Mills Limited	-	-	-	-	-	-
	- Paradeep Phosphates Limited	-	30,107.31	-	-	10,809.89	-
	- Forte Furniture Products (India) Private Limited	-	-	-	-	-	0.90
	- Zuari Global Limited	-	-	4.64	-	-	-
	- Zuari Finserv Limited	-	-	0.20	-	-	0.20
	- Simon India Limited	-	-	48.00	-	-	-
	- Zuari Management Services Limited	-	-	73.15	-	-	-
	- Zuari Infraworld India Limited	-	-	3.83	-	-	-
3	Interest payable :						
	- Mangalore Chemicals and Fertilizers Limited	623.00	-	-	44.62	-	-
	- Paradeep Phosphates Limited	-	1,605.60	-	-	-	-
4	Trade receivable/ Other receivable :						
	- Gobind Sugar Mills Limited	-	-	723.31	-	-	989.24
	- Mangalore Chemicals and Fertilizers Limited	-	-	-	613.59	-	-
	- Paradeep Phosphates Limited	-	1.80	-	-	-	-
5	Advances recoverable :						
	- Adventz Trading DMCC	-	-	-	0.42	-	-
	- Indian Furniture Products Limited	-	-	-	-	-	700.00
	- Zuari Infraworld India Limited	-	-	-	-	-	1.34
	- Zuari Global Limited	-	-	-	-	-	4.90
6	Interest accrued/received on loan/deposit/ trade receivable :						
	- Gobind Sugar Mills Limited	-	-	24.23	-	-	289.08
	- Paradeep Phosphates Limited	-	247.79	-	-	-	-
	- Adventz Trading DMCC	36.31	-	-	11.95	-	-

Notes to the Standalone Financial Statements for the year ended 31 March 2019

(INR in lakhs)

S. No.	Transaction details	31 March 2019			31 March 2018		
		Subsidiaries	Joint Ventures	Enterprises having Significant Influence	Subsidiaries	Joint Ventures	Enterprises having Significant Influence
7	Capital advance :						
	- Zuari Global Limited	-	-	3,209.13	-	-	3,209.13
	(Advance for purchase of Land)						
	- Indian Furniture Products Limited	-	-	737.11	-	-	-
8	Security deposits given :						
	- Zuari Infracore India Limited	-	-	29.33	-	-	29.33
9	Advance given for income tax liability :						
	- Zuari Global Limited	-	-	1,708.35	-	-	2,533.85
10	Payable toward capital goods :						
	- Indian Furniture Products Limited	-	-	-	-	-	89.13
	- Forte Furniture Products (India) Private Limited	-	-	1.00	-	-	-
11	Advance from customers						
	- Mangalore Chemicals and Fertilizers Limited	413.69	-	-	-	-	-
	- Paradeep Phosphates Limited	-	10,734.34	-	-	-	-
12	Trade deposit received :						
	- Gobind Sugar Mills Limited	-	-	0.50	-	-	0.50
13	Gratuity fund balance :						
		-	-	1,990.35	-	-	2,161.64
14	Provident fund balance* :						
		-	-	13,224.02	-	-	12,358.41

*Includes amount contributed by Zuari Global Limited (related party of the Company).

35. 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 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 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 206,252.24 lakhs (31 March 2018 : INR 198,620.70 lakhs) arising from sales in the fertilizers segment.

36 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)

Particulars	Carrying value		Fair value	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Financial assets				
Investments:				
Investment in quoted equity share at FVTOCI	2,226.47	4,985.37	2,226.47	4,985.37
Investment in unquoted equity share at FVTOCI	1,153.44	1,272.24	1,153.44	1,272.24
Others:				
Loans and advances to related parties and interest thereon	217.99	883.17	217.99	883.17
Employee loans and interest thereon	69.92	113.35	69.92	113.35
Security deposits	485.63	524.26	485.63	524.26
Foreign exchange forward covers	116.25	300.24	116.25	300.24
Claims receivable	2,526.30	4,708.40	2,526.30	4,708.40
Packing scheme incentive grant receivable	91.11	91.11	91.11	91.11
Other financial assets	10,705.00	16,828.75	10,705.00	16,828.75
Total financial assets	17,592.11	29,706.89	17,592.11	29,706.89

Notes to the Standalone Financial Statements for the year ended 31 March 2019

(INR in lakhs)

Particulars	Carrying value		Fair value	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Financial Liabilities				
Borrowings				
Long term borrowings	84,867.71	43,823.81	84,867.71	43,823.81
Short term borrowings	267,256.85	270,154.45	267,256.85	270,154.45
Others:				
Foreign exchange forward covers	3,443.90	244.91	3,443.90	244.91
Payable towards voluntary retirement scheme	93.64	111.61	93.64	111.61
Other financial liabilities	17,186.82	11,442.46	17,186.82	11,442.46
Total financial liabilities	372,848.92	325,777.24	372,848.92	325,777.24

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.

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:

- 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.
- 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.
- 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.
- 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 2019 & 31 March 2018 are as shown below:

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
As on March 31, 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.
As on March 31, 2018				
Investment in Unquoted equity share of Indian Potash Limited	DCF Method	WACC and Long Term Growth Rate (LTGR)	WACC 11.61% & LTGR 4%	Increase in WACC and decrease in LTGR by 0.50% would result in decrease in fair value by INR 24.48 lakhs and decrease in WACC and increase in LTGR by 0.50% would result in increase in fair value by INR 28.08 lakhs respectively.

Reconciliation of fair value measurement of unquoted equity shares classified as FVTOCI assets:

(INR in lakhs)

As at 31 March 2017	1,370.80
Re-measurement loss recognised in OCI	(98.56)
Purchases	-
Sales	-
As at 31 March 2018	1,272.24
Re-measurement loss recognised in OCI	(118.80)
Purchases	-
Sales	-
As at 31 March 2019	1,153.44

Notes to the Standalone Financial Statements for the year ended 31 March 2019

37 Fair value measurements

(i) Financial instruments by category

(INR in lakhs)

	31 March 2019			31 March 2018		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
Financial assets						
Investments-						
Investment in quoted equity share at FVTOCI	-	2,226.47	-	-	4,985.37	-
Investment in unquoted equity share at FVTOCI	-	1,153.44	-	-	1,272.24	-
Loans and interest thereon	-	-	287.91	-	-	1,935.95
Security deposits	-	-	485.63	-	-	524.26
Trade receivables	-	-	240,865.99	-	-	220,354.00
Cash and cash equivalents	-	-	709.45	-	-	3,349.40
Bank balances other than above	-	-	2,653.84	-	-	1,305.51
Foreign exchange forward covers	116.25	-	-	300.24	-	-
Other financial assets	-	-	13,322.41	-	-	20,688.83
Total Financial assets	116.25	3,379.91	258,325.23	300.24	6,257.61	248,157.95
Financial liabilities						
Borrowings	-	-	352,124.56	-	-	313,978.26
Trade payables	-	-	149,693.06	-	-	92,100.19
Foreign exchange forward covers	3,443.90	-	-	244.91	-	-
Payable for capital goods	-	-	1,067.38	-	-	199.87
Others	-	-	16,213.08	-	-	11,354.20
Total Financial liabilities	3,443.90	-	519,098.08	244.91	-	417,632.52

(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 2019:

(INR in lakhs)

Particulars	Date of Valuation	Total	Fair value measurement using		
			Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
			(Level 1)	(Level 2)	(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.

Notes to the Standalone Financial Statements for the year ended 31 March 2019

Quantitative disclosures fair value measurement hierarchy for liabilities as at 31 March 2019:

(INR in lakhs)

Particulars	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	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.

Quantitative disclosures, fair value measurement hierarchy for assets as at 31 March 2018:

(INR in lakhs)

Particulars	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)
Assets measured at fair value:					
Investment in quoted equity share at FVTOCI	31 March 2018	4,985.37	4,985.37	-	-
Investment in unquoted equity share at FVTOCI	31 March 2018	1,272.24	-	-	1,272.24
Assets for which fair values are disclosed					
Loans and advances to related parties and interest thereon	31 March 2018	883.17	-	883.17	-
Employee loans and interest thereon	31 March 2018	113.35	-	113.35	-
Security deposits	31 March 2018	524.26	-	524.26	-
Foreign exchange forward covers	31 March 2018	300.24	-	300.24	-
Claims receivable	31 March 2018	4,708.40	-	4,708.40	-
Packing scheme incentive grant receivable	31 March 2018	91.11	-	91.11	-
Other financial assets	31 March 2018	16,828.75	-	16,828.75	-

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 2018:

(INR in lakhs)

Particulars	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 2018	244.91	-	244.91	-
Liabilities for which fair values are disclosed					
Long term borrowings	31 March 2018	43,823.81	-	43,823.81	-
short term borrowings	31 March 2018	270,154.45	-	270,154.45	-
Payable towards voluntary retirement scheme	31 March 2018	111.61	-	111.61	-
Other financial liabilities	31 March 2018	11,442.46	-	11,442.46	-

There have been no transfers between level 1, level 2 and level 3 during the year.

Notes to the Standalone Financial Statements for the year ended 31 March 2019

38 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 2019 and 31 March 2018.

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 2019 and 31 March 2018.

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.

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:

Particulars	(INR in lakhs)	
	Increase/ decrease in basis points	Effect on profit before tax
For the year ended 31 March 2019		
INR Borrowings	+50	(738.28)
USD Borrowings	+50	-
INR Borrowings	-50	738.28
USD Borrowings	-50	-
For the year ended 31 March 2018		
INR Borrowings	+50	(1,146.81)
USD Borrowings	+50	(373.08)
INR Borrowings	-50	1,146.81
USD Borrowings	-50	373.08

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.

Notes to the Standalone Financial Statements for the year ended 31 March 2019

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 March 31, 2019 **(INR in lakhs)**

Particulars	Change in foreign currency rate	Effect on profit before tax
USD	+5%	(2,834.47)
	-5%	2,834.47

For the year ended March 31, 2018 **(INR in lakhs)**

Particulars	Change in foreign currency rate	Effect on profit before tax
USD	+5%	(2,374.89)
	-5%	2,374.89

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 1,153.44 lakhs (31 March 2018: INR 1,272.24 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 2,226.47 lakhs (31 March 2018: INR 4,985.37 lakhs). A decrease of 5% on the BSE market price could have an impact of approximately INR 111.32 lakhs (31 March 2018: INR 249.27 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 2019, 12.87% (31 March 2018: 17.08%) of the Company's trade receivables from customers 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.

Notes to the Standalone Financial Statements for the year ended 31 March 2019

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. 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 399.74 lakhs as at 31 March 2019 (31 March 2018: INR 401.39 lakhs).

Set out below is the information about the credit risk exposure of the Company's trade receivables and contract asset using provision matrix:

	Contract Asset ECL Rate	<1 Yr 0.39%	1-2 Yr 0.69%	2-3 Yr 1.06%	3-4 Yr 3.35%	4-5 Yr 3.44%	>5 Yr 100.00%	Grand Total
31 March 2019	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
	ECL Rate	0.23%	0.38%	0.87%	1.17%	8.17%	100.00%	
31 March 2018	Estimated total gross carrying amount at default	22,645.87	16,518.70	11,770.38	697.04	447.41	647.07	52,726.47
	ECL- simplified approach	53.00	63.35	102.71	8.15	36.56	647.07	910.84
	Net carrying amount	22,592.87	16,455.35	11,667.67	688.89	410.85	-	51,815.63

Reconciliation of provision for doubtful debts, loans, other financial assets and other advances falling under stage 3 of impairment testing:

(INR in lakhs)

Particulars	Trade receivables	Loans (Refer Note 53)	Other financial assets	Other advances	Total
Provision as on 1 April 2017:	504.39	-	-	55.78	560.17
Add: Provision made during the year	477.80	1,393.54	-	0.32	1,871.66
Less: Provision utilized/ reversed during the year	(71.35)	-	-	-	(71.35)
Provision as on 31 March 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/ reversed during the year	(42.88)	-	-	-	(42.88)
Provision as on 31 March 2019:	1,818.74	1,393.54	1,755.68	1,484.25	6,452.21

Reconciliation of impairment allowance on investment in equity securities at fair value through profit and loss (FVTPL):

Particulars	Amount (INR in lakhs)
Impairment allowance as on 1 April 2017:	-
Add: Provision made during the year	1,161.76
Less: Provision utilized during the year	-
Impairment allowance as on 31 March 2018:	1,161.76
Add: Provision made during the year	-
Less: Provision reversed during the year	(1,161.76)
Impairment allowance as on 31 March 2019:	-

Notes to the Standalone Financial Statements for the year ended 31 March 2019

b) Financial Instrument 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 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
Year ended 31 March 2018					
Borrowings	281,635.88	21,488.27	10,854.11	-	313,978.26
Other financial liabilities	11,474.10	79.97	-	-	11,554.07
Trade and other payables	92,100.19	-	-	-	92,100.19
Foreign exchange forward covers	244.91	-	-	-	244.91
	385,455.08	21,568.24	10,854.11	-	417,877.43

39. 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 2019	31 March 2018
Total Borrowings (Refer Note 12A & Note 12B)	352,124.56	313,978.26
Trade payables (Refer Note 13)	149,693.06	92,100.19
Other payables (Refer Note 14)	20,724.36	11,798.98
Less: Cash and cash equivalents (Refer Note 10)	(709.45)	(3,349.40)
Net debts	521,832.53	414,528.03
Total Equity	43,365.66	67,384.21
Capital and net debt	565,198.19	481,912.24
Gearing ratio %)	92.33%	86.02%

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 2019 and ended 31 March 2018.

Notes to the Standalone Financial Statements for the year 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 (INR 370.00 lakhs) 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 2018, the lender had not charged any penal interest on such breach of covenants and had not withdrawn the facility. The management is in the process of obtaining the waiver for the breach of covenants from the lender. Considering that no penal interest were charged in the previous year, the management is confident that no penal interest would be charged by the lender for the current financial year, thereby, the management has not provided for any penal interest in the 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 (INR 150.00 lakhs) till time such breach is cured.	The Company is in discussions with the lender to get a waiver of such breach of covenants and the management is hopeful of receiving the waiver. Accordingly no provision for penal interest is made in the financial statements.
RBL Bank	Term loan to EBITDA ratio, debt service 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 2019.	Bank reserve the right to cancel the facility and charge 1% per annum (INR 94.45 lakhs) 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 2018, the lender had not charged any penal interest on such breach of covenants and had not withdrawn the facility. The Company has received waiver from the lender for year ended 31 March 2018 for such breach of covenants, hence, no provision for penal interest is made in the 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 2019.	Bank reserve the right to discontinue the facility and charge 2% per annum (INR 260.00 lakhs) 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 2018, the lender had not charged any penal interest on such breach of covenants and had not withdrawn the facility. The Company has received waiver from the lender for year ended 31 March 2018 for such breach of covenants, hence, no provision for penal interest is made in the financial statements."

In case of one lender i.e. ICICI Bank Limited though the Company is not in compliance with certain covenants as at 31 March 2019, the same are not due for testing and the management believes that these would be cured in the coming quarters and the Company would be able to meet all these covenants as they are due for testing at 30 September 2020.

Notes to the Standalone Financial Statements for the year ended 31 March 2019

40. 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:

S. No.	Name of the Borrower	Rate of Interest	Secured/ Unsecured	Due Date	Purpose	31 March 2019	31 March 2018
1	Adventz Trading DMCC	13.25%	Unsecured	3 years from the date of disbursement	General business purpose	181.68	171.22

For further details of loans, Refer Note 6B.

(ii) Details of Investments made are given under Note 6A.

- 41 a. 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 3,043.72 lakhs (upto 31 March 2018 : INR 3,043.72 lakhs) relating to Urea. Also, the Company has receivable of INR 2,910.62 lakhs (31 March 2018 : 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 the process of raising the bills, the amount of INR 5,954.34 lakhs (31 March 2018 : INR 5,954.34 lakhs) is still pending for collection. The Company is hopeful to realize the above entire amount of INR 5,954.34 lakhs (31 March 2018 : INR 5,954.34 lakhs).

- b. Based on Department of Fertilizers (DoF) notification no. 12012/3/2010 - FPP dated 2 April 2014, the Company has accrued subsidy income of INR 9,788.78 lakhs for the period from 01 April 2014 to 31 March 2019 (upto 31 March 2018: INR 7,792.28 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. The DoF is yet to issue notification for claiming above reimbursements. The matter of delay in issuing of such notification by DoF has been raised by the Industry as a whole to the Government of India.

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 next financial year.

- 42 The Company is carrying receivable of INR 1,596.53 lakhs (31 March 2018: INR 2,203.93 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, during the current financial year, the Company has booked an impairment loss of INR 611.31 lakhs (31 March 2018: INR 317.19 lakhs) on the receivable in the Statement of Profit and Loss. The Company is hopeful to recover the said amount although the supplier has not confirmed the receivable amount.

- 43 The Company is carrying a receivable of INR 1,949.03 lakhs (31 March 2018: 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 relevant district during the months of February 2013 and March 2013 in different year since 2012-13, as the rates fixed for the next financial year which were lower than the rate approved by cabinet /CCEA (cabinet committee on economic affairs) 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, NBS rates of 2013 should be applicable. The Company has also filed writ petition at Hon'ble High Court of Delhi against Department of Fertilizer to recover this amount. The Company based on legal opinion, is hopeful to realize the aforesaid amount, hence, no provision has been made in the accounts.

- 44 The 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 Company is entitled to:

- Electricity Duty exemption for a period of 15 years from the date of commercial production.
- 25% refund of annual VAT and CST liability (after set-off) on sale of manufactured goods.

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 102.34 lakhs as at 31 March 2019 (31 March 2018: INR 119.39 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 current year, INR 17.05 lakhs (31 March 2018: 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 period as a reduction from the electricity charges (i.e. the electricity charges recognised in Note 27 are considered net of electricity duty as per payments made to the electricity board).

Notes to the Standalone Financial Statements for the year ended 31 March 2019

45 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 INR 3,212.39 lakhs (31 March 2018: INR 3,212.39 lakhs) in earlier years. The same have been carried forward pending decision on issue of shares to the Company in the proposed Joint Venture project. The JV Company has been incorporated and definitive agreement between the shareholders have been completed. 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. The JV agreement also provides for the re-imbursalment of these expenses by the JV Company which have been approved by the JV Company. The Company has made a best estimate of recovery of these amounts and has made a provision of INR 1,399.07 lakhs (31 March 2018: INR Nil) during the year.

46 In respect of the Company's investment of INR 11,943.47 lakhs (31 March 2018: 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 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 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. The matter was heard on 13 August 2018 and the Company has been advised that an order has been passed by the High Court of Singapore 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 not considered any impairment loss till the time of finalization of the financial statements for the year ended 31 March 2018. During the quarter ended 30 June 2018, the Company has assessed the fair value of the said investment based on the fair valuation done by an independent valuer and have concluded that the impairment loss was required to be recognised. Accordingly, the Company recognized an impairment loss of INR 1,161.76 lakhs in the financial statements and the figures for the year ended 31 March 2018 have been appropriately restated and disclosed under exceptional items as per Ind AS 8 "Accounting Policies, Change in Accounting Estimates and Errors".

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 2018 (Restated)	3,912.63	3,033.41	7.21	1,701.86	88,551.11	63,178.41
Year Ended 31 March 2018 (Published)	5,074.39	4,195.17	9.97	2,863.62	89,712.87	64,340.17

*Basic & diluted

The Company has also initiated arbitration proceedings against the JV partner in accordance with the arbitration rules of the International Chamber of Commerce (ICC) and has also moved application seeking interim relief with ICC for continuation of the reliefs granted by the High Court of Singapore. The ICC, vide its order on application for interim relief dated 4 December 2018, 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. Basis the Company's discussions with its counsel for the arbitration, the Company is confident that the reliefs sought by the Company in its claim will be awarded in its favour by the arbitration tribunal constituted by ICC.

For the year ended 31 March 2019, as per the requirement of arbitration proceedings, the Company has got the valuation of MCAP investment in Fosfatos del Pacifico S.A (FDP), the mining project company, done by an independent valuer, which indicates a value higher than the carrying value of investment in the books of the Company. Based on the report of the independent valuer and expected positive outcome of the arbitration, as advised by its legal counsel, impairment loss of INR 1,161.76 lakhs recognized for the year 31 March 2018 has been reversed in the current year and disclosed as exceptional income.

Notes to the Standalone Financial Statements for the year ended 31 March 2019

The following assumptions has been considered by the independent valuers. In the valuation done for the respective year:

Valuation methodology	DCF analysis	DCF analysis
Valuation Date	31 March 2019	31 March 2018
Going concern	The business of the joint venture will continue to operate as going concern which will enable the achievement of financial forecast	The business of the joint venture will continue to operate as going concern which will enable the achievement of financial forecast
Period of cash flows	~ 40 years of operation CY 2020 to CY 2060	~ 84 years of operation CY 2019 to CY 2106
Measured mine resources	546 Million tons	546 Million tons
Annual planned production	2.5 Million tons	2.5 Million tons
Commencement of full commercial production	CY 2024	CY 2023
Capital expenditure (Capex)	US \$ 831 Million	US \$ 831 Million
Sustaining capex	US\$ 252 Million	US\$ 252 Million
Replacement capex	Replacement capex of machinery in financial year 2043 and 2063	Replacement capex of machinery in financial year 2043 and 2063
Debt : Equity	03:17	01:01
Weighted average cost of capital	8.40%	14.10%
Valuation results	Cash flows - US\$ - 257.00 Million (100% Fospac equity value) Company's 9% stake value - US\$ 23.13 Million Total Investment value of the Company - US\$ 16.54 Million	A. Primary cash flows value - US\$ - 91.60 Million (100% Fospac equity value) Company's 9% stake value - US\$ 8.24 Million B. Secondary cash flow - Value of savings for the Company on account of marketing discount @ 2% - US\$ 8.30 Million Total Investment value of the Company - US\$ 16.54 Million
Rock phosphate realisation	As per ARGUS weekly reports for India	As per ARGUS forecast of June/July 2018

- 47 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.
- 48 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.
- 49 The Company is in the process of identifying name of the customers from whom it has received money and such collections of INR 103.61 lakhs (31 March 2018: INR 128.98 lakhs) are lying under unadjusted credits, although adjusted from the overall balance of trade receivable. Further, the balance of individual customers are subject to confirmation/ reconciliation. The adjustments, if any, which in the opinion of the management, would not be material, would be made once these accounts are confirmed/ reconciled.
- 50 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, for 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.

The Company has also paid INR 3,209.13 lakhs in financial year 2016-17 as advance to ZGL for purchase of two pieces of land in Solapur district. The Company has taken possession of the land and is in the process of getting it registered in name of the Company.

- 51 During the current year, the Company has suffered a loss of INR 21,114.90 lakhs, hence the approval of shareholders will be obtained at the ensuing Annual General Meeting, pursuant to the requirements of section II of Part- II of Schedule V of the Companies Act, 2013 for the remuneration paid to Managing Director for the financial Year 2018-19.

Pursuant to amended section 197(17) of the Companies Act, 2013 which was notified on 12 September 2018, any application made to the Central Government under the provisions of this section [as it stood before such commencement], which is pending with the Government shall abate, and the company shall, within one year of such commencement, obtain the approval in accordance with the provisions of this section, as so amended. Similarly, the application made by the Company for waiver of recovery of excess remuneration paid to Managing Director of the Company amounting to INR 149.82 lakhs for the year ended 31 March 2016 stands abated and the approval of shareholders will be obtained at the ensuing Annual General Meeting of the Company.

Notes to the Standalone Financial Statements for the year ended 31 March 2019

- 52 (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 Share Holders 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 is pending for final arguments.
- (b) Mangalore Chemicals and Fertilizers Limited (MCFL), a subsidiary Company had engaged an accredited independent firm to carry out a forensic investigation into transactions in relation to the investment of INR 20,000.00 lakhs (31 March 2018: INR 20,000.00 lakhs) in the preference shares of Bangalore Beverages Limited (BBL) and advances of INR 1,668.20 lakhs (31 March 2018: INR 1,668.20 lakhs) made to United Beverages Holding Limited (UBHL) aggregating to INR 21,668.20 lakhs which had duly been provided for in the books of MCFL in an earlier year. Based on their report, Zuari Fertilisers and Chemicals Limited (ZFCL), the then holding Company of MCFL, had approached the National Company Law Tribunal in Bangalore to obtain accountability of the UB Group for the irregularities. Since, UBHL has been declared to be wound up by the High Court of Karnataka vide order dated 7 February 2017, ZFCL made an application before the High Court of Karnataka. ZFCL's application for permission to proceed against UBHL in the NCLT proceedings has been allowed by the High Court on 20 April 2017. The matter has been taken up for hearing on several occasions, the official liquidator has been made party to the proceedings pursuant to the order of the High Court and has been served. The NCLT has directed the official liquidator to file a reply to the main petition. The official liquidator has not yet filed a reply. The matter is fixed on 27 June 2019 for further hearing.

- 53 While confirming the balance due from McDowell 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 & Fertilisers Limited (MCFL). During the previous year, 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 current year, the Company has 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, the matter is adjourned to 27 May 2019. In the meantime and pending the outcome of the petition, MHL has approached the Company to settle the pending dispute. MHL and the Company have executed a Letter of Intent dated 2 May 2019, laying down the key terms of settlement. The parties will further execute a settlement agreement to this effect.

54 Amalgamation

- I. Pursuant to the Scheme of Amalgamation ["the Scheme"] under Section 391 to 394 of the Companies Act 1956 among the Company and its erstwhile wholly owned subsidiary companies, namely Zuari Fertilizers and Chemicals Limited ("ZFCL"), Zuari Speciality Fertilisers Limited ("ZSFL") and Zuari Agri Sciences Limited ("ZASL"), [Transferor Companies] approved by Hon'ble National Company Law Tribunal, Mumbai Bench ("NCLT") vide its order dated 14 September 2017, the Transferor Companies stand merged with the Company w.e.f. 1 April 2015 (the appointed date). A certified true copy of the Order has been received by the Transferor Companies and the Company on 7 November 2017 and the Company has filed the order with the Registrar of Companies (ROC), Goa.

In terms of the NCLT order, the Scheme of Amalgamation is effective from 13 November 2017, the date on which the order was filed with the ROC, Goa.

With effect from the appointed date, all the business undertakings, assets, liabilities, rights and obligations of the Transferor Companies stood transferred to and vested in the Company.

- II. Since ZFCL and ZASL were the entities under the common control, the amalgamation has been accounted for in terms of 'Appendix C' of Indian Accounting Standard 103 (Ind AS 103) by applying "pooling of interest" method of accounting on the appointed date, where in all the assets and the liabilities of the Transferor companies have been accounted for at their book values as appearing in the books as on appointed date i.e. 1 April 2015.

Further, accounting for amalgamation for ZSFL has been done as per "acquisition method" as prescribed in Indian Accounting Standard 103 (Ind AS 103) where in all the assets and liabilities of ZSFL have been accounted for at their book values as appearing in the books as on appointed date i.e. 1 April 2015 as per the scheme of Amalgamation. The difference in the value of assets and value of the liabilities pertaining to transferred undertaking of ZSFL has been treated as Goodwill (Also refer IV (b) below).

- III. Pursuant to the Scheme of Amalgamation approved by the NCLT, all assets and liabilities of the transferor Company are transferred to the transferee Company and all inter-company transactions are eliminated. However, no elimination of inter-company transactions has been made for transactions entered upto 31 March 2015.

Notes to the Standalone Financial Statements for the year ended 31 March 2019

Therefore in accordance with the NCLT order, the Company has accounted for as under :

(INR in lakhs)			
Particulars	ZASL	ZFCL	ZSFL
Assets			
Property, plant and equipment	186.12	391.68	1,475.05
Capital work-in progress	-	6,793.73	-
Investment property	-	362.29	-
Intangible assets	427.19	-	0.09
Non-current Financial Assets			
Investments	-	16,938.34	-
Loans	21.16	4.75	4.15
Others	12.47	-	76.21
Other non-current assets	-	4,592.39	-
Tax assets (Net)	1.84	44.83	18.81
Inventories	2,586.10	1,831.83	720.04
Current financial assets			
Loans	-	2,027.80	-
Trade receivables	1,588.15	266.77	1,253.74
Cash and cash equivalents	450.06	130.25	31.03
Other bank balances	-	405.00	-
Others	0.47	-	51.52
Other current assets	96.28	101.11	20.70
Total	5,369.84	33,890.77	3,651.34

(INR in lakhs)			
Particulars	ZASL	ZFCL	ZSFL
Liabilities			
Non-Current Financial Liabilities			
Borrowings	258.77	21,697.73	-
Other non-current liabilities	-	-	143.51
Long term provisions	-	26.29	2.94
Deferred tax liabilities (net)	-	-	12.78
Current liabilities			
Borrowings	1,481.24	1,712.00	1,619.87
Trade payables	1,121.02	2,377.99	834.90
Other	1,186.25	2,725.00	13.08
Other current liabilities	1,310.67	564.95	59.39
Short term provisions	83.83	61.17	3.40
Total	5,441.78	29,165.13	2,689.87
Net Assets / (Liabilities) taken over	(71.94)	4,725.64	961.47

- IV. (a) Two of the transferor companies (i.e ZASL & ZFCL) were wholly owned subsidiaries of the Company and their entire share capital were held by the Company and its nominees. Upon the Scheme becoming effective, the shares held by the Company and its nominees in the Transferor Companies stands cancelled and extinguished without any further application, act, instrument or deed and no shares shall be issued to the shareholders of the Transferor Companies.
- (b) One of the transferor Company i.e ZSFL, became wholly owned subsidiary of the Company upon acquiring balance equity shares on 11 December 2015 held by joint venture partner i.e Rotem Amfert Negev Limited. Upon the Scheme becoming effective, the difference between the amount of consideration paid and book value of those equity shares has been treated as goodwill. Further, the Company has credited a sum of INR 96.99 lakhs towards the share of loss of joint venture partner till the date of acquiring shares from 1 April 2015.

Notes to the Standalone Financial Statements for the year ended 31 March 2019

- V.** As per the Scheme of Amalgamation, the authorized share capital of the Company will automatically increase by the authorized share capital of Transferor Companies without any further act or deed on the part of the Company on the effective date as defined in the Scheme. In order to intimate the ROC, Goa regarding the Scheme and to get its authorised share capital increased as per the Scheme, the Company has filed E Form INC-28 on 13 November 2017.
- VI.** As per the Scheme, during the period between the Appointed date and the Effective date, the Transferor Companies have carried on the business in "trust" on behalf of the Company. Further, all profits or incomes earned and losses and expenses incurred by the Transferor Companies during the period, for all purposes, is profits or income or expenditure or losses of the Company.
- VII.** The title deeds for immovable properties, licenses, agreements, bank accounts, loan documents etc. of the Transferor Companies are in the process of being transferred in the name of the Company.

- 55** Disclosure pursuant to Ind AS-8 "Accounting Policies, change in accounting estimates and errors" (specified under Sec 133 of the Companies Act 2013, read with rule 7 of Companies (Accounts) Rules, 2015) are given below

Particulars	Nature	Note	(INR in lakhs)			
			31 March 2018		1 April 2017	
			(Restated)	(Published)	(Restated)	(Published)
Income tax assets (net)	Reclassification Items	17A	6,654.10	5,178.06	6,716.18	6,707.08
Other current financial assets	Reclassification Items	6C	19,269.45	30,081.98	N.A.	N.A.
Other current assets	Reclassification Items	7	17,464.77	6,652.24	N.A.	N.A.
Trade Receivables	Reclassification Items	9	220,354.00	223,375.34	218,729.74	221,072.10
Trade Payables	Reclassification Items	13	92,100.19	95,121.53	58,003.45	60,345.81
Liabilities for current tax (net)	Reclassification Items	17A	1,476.04	-	9.10	-

Also refer Note 46 for a specific matter as more fully described including its impact on the disclosure pursuant to Ind AS-8 "Accounting Policies, change in accounting estimates and errors" (specified under Sec 133 of the Companies Act 2013, read with rule 7 of Companies (Accounts) Rules, 2015).

The above reclassification in the previous year's published numbers have been made for better presentation in the financial statements and to confirm to the current year's classification/disclosure. This does not have any impact on the profit and hence, no change in the basic and diluted earning per share of previous year.

- 56** The Company is in the business of manufacturing and trading of various types of fertilizer products and earns concession (subsidy) income as per the New Pricing Scheme for Urea and as per Nutrient Based Subsidy Policy for Phosphatic and Potassic (P&K) fertilizers from the Department of Fertilizers (DoF). The Direct Benefit Transfer (DBT) for subsidy income was rolled out by DoF during the year 2016-17 and by February 1, 2018 was on a pan India basis. The DBT system entails payment of subsidy to fertilizer manufacturing/importing companies on the basis of actual sales by the retailer to the beneficiary. 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. To meet the short term working capital requirements the Company obtains short-term loans from banks/other lenders. The Company also incurred cash losses during the year which was mainly driven by the agri-stress prevalent in certain parts of its operating territories resulting in inability of the Company to pass on the increase in raw material prices to farmers along with a two-month long shutdown undertaken at the urea plant for completion of certain activities requiring certain investments in the plant for energy saving during the year. The management has assessed the financial position of the Company considering its business projections including transforming certain short-term loans to long-term debt to repay its committed liabilities in the near future. Considering the strength of the Company's business plans and future outlook as assessed by the management, the management is confident that it will be able to realize its assets and discharge its liabilities in the normal course of business.

57 Events after the reporting period

There are no significant events that occurred after the reporting period.

As per our report of even date

For S.R. Batliboi & Co. LLP

Chartered Accountants
Firm's Registration No.301003E/E300005

per **Vishal Sharma**

Partner
Membership Number : 96766

Place: Gurugram
Date: May 15, 2019

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

S. K. Poddar

Chairman
DIN: 00008654

Samrat Sen

Chief Financial Officer

Place: Gurugram
Date: May 15, 2019

Sunil Sethy

Managing Director
DIN: 00244104

R.Y. Patil

Vice President & Company Secretary
FCS: 2845

Marco Wadia

Director
DIN: 00244357

Independent Auditor's Report

To the Members of Zuari Agro Chemicals Limited

Report on the Audit of the Consolidated Ind AS Financial Statements

Qualified 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 ventures comprising of the consolidated Balance sheet as at 31 March 2019, the consolidated Statement of Profit and Loss, including the Statement of 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, except for the effects of the matters described in the 'Basis for Qualified Opinion' section of our report 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 ventures, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013 ("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 ventures as at 31 March 2019, their consolidated loss including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Qualified Opinion

Attention is drawn to the note 31 to the consolidated Ind AS financial statements explaining that the Consolidated Ind AS financial statements include the Group's share of total comprehensive income (comprising of loss and other comprehensive income) of INR 309.94 lakhs for the year ended 31 March 2019, in respect of one joint venture, located outside India, whose financial statements and other financial information have not been subject to an audit and has been compiled and approved by the management. The Company's management has converted such unaudited 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. Accordingly, we are unable to comment on the financial impact, if any, on the Consolidated Ind AS financial statements if the same had been audited.

Attention is drawn to Note 46 of the consolidated Ind AS financial statements 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 11,943.47 lakhs 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. 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 consolidated Ind AS financial statements, in this regard.

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 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 qualified audit opinion on the consolidated Ind AS financial statements.

Emphasis of Matter

- a) We draw attention to Note 46 of the consolidated Ind AS financial statements, which describes the impact of INR 1,161.76 lakhs as an adjustment related to assessment of the impairment of investment in MCA Phosphates Pte Ltd, a joint venture company, which has led to a restatement of the consolidated Ind AS financial statements for the year ended March 31, 2018.
- b) We draw attention to Note 43 of the 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 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.

- c) We draw attention to Note 7 of the 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 and is confident of matter being to be decided in its favor.

Our opinion is not qualified 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 consolidated Ind AS financial statements for the financial year ended 31 March 2019. 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.

In addition to the matter described in the 'Basis for Qualified Opinion' section we have determined the matters described below to be the key audit matters to be communicated in our report. For each matter below, our description of how our audit addressed the matter is provided in that context.

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 our audit procedures, including the 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
(a) Revenue recognition <i>(as described in note 18 of the consolidated Ind AS financial statements)</i>	
<p>For the year ended 31 March 2019 the Group has recognized revenue from sale of products of INR 441,554.49 lakhs.</p> <p>Revenue from sale of products is recognized when the significant risk and rewards of ownership of the goods have been transferred to the customer which generally coincide with the delivery of goods, recovery of 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. The Company considers estimated time of delivery of goods and this has an impact on the timing and extent of revenue recognition from sale of products. The varied terms that define when title, risk and rewards are transferred to the customer, as well as the high volume of transactions, give rise to the risk that revenue could be recognized in the incorrect period for sales transactions occurring on and around the year end.</p> <p>Accordingly, due to the significant risk associated with revenue recognition, it has been determined to be a key audit matter in our audit of the consolidated Ind AS financial statements.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> ▪ Evaluated the Group's revenue recognition policy and its compliance in terms of Ind AS 115 'Revenue from contracts with customers'. ▪ Understood and tested the operating effectiveness of internal controls as established by the management in relation to revenue recognition. ▪ Performed sales transactions testing based on a representative sampling and traced to sales invoices and other related documents to ensure that the related revenues and trade receivables are recorded properly taking into consideration the terms and conditions of the agreements with customers, including the shipping terms. ▪ Tested sales transactions made near the year end by agreeing a sample of sales transactions occurring around the year end to supporting documentation including customer confirmation of receipt of goods to establish that sales and corresponding trade receivables are properly recorded in the correct period. ▪ Performed monthly analytical review of revenue from sale of goods by streams to identify any unusual trends. ▪ Assessed the relevant disclosures made within the consolidated Ind AS financial statements.
In relation to Mangalore Chemicals and Fertilizers Limited, a subsidiary company, Revenue recognition for urea concession income <i>(as described in Note 18(a)(ii) of the consolidated Ind AS financial statements)</i>	
<p>Revenue from concession receivable from the Government of India ('GOI') is recognised when control of the products has transferred to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the products. 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.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Assessed the Subsidiary Company's revenue recognition policy for urea concession income. • Assessed design, implementation and operative effectiveness of management's key internal controls over revenue recognition. • Performed test of details, on a sample basis and evaluated the underlying documents relating to urea concession income.

<p>Revenue from urea concession income of INR 3,050.79 Lakhs has been recognised during the year ended 31 March 2019. The Subsidiary Company recognises urea concession income from the GOI based on estimates determined as per the GOI notification dated 17 June 2015 and changes, if any, are recognised in the year of finalisation of the prices by the GOI under the scheme. Considering significant estimates involved, as mentioned above, revenue and profit may deviate on account of change in such judgements and estimates. Accordingly this has been determined to be a key audit matter in our audit of the consolidated Ind AS financial statements.</p>	<ul style="list-style-type: none"> • Read relevant notifications issued by the GOI and discussed with the management of the subsidiary company, to understand the underlying matters and basis for management judgement and estimates including necessary changes made in estimates to address variations noted in past. • Reviewed the calculation of urea concession income including escalation/de-escalation adjustments as per known policy parameters in this regard. • Assessed the adequacy of the disclosures in the consolidated Ind AS financial statements in this regard.
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Accounting for Deferred Tax Assets on unused tax losses and Minimum Alternate Tax (MAT) credit entitlement

(as described in note 17 of the consolidated Ind AS financial statements)

<p>As at 31 March 2019, the Group has recognized deferred tax assets of INR 8,895.14 lakhs in the consolidated Ind AS financial statements.</p> <p>Deferred tax assets are recognized on carried forward tax losses and MAT credit entitlement when it is probable that taxable profit will be available against which the carried forward tax losses and MAT credit entitlement can be utilized. The Company's ability to recognize deferred tax assets on carried forward tax losses is assessed by the management at the end of each reporting period, taking into account forecasts of future taxable profits and the law and jurisdiction of the taxable items and the assumptions on which these projections are determined by management.</p> <p>Given the degree of estimation based on the projection of future taxable profits, management's decision to create deferred tax assets on tax losses has been identified to be a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> ▪ Gained an understanding of the deferred tax assessment process, and evaluated the design and tested the operating effectiveness of controls in respect of process of recognizing deferred tax on carried forward tax losses and MAT credit entitlement. ▪ Evaluated management's assumptions and estimates like projected revenue growth etc. in relation to the probability of generating future taxable income to support the recognition of deferred income tax asset with reference to forecast taxable income. ▪ Assessed the consistency of business plan with the latest management estimates as calculated during the budget process and the reliability of the process by which the estimates were calculated and assessed reasons for differences between projected and actual performances. ▪ 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.
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Impairment of Investment in Mangalore Chemicals and Fertilizers Limited, a subsidiary company

<p>During the current year, impairment indicators were identified by the management on the investment in a subsidiary company, Mangalore Chemicals and Fertilizers Limited, of INR 53,521.45 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.</p> <p>For the purpose of the above impairment testing, value in use has been determined by forecasting and discounting future cash flows. Furthermore, the value in use is highly sensitive to changes in some of the inputs used for forecasting the future cash flows.</p> <p>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.</p> <p>Accordingly, the impairment of investment in Mangalore Chemicals and Fertilizers Limited has been determined to be a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • 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 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 evaluating the key assumptions used by management including: <ul style="list-style-type: none"> o Assessing management's forecasting accuracy by comparing prior year forecasts to actual results and assessing the potential impact, if any of such variances.
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	<ul style="list-style-type: none"> o Assessed the assumptions around the key drivers of the cash flow forecasts including discount rates, expected growth rates and terminal growth rates used in association with our valuation experts. 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 Testing the integrity of the models together with their clerical accuracy. • Assessed the recoverable value by performing sensitivity testing of key assumptions used. • Assessed the competence and objectivity of the external experts, to satisfy ourselves that these parties are performing their roles within the estimation process. • Assessed the related disclosures in this regard in the consolidated Ind AS financial statements.
<p>Litigation, claims and other contingencies of INR 34,216.09 lakhs (as described in Note 7, Note 46 and Note 52 of the consolidated Ind AS financial statements)</p>	
<p>As indicated in Note 7, Note 46 and Note 52, the Group is involved in various litigations and claims including court and arbitration proceedings.</p> <p>This risk of litigations and claims would have a significant financial impact if the potential exposures were to materialize.</p> <p>Accordingly, unexpected adverse outcomes of such litigations and claims could materially impact the Group as the outcome of such legal actions is uncertain and the positions taken by the management are based on the legal opinions obtained by the Group.</p> <p>The amounts of claims may be significant and estimates of the amounts of provisions or contingent liabilities are subject to significant management judgement.</p> <p>This matter has been determined to be a key matter, since the aforementioned cases requires significant judgements by management, including that obtained from its legal advisors.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Obtained an understanding of identification process relating to litigations and claims and contingent liabilities and evaluated the design and tested the operating effectiveness of controls in respect of process • Assessed the progress of all significant contingencies, consideration of any evidence of legal disputes. • Evaluated management's assessment of the likely outcome and potential exposures arising from significant contingencies subject to ongoing court and arbitration proceedings and considered the requirements for any provision. • Inquired with both legal and finance personnel in respect of ongoing litigations or claims proceedings, inspected relevant correspondence and requested a confirmation letter from the Group's in-house legal counsel. Also, obtained legal confirmation letters on sample basis from external legal counsels. • Assessed the related disclosure of litigations, claims and other contingencies as described in notes to the consolidated Ind AS financial statements.
<p>In relation to Mangalore Chemicals and Fertilizers Limited, a subsidiary company, allowance for trade receivables (including government receivables for subsidy) (INR 156,448.07 lakhs included in Note 9 of the consolidated Ind AS financial statements)</p>	
<p>Trade receivable balances of subsidiary company, represent significant portion of the total assets as at 31 March 2019. Trade receivables of INR 156,448.07 lakhs as at 31 March 2019 include dues from government and dealers. The subsidiary company creates allowance for unsecured trade receivables based on management estimates.</p> <p>Timing of collection of dues from the non-government customers may differ from the actual credit period. Significant judgment is required by the management to estimate the amounts unlikely to be ultimately collected.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Performed audit procedures on existence of trade receivables, which included circulating balance confirmations, testing subsequent receipts and sales transactions for audit samples. • Evaluated the assumptions used to calculate the allowance for trade receivables (both for government and non-government) through analysis of ageing and past trend of write offs. • Discussed and reviewed management assessment for receivables which were due for more than their respective credit periods and any overdue subsidy balances.

<p>For government receivables, area of judgement includes certainty around satisfaction of conditions specified in the notifications/policies issued by the Department of Fertilizers, collections and provisions thereof.</p>	<ul style="list-style-type: none"> • Considered the relevant notifications/ policies issued by the Department of Fertilizers to ascertain the basis and adequacy of accruals/claims recognised; and adjustments (if any) to accruals/claims already recognised pursuant to changes in the rates. • Evaluated the management's assessment regarding reasonable certainty for complying with the relevant conditions as specified in the notifications/policies and collections. • Assessed the adequacy of the disclosures in the consolidated Ind AS financial statements in this regard.
<p>Impact of government policies/ notifications on recognition of subsidy accruals/claims and their recoverability (as described in Note 9 of the consolidated Ind AS financial statements)</p>	
<p>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.</p> <p>During the year, the Group has recognised concession income of INR 367,635.27 lakhs and as at 31 March 2019, the Group has receivables of INR 281,034.93 lakhs relating to concession income.</p> <p>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.</p> <p>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.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> ▪ 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 reasonable certainty for complying with the relevant conditions as specified in the notifications and policies and collections of concession income. ▪ Read all the notifications issued by Department of Fertilizers applicable for concession income recognized during the year. ▪ Considered 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. ▪ 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, the level of credit loss charged over time and provisions made. ▪ Assessed the related disclosure in consolidated Ind AS financial statements.
<p>Tax provision and tax litigation of INR 13,914.90 lakhs (as described in Note 33B of the consolidated Ind AS financial statements)</p>	
<p>The Group has received income tax demand orders and notices relating to disallowance of certain deductions, expenses, etc. and has also received various indirect tax demand orders and notices, which are under litigation. The Group is contesting these demands and has made provision where the outflow of resources embodying economic benefits is considered to be probable.</p> <p>Significant judgements and estimates are required to assess impact of aforesaid litigations on the financial position, results of operations and cash flows. Accordingly, this matter has been determined to be a key audit matter in our audit of the consolidated Ind AS financial statements.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Obtained an understanding of the process and tested the operative effectiveness of management's key internal controls over recognition / disclosure of tax provisions and contingencies. • Obtained confirmations from the Group's external legal counsel on significant tax litigations and evaluated the independence, objectivity and competency of the Group's specialists involved. • Read relevant tax laws and discussed with the management, to understand the underlying matters in demand orders / notices and basis for management judgement and estimates. • Involved specialists to perform an evaluation of assumptions used and relevant judgements passed by the authorities. • Assessed the related disclosures 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 the 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 on the other information that we obtained prior to the date of this auditor's report, 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 ventures 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 ventures 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 ventures 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 financial statements, the respective Board of Directors of the companies included in the Group and of its joint ventures are responsible for assessing the ability of the

Group and of its joint ventures to continue as a going concern, 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 ventures are also responsible for overseeing the financial reporting process of the Group and of its joint ventures.

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 system 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 ventures 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 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 ventures 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 and whose financial information we have audited, 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 financial statements of which we are the independent auditors. For the other entities included in the consolidated 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 31 March 2019 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

- (a) We did not audit the financial statements and other financial information, in respect of one subsidiary located outside India whose financial statements include total assets of INR 626.68 lakhs as at 31 March 2019, and total revenues of INR 587.58 lakhs and net cash outflows/(inflows) of INR 18.55 lakhs for the year ended on that date. These financial statement and

other financial information have been audited by other auditor, which financial statements, other financial information and auditor's report have been furnished to us by the management. The consolidated Ind AS financial statements also include the Group's share of net profit of INR 5,841.55 lakhs for the year ended 31 March 2019, as considered in the consolidated Ind AS financial statements, in respect of one joint venture, whose financial statements, other financial information have been audited by other auditor and whose report 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 such subsidiary 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 subsidiary and joint venture is based solely on the report of such other auditor.

- (b) One of the subsidiary 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 auditor under generally accepted auditing standards applicable in its respective country. The 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 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 auditor and the conversion adjustments prepared by the management of the Company and audited by us.
- (c) The information as at and for the year ended 31 March 2018 has been reclassified from the financial statements previously presented to conform to the presentation of the financial statements for the year ended 31 March 2019.

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 its joint ventures, 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 except for the matters described in the Basis for Qualified Opinion paragraph 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) Except for the matters described in the Basis for Qualified Opinion paragraph, in our opinion, proper books of account as required by law relating to preparation of the aforesaid 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) Except for the effects of the matters described in the Basis for Qualified Opinion paragraph above, 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 matter described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Group;
- (f) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2019 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 its joint ventures, none of the directors of the Group's companies and its joint ventures incorporated in India is disqualified as on 31 March 2019 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 ventures incorporated in India, refer to our separate Report in "Annexure 1" to this report;
- (h) In our opinion and based on the consideration of reports of other statutory auditors of the subsidiaries and its joint ventures incorporated in India, the managerial remuneration for the year ended 31 March 2019 has been paid / provided by the Holding Company, its subsidiaries and its joint ventures 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 ventures 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 ventures in its consolidated Ind AS financial statements - Refer Note 33 to the consolidated Ind AS financial statements;
 - ii. The Group and its joint ventures did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended 31 March 2019;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, its subsidiaries and its joint ventures incorporated in India during the year ended 31 March 2019.

For **S.R. Batliboi & CO. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per Vishal Sharma

Partner

Membership Number: 096766

Place of Signature: Gurugram

Date: May 15, 2019

ANNEXURE '1' TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE OF 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 31 March 2019, 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 company and its joint ventures, 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 company and its joint ventures which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on, "the internal financial 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 (ICAI)". 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, specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, 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 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 Holding Company's 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.

Qualified Opinion

According to the information and explanations given to us and based on the report issued by other auditors on internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements in case of its subsidiary company and its joint venture, which are companies incorporated in India, the following material weakness have been identified as at 31 March 2019:

The Holding Company's internal financial controls over evaluation of provision for impairment in the value of investments were not operating effectively which could potentially result in the Holding Company recognising provision for impairment in the value of investments.

This is a matter continuing from the previous year.

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

In our opinion, except for the possible effects of the material weakness described above on the achievement of the objectives of the control criteria in respect of the Holding Company, its subsidiary company and its joint ventures including its subsidiary, 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 31 March 2019, 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 Ind AS financial statements insofar as it relates to one subsidiary company and one joint venture, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India as specified under section 143(10) of the Act, the consolidated financial statements of the Holding Company, which comprise the consolidated Balance sheet as at 31 March 2019, 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, and our report dated May 15, 2019 expressed a qualified opinion on those consolidated Ind AS financial statements.

For **S.R. Batliboi & CO. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per Vishal Sharma

Partner

Membership Number: 096766

Place of Signature: Gurugram

Date: May 15, 2019

Consolidated Balance Sheet as at 31 March 2019

(Amount in INR lakhs, unless otherwise stated)

	Notes	As at 31 March 2019	As at 31 March 2018 (Restated) (Refer Note 56)	As at 1 April 2017 (Restated) (Refer Note 56)
Assets				
Non-current assets				
Property, plant and equipment	3	170,730.64	166,675.98	165,931.07
Capital work-in-progress	3	15,356.15	14,656.26	14,252.41
Investment property	4	362.29	362.29	362.29
Intangible assets	5	12,453.35	12,748.88	12,991.72
Intangible assets under development	5	39.03	-	19.34
Investment in joint ventures	5A	89,892.45	84,826.90	80,136.45
Financial assets				
(i) Investments	6A	3,379.91	6,257.61	7,630.75
(ii) Loans	6B	1,220.21	1,244.32	1,190.34
(iii) Others	6C	1,645.76	1,760.60	49.43
Deferred tax asset (net)	17	8,895.14	9,208.20	8,310.66
Other non-current assets	7	8,222.18	8,037.99	9,659.37
Income tax assets (net)	17A	5,544.80	6,698.13	6,730.01
		317,741.91	312,477.16	307,263.84
Current assets				
Inventories	8	176,528.05	105,114.24	70,715.91
Financial assets				
(i) Trade receivables	9	390,616.27	339,001.78	343,793.88
(ii) Cash and cash equivalents	10	4,989.04	14,738.96	6,564.80
(iii) Bank balances other than (ii) above	10.1	3,460.01	2,129.50	663.60
(iv) Loans	6B	130.36	848.77	2,369.63
(v) Others	6C	12,120.43	20,256.40	21,426.67
Other current assets	7	35,293.39	31,752.40	4,555.93
		623,137.55	513,842.05	450,090.42
Total assets		940,879.46	826,319.21	757,354.26
Equity and liabilities				
Equity				
Equity share capital	11	4,205.80	4,205.80	4,205.80
Other equity	11A	122,788.36	142,265.90	132,489.92
Equity attributable to equity holders of the parent company		126,994.16	146,471.70	136,695.72
Non-controlling interests		39,955.19	39,002.91	36,442.93
Total equity		166,949.35	185,474.61	173,138.65

Consolidated Balance Sheet as at 31 March 2019

(Amount in INR lakhs, unless otherwise stated)

	Notes	As at 31 March 2019	As at 31 March 2018 (Restated) (Refer Note 56)	As at 1 April 2017 (Restated) (Refer Note 56)
Non-current liabilities				
Financial liabilities				
(i) Borrowings	12A	86,839.93	52,029.19	49,301.01
(ii) Others	14	612.50	541.84	1,745.47
Deferred tax liabilities (net)	17	1,755.37	1,337.85	1,667.18
Other non-current liabilities	15	85.28	102.34	119.40
Provisions	16	1,698.86	1,536.95	1,555.08
		90,991.94	55,548.17	54,388.14
Current liabilities				
Financial liabilities				
(i) Borrowings	12B	406,570.98	383,412.24	362,989.81
(ii) Trade payables	13			
a) total outstanding dues of micro enterprises and small enterprises		824.02	254.60	218.28
b) total outstanding dues of creditors other than micro enterprises and small enterprises		194,840.48	144,966.18	105,298.49
(iii) Others	14	61,967.75	33,730.20	41,913.21
Liabilities for current tax (net)	17A	-	1,476.04	9.10
Other current liabilities	15	15,338.80	18,178.96	15,926.11
Provisions	16	3,396.14	3,278.21	3,472.47
		682,938.17	585,296.43	529,827.47
Total liabilities		773,930.11	640,844.60	584,215.61
Total equity and liabilities		940,879.46	826,319.21	757,354.26
Summary of significant accounting policies	2			

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

As per our report of even date

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm's Registration No.301003E/E300005

per VISHAL SHARMA

Partner

Membership No. 96766

Place of signature: Gurugram

Date: 15 May 2019

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

S. K. PODDAR

Chairman

DIN: 00008654

SAMRAT SEN

Chief Financial Officer

Place of signature: Gurugram

Date: 15 May 2019

SUNIL SETHY

Managing Director

DIN: 00244104

R. Y. PATIL

Vice President & Company Secretary

FCS: 2845

MARCO WADIA

Director

DIN: 00244357

Consolidated Statement of Profit and Loss for the year ended 31 March 2019

(Amount in INR lakhs, unless otherwise stated)

	Notes	For the year ended 31 March 2019	For the year ended 31 March 2018 (Restated - Refer Note 56)
I Revenue			
Revenue from operations	18	810,290.01	727,085.57
Other income	19	4,551.99	8,713.76
Total revenue (I)		814,842.00	735,799.33
II Expenses			
Cost of raw material and components consumed	20	440,176.48	347,515.58
Purchases of traded goods	21	220,847.16	205,746.24
Changes in inventories of finished goods, traded goods and work in progress	22	(56,406.46)	(34,569.94)
Excise duty on sale of goods	23	-	608.17
Employee benefits expense	24	17,561.64	16,310.49
Finance costs	25	48,789.81	40,358.35
Depreciation and amortization expense	26	8,745.89	8,252.77
Other expenses	27	156,648.71	137,963.04
Total expenses (II)		836,363.23	722,184.70
III Profit/ (Loss) before share of profit of joint venture, exceptional items and tax (I - II)		(21,521.23)	13,614.63
IV Add: Share of profit of joint venture		5,534.66	5,848.78
V Profit/ (Loss) before exceptional items and tax (III - IV)		(15,986.57)	19,463.41
VI Exceptional items	29a	(1,161.76)	2,555.30
VII Profit before tax (V-VI)		(14,824.81)	16,908.11
VIII Tax expense:			
(1) Current tax	17	1,397.18	3,566.29
(2) Adjustment of tax relating to earlier years	17	(1,493.31)	-
(3) Deferred tax (credit)/ charge	17	785.12	(1,240.63)
Income tax expense		688.99	2,325.66
IX Profit/ (Loss) for the year (VII - VIII)		(15,513.80)	14,582.45
X Other comprehensive (loss)	11B	(2,340.31)	(1,341.30)
A Items that will not be reclassified to profit or loss			
Re-measurement gains/ (losses) on defined benefit plans		(156.06)	39.40
Income tax effect		54.54	(13.77)
Net (loss) on FVTOCI equity securities		(2,877.69)	(1,373.14)
Share of other comprehensive income of joint venture (net of tax)		(93.03)	102.81
B Items that will be reclassified to profit or loss			
Share of other comprehensive income of joint ventures (net of tax)		-	(159.67)
Exchange differences on translation of foreign operations		731.93	63.07
XI Total comprehensive income/ (loss) for the year, net of tax (IX + X)		(17,854.11)	13,241.16

Consolidated Statement of Profit and Loss for the year ended 31 March 2019

(Amount in INR lakhs, unless otherwise stated)

	Notes	For the year ended 31 March 2019	For the year ended 31 March 2018 (Restated - Refer Note 56)
Profit/ (Loss) for the year			
Attributed to:			
Equity holders of the parent		(17,058.29)	11,736.61
Non controlling interest		1,544.49	2,845.84
Comprehensive (loss) for the year			
Attributed to:			
Equity holders of the parent		(2,304.82)	(1,333.80)
Non controlling interest		(35.49)	(7.50)
Total comprehensive income/ (loss) for the year			
Attributed to:			
Equity holders of the parent		(19,363.11)	10,402.82
Non controlling interest		1,509.00	2,838.34
XII Earnings/ (loss) per equity share: (nominal value of share INR 10/- (31 March 2018 -INR 10/-))	29b		
(1) Basic		(40.56)	27.91
(2) Diluted		(40.56)	27.91

Summary of significant accounting policies 2

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

As per our report of even date

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm's Registration No.301003E/E300005

per **VISHAL SHARMA**

Partner

Membership No. 96766

Place of signature: Gurugram

Date: 15 May 2019

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

S. K. PODDAR

Chairman

DIN: 00008654

SAMRAT SEN

Chief Financial Officer

Place of signature: Gurugram

Date: 15 May 2019

SUNIL SETHY

Managing Director

DIN: 00244104

R. Y. PATIL

Vice President & Company Secretary

FCS: 2845

MARCO WADIA

Director

DIN: 00244357

Consolidated Statement of Cash Flows for the year ended 31 March 2019

(Amount in INR lakhs, unless otherwise stated)

	Notes	For the year ended 31 March 2019	For the year ended 31 March 2018 (Restated - Refer Note 56)
A Cash flow from operating activities:			
Profit before tax		(14,824.81)	16,908.11
Share of (profit) of a joint venture		(5,534.66)	(5,848.78)
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation of property, plant and equipment	26	8,324.72	7,810.58
Amortisation of intangible assets	26	421.17	442.19
Impairment of capital work-in-progress	27	367.17	-
Impairment of investment	29	(1,161.76)	1,161.76
Loss on disposal of property, plant and equipment (net)	27	542.27	735.76
Excess provision / unclaimed liabilities / unclaimed balances written back	19	(501.74)	(387.92)
Bad debts, claims and advances written off	27	3,180.49	173.01
Provision for doubtful debts, claims and advances	27	1,835.40	2,387.12
Subsidy claims written off	27	141.16	138.90
Incentive under packing scheme incentive	19	(17.05)	(17.05)
Unrealized foreign exchange fluctuation loss		(2,091.10)	2,655.80
Interest expense	25	41,877.88	32,078.16
Interest income	19	(2,977.83)	(6,356.18)
Dividend income	19	(2.16)	(2.16)
Operating profit before working capital adjustments		29,579.15	51,879.30
Working capital adjustments:			
Increase/ (decrease) in provisions		123.79	(173.00)
Increase in trade payables and other liabilities		56,515.02	34,004.22
(Increase)/ decrease in trade receivables		(53,591.05)	3,659.61
(Increase) in Inventories		(71,413.81)	(34,398.32)
Decrease/ (increase) in other assets, financial assets		2,820.10	(23,772.73)
Decrease in loans and advances		725.55	139.00
		(64,820.40)	(20,541.21)
Less : Income tax paid (net of refunds)		(226.57)	(2,067.48)
Net cash flow from operating activities (A)*		(35,467.82)	29,270.61
B Cash flow from investing activities:			
Purchase of property, plant and equipment, including intangible assets, CWIP and capital advances		(14,778.79)	(7,205.15)
Proceeds from sale of Property, plant and equipment		45.74	3.47
Investment in bank deposits (having original maturity of more than 3 months)		(1,746.01)	(1,585.92)
Interest received		3,965.25	2,458.53
Dividend received		2,249.86	2.16
Net cash flow (used in) investing activities (B)		(10,263.95)	(6,326.91)
C Cash flow from financing activities:			
Proceeds from long term borrowings		66,699.06	34,239.63
(Repayment) of long term borrowings		(15,193.97)	(34,699.01)
Proceeds from Buyer's Credit		246,050.76	219,741.41
(Repayment) of Buyer's Credit		(244,539.38)	(247,338.09)
Proceeds from short term loans		365,327.32	309,985.00
(Repayment) of short term loans		(343,702.39)	(263,556.09)
Dividend paid on equity shares		(556.72)	(698.94)

Consolidated Statement of Cash Flows for the year ended 31 March 2019

(Amount in INR lakhs, unless otherwise stated)

Notes	For the year ended 31 March 2019	For the year ended 31 March 2018 (Restated - Refer Note 56)
Tax on equity dividend paid	(114.43)	(206.25)
Interest paid	(37,988.40)	(32,237.20)
Net cash flow (used in) in financing activities (C)	35,981.85	(14,769.54)
D Net (decrease)/ increase in cash and cash equivalents (A + B + C)	(9,749.92)	8,174.16
Cash and cash equivalents at the beginning of the year	14,738.96	6,564.80
Cash and cash equivalents at the end of the year (Refer Note 10)	4,989.04	14,738.96
Cash and cash equivalents	31 March 2019	31 March 2018
Balances with banks		
- on current accounts	1,921.34	6,118.08
- on cash credit accounts	1.89	3.74
- Deposits with original maturity of less than 3 months	3,060.00	8,600.00
Cash on hand	3.02	3.18
Cheques on hand	2.79	13.96
Cash and cash equivalents	4,989.04	14,738.96

Changes in liabilities arising from financing activities :

	1 April 2018	Cash flows	Foreign currency exchange difference	31 March 2019
Long term borrowings (Refer Note 12A & 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

	1 April 2017	Cash flows	Foreign currency exchange difference	31 March 2018
Long term borrowings (Refer Note 12A & 14)	66,887.48	(459.37)	802.54	67,230.65
Short term borrowings (Refer Note 12B)	362,989.81	18,832.24	1,590.19	383,412.24
Total liabilities from financing activities	429,877.29	18,372.87	2,392.73	450,642.89

*Cash flow from operating activities for the 31 March 2019 is after considering corporate social responsibility expenditure of INR 136.06 lakhs (31 March 2018: INR 61.96 lakhs)

Summary of significant accounting policies

2

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

As per our report of even date

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm's Registration No.301003E/E300005

per VISHAL SHARMA

Partner

Membership No. 96766

Place of signature: Gurugram

Date: 15 May 2019

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

S. K. PODDAR

Chairman

DIN: 00008654

SAMRAT SEN

Chief Financial Officer

Place of signature: Gurugram

Date: 15 May 2019

SUNIL SETHY

Managing Director

DIN: 00244104

R. Y. PATIL

Vice President & Company Secretary

FCS: 2845

MARCO WADIA

Director

DIN: 00244357

Consolidated Statement of Changes in Equity for the year ended 31 March 2019

(Amount in INR lakhs, unless otherwise stated)

(a) Equity Share Capital

Equity shares of INR 10 each issued, subscribed and fully paid	31 March 2019		31 March 2018	
	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 2019:

	Reserves and surplus (Refer Note 11A)				OCI		Total other equity	Non - controlling Interests	Total equity
	Business Restructuring Reserve	Capital Reserves	Surplus / (deficit) in the statement of profit and loss	General reserve	Foreign Currency Translation Reserve	FVTOCI equity securities			
As at 1 April 2018	65,404.84	57,667.51	12,701.70	6,150.00	422.99	(81.14)	142,265.91	39,002.91	181,268.81
Profit/ (Loss) for the year	-	-	(17,058.29)	-	-	-	(17,058.29)	1,544.49	(15,513.80)
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	-	-	(17,217.35)	-	731.93	(2,877.69)	(19,363.11)	1,509.00	(17,854.11)
Cash dividends	-	-	-	-	-	-	-	(556.72)	(556.72)
Dividend distribution tax (DDT) (Refer Note 28)	-	-	(114.43)	-	-	-	(114.43)	-	(114.43)
As at 31 March 2019	65,404.84	57,667.51	(4,630.08)	6,150.00	1,154.92	(2,958.83)	122,788.36	39,955.19	162,743.55

For the year ended 31 March 2018:

	Reserves and surplus (Refer Note 11A)				OCI		Total other equity	Non - controlling Interests	Total equity
	Business Restructuring Reserve	Capital Reserves	Surplus / (deficit) in the statement of profit and loss	General reserve	Foreign Currency Translation Reserve	FVTOCI equity securities			
As at 1 April 2017	65,404.84	57,667.51	1,455.98	6,150.00	359.92	1,451.67	132,489.92	36,442.93	168,932.85
Profit for the year	-	-	11,736.61	-	-	-	11,736.61	2,845.84	14,582.45
Other comprehensive income/(loss) (Refer Note 11B)	-	-	135.94	-	63.07	(1,532.81)	(1,333.80)	(7.50)	(1,341.30)
Total comprehensive income/(loss) for the year	-	-	11,872.55	-	63.07	(1,532.81)	10,402.81	2,838.34	13,241.16
Cash dividends	-	-	(420.58)	-	-	-	(420.58)	(278.36)	(698.94)
Dividend distribution tax (DDT) (Refer Note 28)	-	-	(206.25)	-	-	-	(206.25)	-	(206.25)
As at 31 March 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

Summary of significant accounting policies

2

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

As per our report of even date

For S.R. Batliboi & Co. LLP

Chartered Accountants
ICAI Firm's Registration No.301003E/E300005

per **VISHAL SHARMA**

Partner
Membership No. 96766

Place of signature: Gurugram

Date: 15 May 2019

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

S. K. PODDAR

Chairman
DIN: 00008654

SAMRAT SEN

Chief Financial Officer

Place of signature: Gurugram

Date: 15 May 2019

SUNIL SETHY

Managing Director
DIN: 00244104

R. Y. PATIL

Vice President & Company Secretary
FCS: 2845

MARCO WADIA

Director
DIN: 00244357

Notes to the Consolidated Financial Statements for the year ended 31 March 2019

(Amount in INR lakhs, unless otherwise stated)

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 2019.

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 403726.

The Group is in the business of manufacturing, trading and marketing of chemical fertilizers, water soluble fertilizers, seeds, pesticides and fertilizer products.

The National Company Law Tribunal, Mumbai Bench (NCLT) vide its order dated 14 September 2017 has approved/sanctioned the scheme of amalgamation of Zuari Fertilisers and Chemicals Limited (ZFCL), Zuari Speciality Fertilizers Limited (formerly known as Zuari Rotem Speciality Fertilizers Limited) (ZSFL) and Zuari Agri Sciences Limited (ZASL) with the Parent Company under the provisions of Sections 391 to 394 of the Companies Act, 1956 and other applicable provisions of Companies Act, 1956 and sections 230 to 232 of the Companies Act, 2013, as may be applicable. The appointed date of the Amalgamation is 1 April 2015. The amalgamation came into effect from 13 November 2017 pursuant to filing of NCLT order with the Registrar of Companies on the said date. As a consequence of the amalgamation, there is no change in the shareholding pattern of the Parent Company, given that the Parent Company is not required to issue any shares pursuant to the Amalgamation of all the Transferor Companies i.e. ZFCL, ZSFL and ZASL. ZFCL and ZASL were the wholly-owned subsidiaries of the Parent Company. The Parent Company has on 11 December 2015 acquired balance 50% of equity shares of ZSFL held by Rotem Amfert Negev Limited for INR 1,332.33 lakhs (Refer Note No 54 for details).

These Consolidated Financial Statements were authorized for issue in accordance with a resolution of the Board of Directors of the Parent Company in their meeting held on 15 May 2019.

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 an accrual basis and under the 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 2019. 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

Notes to the Consolidated Financial Statements for the year ended 31 March 2019

(Amount in INR lakhs, unless otherwise stated)

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 AS12 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. 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 intra-group 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

Notes to the Consolidated Financial Statements for the year ended 31 March 2019

(Amount in INR lakhs, unless otherwise stated)

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

Notes to the Consolidated Financial Statements for the year ended 31 March 2019

(Amount in INR lakhs, unless otherwise stated)

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 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

Notes to the Consolidated Financial Statements for the year ended 31 March 2019

(Amount in INR lakhs, unless otherwise stated)

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 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 and hedge accounting

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 profit or 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

Notes to the Consolidated Financial Statements for the year ended 31 March 2019

(Amount in INR lakhs, unless otherwise stated)

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 measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for distribution 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) **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 (however, in relation to Leasehold land acquired on acquisition of one division (erstwhile joint venture company and became subsidiary company subsequently) have been stated at fair value instead of cost.

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 (however, in relation to Leasehold land acquired on acquisition of one division (erstwhile joint venture company and became subsidiary company subsequently) have been stated at fair value instead of cost.

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

Notes to the Consolidated Financial Statements for the year ended 31 March 2019

(Amount in INR lakhs, unless otherwise stated)

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.

x) 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)	15 and 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 Parent 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 machinery having net block of INR 190.06 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 266.55 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.

Leasehold land are amortized on a straight-line basis over the lease tenure i.e. 95 years. In respect of the Parent Company, in case of one of the leasehold land, lease cum sale agreement is for a period of 10 years. Lesser shall sell the property during the currency of the lease period or at the end of the lease period. Hence no depreciation has been provided thereon.

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.

xi) 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

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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 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 (Refer Note 54)

xii) 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 derecognition.

xiii) 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

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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.

xiv) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The

arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1 April 2015, the Group has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Where the Group is the lessee

Finance Leases as a lessee:

Finance leases, which effectively transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of profit and loss.

A leased asset is depreciated on a straight-line basis over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain the ownership by the end of the lease term, the capitalized asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset or the lease term.

Operating Leases as a lessee:

Leases, where the lessor effectively retains substantially all the risks and rewards of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term, unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

xv) 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

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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

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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.

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

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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.

xvi) 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.

xvii) 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.

xviii) 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.

xix) 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.

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xx) 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 judgments, 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 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.

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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 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 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 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.

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

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xxi) Retirement and other employee benefits

a) Provident Fund

Retirement benefits in the form of Provident Fund is a defined benefit obligation in respect of fertilizer unit in Goa of the Parent Company and is provided for on the basis of actuarial valuation of projected unit credit method made at the end of each financial year. The difference between the actuarial valuation of the provident fund of employees at the year end and 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, when an employee renders the related service. If the contribution payable to the scheme 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 have 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. Remeasurement, 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.

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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.

The present value of the expected obligation is charged to the Statement of Profit and Loss in the year when such scheme is formally announced.

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.

xxii) 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.

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

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(Amount in INR lakhs, unless otherwise stated)

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.

Minimum Alternate Tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Group recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Group will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Group

recognizes MAT credit as an asset, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement" and grouped under Deferred Tax. The Group reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Group does not have convincing evidence 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.

xxiii) 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.

xxiv) 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.

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(Amount in INR lakhs, unless otherwise stated)

xxv) 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.

xxvi) 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 review 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 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) 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 32.

b) 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 judgment is required in establishing fair values. Judgments 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 36 for further disclosures.

c) 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.

d) 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

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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.

e) 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.

f) 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.

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2.C. Changes in accounting policies and disclosures

New and amended standards

The Group applied Ind AS 115 for the first time. 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 March 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 115 Revenue from Contracts with Customers

Ind AS 115 was issued on 28 March 2018 and supersedes Ind AS 18 Revenue and it applies, with limited exceptions, to all revenue arising from contracts with its customers. Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Ind AS 115 requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Group adopted Ind AS 115 using the modified retrospective method of adoption. Under the modified retrospective approach, there were no significant adjustments required to the retained earnings at 1 April 2018 in the consolidated financial statements. Also, the application of Ind AS 115 did not have any significant impact on recognition and measurement of revenue and related items in the consolidated financial statement.

Amendment to Ind AS 20 Government grant related to non-monetary asset

The amendment clarifies that where the government grant related to asset, including non-monetary grant at fair value, shall be presented in balance sheet either by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset. Prior to the amendment, Ind AS 20 did not allow the option to present asset related grant by deducting the grant from the carrying amount of the asset. These amendments do not have any impact on the consolidated financial statements as the Group continues to present grant relating to asset by setting up the grant as deferred income.

Amendment to Ind AS 38 Intangible asset acquired free of charge

The amendment clarifies that in some cases, an intangible asset may be acquired free of charge, or for nominal consideration, by way of a government grant. In accordance with Ind AS 20 Accounting for Government Grants and Disclosure of Government Assistance, an entity may choose to recognise both the intangible asset and the grant initially at fair value. If an entity chooses not to recognise the asset initially at fair value, the entity recognises the asset initially at a nominal amount plus any expenditure that is directly attributable to preparing the asset for its intended use. The amendment also clarifies that revaluation model can be applied for asset which is received as government grant and measured at nominal value. These amendments do not have any impact on the Group's consolidated financial statements.

Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Considerations

The appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the date of the transactions for each payment or receipt of advance consideration. This Interpretation does not have any impact on the Group's consolidated financial statements.

Amendments to Ind AS 40 Transfers of Investment Property

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. These amendments do not have any impact on the Group's consolidated financial statements.

Amendments to IAS 28 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice

The amendments clarify that an entity that is a venture capital organisation, or other qualifying entity, may elect,

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at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. If an entity that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, then it may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent. These amendments do not have any impact on the Group's consolidated financial statements.

Amendments to Ind AS 12 Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

These amendments do not have any impact on the Group's consolidated financial statements.

2.D. Standards issued but not yet effective

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become 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 is effective for annual periods beginning on or after 1 April 2019. 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 remeasure 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 remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under Ind AS 116 is substantially unchanged from today's 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 intends to adopt this standard from 1 April 2019. Ind AS 116 also requires lessees and lessors to make more extensive disclosures than under Ind AS 17.

Transition to Ind AS 116

The Group plans to adopt Ind AS 116 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. Accordingly, comparatives for the year ended 31 March 2019 will not be retrospectively adjusted.

The Group will elect to apply the standard to contracts that were previously identified as leases applying Ind AS 17. The Group will therefore not apply the standard to contracts that were not previously identified as containing a lease applying Ind AS 17.

The Group will elect 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.

The Group is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

Amendments to Ind AS 111: Joint Arrangements

A party 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.

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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 are currently not applicable to the Group.

Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment

The Interpretation 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 Interpretation 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 interpretation is effective for annual reporting periods beginning on or after 1 April 2019, but certain transition reliefs are available. The Group will apply the interpretation from its effective date. Since the Group operates in comparatively simple tax environment and does not operate in a complex multinational environment, applying the Interpretation may not have significant impact in its consolidated financial statements.

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.

The amendments should be applied retrospectively and are effective for annual periods beginning on or after 1 April 2019. 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 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.

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 April 2019. These amendments will apply only to any future plan amendments, curtailments, or settlements of the Group.

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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 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.

The amendments should be applied retrospectively in accordance with Ind AS 8 for annual reporting periods on or after 1 April 2019. Since the Group does not have such long-term interests in its associate and joint venture, the amendments will not have an impact on its consolidated financial statements.

Amendments to Ind AS 12: Income Taxes

The amendments 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.

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, the Group does not expect any effect on its consolidated financial statements.

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, the Group does not expect any effect on its consolidated financial statements.

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3. Property, plant and equipment

(INR in lakhs)

	Freehold land (Refer Note 48 & Note i)	Leasehold land (Refer Note i)	Buildings	Railway siding	Plant & equipment	Furniture & fixtures	Office equipment	Vehicles	Total	Capital work in progress
Cost										
As at 1 April 2017	64,192.08	849.78	13,104.43	1,036.20	97,532.66	834.91	1,056.11	474.40	179,080.57	14,252.41
Additions	-	23.92	236.42	-	7,259.80	340.14	160.85	659.57	8,680.70	8,483.79
Borrowing costs	-	-	-	-	614.01	-	-	-	614.01	-
Disposals	-	-	8.32	-	1,042.10	49.62	3.55	8.10	1,111.69	8,079.94
As at 31 March 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
Depreciation and Impairment										
As at 1 April 2017	-	16.26	887.52	160.27	11,249.20	265.39	426.03	144.83	13,149.50	-
Charge for the year	-	4.35	443.51	87.68	6,755.37	162.86	221.47	135.34	7,810.58	-
Disposals	-	-	0.99	-	324.34	37.12	3.15	6.87	372.47	-
As at 31 March 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 vii 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
Net book value										
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 31 March 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
As at 1 April 2017	64,192.08	833.52	12,216.91	875.93	86,283.46	569.52	630.08	329.57	165,931.07	14,252.41

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.

- This includes freehold land of INR 6,867.78 lakhs (31 March 2018: 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.
- This includes, in respect of the Parent Company, land of INR 396.00 lakhs (31 March 2018: INR 396.00 lakhs) wherein lease cum sale agreement is for a period of 10 years. Lessor shall sell the property at the end of the lease period or extended period, if any. Additions during the year represents registration charges.
- Assets pledged as security for borrowings: Refer Note 12 for information on property, plant and equipment pledged as security against borrowings.
- Building includes self constructed building with net book value of INR 4,303.25 lakhs (31 March 2018: INR 4,452.52 lakhs) on leasehold land.
- Contractual obligations: Refer to Note 33 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

vi. Capitalised Expenditure

Borrowing Costs

Plant & equipments include INR 72.73 lakhs (31 March 2018: INR 614.01 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 10.92% (31 March 2018: 10.01%), which is the effective interest rate of the specific borrowing.

(INR in lakhs)

	31 March 2019	31 March 2018
Balance brought down	1,158.81	864.47
Interest expenses	847.10	908.35
Sub-Total	2,005.91	1,772.82
Less: Allocated to Property, plant and equipment	72.73	614.01
Balance carried over (included in Capital work in progress)	1,933.18	1,158.81

Notes to the Consolidated Financial Statements for the year ended 31 March 2019

(Amount in INR lakhs, unless otherwise stated)

vi. Capital work in progress

Capital work in progress, in case of the Parent Company, as at 31 March 2019 and 31 March 2018 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.

vii. Impairment of Capital work in progress

During the year ended on 31 March 2019, the impairment loss of INR 367.17 lakhs (31 March 2018: INR Nil) 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. In the current year ended 31 March 2019, the same has been charged off to statement of profit and loss.

4. Investment property

	(INR in lakhs)
Opening balance at 1 April 2017	362.29
Additions (subsequent expenditure)	-
Closing balance at 31 March 2018	362.29
Additions (subsequent expenditure)	-
Closing balance at 31 March 2019	362.29
Depreciation	
Opening balance at 1 April 2017	-
Depreciation for the year	-
Closing balance at 31 March 2018	-
Depreciation for the year	-
Closing balance at 31 March 2019	-
Net book value	
As at 1 April 2017	362.29
As at 31 March 2018	362.29
As at 31 March 2019	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 2019	31 March 2018
Rental income derived from investment properties	Nil	Nil
Direct operating expenses (including repairs and maintenance) generating rental income	Nil	Nil
Direct operating expenses (including repairs and maintenance) 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 2019 and 31 March 2018, the fair values of the investment properties are INR 409.00 lakhs and INR 484.00 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.

Notes to the Consolidated Financial Statements for the year ended 31 March 2019

(Amount in INR lakhs, unless otherwise stated)

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 2019	31 March 2018
Land area	24.8 Acre	24.8 Acre
Prevailing market rate (per acre)	INR 18 lakhs/Acre	INR 25 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 19.52 lakhs/Acre
Reconciliation of fair value:		(INR in lakhs)
Opening balance as at 1 April 2017		430.00
Fair value difference		54.00
Purchases		-
Closing balance as at 31 March 2018		484.00
Fair value difference		(75.00)
Purchases		-
Closing balance as at 31 March 2019		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

	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 2017	414.24	403.60	15.32	8.27	1,533.53	11,405.00	13,779.96	19.34
Additions	199.35	-	-	-	-	-	199.35	82.38
Disposals	-	-	-	-	-	-	-	101.72
As at 31 March 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
Amortization								
As at 1 April 2017	230.33	-	15.32	8.27	-	534.32	788.24	-
Charge for the year	128.23	28.83	-	-	-	285.13	442.19	-
Disposals	-	-	-	-	-	-	-	-
As at 31 March 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	-
Net book value								
As at 31 March 2019	244.63	374.77	-	-	1,533.53	10,300.42	12,453.35	39.03
As at 31 March 2018	255.03	374.77	-	-	1,533.53	10,585.55	12,748.88	-
As at 1 April 2017	183.91	403.60	-	-	1,533.53	10,870.68	12,991.72	19.34

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 period of twenty years, without having regard to the Accounting Standard, subject to available surplus for the year before amortization of goodwill. The Goodwill is allocated to a Cash Generating Unit (CGU) i.e. Seed Division and has been assessed for impairment by the management by identifying realizable value of the assets of the CGU. As per the assessment, no impairment is required for the aforesaid goodwill.

**Goodwill, which arose pursuant to the scheme of amalgamation of Zuari Speciality Fertilisers Limited (ZSFL) with the Parent Company (Refer Note 54). Goodwill acquired through business combination with indefinite life has been allocated to the Cash Generating Unit (CGU) i.e. Water Soluble Fertilizers (WSF) and has been assessed for impairment by the management by discounting of projected future cash flows of the CGU. As per the assessment, no impairment is required for the aforesaid goodwill.

Notes to the Consolidated Financial Statements for the year ended 31 March 2019

(Amount in INR lakhs, unless otherwise stated)

The calculation of value in use for the WSF CGU is based on the following key assumptions:

- Projected increase in sale
- Discount rate
- Increase in expenses
- Working capital cycle

Projected increase in sale - Increase in sale is projected based on past trend of the business specific to the Parent Company. The sale projection for manufactured WSF is limited to the plant capacity.

Discount rates - Discount rates represent the current market assessment of the risks specific to the CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Parent Company and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Parent Company's investors. The cost of debt is based on the interest-bearing borrowings the Parent Company is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate.

Increase in expenses: The expense projection is in co-relation to the increase of projected volume in the business and the past trend specific to the Parent Company.

Working capital cycle - The working capital cycle is based on industry trend and past trend specific to the Parent Company.

Software consists of cost of ERP licenses and development cost.

BT cotton and Bajra represents trademark in name of erstwhile subsidiary company (i.e. Zuari Agri Sciences Limited) which has got merged with the Parent Company.

Intangible assets under development comprises of software.

^ Trademark represents acquisition date fair value of brand in one of the subsidiary of the Group.

5A. Investment in joint ventures

	(INR in lakhs)			
	Non current			
	31 March 2019			31 March 2018
Investments in unquoted equity instruments				
Investment in joint ventures				
17,98,16,228 (31 March 2018: 17,98,16,228) Equity shares of INR 10/- each fully paid-up of Zuari Maroc Phosphates Private Limited	74,294.28		68,307.74	
Less: Distribution of dividend during the year	(2,247.70)		-	
Less: Share of OCI for the year	(93.03)		(56.86)	
Add: Share of profit for the year	5,934.58	77,888.13	6,043.40	74,294.28
2,16,90,000 (31 March 2018: 2,16,90,000) Equity shares of USD 1.00/- each fully paid of MCA Phosphate Pte Limited (Refer Note 46)	10,532.62		11,828.71	
Less: Impairment for the year*	-		(1,161.76)	
Add: Reversal of impairment for the year^	1,161.76		-	
Less: Share of OCI for the year	709.86		60.29	
Add: Share of profit for the year	(399.92)	12,004.32	(194.62)	10,532.62
Total		89,892.45		84,826.90
Aggregate amount of impairment in value of investments (Refer Note 46)		-		1,161.76

**The Parent Company has recognized an impairment loss of INR Nil (31 March 2018: INR 1,161.76 lakhs) on the above investments.

^Based on the report of independent valuer, impairment loss of INR 1,161.76 lakhs recognized for the year 31 March 2018 has been reversed in the current year and has been reported as exceptional item in the statement of profit and loss (Refer Note 46)."

Notes to the Consolidated Financial Statements for the year ended 31 March 2019

(Amount in INR lakhs, unless otherwise stated)

6. Financial assets

6A. Investments

(INR in lakhs)

	Non current	
	31 March 2019	31 March 2018
Investments in equity instruments carried at fair value through other comprehensive income (FVTOCI)#		
Quoted equity instruments		
3,22,67,741 (31 March 2018: 3,22,67,741) Equity shares of INR 1/- each fully paid-up of Nagarjuna Fertilisers and Chemicals Limited	2,226.47	4,985.37
Unquoted equity instruments		
1,44,000 (31 March 2018: 72,000) Equity shares of INR 10/- each fully paid up of Indian Potash Limited*	1,153.44	1,272.24
Investments in unquoted preference shares		
Investments at fair value through profit or loss		
Bangalore Beverages Limited (2,00,000 (31 March 2018: 2,00,000) redeemable cumulative preference shares of INR 1/- each with coupon rate of 10% p.a. repayable after 20 years) #	20,000.00	20,000.00
Less:- Provision for diminution in the value of investment	(20,000.00)	- (20,000.00)
Total	3,379.91	6,257.61
Aggregate value of quoted investments	2,226.47	4,985.37
Aggregate value of unquoted investments	1,153.44	1,272.24
Total	3,379.91	6,257.61
Aggregate amount of impairment in value of investments (Refer Note 52)	20,000.00	20,000.00
Market Value of quoted Investments	2,226.47	4,985.37

#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. Refer Note 36 for determination of their fair values.

* During the financial year ended 31 March 2019, the Parent Company was allotted 72,000 bonus shares by Indian Potash Limited in the ratio of one equity share for each share held. 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 details of method and assumptions used for the valuation refer Note 36.

Refer Note 52

6B. Loans

(INR in lakhs)

	Non current		Current	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Security deposits				
Unsecured, considered good				
- with related parties (Refer Note 34)	29.33	29.33	-	-
- with others	1,137.35	1,126.11	113.97	124.30
Loans and advances to related parties (Refer Note 34)				
Unsecured, considered good				
Loans and advances	-	-	-	700.00
Other loans and advances				
Secured, considered good				
Loans to employees	21.29	9.38	5.66	6.86
Interest accrued on loans to employees	1.56	6.59	0.10	-

Notes to the Consolidated Financial Statements for the year ended 31 March 2019

(Amount in INR lakhs, unless otherwise stated)

	(INR in lakhs)			
	Non current		Current	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Unsecured, considered good				
Loans to employees	18.04	47.94	6.74	14.00
Interest accrued on loans to employees	12.64	24.97	3.89	3.61
Credit impaired				
Inter corporate deposits (Refer Note 53)	-	-	1,060.56	1,060.56
Interest accrued on inter corporate deposits (Refer Note 53)	-	-	332.98	332.98
Less: Inter corporate deposits and interest thereon- credit impaired	-	-	(1,393.54)	(1,393.54)
Total	1,220.21	1,244.32	130.36	848.77

Assets pledged as security for borrowings: Refer Note 12B for information on loans pledged as security against borrowings.

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.

6C. Other financial assets

	(INR in lakhs)			
	Non current		Current	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Derivative instruments at fair value through profit or loss				
Derivatives not designated as hedges				
Foreign exchange forward covers	15.29	40.98	141.49	648.11
Other financial assets (Unsecured, considered good)				
Non-current bank balances	393.25	3.35	-	-
Accrued service income	-	-	-	74.28
Claim receivable (Refer Note 42) (Refer Note i below)	1,203.52	1,682.57	1,322.78	3,025.83
Receivables from Gas Pool Operator (Refer Note ii below)	-	-	4,983.78	9,520.91
Rebate/discount receivable from suppliers	-	-	287.81	632.26
Interest receivable from customers				
- from related parties (Refer Note 34)	-	-	272.02	289.08
- from others (Refer Note iii below)	-	-	5,034.66	5,823.11
Interest receivable on bank deposits	-	-	20.49	11.51
Interest accrued on deposits with others	-	-	-	173.90
Packing scheme incentive grant receivable (Refer Note 44)	33.70	33.70	57.41	57.41
Other financial assets (Unsecured, credit impaired)				
Accrued service income	-	-	74.28	-
Claims receivable (Refer Note i below)	-	-	1,681.40	-
Less: Credit impaired	-	-	(1,755.68)	-
Total	1,645.76	1,760.60	12,120.44	20,256.40

Assets pledged as Security for borrowings: Refer Note 12 for information on financial assets pledged as security against borrowings.

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 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, till that time the amount is shown under Claim receivable. 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. Based on the legal opinion obtained by the Parent Company on the above matters, the management is hopeful to receive the amount paid towards the above claims. The management is also in continuous discussion with GAIL and as per their discussions, management is confident of recovery from GAIL basis the terms of these contracts. During the year, the Parent Company has made a provision of INR 1,681.40 lakhs (31 March 2018: INR Nil) against the above claims basis the best possible estimate of recovery.
- ii. The amount is receivable from the Gas Pool Operator under the uniform pricing policy of imported natural gas. As per Gas pool mechanism, the landed cost of gas (which varies from plant to plant owing to differential rates at which natural gas is contracted, which is the most important component for production of urea), is uniformly averaged for all the natural gas grid connected urea plants. The Parent Company has aged balance outstanding with the Gas pool operator due to non-payment by one of urea manufacturing unit to gas pool account. The management is confident to recover the outstanding amount in the near future as per the applicable guidelines and also have realised significant portion subsequently. Hence, the amount is fully recoverable and thereby no provision is required.
- iii. The Group has accrued interest income on overdue dealer balances on accrual basis to the extent it is reasonably certain of their ultimate collection as per best estimate.

Notes to the Consolidated Financial Statements for the year ended 31 March 2019

(Amount in INR lakhs, unless otherwise stated)

Break up of financial assets carried at amortised cost	(INR in lakhs)			
	Non current		Current	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Loans (Refer Note 6B)	1,220.21	1,244.32	130.36	848.77
Trade receivables (Refer Note 9)	-	-	390,616.27	339,001.78
Cash and cash equivalents (Refer Note 10)	-	-	4,989.04	14,738.96
Other bank balances (Refer Note 10.1)	-	-	3,460.01	2,129.50
Other financial assets (Refer Note 6C)	1,645.76	1,760.60	12,120.43	20,256.40
Total financial assets carried at amortised cost	2,865.97	3,004.92	411,316.11	376,975.41

7. Other assets	(INR in lakhs)			
	Non current		Current	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Unsecured, considered good, except where otherwise stated				
Capital advances				
- to related parties (Refer Note 34 & Note 50)	3,946.24	3,209.13	-	-
- to others*	2,462.62	1,161.28	-	-
Advances (other than capital advances)				
- related parties, considered good (Refer Note 34)	-	-	-	6.24
- others, considered good (Refer Note 45)	1,813.32	3,667.58	2,019.20	1,610.47
- others, considered doubtful (Refer Note 52)	3,067.27	1,668.20	85.18	56.10
	4,880.59	5,335.78	2,104.38	1,672.81
Less: provision for doubtful advances	(3,067.27)	(1,668.20)	(85.18)	(56.10)
	1,813.32	3,667.58	2,019.20	1,616.71
Balances with statutory authorities				
- considered good	-	-	22,316.66	5,584.31
- considered doubtful	-	-	1,055.53	161.30
	-	-	23,372.19	5,745.61
Less: Balances with statutory authorities-considered doubtful	-	-	(1,055.53)	(161.30)
	-	-	22,316.66	5,584.31
Advance to employees	-	-	117.14	6.90
Refund receivable Goods and Service Tax**	-	-	7,425.93	21,942.67
Prepaid expenses	-	-	3,414.46	2,544.76
Gratuity plan asset (Refer Note 32)	-	-	-	57.05
	-	-	10,957.53	24,551.38
Total	8,222.18	8,037.99	35,293.39	31,752.40

Assets pledged as security for borrowings: Refer Note 12 for information on other assets pledged as security against borrowings.

*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 seek 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 land at Belapu 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 has 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 Belapu Industrial Area, Udupi District, Karnataka and illegally withholding a sum of INR 604.42 lakhs. Also, based on 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 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 Group has claimed GST refund with respect to input services effective 1 July 2017 which aggregates to INR 3,084.82 lakhs (net of amount eligible for recovery as subsidy). The Group has also recognised GST input tax credit of INR 4,296.21 lakhs on input services for the year ended 31 March 2019.

Management, based on an opinion obtained by the Group and also relying on similar fact pattern in an order dated 18 September 2018 of the High Court of Gujarat in respect of an application of another company on this 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 Parent Company has also filed a writ petition in the Hon'ble High Court of Bombay at Goa in this regard.

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

Notes to the Consolidated Financial Statements for the year ended 31 March 2019

(Amount in INR lakhs, unless otherwise stated)

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

	(INR in lakhs)	
	31 March 2019	31 March 2018
Raw materials [includes material in transit: INR 16,704.38 lakhs (31 March 2018: INR 11,906.40 lakhs)]	43,028.73	31,455.11
Work-in-progress	1,599.34	4,058.92
Finished goods	64,746.89	24,470.45
Traded goods [includes material in transit: INR 3,955.10 lakhs and material lying with others: INR 3,025.06 lakhs] (31 March 2018: includes material in transit: INR 9,355.96 lakhs and material lying with others: INR 632.77 lakhs)	55,130.06	36,540.46
Stores and spares [includes material in transit: INR 23.73 lakhs (31 March 2018: INR 197.20 lakhs)]	12,023.03	8,589.30
Total	176,528.05	105,114.24

During the year ended 31 March 2019, INR 274.58 lakhs (31 March 2018: INR 968.90 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 borrowings.

9. Trade receivables (at amortized cost) *

	(INR in lakhs)	
	31 March 2019	31 March 2018
Trade receivables - related parties (Refer Note 34)	1,188.45	1,005.33
Trade receivables - others (Refer Note 41 & Note 43)	389,427.82	337,996.45
Total trade receivables	390,616.27	339,001.78

* Refer Note 49

Break-up for security details:

	(INR in lakhs)	
	31 March 2019	31 March 2018
From Related Parties (Refer Note 34)		
Secured, considered good	0.50	0.50
Unsecured, considered good	1,187.95	1,004.83
From Others		
Secured, considered good	8,889.85	7,026.24
Unsecured, considered good [including subsidy receivable from government of INR 2,81,034.93 lakhs (31 March 2018: INR 2,50,310.48 lakhs)]	380,537.97	330,970.21
Trade receivable - credit impaired	2,244.23	1,336.33
Total	392,860.50	340,338.11
Less : Trade receivables- credit impaired	(2,244.23)	(1,336.33)
Total	390,616.27	339,001.78

No trade or other receivable are due from directors or other officers of the Group 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 34.

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 2019	31 March 2018
Balances with banks:		
- on current accounts	1,921.34	6,118.08
- on cash credit accounts	1.89	3.74
- Deposits with original maturity of less than 3 months	3,060.00	8,600.00
Cash on hand	3.02	3.18
Cheque on hand	2.79	13.96
Total	4,989.04	14,738.96

Notes to the Consolidated Financial Statements for the year ended 31 March 2019

(Amount in INR lakhs, unless otherwise stated)

10.1. Other bank balances

(INR in lakhs)

	31 March 2019	31 March 2018
Other Bank Balances :		
- on Unpaid dividend accounts (repatriation restricted)*	247.38	272.98
Balances with banks-current account- escrow account	-	0.01
Deposits with original maturity for more than 3 months but less than 12 months	378.51	378.51
Margin money deposits**	2,834.12	1,478.00
Total	3,460.01	2,129.50

*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 2019	31 March 2018
Authorised share capital**		
12,25,00,000 (31 March 2018: 12,25,00,000) Equity Shares of INR 10/- each	12,250.00	12,250.00
3,45,00,000 (31 March 2018: 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 2018: 4,20,58,006) Equity Shares of INR 10/- each fully paid	4,205.80	4,205.80
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a. Reconciliation of shares outstanding at the beginning and end of the reporting year

Equity shares	31 March 2019		31 March 2018	
	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 share holder 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 2019		31 March 2018	
	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 share holders/members and other declarations received from share holders regarding beneficial interest, the above share holding represents both legal and beneficial ownership of shares.

*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 2018: 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.

**Refer Note 54 for increase in authorised share capital

No shares has been issued for consideration other than cash during the period of five years immediately preceding the reporting date.

Notes to the Consolidated Financial Statements for the year ended 31 March 2019

(Amount in INR lakhs, unless otherwise stated)

11A. Other equity

	(INR in lakhs)	
	31 March 2019	31 March 2018
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	-	-
Closing balance	57,667.51	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
Surplus/ (deficit) in the statement of profit and loss		
Balance as per last financial statements	12,701.70	1,455.98
Profit/ (Loss) for the year	(17,058.29)	11,736.61
Other comprehensive income	(159.06)	135.94
Less: Appropriations		
Cash dividend	-	(420.58)
Dividend distribution tax (DDT)	(114.43)	(206.25)
Net surplus/ (deficit) in the statement of profit and loss	(4,630.08)	12,701.70
Foreign Currency Translation Reserve		
Balance as per last financial statements	422.99	359.92
Add: Movement during the year	731.93	63.07
Closing balance	1,154.92	422.99
FVTOCI Reserve		
Balance as per last financial statements	(81.14)	1,451.67
Add: Movement during the year	(2,877.69)	(1,532.81)
Closing balance	(2,958.83)	(81.14)
Total reserves and surplus	122,788.36	142,265.90

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.

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.

Notes to the Consolidated Financial Statements for the year ended 31 March 2019

(Amount in INR lakhs, unless otherwise stated)

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.

FVTOCI Reserve

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 2019					(INR in lakhs)
	Foreign Currency Translation Reserve	FVTOCI equity securities	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 FVTOCI equity securities	-	(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)	
During the year ended 31 March 2018					(INR in lakhs)
	Foreign Currency Translation Reserve	FVTOCI equity securities	Surplus / (deficit) in the statement of profit and loss	Non controlling interest	
Re-measurement (loss) on defined benefit plans	-	-	50.92	(11.52)	
Income tax effect	-	-	(17.79)	4.02	
Net (loss) on FVTOCI equity securities	-	(1,373.14)	-	-	
Share of OCI of joint ventures (net of tax)	-	(159.67)	102.81	-	
Exchange differences on translation of foreign operations	63.07	-	-	-	
	63.07	(1,532.81)	135.94	(7.50)	

12A. Borrowings

			(INR in lakhs)	
			31 March 2019	31 March 2018
Non-current borrowings (at amortised cost)				
Term Loans				
From Banks				
Secured				
Indian Rupee loans (Refer Note 1 below)			54,133.62	32,583.70
Foreign currency loans (Refer Note 2 below)			24,751.66	9,958.29
Vehicle loans (Refer Note 4 below)			499.56	537.07

Notes to the Consolidated Financial Statements for the year ended 31 March 2019

(Amount in INR lakhs, unless otherwise stated)

	31 March 2019	31 March 2018
Unsecured		
Foreign currency loans (Refer Note 3 below)	4,189.48	5,696.33
From financial Institutions		
Secured		
Indian Rupee loans (Refer Note 5 below)	33,335.34	18,455.26
Total	116,909.66	67,230.65
Less: Amount disclosed under "Other current financial liabilities" (Current maturities of long term borrowings) (Refer Note 14)	(30,069.73)	(15,201.46)
Total	86,839.93	52,029.19

- 1 (a) In case of Parent Company, Indian Rupee term loan from a Bank of INR 6,481.48 lakhs (including current maturities of INR 6,481.48 lakhs) [31 March 2018: INR 11,439.28 lakhs (including current maturities: INR 5,000.00 lakhs)] carries interest rate of 11.35 % p.a. The loan is repayable in 14 quarterly instalments starting from December 2016 with the last instalment due on March 2020. The loan is 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 Nil (including current maturities of INR Nil) [31 March 2018: INR 3,368.29 lakhs (including current maturities: INR 3,368.29 lakhs)] carried interest rate of 10.90 % p.a. The loan was repayable in 8 equal quarterly instalments starting from March 2017 with the last instalment due on December 2018. The loan was secured by exclusive charge by way of mortgage over the immovable property owned by the Parent Company and located within the State of Goa and having minimum cover value of not less than 1.5 times.
- (c) In case of Parent Company, Indian Rupee term loan from a Bank of INR 6,385.10 lakhs (including current maturities: INR 3,260.35 lakhs) [31 March 2018: INR 8,862.51 lakhs including current maturities: INR 2,499.00 lakhs] carries interest rate of 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).
- (d) In case of Parent Company, Indian Rupee loan of INR 647.07 lakhs from a Bank (including current maturities of INR 500.00 lakhs) [31 March 2018: INR 1,264.40 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 & Machinery and other moveable assets (existing and proposed). The loan carries interest rate of 11.40% p.a. and repayable in 24 quarterly instalments commencing from December 2014 with the last instalment due on December 2020.
- (e) In case of Parent Company, Indian Rupee term loan from a Bank of INR 5,578.72 lakhs (including current maturities of INR 738.47 lakhs) [31 March 2018: INR Nil (including current maturities: INR Nil)] carries interest rate of 10.35 % 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.
- (f) In case of Parent Company, Indian Rupee term loan from a Bank of INR 2,390.67 lakhs (including current maturities of INR 316.47 lakhs) [31 March 2018: INR Nil (including current maturities: INR Nil)] carries interest rate of 10.35% 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 1,095.66 lakhs (including current maturities of INR 145.05 lakhs) [31 March 2018: INR Nil (including current maturities of INR Nil)] carries interest rate of 10.35 % 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.
- (h) In case of Parent Company, Indian rupee term loan from a Bank of INR 3,884.60 lakhs (including current maturities of INR 254.31 lakhs) [31 March 2018: INR Nil (including current maturities of INR Nil)] carries interest rate of 10.35% 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.
- (i) In case of a subsidiary, Indian Rupee term loan from a Bank of INR 9,930.85 lakhs (including current maturities of INR 1,987.96 lakhs) [31 March 2018: INR Nil (including current maturities of INR Nil)] 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 period which is 2 years from the date of disbursement. The loan carries interest of 11.15% per annum.

Notes to the Consolidated Financial Statements for the year ended 31 March 2019

(Amount in INR lakhs, unless otherwise stated)

- (j) In case of a subsidiary, Indian Rupee term loan from a Bank of INR 866.33 lakhs (including current maturities of INR 866.33 lakhs) [31 March 2018: INR 2,143.46 lakhs (including current maturities of INR 1,280.23 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 of 12.80% per annum.
- (k) In case of a subsidiary, Indian Rupee term loan from a Bank of INR Nil (including current maturities of INR Nil) [31 March 2018: INR 580.12 lakhs (including current maturities of INR 580.12 lakhs)] is secured by exclusive first charge on the fixed assets of the project (financed by the term loan) and pari-passu first charge on the entire fixed assets of the subsidiary company barring fixed assets financed by term loans from State Bank of India and ING N.V. (Netherland) and fixed assets exclusively charged to other lenders. The loan was repayable in 52 monthly instalments commencing on December 2014. The loan carried interest of 11.50% to 12.05% per annum.
- (l) In case of a subsidiary, Indian Rupee term loan from a Bank of INR 4,941.73 lakhs (including current maturities of INR 494.91 lakhs) [31 March 2018: INR 4,925.64 lakhs (including current maturities of INR Nil)] 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 period which is 15 months from the date of first disbursement. The loan carries interest at 10.35% p.a.
- (m) In case of a subsidiary, Indian Rupee term loan from a Bank of INR 11,931.41 lakhs (including current maturities of INR 265.49 lakhs) [31 March 2018: INR Nil (including current maturities of INR Nil)] 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 of 9.91% to 10.22% p.a. The loan is repayable in 15 equal quarterly instalments starting from the end of moratorium period 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 9.91 millions equivalent to INR 6,724.11 lakhs from a Bank (including current maturities of USD 4.95 millions equivalent to INR 3,397.80 lakhs) (31 March 2018: INR Nil including current maturities: Nil) carries interest rate of 6.14% p.a. The loan is repayable in 14 equal instalments starting from May 2019 with the last instalment due on October 2020. The loan is 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 the Parent Company, both present and future, Subservient charge over the moveable fixed assets of the Parent Company, both present and future and exclusive pledge of shares of Chambal Fertilisers & Chemicals Limited ("CFCL") held by Zuari Global Limited with a minimum security cover of 1.50 times. The charge documents in respect of above are in the process of registration with registrar of companies.
- (b) In case of Parent Company, foreign currency loan in form of FCNR - B of USD 26.57 millions equivalent to INR 18,027.55 lakhs from a Bank (including current maturities of USD 13.29 millions equivalent to INR 8,723.28 lakhs) (31 March 2018: INR Nil including current maturities: Nil) carries interest rate of 6.13% p.a. The loan is repayable in 14 equal instalments starting from May 2019 with the last instalment due on October 2020. The loan is 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 the Parent Company, both present and future, Subservient charge over the moveable fixed assets of the Parent Company, both present and future and exclusive pledge of shares of Chambal Fertilisers & Chemicals Limited ("CFCL") held by Zuari Global Limited with a minimum security cover of 1.50 times. The charge documents in respect of above are in the process of registration with registrar of companies.
- (c) In case of a subsidiary, foreign currency loan from a Bank of INR Nil (including current maturities of INR Nil) [31 March 2018: INR 9,958.29 lakhs (including current maturity of INR 499.06 lakhs)] was secured by first pari-passu charge on all movable and immovable fixed assets (along with working capital lenders), other than fixed assets exclusively charged to other lenders. The loan was repayable in 20 equal quarterly instalments starting from the end of moratorium period which is 2 years from the date of disbursement. The loan carried interest of 11.55% per annum. During the year, the outstanding balance of this loan has been converted to Indian currency term loan.
- 3 (a) In case of a subsidiary, foreign currency loan from a Bank of INR 2,970.28 lakhs (including current maturities of INR 994.08 lakhs) [31 March 2018: INR 4,113.62 lakhs (including current maturities of INR 1,031.63 lakhs)] is secured by 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% per annum.
- (b) In case of a subsidiary, foreign currency loan of INR 1,219.20 lakhs (including current maturities of INR 305.47 lakhs) [31 March 2018: INR 1,582.71 lakhs (including current maturities of INR 302.72 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% per annum.
- 4 (a) In case of Parent Company, vehicle loans from a Bank of INR 317.41 lakhs (including current maturities: INR 116.75 lakhs) (31 March 2018: INR 434.07 lakhs including current maturities: INR 114.14 lakhs) carry interest rate ranging from 8.38%-10.65% p.a. The loans are repayable in 48 equal monthly instalments starting from February 2017 with the last instalment due on March 2022. 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 127.77 lakhs (including current maturities INR 41.01 lakhs) [31 March 2018: INR 103.00 lakhs (including current maturities: INR 26.27 lakhs)] carry interest rate of 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 54.38 lakhs (including current maturities INR 19.77 lakhs) [31 March 2018: INR Nil (including current maturities: INR Nil)] carry interest rate of 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.

Notes to the Consolidated Financial Statements for the year ended 31 March 2019

(Amount in INR lakhs, unless otherwise stated)

- 5 (a) In case of Parent Company, Indian Rupee loan of INR 18,466.62 lakhs from a financial institution (including current maturities of INR Nil) (31 March 2018: INR 18,455.26 lakhs including current maturities: INR Nil) carries interest rate of 11.70% p.a. The loan is repayable in 12 equal quarterly instalments starting from February 2020 with the last instalment due on February 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 Fertilizers Limited ("MCFL") with a minimum share security cover of 1.00 time.
- (b) In case of Parent Company, Indian rupee term loan from a financial institution of INR 14,868.72 lakhs (including current maturities of INR 1,160.75 lakhs) [31 March 2018: INR Nil (including current maturities of INR Nil)] carries interest rate of 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, facility ISRA (Interest Service Reserve Account) equivalent to 1 quarter of interest to be created out of the facility as undisbursed Facility amount and demand promissory note.

12B. Borrowings

(INR in lakhs)

	31 March 2019	31 March 2018
Current Borrowings		
Secured*		
From Banks		
Cash credit (including working capital demand loans)		
(The rate of interest on cash credit varies between banks ranging from 9.50% to 14.15% and are repayable on demand. The rate of interest on working capital demand loans varies between 9.20% - 10.45% and are repayable over a period of 30 to 60 days)	98,775.61	74,971.61
Buyers/ Suppliers credit		
(The rate of Interest on buyers/ suppliers credit varies between 2.88% - 5.08% (31 March 2018: 1.83% - 3.10%) and are repayable over a period of 69 - 298 days) (USD 199.03 Million and GBP Nil (31 March 2018 : USD 210.38 Million and GBP 0.15 Million)	137,645.67	137,257.11
Short term loans		
(8.20% (including 7.72% 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)	29,133.93	40,704.68
Bills discounted	95,771.22	65,799.58
(Local bills discounted with banks repayable over a period of 180 days at the rate varies between 8.20% - 12.00% against Letter of Credit issued by another bank having securities as disclosed below.)		
Unsecured		
From banks		
Short term loans		
Working capital demand loans	22,500.00	52,500.00
(The rate of Interest on loans varies between 9.40 % - 11.00% and are repayable over a period of 30 to 180 days)		
Buyers credit		
(The rate of Interest on buyers credit varies between 2% - 2.205% and has a tenure of up to 6 months) (USD Nil (31 March 2018 : USD 0.82 Million)	-	532.75
Bill discounting		
(The rate of interest varies between 7.05% - 7.90% and repayable over a period of 180 days)	-	664.39
Others - short term loan (Refer Note (f) below)	1,594.55	982.12
From Others		
Inter corporate deposits	21,150.00	10,000.00
(The rate of Interest varies between 9.25 % - 15.00% and are repayable over a period of 90 to 365 days)		
Total	406,570.98	383,412.24

*(a) In respect of the Parent Company, cash credit (including working capital demand loans) of INR 94,236.65 lakhs (31 March 2018: INR 66,851.66 lakhs), Buyers credit of INR 20,197.27 lakhs (31 March 2018: INR 74,084.14 lakhs), Suppliers credit of INR 36,812.36 lakhs (31 March 2018: Nil) and Bill discounting of INR 56,500.00 lakhs (31 March 2018: INR 27,645.31 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.

Notes to the Consolidated Financial Statements for the year ended 31 March 2019

(Amount in INR lakhs, unless otherwise stated)

- (b) In respect of the Parent Company, cash credit of INR 2,878.16 lakhs (31 March 2018: INR 4,560.56 lakhs) are 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 1,389.50 lakhs (31 March 2018: INR 1,271.21 lakhs) are secured by hypothecation of inventory cum book debts and all current assets of one of the divisions of the Parent Company.
- (d) In respect of the Parent Company, cash credit of INR Nil (31 March 2018: INR 1,692.14 lakhs) are secured by hypothecation of inventories and book debts of one of the divisions of the Parent Company.
- (e) Short term loans of INR 29,133.93 lakhs (31 March 2018: INR 40,704.68 lakhs) are secured against subsidy receivable of equal amount from Government of India, Ministry of Chemicals and Fertilizer under Special Banking Arrangement.
- (f) In respect of a subsidiary, buyers credit facilities of INR 8,241.25 lakhs (31 March 2018: INR 63,172.97 lakhs), suppliers credit of INR 72,394.79 lakhs (31 March 2018: INR Nil), bill discounting of INR 39,271.22 lakhs (31 March 2018: INR 38,154.27 lakhs), cash credit (including demand loans) of INR 271.30 lakhs (31 March 2018: INR 596.04 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 1,594.55 lakhs (31 March 2018: INR 982.12 lakhs) has been availed from a Bank. The facility carries interest in the range of 9.23% to 9.28% p.a.

13. Trade payables

	(INR in lakhs)			
	Non current		Current	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Trade payables				
- Outstanding dues to related parties (Refer Note 34)	-	-	30,247.91	10,825.26
- Outstanding dues to micro and small enterprises (Refer Note 30)	-	-	824.02	254.60
- Outstanding dues to others	-	-	164,592.57	134,140.92
Total	-	-	195,664.50	145,220.78

14. Other financial liabilities

	(INR in lakhs)			
	Non current		Current	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Financial liabilities at fair value through profit or loss				
Derivatives not designated as hedges				
Foreign exchange forward covers	546.19	461.87	6,719.02	296.62
Total financial liabilities at fair value through profit or loss (a)	546.19	461.87	6,719.02	296.62
Other financial liabilities at amortised cost				
Current maturities of long term borrowings (Refer Note 12A)	-	-	30,069.73	15,201.46
Trade deposits - dealers and others				
-from related parties (Refer note 34)	-	-	0.50	0.50
-from others	-	-	13,194.52	12,203.06
Employee benefits payable	-	-	1,934.70	1,687.91
Payable towards capital goods				
- to related parties (Refer note 34)	-	-	1.00	89.13
- to others *	-	-	1,824.89	1,130.01
Interest accrued but not due on borrowings	-	-	2,778.05	1,427.91
Other interest payable**	-	-	4,260.65	874.23
Unclaimed dividends	-	-	247.38	272.98
Payable towards voluntary retirement scheme	66.31	79.97	27.33	31.65
Other dues	-	-	909.98	514.74
Total other financial liabilities at amortised cost (b)	66.31	79.97	55,248.73	33,433.58
Total other financial liabilities (a+b)	612.50	541.84	61,967.75	33,730.20

* Including INR 11.36 lakhs (31 March 2018: INR 9.93 lakhs) outstanding due to Micro and Small Enterprises (Refer Note 30).

** - Including INR 193.93 lakhs (31 March 2018: INR 133.90 lakhs) outstanding due to Micro and Small Enterprises (Refer Note 30).

- Includes INR 1,605.60 lakhs (31 March 2018: INR Nil) payable to related party on account of overdue interest (Refer Note 34).

Notes to the Consolidated Financial Statements for the year ended 31 March 2019

(Amount in INR lakhs, unless otherwise stated)

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 38. For terms and conditions relating to related party payables, Refer Note 34.

For explanations on the Group's credit risk management processes, Refer Note 38.

Break up of financial liabilities carried at amortised cost

(INR in lakhs)

	Non current		Current	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Non current borrowings (Refer Note 12A)	86,839.93	52,029.19	-	-
Current borrowings (Refer Note 12B)	-	-	406,570.98	383,412.24
Trade payables (Refer Note 13)	-	-	195,664.50	145,220.78
Other financial liabilities (Refer Note 14)	612.50	541.84	61,967.75	33,730.20
Total financial liabilities carried at amortised cost	87,452.43	52,571.03	664,203.23	562,363.22

15. Other Liabilities

(INR in lakhs)

	Non current		Current	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Statutory Liabilities	-	-	885.21	1,191.53
Contract Liabilities - Advances received from customers*	-	-	14,436.54	16,970.38
Deferred income (Refer Note 44)	85.28	102.34	17.05	17.05
Total	85.28	102.34	15,338.80	18,178.96

* Includes advances received from related parties of INR 10,734.34 lakhs (31 March 2018: INR Nil) (Refer Note 34)

Revenue recognized from amounts included in contract liabilities at the beginning of the year is INR 15,077.68 lakhs (31 March 2018: INR 8,438.37 lakhs)

Deferred income (Refer Note 44)

(INR in lakhs)

	31 March 2019	31 March 2018
Opening	119.39	136.44
Deferred during the year	-	-
Released to the statement of profit and loss	(17.05)	(17.05)
Closing	102.34	119.39

16. Provisions

(INR in lakhs)

	Non current		Current	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Provision for employee benefits				
Gratuity (Refer Note 32)	1,641.16	1,488.00	211.38	16.85
Provision for post retirement medical benefit (Refer Note 32)	57.70	48.95	6.93	5.84
Leave encashment (unfunded)	-	-	3,177.83	3,159.57
	1,698.86	1,536.95	3,396.14	3,182.26
Others provisions				
Provision for sales return*	-	-	-	95.95
	-	-	-	95.95
Total	1,698.86	1,536.95	3,396.14	3,278.21

*The Parent Company has made a provision for expected sales return out of sale of seeds made during the previous year towards loss on such expected sales returns. The movement of such provision is as follows:

Notes to the Consolidated Financial Statements for the year ended 31 March 2019

(Amount in INR lakhs, unless otherwise stated)

	31 March 2019	31 March 2018
Movement in provisions		
Opening	95.95	105.79
Addition	-	95.95
Reversal/ Utilization	95.95	105.79
Closing	-	95.95

17. Income Tax

The major components of income tax expense for the years ended 31 March 2019 and 31 March 2018 are:

Profit or loss section	(INR in lakhs)	
	31 March 2019	31 March 2018
Current income tax:		
Current income tax charge	1,397.18	3,566.29
Adjustment of tax relating to earlier years	(1,493.31)	-
Sub total	(96.13)	3,566.29
Deferred tax:		
Adjustments in respect of deferred tax of earlier years	(424.21)	(1,603.97)
Relating to origination and reversal of temporary differences	1,209.33	363.34
Sub total	785.12	(1,240.63)
Income tax expense reported in the statement of profit or loss	688.99	2,325.66

OCI section

Deferred tax related to items recognised in OCI during the year:	(INR in lakhs)	
	31 March 2019	31 March 2018
Net loss/(gain) on remeasurements of defined benefit plans	156.06	(39.40)
Deferred tax charged/(credit) to OCI	(54.54)	13.77

Reconciliation of tax expense and the accounting profit multiplied by domestic tax rate for 31 March 2019 and 31 March 2018

	(INR in lakhs)	
	31 March 2019	31 March 2018
Accounting profit/(loss) before Income tax	(14,824.81)	16,908.11
Income tax rate	34.944%	34.608%
At statutory income tax rate	(5,180.38)	5,851.56
Adjustment in respect of tax related to earlier years	(424.21)	(1,603.97)
Tax impact of Share of profit of joint ventures	(1,934.03)	(2,024.15)
Tax effect of income that are not taxable in determining taxable profit:		
Wealth Tax Reversal	-	(14.73)
Dividend Income	129.17	-
Others Adjustments	(50.66)	-
Impact of profit on non tax jurisdiction	0.93	(81.18)
Deferred tax credit on non-depreciable assets	-	(1,160.59)
Non-deductible expenses for tax purposes:		
Interest on Micro and Small Enterprises	20.92	15.01
Disallowance under Section 14A	6.70	761.26
Provision for impairment of investment	-	402.06
Unrecognized deferred tax asset	8,054.53	-
Others Adjustments	66.02	171.13
Impact of change in tax rate, Deferred tax calculated 31 March 2018: 34.944% (31 March 2017: 34.608%)	-	9.26
Income tax (income)/ expense reported in the statement of profit and loss	688.99	2,325.66

Notes to the Consolidated Financial Statements for the year ended 31 March 2019

(Amount in INR lakhs, unless otherwise stated)

Deferred tax:	(INR in lakhs)				
	As at 31 March 2017	Provided during the year	As at 31 March 2018	Provided during the year	As at 31 March 2019
Deferred tax liability:					
Property, plant and equipment impact of difference between tax depreciation and depreciation/amortisation charged for the financial reporting	25,452.85	(1,580.92)	23,871.93	(291.09)	23,580.84
Mark to market (MTM) forward contract	-	-	-	1,757.75	1,757.75
Others	348.54	(81.36)	267.18	(152.75)	114.43
Total deferred tax liability (A)	25,801.39	(1,662.28)	24,139.11	1,313.91	25,453.02
Deferred tax assets:					
Provision for doubtful debts and advances	194.73	779.62	974.35	-	974.35
MAT credit entitlement	5,448.00	3,566.29	9,014.29	(220.35)	8,793.94
Expenses allowable in Income tax on payment basis and deposition of Statutory dues	2,391.45	(118.00)	2,273.45	564.77	2,838.22
Brought forward losses and unabsorbed depreciation	23,936.43	(4,631.52)	19,304.91	(200.71)	19,104.20
Others	474.26	(31.80)	442.46	439.62	882.08
Total deferred tax assets (B)	32,444.87	(435.41)	32,009.46	583.33	32,592.79
Deferred Tax Asset (Net) (B - A)	6,643.48	1,226.87	7,870.35	(730.58)	7,139.77
Disclosed in the Financial Statements					
Deferred Tax Assets	8,310.66		9,208.20		8,895.14
Deferred Tax Liabilities	(1,667.18)		(1,337.85)		(1,755.37)

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.

The Group has till date recognised INR 8,793.94 lakhs (31 March 2018: INR 9,014.29 lakhs) as Minimum Alternate Tax (MAT) credit entitlement which represents that portion of the MAT Liability, the credit of which would be available based on the provision of Section 115JAA of the Income Tax Act, 1961. The management based on the future profitability projections is confident that there would be sufficient taxable profits in future which will enable the Group to utilize the above MAT credit entitlement

The Group has till date recognised INR 19,104.20 lakhs (31 March 2018: INR 19,304.91 lakhs) as deferred tax assets on unabsorbed depreciation and carried forward tax loss, which the management based on the future profitability projections is confident that there would be sufficient taxable profits in future which will enable the Group to utilize the above deferred tax assets. Deferred tax asset of INR 8,054.53 lakhs (31 March 2018: Nil) on business losses of the Parent Company has not been recognized as there are no tax planning opportunities or other evidence of recoverability for the same in the near future.

17 A. Income tax assets / liabilities for current tax (net)	(INR in lakhs)	
	31 March 2019	31 March 2018
Income tax assets- related parties (Refer Note 34 & 50)	1,708.35	2,533.85
Income tax assets- others	3,836.45	4,164.28
Total income tax assets (net)	5,544.80	6,698.13

	(INR in lakhs)	
	31 March 2019	March 31, 2018
Liabilities for current tax (net)	-	1,476.04
Total income tax liabilities (net)	-	1,476.04

18. Revenue from operations	(INR in lakhs)	
	31 March 2019	31 March 2018
Revenue from contracts with customers		
Sale of products (including excise duty)		
Finished products	571,715.63	494,782.58
Traded products	237,474.13	231,845.90
Other operating revenues		
Rendering of Services	681.06	68.26
Scrap sales	419.19	388.83
Revenue from operations	810,290.01	727,085.57

Notes to the Consolidated Financial Statements for the year ended 31 March 2019

(Amount in INR lakhs, unless otherwise stated)

Timing of revenue recognition	(INR in lakhs)	
	31 March 2019	31 March 2018
Goods transferred to the customers at a point in time	810,191.70	727,017.31
Services rendered at a point in time	98.31	68.26
Total revenue from contracts with customers	810,290.01	727,085.57

Right of return assets and refund liabilities	(INR in lakhs)	
	31 March 2019	31 March 2018
Right of return assets	-	-
Refund liabilities		
Arising from rights of return	-	95.95
	-	95.95

Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price	(INR in lakhs)	
	31 March 2019	31 March 2018
Revenue as per contracted price	820,397.82	740,003.37
Adjustments		
Sales return	(1,969.05)	(2,581.54)
Discount	(7,680.68)	(9,835.49)
Others	(458.08)	(500.77)
Revenue from contract with customers	810,290.01	727,085.57

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 3,67,635.27 lakhs (31 March 2018: INR 3,34,853.10 lakhs). Subsidies include INR 5,829.79 lakhs (31 March 2018: INR 2,793.95 lakhs) (including INR 3,050.79 lakhs; 31 March 2018: INR 2,068.68 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 3,050.79 lakhs (31 March 2018: INR 2,068.68 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.
- e. Goods and Service Tax (GST) has been effective from 1 July 2017, consequently excise duty, value added tax (VAT), service tax etc. have been replaced with GST. Until 30 June 2017, 'Sale of products' includes the amount of excise duty recovered on sales amounting to INR 608.17 lakhs. The Group collects GST on behalf of the Government and not included in 'Sale of products', and therefore revenue from 'Sale of products' for the year ended 31 March 2019 is not comparable with that of the previous year.

Notes to the Consolidated Financial Statements for the year ended 31 March 2019

(Amount in INR lakhs, unless otherwise stated)

19. Other income

	(INR in lakhs)	
	31 March 2019	31 March 2018
Interest Income on		
Bank deposits	469.86	258.31
Intercorporate loans	219.01	89.85
Overdue debtors, employee loans etc.	2,169.67	5,992.26
Income tax refund	119.29	15.76
Dividend income on non-current investments	2.16	2.16
Other non-operating income		
Rent received	92.44	101.22
Excess provision/unclaimed liabilities/unclaimed balances written back	501.74	387.92
Incentive under packing scheme incentive (Refer Note 44)	17.05	17.05
Insurance Claims	38.61	380.42
Miscellaneous income	922.16	1,468.81
Total	4,551.99	8,713.76

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 2019	31 March 2018
In relation to Financial assets classified at amortised cost	2,858.54	6,340.42
In relation to Financial assets classified at FVOCI	-	-
Total	2,858.54	6,340.42

20. Cost of raw materials and components consumed

	(INR in lakhs)	
	31 March 2019	31 March 2018
Inventory at the beginning of the year	31,455.11	30,752.78
Add : Purchases	451,270.20	349,460.34
Add: Transfer of Stock for captive consumption	2,851.05	-
	485,576.36	380,213.12
Less: Transferred to trading stock	(2,371.15)	(1,242.43)
Less: Inventory at the end of the year	(43,028.73)	(31,455.11)
Cost of raw materials and components consumed	440,176.48	347,515.58

21. Purchase of traded goods

	(INR in lakhs)	
	31 March 2019	31 March 2018
Traded goods purchase details		
Di-ammonium phosphate (DAP)	118,944.79	85,397.27
Muriate of potash (MOP)	58,744.15	85,605.83
Single super phosphate (SSP)	1.42	32.91
Urea	2,662.35	3,546.88
Speciality fertilisers	16,007.87	12,085.64
Complex fertilisers	6,537.37	3,094.46
Pesticides	12,208.64	11,247.77
Seeds	307.91	155.59
Others	3,061.51	3,337.46
Add: Transfer from materials purchased	2,371.15	1,242.43
Cost of traded goods purchased	220,847.16	205,746.24

Notes to the Consolidated Financial Statements for the year ended 31 March 2019

(Amount in INR lakhs, unless otherwise stated)

22. Changes in inventories of finished goods, traded goods and work-in- progress

	(INR in lakhs)	
	31 March 2019	31 March 2018
Inventories at the end 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
Inventories at the beginning of the year		
Finished goods	24,470.45	10,571.63
Traded goods	36,540.46	16,842.54
Work-in-progress	4,058.92	3,085.72
	65,069.83	30,499.89
	(56,406.46)	(34,569.94)

23. Excise Duty on sale of goods

	(INR in lakhs)	
	31 March 2019	31 March 2018
Excise duty on sale of goods	-	608.17
Total	-	608.17

24. Employee Benefits Expense

	(INR in lakhs)	
	31 March 2019	31 March 2018
Salaries, wages and bonus	14,274.16	13,039.26
Contribution to provident and other funds	1,071.22	1,005.44
Post-retirement medical benefit (Refer Note 32)	9.84	4.23
Gratuity expense (Refer Note 32)	344.54	335.76
Staff welfare expenses	1,861.88	1,925.80
Total	17,561.64	16,310.49

25. Finance Costs

	(INR in lakhs)	
	31 March 2019	31 March 2018
Interest expense	41,867.24	31,958.70
Interest on Income Tax	10.64	119.46
Exchange difference to the extent considered as an adjustment to borrowing cost	3,454.20	5,343.34
Other borrowing cost	3,457.73	2,936.85
Total	48,789.81	40,358.35

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 2019	31 March 2018
In relation to Financial liabilities classified at amortised cost	41,867.24	31,958.70
Total	41,867.24	31,958.70

26. Depreciation and amortization expense

	(INR in lakhs)	
	31 March 2019	31 March 2018
Depreciation of property, plant and equipment (Refer Note 3)	8,324.72	7,810.58
Amortisation of intangible assets (Refer Note 4)	421.17	442.19
Total	8,745.89	8,252.77

Notes to the Consolidated Financial Statements for the year ended 31 March 2019

(Amount in INR lakhs, unless otherwise stated)

27. Other expenses

	(INR in lakhs)	
	31 March 2019	31 March 2018
Stores and spares consumed	2,223.29	2,678.20
Power, fuel and water	60,131.24	49,038.65
Bagging and other contracting charges	3,881.22	3,446.29
Outward freight and handling	56,574.29	58,809.28
Rent	3,601.21	2,989.12
Rates and taxes	107.33	117.84
Insurance	777.42	925.50
Repairs and maintenance		
Plant & machinery	5,922.37	5,891.28
Buildings	1,056.07	778.49
Others	1,186.48	1,097.40
Payment to statutory auditors (Refer details below)	207.91	196.00
Royalty on sales (net)	16.85	14.70
Provision for doubtful receivable/advances	1,835.40	993.58
Research and development expenses (Refer details below)	5.36	83.06
Subsidy claims written off	141.16	138.90
Impairment of capital work-in-progress	367.17	-
Foreign exchange variation (net)	5,044.00	2,526.02
Loss on disposal of property, plant and equipment (net)	542.27	735.76
Donation	6.33	-
CSR expenditure (Refer details below)	136.06	61.96
Advances write-off	3,180.49	173.01
Miscellaneous expenses	9,704.79	7,268.00
Total	156,648.71	137,963.04
Payments to statutory auditors		
As statutory auditors		
Audit fees	75.50	53.73
Tax audit fee	14.47	16.11
Limited review fees	30.00	15.75
In other capacity		
Qualified institutional placement (QIP) certification	41.84	-
Other services (certification fees)	32.94	102.80
Reimbursement of expenses	13.16	7.61
Total	207.91	196.00
CSR Expenditure:		
Gross amount required to be spent by the Group during the year (under Section 135 of the Companies Act, 2013)	50.34	16.51
Amount spent during the year (other than on construction/ acquisition of any asset)	136.06	61.96
Amount spent during the year (on construction/ acquisition of any asset)	-	-
Amount yet to be spent/ paid	-	-
Total	136.06	61.96
The details of research and development expenses are given below:		
	31 March 2019	31 March 2018
Repairs and maintenance- Plant and machinery	0.01	1.07
Farm maintenance	-	39.27
Testing expenses	2.69	31.30
Consumables	0.54	4.09
Miscellaneous expenses	2.12	7.33
Total	5.36	83.06

The Parent Company's research and development activities concentrates on the development of new variety of seeds with better quality and high productivity. No capital expenditure have been incurred on research and development during the year.

Notes to the Consolidated Financial Statements for the year ended 31 March 2019

(Amount in INR lakhs, unless otherwise stated)

28. Distributions made and Proposed

	(INR in lakhs)	
	31 March 2019	31 March 2018
Cash dividends on equity shares declared and paid:		
Final equity dividends: INR 1 per equity share (31 March 2018: INR 1 per equity share)	556.72	698.94
Dividend distribution tax on equity dividend	114.43	206.25
	671.15	905.19
Proposed dividends on equity shares:		
Proposed final equity dividends: INR Nil per equity share (31 March 2018: INR 1 per equity share)	-	556.72
Dividend distribution tax on proposed equity dividend	-	114.43
	-	671.15

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.

29. a. Exceptional Items:

	(INR in lakhs)	
	31 March 2019	31 March 2018
Provision for impairment of investments (Refer Note (a) below)	(1,161.76)	1,161.76
Provision for doubtful advances (Refer Note (b) below)	-	1,393.54
	(1,161.76)	2,555.30

(a) Exceptional items for the year ended 31 March 2018 includes INR 1,161.76 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 46, impairment recognized has been reversed in the year ended 31 March 2019.

(b) Exceptional items for the year ended 31 March 2018 includes INR 1,393.54 lakhs representing provision made against inter corporate deposits including interest accrued thereon (Refer Note 53).

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:

	31 March 2019	31 March 2018
Profit/ (Loss) after taxation as per statement of profit and loss (INR in lakhs)	(17,058.29)	11,736.61
Weighted average number of shares used in computing earnings per share	42,058,006	42,058,006
Earnings per share - Basic and diluted (in INR)	(40.56)	27.91
Face value per share (in INR)	10.00	10.00

30. 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 2019	31 March 2018
The principal amount and the interest due thereon remaining unpaid to any supplier:		
- Principal amount	835.38	264.53
- Interest thereon	60.55	43.88
The amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day	Nil	Nil
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 MSMED Act	Nil	Nil
The amount of interest accrued and remaining unpaid	193.93	133.90
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act	60.55	43.88

Notes to the Consolidated Financial Statements for the year ended 31 March 2019

(Amount in INR lakhs, unless otherwise stated)

31. 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 2019	31 March 2018
Mangalore Chemicals and Fertilizers Limited	India	53.03%	53.03%
Adventz Trading DMCC	United Arab Emirates	100.00%	100.00%

Name of Joint Ventures	Country of Incorporation	Ownership Interest (%)	
		31 March 2019	31 March 2018
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.)	Singapore	30.00%	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, are unaudited and have been compiled by the management. Also, financial statements of its associate Fosfatos del Pacifico S.A. have been derived by deducting three months period ended 31 March 2018 and adding three months period ended 31 March 2019 to the figures of audited financial statements for the year ended 31 December 2018.

Financial Statements of MCA Phosphates Pte. Limited for the year ended 31 March 2018 are unaudited. Also, financial statements of its associate Fosfatos del Pacifico S.A. have been derived by deducting three months period ended 31 March 2017 and adding three months period ended 31 March 2018 to the figures of audited financial statements for the year ended 31 December 2017.

31. 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:

Name	Country of incorporation and operation	31 March 2019	31 March 2018
Mangalore Chemicals and Fertilisers Limited	India	46.97%	46.97%

Information regarding non-controlling interest

	31 March 2019	31 March 2018
	INR in lakhs	INR in lakhs
Accumulated balances of material non-controlling interest:	39,955.19	39,002.91
Total Comprehensive Income allocated to material non-controlling interest:	1,509.00	2,838.34
Dividend distributed and paid to non-controlling interest	556.72	278.36

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 year ended 31 March 2019 and 31 March 2018:

	31 March 2019	31 March 2018
	INR in lakhs	INR in lakhs
Revenue from operations	307,363.76	269,290.26
Other Income	1,203.47	1,184.77
Cost of raw material and components consumed	157,092.20	127,168.92
Purchases of traded goods	74,365.48	72,396.40
Change in inventories of finished goods, work-in-progress and traded goods	(9,870.88)	(11,390.39)
Other expenses	70,864.46	65,753.10
Finance costs	11,101.93	9,042.30
Profit before tax	5,014.04	7,504.70
Income tax	1,726.11	1,446.44

Notes to the Consolidated Financial Statements for the year ended 31 March 2019

(Amount in INR lakhs, unless otherwise stated)

	31 March 2019	31 March 2018
	INR in lakhs	INR in lakhs
Profit for the year	3,287.93	6,058.26
Other Comprehensive income/ (loss) for the year	(75.56)	(15.96)
Total comprehensive income	3,212.37	6,042.30
Attributable to non-controlling interests	1,509.00	2,838.34
Dividends paid to non-controlling interests	556.72	278.36

Summarised balance sheet as at 31 March 2019 and 31 March 2018:

	31 March 2019	31 March 2018
	INR in lakhs	INR in lakhs
Inventories and cash and cash equivalents	58,037.22	50,954.90
Property, plant and equipment, other non-current financial assets and other non-current assets	67,565.90	65,288.81
Trade Receivable, other financial assets and other current assets	166,215.42	134,555.64
Trade and other payable	(72,029.70)	(66,839.70)
Non current liabilities	(2,170.83)	(1,944.62)
Interest-bearing loans and borrowing and deferred tax liabilities (non-current)	(168,101.82)	(134,282.45)
Total equity	49,516.19	47,732.58
Attributable to:		
Non-controlling interest *	39,955.19	39,002.91

*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 2019 and 31 March 2018:

	31 March 2019	31 March 2018
	INR in lakhs	INR in lakhs
Operating	(26,175.07)	3,289.95
Investing	(5,888.30)	(3,954.51)
Financing	24,964.05	6,036.28
Net increase/ (decrease) in cash and cash equivalents	(7,099.32)	5,371.72

31. 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 2019 and 31 March 2018:

	31 March 2019	31 March 2018
	INR in lakhs	INR in lakhs
Current assets, including cash and cash equivalents: INR 1,900.30 lakhs (31 March 2018: INR 2,407.84 lakhs)	432,015.41	284,959.17
Non-current assets, including advance tax: INR 2,129.24 lakhs (31 March 2018: INR 3,821.13 lakhs)	167,294.09	164,523.11
Current liabilities	(387,959.30)	(243,569.07)
Non controlling Interest	(28,984.07)	(27,278.01)
Non-current liabilities, including borrowing: INR 21,887.94 lakhs (31 March 2018: INR 28,810.77 lakhs)	(27,513.69)	(30,046.65)
Equity	154,852.44	148,588.55
Proportion of the Group's ownership	50%	50%
Proportionate value the Group's ownership	77,426.22	74,294.28
Add: DDT liability provided in consolidation	461.91	-
Carrying amount of the investment in consolidation	77,888.13	74,294.28
Dividend received	2,247.70	-

Notes to the Consolidated Financial Statements for the year ended 31 March 2019

(Amount in INR lakhs, unless otherwise stated)

Summarised statement of profit and loss for the year ended:

	31 March 2019 (INR in lakhs)	31 March 2018 (INR in lakhs)
Revenue from operations	435,791.22	379,656.55
Other income	4,042.79	2,027.68
Cost of raw material and components consumed	(284,763.83)	(238,218.98)
Purchases of traded goods	(83,910.93)	(20,568.69)
Changes in inventories of finished goods, traded goods and work in progress	56,244.92	(1,754.28)
Excise duty on sale of goods	-	(861.37)
Depreciation and amortization expense	(7,009.74)	(6,182.42)
Finance costs	(15,925.26)	(15,923.32)
Employee benefits expense	(13,057.87)	(11,892.49)
Other expense	(66,187.38)	(58,571.94)
Profit before share of loss from associate, exceptional items & tax	25,223.92	27,710.74
Share of loss from associate	(9.01)	-
Profit before exceptional items and tax	25,214.91	27,710.74
Exceptional Items	-	(5,386.44)
Profit before tax	25,214.91	22,324.30
Income tax expense	(10,238.37)	(7,293.85)
Profit for the year	14,976.54	15,030.45
Other comprehensive (loss) / income	(231.26)	(141.34)
Total comprehensive income for the year	14,745.28	14,889.11
Share of non controlling interest in total comprehensive income	3,062.17	2,916.01
Total comprehensive income	11,683.11	11,973.10
Proportion of the Group's ownership	50%	50%
Group's share of total comprehensive income for the year	5,841.55	5,986.54
Contingent Liabilities & Capital Commitments*	31 March 2019 (INR in lakhs)	31 March 2018 (INR in lakhs)
Claims/demand raised by Government Authorities**		
a. Claims/demand raised by Income Tax Authorities	1,344.37	3,963.53
b. Claims/demand raised by Sales Tax Authorities	7,018.46	9,329.55
Other Claims against the Company not acknowledged as debts**	4,781.20	4,728.82
Estimated amount of contracts remaining to be executed on capital account not provided for	2,581.88	906.88

* 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.

b) MCA Phosphates Pte. Limited

The Group has a 30% interest in MCA Phosphates Pte. Limited having country of incorporation as Singapore, which is Joint venture of the Parent Company with Mitsubishi Corporation to acquire Fosfatos del pacifico S.A. (FOSPAC), which is engaged in the exploration & manufacture of rock phosphates. MCA Phosphates Pte. Limited is a private entity that is not listed on any public exchange. The Group's interest in MCA Phosphates Pte. Limited is accounted for using the equity method in the consolidated financial statements.

The following table illustrates the summarised financial information of the Group's investment in MCA Phosphates Pte.Limited:

Notes to the Consolidated Financial Statements for the year ended 31 March 2019

(Amount in INR lakhs, unless otherwise stated)

Summarised balance sheet as at 31 March 2019 and 31 March 2018:

	31 March 2019 (INR in lakhs)	31 March 2018 (INR in lakhs)
Current assets, including cash and cash equivalents INR 15.91 lakhs (31 March 2018: INR 95.80 lakhs)	16.60	97.76
Non-current assets	40,039.99	38,923.26
Current liabilities	(42.19)	(39.75)
Equity	40,014.40	38,981.27
Proportion of the Group's ownership	30%	30%
Carrying amount of the investment	12,004.32	11,694.38
Provision for impairment loss in consolidated financial statements	-	(1,161.76)
Net investment amount in consolidated financial statements	12,004.32	10,532.62

Summarised statement of profit and loss for the year ended:

	For the year ended 31 March 2019 (INR in lakhs)	For the year ended 31 March 2018 (INR in lakhs)
Revenue from operations	-	-
Operating expenses	(84.63)	(80.16)
Share of Profit/ (loss) of associate	(1,248.39)	(570.22)
Profit/ (loss) before tax	(1,333.02)	(650.38)
Income tax expense	-	-
Profit/(loss) for the year	(1,333.02)	(650.38)
Other comprehensive income	2,366.20	202.64
Total comprehensive income for the year	1,033.18	(447.74)
	30%	30%
Group's share of Total Comprehensive Income for the year	309.94	(134.33)

32. Gratuity and other post-employment benefit plans

(INR in lakhs)

Particulars	31 March 2019	31 March 2018
- Gratuity Plan- Asset/ (Liability)*	(1,852.54)	(1,447.80)
- Provident Fund -Asset**	220.13	240.60
- Post Retirement Medical Benefit Plan - (Liability)	(64.63)	(54.79)
Total	(1,697.04)	(1,261.99)

* Plan assets of INR Nil (31 March 2018: INR 57.05 lakhs) have been recognised in other assets in respect of the Parent Company. In respect of a foreign subsidiary company defined benefit obligation of INR 16.52 lakhs (31 March 2018: INR 5.25 lakhs) is not funded.

** Plan assets of INR 220.13 lakhs (31 March 2018: INR 240.60 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.

Notes to the Consolidated Financial Statements for the year ended 31 March 2019

(Amount in INR lakhs, unless otherwise stated)

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 ended

Particulars	(INR in lakhs)	
	Gratuity	
	31 March 2019	31 March 2018
Current Service Cost	230.97	225.23
Past Service Cost	-	-
Net Interest Cost	142.01	143.14
Return on plan assets	(28.44)	(32.61)
Total	344.54	335.76

Particulars	(INR in lakhs)	
	Post retirement Medical Benefit Plan	
	31 March 2019	31 March 2018
Current Service Cost	-	-
Past Service Cost	-	-
Net Interest Cost	4.24	4.23
Total	4.24	4.23

Amount recognised in other comprehensive income for the year ended

Particulars	(INR in lakhs)	
	Gratuity	
	31 March 2019	31 March 2018
Actuarial (gain)/ loss		
- change in financial assumptions	44.25	8.17
- experience variance (i.e. Actual experience vs assumptions)	54.08	(56.90)
Return on plan assets (excluding amounts included in net interest expense)	57.73	9.33
Total	156.06	(39.40)

Particulars	(INR in lakhs)	
	Post retirement Medical Benefit Plan	
	31 March 2019	31 March 2018
Re-measurement (or Actuarial) (gain) / loss arising from :		
- change in financial assumptions	-	-
- experience variance (i.e. Actual experiences assumptions)	5.60	-
Total	5.60	-

Notes to the Consolidated Financial Statements for the year ended 31 March 2019

(Amount in INR lakhs, unless otherwise stated)

Changes in the present value of the defined benefit obligation for the year ended:

Gratuity:		(INR in lakhs)	
	Particulars	31 March 2019	31 March 2018
Opening defined obligation		3,971.44	4,145.73
Current service cost		230.97	225.23
Interest cost		309.42	308.55
Re-measurement (or Actuarial) (gain) / loss arising from:		-	-
- change in demographic assumptions		-	0.08
- change in financial assumptions		21.86	(17.52)
- experience variance (i.e. Actual experiences assumptions)		(27.03)	(56.90)
Benefits paid		(596.68)	(630.52)
Net transfer liability in/ (out)		23.84	(28.82)
Actuarial (gains) / losses on obligation		103.50	25.61
Defined benefit obligation		4,037.32	3,971.44

Provident Fund:		(INR in lakhs)	
	Particulars	31 March 2019	31 March 2018
Opening defined obligation		12,117.81	11,521.58
Current service cost		233.41	224.20
Interest cost		933.92	971.09
Contributions by Employee/ plan participants		657.67	622.67
Benefits Paid out of funds		(1,846.35)	(1,257.24)
Re-measurement (or Actuarial) (gain)/ loss arising from :			
- experience variance		11.21	13.92
Settlements / transfer in		896.22	21.59
Defined benefit obligation		13,003.89	12,117.81

Post retirement Medical Benefit Plan:		(INR in lakhs)	
	Particulars	31 March 2019	31 March 2018
Opening defined obligation		54.79	50.56
Interest cost		4.24	3.79
Re-measurement (or Actuarial) (gain) / loss arising from :			
- change in financial assumptions		-	(0.77)
- experience variance (i.e. Actual experiences assumptions)		5.60	1.21
Defined benefit obligation		64.63	54.79

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

Gratuity:		(INR in lakhs)	
	Particulars	31 March 2019	31 March 2018
Opening fair value of plan assets		2,528.88	2,654.01
Interest income		167.41	165.41
Return on plan assets (excluding amounts included in net interest expense) - OCI		(16.64)	22.20
Contribution by Employer		130.98	288.43
Benefits paid		(596.68)	(602.25)
Actuarial gain/(loss)		(12.65)	1.08
Service cost (Transfer in)		-	-
Closing fair value of plan assets		2,201.30	2,528.88

The Group expects to contribute INR 346.00 lakhs (31 March 2018 : INR 83.47 lakhs) to gratuity fund in the next financial year.

Notes to the Consolidated Financial Statements for the year ended 31 March 2019

(Amount in INR lakhs, unless otherwise stated)

Provident Fund:	Particulars	(INR in lakhs)	
		31 March 2019	31 March 2018
Opening fair value of plan assets		12,358.41	11,749.50
Interest income		957.78	916.46
Return on plan assets (excluding amounts included in net interest expense) - OCI		29.37	63.20
Employer Contribution		233.41	224.20
Plan participants/ Employee contribution		657.67	622.67
Benefits paid		(1,846.35)	(1,257.24)
Settlements / Transfer in		833.73	39.62
Closing fair value of plan assets		13,224.02	12,358.41

The Parent Company expects to Contribute INR 342.33 lakhs (31 March 2018 : INR 246.62 lakhs) to provident fund trust in the next financial year.

Gratuity	Particulars	(INR in lakhs)	
		31 March 2019	31 March 2018
	Investment with insurer (Life Insurance Corporation of India)	2,201.30	2,528.88

Provident Fund (Managed Through Trust)	Particulars	(INR in lakhs)	
		31 March 2019	31 March 2018
	Self managed investments	13,224.02	12,358.41

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 2019	31 March 2018	31 March 2019	31 March 2018
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:

Particulars	Gratuity		Provident Fund		Post retirement Medical Benefit Plan	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Discount rate (in %)	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%
Salary Escalation (in %)	9% for first 2 years and 7.5% thereafter	9% for first 2 years and 7.5% thereafter	-	-	-	-
Mortality rate(Upto Normal Retirement Age)	100%	100%	100%	100%	100% of IALM 06-08	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 2019		31 March 2019		31 March 2019		31 March 2019	
	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

Notes to the Consolidated Financial Statements for the year ended 31 March 2019

(Amount in INR lakhs, unless otherwise stated)

Assumptions	31 March 2018		31 March 2018		31 March 2018		31 March 2018	
	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	1,985.87	2,239.42	2,233.82	1,987.83	2,104.79	2,104.26	2,104.67	2,104.51

Gratuity Plan (in case of a subsidiary)

Assumptions	31 March 2019		31 March 2019		31 March 2019		31 March 2019	
	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

Assumptions	31 March 2018		31 March 2018		31 March 2018		31 March 2018	
	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	1,812.29	1,925.46	1,925.09	1,812.12	1,867.27	1,866.30	1,866.90	1,866.81

A quantitative sensitivity analysis for significant assumption for the Group is as shown below:

Provident Fund

Assumptions	31 March 2019	
	Interest Rate Guarantee	
Sensitivity Level	1% increase	1% decrease
	INR in lakhs	INR in lakhs
Defined benefit obligation	13,623.86	12,967.20

Assumptions	31 March 2018	
	Interest Rate Guarantee	
Sensitivity Level	1% increase	1% decrease
	INR in lakhs	INR in lakhs
Defined benefit obligation	12,668.06	12,083.29

Post retirement Medical Benefit Plan

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
	INR in lakhs	INR in lakhs	INR in lakhs	INR in lakhs
Defined benefit obligation	60.85	68.65	62.82	66.45

Assumptions	31 March 2018		31 March 2018	
	Discount rate		Mortality rate (in %)	
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	51.59	58.20	53.26	56.33

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.

Notes to the Consolidated Financial Statements for the year ended 31 March 2019

(Amount in INR lakhs, unless otherwise stated)

Maturity Profile of Defined benefit obligation:

Expected cash flows over the next (valued on undiscounted basis):

	Gratuity		Post retirement Medical Benefit Plan	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	(INR in lakhs)	(INR in lakhs)	(INR in lakhs)	(INR in lakhs)
Within the next 12 months (next annual reporting period)	577.33	445.64	6.93	5.84
Between 1 and 5 years	2,141.61	2,138.31	24.93	21.19
Between 5 and 10 years	1,159.33	1,228.24	24.16	20.94
Beyond 10 years	3,899.26	3,429.17	28.40	26.83

The average duration of the defined benefit plan obligation at the end of the reporting period is 6 years (31 March 2018: 6 years).

33. Commitments and Contingencies

A. Leases:

Operating Lease - as lessee

- i) The Parent Company has entered into the operating leases on certain godowns, office premises, retail outlets and vehicles with lease term between 1 to 15 years and are renewable/ cancellable at the option of either of parties. The Parent Company also has the option, under some of its leases, to lease the assets for additional term of 3 to 5 years. There are no restrictions imposed by the lease arrangements. There are no subleases.

The aggregate amount of operating lease payments recognized in the statement of profit and loss (including minimum lease payment) is INR 2,641.83 lakhs (31 March 2018: INR 2,026.43 lakhs).

- ii) In case of a subsidiary company, there are operating lease arrangements for storage, warehouse and office premises. These leases are for a period of upto 72 months with options of renewal and premature termination with notice period, except in certain leases with lock-in period of 36 to 72 months. There are no restrictions placed upon the subsidiary company by entering into these leases. There are no sub-leases. The total lease rentals expense for the year is INR 920.81 lakhs (31 March 2018: INR 962.69 lakhs).
- iii) In case of Parent Company and a subsidiary company, Future minimum rental payable under non cancellable operating lease as at the year end are as follows:

Particulars	(INR in lakhs)	
	31 March 2019	31 March 2018
i) Lease payments for the year	64.37	89.38
ii) Payable for a period not later than one year	64.58	92.90
iii) Payable for a period later than one year and not later than 5 years	31.11	76.13
iv) Payable for the period later than 5 years	-	-

Operating Lease - as lessor

A subsidiary company has entered into cancellable operating leases in respect of a portion of its land and building. These leases include clause to enable upward revision of rental charge on an annual basis. The total rents recognised by the subsidiary as income during the year is INR 75.48 lakhs (31 March 2018: INR 84.17 lakhs).

B. Contingent Liabilities:

Claims against the Group not acknowledged as debts

Particulars	(INR in lakhs)	
	31 March 2019	31 March 2018
I Demands / Claims from Government Authorities *		
(A) Demands from Income Tax Authorities		
i) Demands in respect of Assessment Year 2012-2013 for which an appeal is pending with CIT (Appeals)	1,565.30	1,565.30
ii) Demands in respect of Assessment Year 2013-2014 for which an appeal is pending with CIT (Appeals)	367.43	367.43
iii) Demands in respect of Assessment Year 2014-2015 for which an appeal is pending with CIT (Appeals)	370.76	370.76

Notes to the Consolidated Financial Statements for the year ended 31 March 2019

(Amount in INR lakhs, unless otherwise stated)

		(INR in lakhs)	
Particulars		31 March 2019	31 March 2018
iv)	Disputed income tax liability in respect of a subsidiary company of Assessment Year 2014-15 [^]	358.04	358.04
v)	TDS demand for late filling of TDS for financial year 2017-18	-	2.86
vi)	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	2,388.67
(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 & 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, Andhra Pradesh towards financial year 2015-16	-	1.90
v)	Demand Notice from Commercial Tax Department, Chhattisgarh towards financial year 2012-13	0.08	0.08
vi)	Disputed customs duty liability under appeal by a subsidiary company before CESTAT	356.83	90.60
vii)	Demand Notice from Commercial Tax Department, Jaipur towards non submission of "F Form" for the years 2010-11, 2011-12 and 2012-13 in respect of Parent Company	-	96.77
viii)	Demand notice from Commercial Tax Department, Jaipur towards Excess Input Tax Credit availed for the years 2011-12 & 2013-14 in respect of Parent Company	32.10	32.10
ix)	Demand notice from Commercial Tax Department, Madhya Pradesh towards non submission of "C Form" for the year 2013-14 of the Parent Company	2.48	2.48
x)	Demand notice from commercial tax department Kerala towards Conceded an interstate stock transfer (Out) of taxable items for the year 2009-10 of the Parent Company	15.52	15.52
xi)	Demand Notice from commercial tax department Meerut, UP towards financial year 2009-10	52.76	52.76
xii)	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
xiii)	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
xiv)	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
xv)	Customs Duty Differential on finalised Bill of Entries-Dharamatar Port-Order by Deputy Commissioner of Customs(P) Alibaug Division	71.02	71.02
xvi)	Entry tax demand for assessment year 2012-13	0.08	0.08
xvii)	Mismatch of input credit taken in respect of sales tax Maharashtra for assessment year 2014-15	6.87	-
xviii)	Demand notice from Sales Tax Department, Baramati towards ITC claim disallowed for the period 1 April 2013 - 31 March 2014	5.50	-
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 (Refer Note 7)	2,767.33	-

Notes to the Consolidated Financial Statements for the year ended 31 March 2019

(Amount in INR lakhs, unless otherwise stated)

		(INR in lakhs)	
Particulars		31 March 2019	31 March 2018
xx)	The Parent Company had a long term agreement for supply of water with Public Works Department (PWD), Government of Goa (GOG) dated 20 October 2006 which is valid upto 31 March 2016. Since PWD was not able to supply the daily required quantity of 10,000 M3, the Parent Company had entered into another agreement on 28 March 2014 with Water Resource Department (WRD), GOG. Consequently, the Parent Company had made representation for revision in the Contract with PWD, GOG for revision of minimum daily quantity from 8,500 M3 to 1,500 M3 effective 1 May 2014, however, in absence of revision in agreement PWD, GOG has continued with raising invoices with daily minimum quantity of 8,500 M3. The Parent Company is given to understand that proposal for revision of the agreement with PWD, GOG is in active consideration, hence, the Parent Company has been paying them monthly for minimum quantity of 1,500 M3. Now during the financial year ended 31 March 2019 the Parent Company has signed an agreement with PWD, GOG with reduced minimum quantity of 1,500 M3 effective 1 May 2014. The management believes that the aforesaid demand will be waived off by PWD, GOG.	-	5,451.35
xxi)	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	-
xxii)	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	-
xxiii)	Demand notice from Authority on Advance Ruling(AAR), Bangalore towards entry tax on DG sets, WHRB & auxiliaries for the period January 2012 to July 2014 in respect of subsidiary company	351.96	-
xxiv)	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	-
xxv)	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	-
xxvi)	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	-
xxvii)	Disallowance of VAT input tax credit on Inter-State Sales - Nellore for financial year 2013-14 in respect of subsidiary company	14.20	-
xxviii)	Demand Notice from commercial tax department Meerut, UP towards financial year 2013-14 on account of tax rate difference	16.40	-

II Other claims against the Group not acknowledged as debts*

i)	Claims against the Company not acknowledged as debts	124.15	101.24
ii)	Bonus for financial year 2014-15 pursuant to amendment to payment of Bonus Act, 1965 of a subsidiary company	-	6.37

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

In respect of subsidiary company, the income tax matters under appeal include certain deductions claimed by the subsidiary 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 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)	
Particulars		31 March 2019	31 March 2018
Aggregate amount of guarantees issued by the banks to various Government Authorities and Others**		5,341.60	11,889.23

** In respect of Parent Company, bank guarantees of INR 2,411.55 lakhs (31 March 2018: INR 7,902.33 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.

Notes to the Consolidated Financial Statements for the year ended 31 March 2019

(Amount in INR lakhs, unless otherwise stated)

- D.** The Parent Company had received a demand of INR 5,293.00 lakhs (31 March 2018: INR 5,293.00 lakhs) from Gas Authority of India Limited (GAIL) toward Take or Pay obligation. Even prior to receiving this demand, the Parent Company has represented to GAIL to reduce the annual contractual quantity based on which the Parent Company is confident that the Take or Pay amount will be substantial lower. Further, in terms of Contract with GAIL, this Take or Pay amount can be utilised for future Make up Gas supplies. The Parent Company is in discussion with GAIL to reduce / waive the Take or Pay charges, hence, no provision has been made for the aforesaid demand amount.
- E.** The Supreme Court of India in a judgment on Provident Fund dated 28 February 2019 addressed the principle for determining salary components that form part of Basic Salary for individuals below a prescribed salary threshold. The Group determined that they had not previously included such components in Basic Salary for such individuals. It is however unclear as to whether the clarified definition of Basic Salary would be applicable prospectively or retrospectively. The Group has made a provision on a prospective basis from the date of the Supreme Court order and is in the process of obtaining clarity on the judgment as well as determining the impact of any retrospective adjustment, if applicable.

F. Commitments:

Particulars	(INR in lakhs)	
	31 March 2019	31 March 2018
Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances)	22,985.44	6,408.73

34. 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 exists and with whom transactions have taken place during reported periods are:

(i) Joint ventures of the Group

- 1) 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 - Additional Director w.e.f 28 July 2017 & Managing Director w.e.f 1 August 2017
- 3) Mr. Kapil Mehan - Managing Director (upto 3 June 2017)
- 4) Mr. Sandeep Agrawal - Chief Financial Officer (upto 11 April 2019)
- 5) Mr. Samrat Sen - Chief Financial Officer (w.e.f. 12 April 2019)
- 6) Mr. R.Y. Patil - Vice President and Company Secretary
- 7) Mr. N. Suresh Krishnan - Non-Executive Director
- 8) Mr. Akshay Poddar - Non-Executive Director
- 9) Mr. Marco Wadia - Independent Director
- 10) Mr. Gopal Krishna Pillai - Independent Director
- 11) Mr. J.N. Godbole - Independent Director
- 12) Ms. Kiran Dhingra - Independent Director

(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)
- 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")

Notes to the Consolidated Financial Statements for the year ended 31 March 2019

(Amount in INR lakhs, unless otherwise stated)

Following transactions were carried out amongst the related parties in the ordinary course of business for the year ended :-

(INR in lakhs)

S. No.	Transaction details	31 March 2019		31 March 2018	
		Joint Ventures	Enterprises having Significant Influence	Joint Ventures	Enterprises having Significant Influence
1	Expenses incurred on their behalf				
	- Paradeep Phosphates Limited	141.08	-	113.61	-
	- Gobind Sugar Mills Limited	-	18.67	-	379.64
	- Indian Furniture Products Limited	-	1.19	-	-
2	Expenses incurred on our behalf				
	- Paradeep Phosphates Limited	592.52	-	193.28	-
	- Gobind Sugar Mills Limited	-	0.30	-	0.58
	- Simon India Limited	-	41.75	-	-
	- Zuari Infracore India Limited	-	-	-	47.87
3	Director deposit given				
	- Zuari Infracore India Limited	-	-	-	-
4	Director deposit received				
	- Zuari Global Limited	-	-	-	1.00
5	Service charges paid				
	- Zuari Management Services Limited	-	812.79	-	118.08
	- Zuari Finserv Limited	-	10.09	-	-
6	Other income				
	- Paradeep Phosphates Limited	97.99	-	93.30	-
7	Transfer of Employee benefits				
	- Paradeep Phosphates Limited	16.43	-	76.59	-
	- Zuari Global Limited	-	8.06	-	-
	- Simon India Limited	-	6.25	-	-
8	Purchase of traded goods				
	- Paradeep Phosphates Limited	3,492.24	-	12,769.43	-
9	Purchase of raw materials				
	- Paradeep Phosphates Limited	16,251.50	-	-	-
10	Rebate received on purchase of finished goods				
	- Paradeep Phosphates Limited	2.15	-	270.95	-
11	Sale of Finished Goods				
	- Gobind Sugar Mills Limited	-	353.03	-	-
	- Paradeep Phosphates Limited	23,875.00	-	345.33	-
12	Purchase of Fixed Assets				
	- Indian Furniture Products Limited	-	240.09	-	189.20
	- Forte Furniture Products (India) Private Limited	-	1.00	-	0.90
13	Interest Paid				
	- Gobind Sugar Mills Limited	-	-	-	0.04
	- Paradeep Phosphates Limited	1,605.60	-	304.77	-
14	Interest Accrued/Received on loan/ deposit/ trade receivable				
	- Gobind Sugar Mills Limited (net of reversal of interest income of INR 125.57 lakhs (31 March 2018: INR Nil))	-	(46.10)	-	119.66
	- Paradeep Phosphates Limited	247.78	-	-	-
	- Zuari Global Limited	-	133.61	-	-
	- Indian Furniture Products Limited	-	83.08	-	-
15	Service Income Received				
	- Paradeep Phosphates Limited	245.40	-	108.34	-

Notes to the Consolidated Financial Statements for the year ended 31 March 2019

(Amount in INR lakhs, unless otherwise stated)

(INR in lakhs)

S. No.	Transaction details	31 March 2019		31 March 2018	
		Joint Ventures	Enterprises having Significant Influence	Joint Ventures	Enterprises having Significant Influence
16	Rent Paid				
	- Zuari Global Limited	-	44.43	-	52.84
	- Zuari Infracore India Limited	-	39.03	-	-
	- Gobind Sugar Mills Limited	-	2.40	-	2.16
17	Dividend Paid				
	- Zuari Global Limited	-	-	-	84.12
	- Zuari Management Services Limited	-	-	-	50.79
18	Contribution to Gratuity Fund	-	130.98	-	288.43
19	Contribution to Superannuation Fund	-	256.86	-	272.32
20	Contribution to Provident Fund (including employees contribution)	-	891.07	-	846.87
21	Contribution to Contributory Pension Fund (including employees contribution)	-	90.92	-	108.59
22	Accrued Service Income				
	- Zuari Indian Oiltanking Private Limited	-	-	-	4.12

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 2019, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2018: INR Nil).

Compensation of key management personnel of the Parent Company*

	31 March 2019 (INR in lakhs)	31 March 2018 (INR in lakhs)
Short-term employee benefits	675.48	527.01
Retirement benefits	15.50	14.54
Sitting Fee	42.70	36.05
Total compensation paid to key management personnel	733.68	577.60

*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.

Notes to the Consolidated Financial Statements for the year ended 31 March 2019

(Amount in INR lakhs, unless otherwise stated)

Balance Outstanding as on :

(INR in lakhs)

Sl. No.	Transaction details	31 March 2019		31 March 2018	
		Joint Ventures	Enterprises having Significant Influence	Joint Ventures	Enterprises having Significant Influence
1	Trade Payables:				
	- Zuari Management Services Limited	-	83.93	-	14.27
	- Zuari Infraworld India Limited	-	3.83	-	-
	- Paradeep Phosphates Limited	30,107.31	-	10,809.89	-
	- Forte Furniture Products (India) Private Limited	-	-	-	0.90
	- Zuari Global Limited	-	4.64	-	-
	- Zuari Finserv Limited	-	0.20	-	0.20
	- Simon India Limited	-	48.00	-	-
2	Trade Receivable/Other Receivable:				
	- Gobind Sugar Mills Limited	-	723.31	-	989.24
	- Paradeep Phosphates Limited	465.14	-	16.09	-
3	Advances Recoverable:				
	- Indian Furniture Products Limited	-	-	-	700.00
	- Zuari Infraworld India Limited	-	-	-	1.34
	- Zuari Global Limited	-	-	-	4.90
4	Interest Accrued/Received on loan/deposit/ trade receivable:				
	- Gobind Sugar Mills Limited	-	24.23	-	289.08
	- Paradeep Phosphates Limited	247.79	-	-	-
5	Capital Advance:				
	- Zuari Global Limited (Advance for purchase of Land)	-	3,209.13	-	3,209.13
	- Indian Furniture Products Limited	-	737.11	-	-
6	Advance given for Income Tax Liability:				
	- Zuari Global Limited	-	1,708.35	-	2,533.85
7	Payable towards capital goods:				
	- Indian Furniture Products Limited	-	-	-	89.13
	- Forte Furniture Products (India) Private Limited	-	1.00	-	-
8	Security deposits given:				
	- Zuari Infraworld India Limited	-	29.33	-	29.33
9	Deposit received:				
	- Gobind Sugar Mills Limited	-	0.50	-	0.50
10	Interest payable:				
	- Paradeep Phosphates Limited	1,605.60	-	-	-
11	Advance from customers:				
	- Paradeep Phosphates Limited	10,734.34	-	-	-
12	Gratuity Fund Balance:				
		-	2,201.30	-	2,528.88
13	Provident Fund Balance*				
		-	13,224.02	-	12,358.41

*Includes amount contributed by Zuari Global Limited (related party of the Parent Company).

Notes to the Consolidated Financial Statements for the year ended 31 March 2019

(Amount in INR lakhs, unless otherwise stated)

35 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 3,67,635.27 lakhs (31 March 2018: INR 3,34,853.10 lakhs) arising from sales in the fertilizers segment.

36 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 2019	31 March 2018	31 March 2019	31 March 2018
Financial assets				
Investments:				
Investment in quoted equity share at FVTOCI	2,226.47	4,985.37	2,226.47	4,985.37
Investment in unquoted equity share at FVTOCI	1,153.44	1,272.24	1,153.44	1,272.24
Others:				
Loans and advances to related parties and interest thereon	-	700.00	-	700.00
Employee loans and interest thereon	69.92	113.36	69.92	113.36
Security deposits	1,280.65	1,279.74	1,280.65	1,279.74
Foreign exchange forward covers	156.78	689.09	156.78	689.09
Claims receivable	2,526.29	4,708.40	2,526.29	4,708.40
Packing scheme incentive grant receivable	91.11	91.11	91.11	91.11
Other financial assets	10,992.01	16,528.40	10,992.01	16,528.40
Total financial assets	18,496.67	30,367.71	18,496.67	30,367.71
Financial Liabilities				
Borrowings				
Long term borrowings	116,909.66	67,230.65	116,909.66	67,230.65
Short term borrowings	406,570.98	383,412.24	406,570.98	383,412.24
Others:				
Foreign exchange forward covers	7,265.21	758.49	7,265.21	758.49
Payable towards voluntary retirement scheme	93.64	111.62	93.64	111.62
Other financial liabilities	25,151.67	18,200.47	25,151.67	18,200.47
Total financial liabilities	555,991.16	469,713.47	555,991.16	469,713.47

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.

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.

Notes to the Consolidated Financial Statements for the year ended 31 March 2019

(Amount in INR lakhs, unless otherwise stated)

(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 2019 are as shown below:

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
As on March 31, 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.
As on 31 March 2018				
Investment in Unquoted equity share of Indian Potash Limited	DCF Method	WACC and Long Term Growth Rate (LTGR)	WACC 11.61% & LTGR 4%	Increase in WACC and decrease in LTGR by 0.50% would result in decrease in fair value by INR 24.48 lakhs and Decrease in WACC and increase in LTGR by 0.50% would result in increase in fair value by INR 28.08 lakhs respectively.

Reconciliation of fair value measurement of unquoted equity shares classified as FVTOCI assets:

	(INR In lakhs)
As at 1 April 2017	1,370.80
Re-measurement loss recognised in OCI	(98.56)
Purchases	-
Sales	-
As at 31 March 2018	1,272.24
Re-measurement loss recognised in OCI	(118.80)
Purchases	-
Sales	-
As at 31 March 2019	1,153.44

37 Fair value measurements

(i) Financial instruments by category

(INR in lakhs)

	31 March 2019			31 March 2018		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
Financial assets						
Investments-						
Investment in quoted equity share at FVTOCI	-	2,226.47	-	-	4,985.37	-
Investment in unquoted equity share at FVTOCI	-	1,153.44	-	-	1,272.24	-
Loans and interest thereon	-	-	69.92	-	-	813.36
Security deposits	-	-	1,280.65	-	-	1,279.74
Trade receivables	-	-	390,616.27	-	-	339,001.78
Cash and cash equivalents	-	-	4,989.04	-	-	14,738.96
Bank balances other than above	-	-	3,460.01	-	-	2,129.50
Foreign exchange forward covers	156.78	-	-	689.09	-	-
Other financial assets	-	-	13,609.40	-	-	21,327.91
Total Financial assets	156.78	3,379.91	414,025.29	689.09	6,257.61	379,291.24

Notes to the Consolidated Financial Statements for the year ended 31 March 2019

(Amount in INR lakhs, unless otherwise stated)

	31 March 2019			31 March 2018		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
Financial liabilities						
Borrowings	-	-	523,480.64	-	-	450,642.89
Trade payables	-	-	195,664.50	-	-	145,220.78
Foreign exchange forward covers	7,265.21	-	-	758.49	-	-
Payable for capital goods	-	-	1,825.89	-	-	1,219.15
Others	-	-	23,419.42	-	-	17,092.94
Total Financial liabilities	7,265.21	-	744,390.45	758.49	-	614,175.76

(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 2019:

(INR in lakhs)

	Date of Valuation	Total	Fair value measurement using		
			Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
			(Level 1)	(Level 2)	(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	-	-	-	-
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	-
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)

	Date of Valuation	Total	Fair value measurement using		
			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 (Note 40)					
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.

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(Amount in INR lakhs, unless otherwise stated)

Quantitative disclosures, fair value measurement hierarchy for assets as at 31 March 2018:

(INR in lakhs)

	Date of Valuation	Total	Fair value measurement using		
			Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
			(Level 1)	(Level 2)	(Level 3)
Assets measured at fair value:					
Investment in quoted equity share at FVTOCI	31 March 2018	4,985.37	4,985.37	-	-
Investment in unquoted equity share at FVTOCI	31 March 2018	1,272.24	-	-	1,272.24
Assets for which fair values are disclosed					
Loans and advances to related parties and interest thereon	31 March 2018	700.00	-	700.00	-
Employee loans and interest thereon	31 March 2018	113.36	-	113.36	-
Security deposits	31 March 2018	1,279.74	-	1,279.74	-
Foreign exchange forward covers	31 March 2018	689.09	-	689.09	-
Claims receivable	31 March 2018	4,708.40	-	4,708.40	-
Packing scheme incentive grant receivable	31 March 2018	91.11	-	91.11	-
Other financial assets	31 March 2018	16,528.40	-	16,528.40	-

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 2018:

(INR in lakhs)

	Date of Valuation	Total	Fair value measurement using		
			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 2018	758.49	-	758.49	-
Liabilities for which fair values are disclosed					
Long term borrowings	31 March 2018	67,230.65	-	67,230.65	-
Short term borrowings	31 March 2018	383,412.24	-	383,412.24	-
Payable towards voluntary retirement scheme	31 March 2018	111.62	-	111.62	-
Other financial liabilities	31 March 2018	18,200.47	-	18,200.47	-

There have been no transfers between level 1, level 2 and level 3 during the year.

38 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 2019 and 31 March 2018.

Notes to the Consolidated Financial Statements for the year ended 31 March 2019

(Amount in INR lakhs, unless otherwise stated)

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 2019 and 31 March 2018.

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.

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 profit before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	Increase/ decrease in basis points	(INR In lakhs)
		Effect on profit before tax
For the year 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
For the year ended 31 March 2018		
INR Borrowings	+50	(1,436.00)
USD Borrowings	+50	(738.74)
Euro Borrowings	+50	(28.48)
INR Borrowings	-50	1,436.00
USD Borrowings	-50	738.74
Euro Borrowings	-50	28.48

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 profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives.

	Change in foreign currency rate	(INR In lakhs)
		Effect on profit before tax
For the year ended 31 March 2019		
USD	+5%	(3,588.56)
	-5%	3,588.56
GBP	+5%	(2.39)
	-5%	2.39
EURO	+5%	(46.29)
	-5%	46.29

Notes to the Consolidated Financial Statements for the year ended 31 March 2019

(Amount in INR lakhs, unless otherwise stated)

For the year ended 31 March 2018	(INR In lakhs)	
	Change in foreign currency rate	Effect on profit before tax
USD	+5%	(4,318.32)
	-5%	4,318.32
EURO	+5%	(4.10)
	-5%	4.10

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 within 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 1,153.44 lakhs (31 March 2018: INR 1,272.24 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 2,226.47 lakhs (31 March 2018: INR 4,985.37 lakhs). A decrease of 5% on the BSE market price could have an impact of approximately INR 111.32 lakhs (31 March 2018: INR 249.27 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 customers. The Group monitors the payment track record of the customers. 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. At 31 March 2019, 11.86% (31 March 2018: 13.63%) of the Groups trade receivables from customers are covered by collateral security. The Group evaluates the concentration of risk with respect to trade receivables and contract assets as low, as its customers are located in several geographical areas and are having long term business relationship with the Group.

In case of the Parent Company an impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. 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 399.74 lakhs as at 31 March 2019 (2018: INR 401.39 lakhs).

Notes to the Consolidated Financial Statements for the year ended 31 March 2019

(Amount in INR lakhs, unless otherwise stated)

Set out below is the information about the credit risk exposure of the Parent Company's trade receivables from customers 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	0.39%	0.69%	1.06%	3.35%	3.44%	100.00%	
31 March 2019	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
31 March 2018	ECL Rate	0.23%	0.38%	0.87%	1.17%	8.17%	100.00%	
	Estimated total gross carrying amount at default	22,645.87	16,518.70	11,770.38	697.04	447.41	647.07	52,726.47
	ECL- simplified approach	53.00	63.35	102.71	8.15	36.56	647.07	910.84
	Net carrying amount	22,592.87	16,455.35	11,667.67	688.89	410.85	-	51,815.63

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 2017:	504.39	-	-	1,723.98	2,228.37
Add: Provision made during the year	903.29	1,393.54	-	161.62	2,458.45
Less: Provision utilized during the year	(71.35)	-	-	-	(71.35)
Provision as on 31 March 2018:	1,336.33	1,393.54	-	1,885.60	4,615.47
Add: Provision made during the year	950.78	-	1,755.68	2,322.38	5,028.84
Less: Provision utilized/ reversed during the year	(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

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 2017:	-
Add: Provision made during the year	1,161.76
Less: Provision utilized during the year	-
Impairment allowance as on 31 March 2018:	1,161.76
Add: Provision made during the year	-
Less: Provision reversed during the year	(1,161.76)
Impairment allowance as on 31 March 2019:	-

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.

Notes to the Consolidated Financial Statements for the year ended 31 March 2019

(Amount in INR lakhs, unless otherwise stated)

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 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
Year ended 31 March 2018					
Borrowings	398,613.70	30,572.61	18,557.18	2,899.40	450,642.89
Other financial liabilities	18,232.12	79.97	-	-	18,312.09
Trade and other payables	145,220.78	-	-	-	145,220.78
Foreign exchange forward covers	296.62	461.87	-	-	758.49
	562,363.22	31,114.45	18,557.18	2,899.40	614,934.25

39. 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 2019	31 March 2018
Total Borrowings (Refer Note 12 A & Note 12B)	523,480.64	450,642.89
Trade payables (Refer Note 13)	195,664.50	145,220.78
Other payables (Refer Note 14)	32,510.52	19,070.58
Less: Cash and cash equivalents (Refer Note 10)	(4,989.04)	(14,738.96)
Net debts	746,666.62	600,195.29
Total equity	126,994.16	146,471.70
Capital and net debt	873,660.78	746,666.99
Gearing ratio (%)	85.46%	80.38%

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 2019 and 31 March 2018.

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(Amount in INR lakhs, unless otherwise stated)

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 (INR 370.00 lakhs) 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 2018, the lender had not charged any penal interest on such breach of covenants and had not withdrawn the facility. The management is in the process of obtaining the waiver for the breach of covenants from the lender. Considering that no penal interest were charged in the previous year, the management is confident that no penal interest would be charged by the lender for the current financial year, thereby, the management has not provided for any penal interest in the 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 (INR 150.00 lakhs) till time such breach is cured.	The Parent Company is in discussions with the lender to get a waiver of such breach of covenants and the management is hopeful of receiving the waiver. Accordingly no provision for penal interest is made in the financial statements.
RBL Bank	Term loan to EBITDA ratio, debt service 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 2019.	Bank reserve the right to cancel the facility and charge 1% per annum (INR 94.45 lakhs) 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 2018, the lender had not charged any penal interest on such breach of covenants and had not withdrawn the facility. The Parent Company has received waiver from the lender for year ended 31 March 2018 for such breach of covenants, hence, no provision for penal interest is made in the 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 2019.	Bank reserve the right to discontinue the facility and charge 2% per annum (INR 260.00 lakhs) 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 2018, the lender had not charged any penal interest on such breach of covenants and had not withdrawn the facility. The Parent Company has received waiver from the lender for year ended 31 March 2018 for such breach of covenants, hence, no provision for penal interest is made in the financial statements.

In case of one lender i.e. ICICI Bank Limited though the Parent Company is not in compliance with certain covenants as at 31 March 2019, the same are not due for testing and the management believes that these would be cured in the coming quarters and the Parent Company would be able to meet all these covenants as they are due for testing at 30 September 2020.

40. Disclosure required under Section 186 (4) of the Companies Act 2013.

- (i) For details of loans, Refer Note 6B.
- (ii) Details of Investments made are given under Note 6A.

Notes to the Consolidated Financial Statements for the year ended 31 March 2019

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- 41 a.** 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 3,043.72 lakhs (upto 31 March 2018: INR 3,043.72 lakhs) relating to Urea. Also, the Parent Company has receivable of INR 2,910.62 lakhs (31 March 2018: 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 Parent Company is in the process of raising the bills, the amount of INR 5,954.34 lakhs (31 March 2018: INR 5,954.34 lakhs) is still pending for collection. The Parent Company is hopeful to realize the above entire amount of INR 5,954.34 lakhs (31 March 2018: INR 5,954.34 lakhs).
- b.** Based on Department of Fertilizers (DoF) notification no. 12012/3/2010 - FPP dated 2 April 2014, the Group has accrued subsidy income of INR 15,979.43 lakhs for the period from 1 April 2014 to 31 March 2019 (upto 31 March 2018: INR 12,737.04 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. The DoF is yet to issue notification for claiming above reimbursements. The matter of delay in issuing of such notification by DoF has been raised by the Industry as a whole to the Government of India.
- 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 1,596.53 lakhs (31 March 2018: INR 2,203.93 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, during the current financial year, the Parent Company has booked an impairment loss of INR 611.31 lakhs (31 March 2018: INR 317.19 lakhs) on the receivable in the Statement of Profit and Loss. The Parent Company is hopeful to recover the said amount although the supplier has not confirmed the receivable amount.
- 43.** The Parent Company is carrying a receivable of INR 1,949.03 lakhs (31 March 2018: 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 relevant district during the months of February 2013 and March 2013 in different year since 2012-13, as the rates fixed for the next financial year which were lower than the rate approved by cabinet /CCEA (cabinet committee on economic affairs) 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, NBS rates of 2013 should be applicable. The Parent Company has also filed writ petition at Hon'ble High Court of Delhi against Department of Fertilizer to recover this amount. The Parent Company, based on legal opinion, is hopeful to realize the aforesaid amount, hence, no provision has been made in the accounts.
- 44.** 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:
- Electricity Duty exemption for a period of 15 years from the date of commercial production of the division.
 - 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 102.34 lakhs as at 31 March 2019 (31 March 2018: INR 119.39 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 2018: 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 27 are considered net of electricity duty as per payments made to the electricity board).
- 45.** The Parent 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 INR 3,212.39 lakhs (31 March 2018: INR 3,212.39 lakhs) in earlier years. The same have been carried forward pending decision on issue of shares to the Parent Company in the proposed Joint Venture project. The JV Company has been incorporated and definitive agreement between the shareholders have been completed. The Parent 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. The JV agreement also provides for the re-imbursement of these expenses by the JV Company which have been approved by the JV Company. The Parent Company has made a best estimate of recovery of these amounts and has made a provision of INR 1,399.07 lakhs (31 March 2018: INR Nil) during the year.

Notes to the Consolidated Financial Statements for the year ended 31 March 2019

(Amount in INR lakhs, unless otherwise stated)

46. In respect of the Parent Company's investment of INR 11,943.47 lakhs (31 March 2018: 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 has been a deadlock between the Parent 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 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. The matter was heard on 13 August 2018 and the Parent Company has been advised that an order has been passed by the High Court of Singapore 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 not considered any impairment loss till the time of finalization of the financial statements for the year ended 31 March 2018. During the quarter ended 30 June 2018, the Parent Company has assessed the fair value of the said investment based on the fair valuation done by an independent valuer and have concluded that the impairment loss was required to be recognised. Accordingly, the Parent Company recognized an impairment loss of INR 1,161.76 lakhs in the financial statements and the figures for the year ended 31 March 2018 have been appropriately restated and disclosed under exceptional items as per Ind AS 8 "Accounting Policies, Change in Accounting Estimates and Errors".

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 2018 (Restated)	16,908.11	14,582.45	27.91	13,241.15	84,826.90	142,265.90
Year Ended 31 March 2018 (Published)	18,069.87	15,744.21	30.67	14,402.91	85,988.66	143,427.66

*Basic & diluted

The Parent Company has also initiated arbitration proceedings against the JV partner in accordance with the arbitration rules of the International Chamber of Commerce (ICC) and has also moved application seeking interim relief with ICC for continuation of the reliefs granted by the High Court of Singapore. The ICC, vide its order on application for interim relief dated 4 December 2018, 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. Basis the Parent Company's discussions with its counsel for the arbitration, the Parent Company is confident that the reliefs sought by the Parent Company in its claim will be awarded in its favour by the arbitration tribunal constituted by ICC.

For the year ended 31 March 2019, as per the requirement of arbitration proceedings, the Parent Company has got the valuation of MCAP investment in Fosfatos del Pacifico S.A (FDP), the mining project company, done by an independent valuer, which indicates a value higher than the carrying value of investment in the books of the Parent Company. Based on the report of the independent valuer and expected positive outcome of the arbitration, as advised by its legal counsel, impairment loss of INR 1,161.76 lakhs recognized for the year 31 March 2018 has been reversed in the current year and disclosed as exceptional income.

The following assumptions has been considered by the independent valuers in the valuation done for the respective years:

Valuation methodology	DCF analysis	DCF analysis
Valuation Date	31 March 2019	31 March 2018
Going concern	The business of the joint venture will continue to operate as going concern which will enable the achievement of financial forecast	The business of the joint venture will continue to operate as going concern which will enable the achievement of financial forecast
Period of cash flows	~ 40 years of operation CY 2020 to CY 2060	~ 84 years of operation CY 2019 to CY 2106
Measured mine resources	546 Million tons	546 Million tons
Annual planned production	2.5 Million tons	2.5 Million tons
Commencement of full commercial production	CY 2024	CY 2023

Notes to the Consolidated Financial Statements for the year ended 31 March 2019

(Amount in INR lakhs, unless otherwise stated)

Capital expenditure (Capex)	US \$ 831 Million	US \$ 831 Million
Sustaining capex	US\$ 252 Million	US\$ 252 Million
Replacement capex	Replacement capex of machinery in financial year 2043 and 2063	Replacement capex of machinery in financial year 2043 and 2063
Debt : Equity	3:17	01:01
Weighted average cost of capital	8.40%	14.10%
Valuation results	Cash flows - US\$ - 257.00 Million (100% Fospac equity value) Parent Company's 9% stake value - US\$ 23.13 Million Total Investment value of the Parent Company - US\$ 16.54 Million	A. Primary cash flows value- US\$ - 91.60 Million (100% Fospac equity value) Parent Company's 9% stake value - US\$ 8.24 Million B. Secondary cash flow - Value of savings for the Parent Company on account of marketing discount @ 2% - US\$ 8.30 Million Total Investment value of the Parent Company - US\$ 16.54 Million
Rock phosphate realisation	As per ARGUS weekly reports for India	As per ARGUS forecast of June/July 2018

47. 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.
48. 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.
49. The Parent Company is in the process of identifying name of the customers from whom it has received money and such collections of INR 103.61 lakhs (31 March 2018: INR 128.98 lakhs) are lying under unadjusted credits, although adjusted from the overall balance of trade receivable. Further, the balance of individual customers of the Parent Company are subject to confirmation/ reconciliation. The adjustments, if any, which in the opinion of the management, would not be material, would be made once these accounts are confirmed/ reconciled.
50. 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 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.

The Parent Company has also paid INR 3,209.13 lakhs in financial year 2016-17 as advance to ZGL for purchase of two pieces of land in Solapur district. The Parent Company has taken possession of the land and is in the process of getting it registered in name of the Parent Company.

51. During the current year, the Parent Company has suffered a loss of INR 21,114.90 lakhs, hence, the approval of shareholders will be obtained at the ensuing Annual General Meeting, pursuant to the requirements of section II of Part- II of Schedule V of the Companies Act, 2013 for the remuneration paid to Managing Director for the financial Year 2018-19.

Pursuant to amended section 197(17) of the Companies Act, 2013 which was notified on 12 September 2018, any application made to the Central Government under the provisions of this section [as it stood before such commencement], which is pending with the Government shall abate, and the Company shall, within one year of such commencement, obtain the approval in accordance with the provisions of this section, as so amended. Similarly, the application made by the Parent Company for waiver of recovery of excess remuneration paid to Managing Director of the Parent Company amounting to INR 149.82 lakhs for the year ended 31 March 2016 stands abated and the approval of shareholders will be obtained at the ensuing Annual General Meeting of the Parent Company.

Notes to the Consolidated Financial Statements for the year ended 31 March 2019

(Amount in INR lakhs, unless otherwise stated)

- 52 (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 Share Holders 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 is pending for final arguments.
- (b) Mangalore Chemicals and Fertilizers Limited (MCFL), a subsidiary Company had engaged an accredited independent firm to carry out a forensic investigation into transactions in relation to the investment of INR 20,000.00 lakhs (31 March 2018: INR 20,000.00 lakhs) in the preference shares of Bangalore Beverages Limited (BBL) and advances of INR 1,668.20 lakhs (31 March 2018: INR 1,668.20 lakhs) made to United Beverages Holding Limited (UBHL) aggregating to INR 21,668.20 lakhs which had duly been provided for in the books of MCFL in an earlier year. Based on their report, Zuari Fertilisers and Chemicals Limited (ZFCL), the then holding Company of MCFL, had approached the National Company Law Tribunal in Bangalore to obtain accountability of the UB Group for the irregularities. Since, UBHL has been declared to be wound up by the High Court of Karnataka vide order dated 7 February 2017, ZFCL made an application before the High Court of Karnataka. ZFCL's application for permission to proceed against UBHL in the NCLT proceedings has been allowed by the High Court on 20 April 2017. The matter has been taken up for hearing on several occasions, the official liquidator has been made party to the proceedings pursuant to the order of the High Court and has been served. The NCLT has directed the official liquidator to file a reply to the main petition. The official liquidator has not yet filed a reply. The matter is fixed on 27 June 2019 for further hearing.
- 53 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 & Fertilisers Ltd (MCFL). During the previous year, 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 current year, the Parent Company has 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, the matter is adjourned to 27 May 2019.

54 Amalgamation

- I. Pursuant to the Scheme of Amalgamation ["the Scheme"] under Section 391 to 394 of the Companies Act 1956 among the Parent Company and its erstwhile wholly owned subsidiary companies, namely Zuari Fertilizers and Chemicals Limited ("ZFCL"), Zuari Speciality Fertilisers Limited ("ZSFL") and Zuari Agri Sciences Limited ("ZASL"), [Transferor Companies] approved by Hon'ble National Company Law Tribunal, Mumbai Bench ("NCLT") vide its order dated 14 September 2017, the Transferor Companies stand merged with the Parent Company w.e.f. 1 April 2015 (the appointed date). A certified true copy of the Order has been received by the Transferor Companies and the Parent Company on 7 November 2017 and the Parent Company has filed the order with the Registrar of Companies (ROC), Goa.

In terms of the NCLT order, the Scheme of Amalgamation is effective from 13 November 2017, the date on which the order was filed with the ROC, Goa.

With effect from the appointed date, all the business undertakings, assets, liabilities, rights and obligations of the Transferor Companies stood transferred to and vested in the Parent Company.

- II. Since ZFCL and ZASL were the entities under the common control, the amalgamation has been accounted for in terms of 'Appendix C' of Indian Accounting Standard 103 (Ind AS 103) by applying "pooling of interest" method of accounting on the appointed date, where in all the assets and the liabilities of the Transferor companies have been accounted for at their book values as appearing in the books as on appointed date i.e. 1 April 2015.

Further, accounting for amalgamation for ZSFL has been done as per "acquisition method" as prescribed in Indian Accounting Standard 103 (Ind AS 103) where in all the assets and liabilities of ZSFL have been accounted for at their book values as appearing in the books as on appointed date i.e. 1 April 2015 as per the scheme of Amalgamation. The difference in the value of assets and value of the liabilities pertaining to transferred undertaking of ZSFL has been treated as Goodwill (Also refer IV (b) below).

- III. Pursuant to the Scheme of Amalgamation approved by the NCLT, all assets and liabilities of the transferor company are transferred to the transferee company and all inter-company transactions are eliminated. However, no elimination of inter company transactions has been made for transactions entered upto 31 March 2015.

Therefore in accordance with the NCLT order, the Parent Company has accounted for as under :

Particulars	(INR in lakhs)		
	ZASL	ZFCL	ZSFL
Assets			
Property, Plant and Equipment	186.12	391.68	1,475.05
Capital work-in progress	-	6,793.73	-
Investment Property	-	362.29	-
Intangible assets	427.19	-	0.09
Non-Current Financial Assets			
Investments	-	16,938.34	-

Notes to the Consolidated Financial Statements for the year ended 31 March 2019

(Amount in INR lakhs, unless otherwise stated)

Particulars	(INR in lakhs)		
	ZASL	ZFCL	ZSFL
Loans	21.16	4.75	4.15
Others	12.47	-	76.21
Other non-current assets	-	4,592.39	-
Tax Assets (Net)	1.84	44.83	18.81
Inventories	2,586.10	1,831.83	720.04
Current Financial Assets			
Loans	-	2,027.80	-
Trade receivables	1,588.15	266.77	1,253.74
Cash and cash equivalents	450.06	130.25	31.03
Other Bank balances	-	405.00	-
Others	0.47	-	51.52
Other current assets	96.28	101.11	20.70
Total	5,369.84	33,890.77	3,651.34
Liabilities			
Non-Current Financial Liabilities			
Borrowings	258.77	21,697.73	-
Other non-current liabilities	-	-	143.51
Long term provisions	-	26.29	2.94
Deferred tax liabilities (net)	-	-	12.78
Current liabilities			
Borrowings	1,481.24	1,712.00	1,619.87
Trade payables	1,121.02	2,377.99	834.90
Other financial liabilities	1,186.25	2,725.00	13.08
Other current liabilities	1,310.67	564.95	59.39
Short term provisions	83.83	61.17	3.40
Total	5,441.78	29,165.13	2,689.87
Net Assets / (Liabilities) taken over	(71.94)	4,725.64	961.47

- IV. (a) Two of the transferor companies (i.e. ZASL & ZFCL) were wholly owned subsidiaries of the Parent Company and their entire share capital were held by the Parent Company and its nominees. Upon the Scheme becoming effective, the shares held by the Parent Company and its nominees in the Transferor Companies stands cancelled and extinguished without any further application, act, instrument or deed and no shares shall be issued to the shareholders of the Transferor Companies.
- (b) One of the transferor company i.e. ZSFL, became wholly owned subsidiary of the Parent Company upon acquiring balance equity shares on 11 December 2015 held by joint venture partner i.e. Rotem Amfert Negev Limited. Upon the Scheme becoming effective, the difference between the amount of consideration paid and book value of those equity shares has been treated as goodwill. Further, the Parent Company has credited a sum of INR 96.99 lakhs towards the share of loss of joint venture partner till the date of acquiring shares from 1 April 2015.
- V. As per the Scheme of Amalgamation, the authorized share capital of the Parent Company will automatically increase by the authorized share capital of Transferor Companies without any further act or deed on the part of the Parent Company on the effective date as defined in the Scheme. In order to intimate the ROC, Goa regarding the Scheme and to get its authorised share capital increased as per the Scheme, the Parent Company has filed E Form INC-28 on 13 November 2017.
- VI. As per the Scheme, during the period between the Appointed date and the Effective date, the Transferor Companies have carried on the business in "trust" on behalf of the Parent Company. Further, all profits or incomes earned and losses and expenses incurred by the Transferor Companies during the period, for all purposes, is profits or income or expenditure or losses of the Parent Company.
- VII. The title deeds for immovable properties, licenses, agreements, bank accounts, loan documents etc. of the Transferor Companies are in the process of being transferred in the name of the Parent Company.

Notes to the Consolidated Financial Statements for the year ended 31 March 2019

(Amount in INR lakhs, unless otherwise stated)

55 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		Share in total comprehensive income	
	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 2019	34%	43,365.66	124%	(21,114.90)	126%	(2,903.65)	124%	(24,018.55)
31 March 2018	46%	67,384.21	26%	3,033.41	100%	(1,331.55)	16%	1,701.86
Subsidiary Companies								
Mangalore Chemicals & Fertilisers Limited								
31 March 2019	39%	49,516.19	(19%)	3,287.93	3%	(75.56)	(17%)	3,212.37
31 March 2018	33%	47,732.58	52%	6,058.26	1%	(15.96)	58%	6,042.30
Adventz Trading DMCC								
31 March 2019	0%	262.71	0%	(2.65)	(1%)	22.07	(0%)	19.42
31 March 2018	0%	246.07	2%	234.56	(0%)	2.78	2%	237.34
Non-controlling interests in all subsidiaries								
31 March 2019	(31%)	(39,955.19)	9%	(1,544.49)	(2%)	35.49	8%	(1,509.00)
31 March 2018	(27%)	(39,002.91)	(24%)	(2,845.84)	(1%)	7.50	(27%)	(2,838.34)
Joint Ventures								
31 March 2019	-	-	(32%)	5,534.66	(27%)	616.83	(32%)	6,151.49
31 March 2018	-	-	50%	5,848.78	(0%)	3.44	56%	5,852.22
Eliminations and adjustments due to Consolidation								
31 March 2019	58%	73,804.80	19%	(3,218.84)	-	-	17%	(3,218.84)
31 March 2018	48%	70,111.75	(5%)	(592.57)	-	-	(6%)	(592.57)
Total								
31 March 2019	100%	126,994.16	100%	(17,058.29)	100%	(2,304.82)	100%	(19,363.11)
31 March 2018	100%	146,471.70	100%	11,736.61	100%	(1,333.80)	100%	10,402.81

56 Disclosure pursuant to IND AS-8 "Accounting Policies, change in accounting estimates and errors" (specified under Sec 133 of the Companies Act 2013, read with rule 7 of Companies (Accounts) Rules, 2015) are given below:

	Nature	Note	(INR in lakhs)			
			31 March 2018		1 April 2017	
			(Restated)	(Published)	(Restated)	(Published)
Income tax assets net	Reclassification Items	17A	6,698.13	5,222.09	6,730.01	6,720.91
Other financial assets	Reclassification Items	6C	20,256.40	42,199.07	NA	NA
Other current assets	Reclassification Items	7	31,752.41	9,809.74	NA	NA
Trade receivables	Reclassification Items	9	339,001.78	344,807.74	343,793.88	346,136.24
Trade payables	Reclassification Items	13	145,220.78	151,026.74	105,516.77	107,859.13
Liabilities for current tax (net)	Reclassification Items	17A	1,476.04	-	9.10	-

Also refer Note 46 for a specific matter as more fully described including its impact on the disclosure pursuant to Ind AS-8 "Accounting Policies, change in accounting estimates and errors" (specified under Sec 133 of the Companies Act 2013, read with rule 7 of Companies (Accounts) Rules, 2015).

The above reclassification in the previous year's published numbers have been made for better presentation in the financial statements and to confirm to the current year's classification/disclosure. This does not have any impact on the profit and hence no change in the basic and diluted earning per share of previous year.

Notes to the Consolidated Financial Statements for the year ended 31 March 2019

(Amount in INR lakhs, unless otherwise stated)

57. The Parent Company is in the business of manufacturing and trading of various types of fertilizer products and earns concession (subsidy) income as per the New Pricing Scheme for Urea and as per Nutrient Based Subsidy Policy for Phosphatic and Potassic (P&K) fertilizers from the Department of Fertilizers (DoF). The Direct Benefit Transfer (DBT) for subsidy income was rolled out by DoF during the year 2016-17 and by February 1, 2018 was on a pan India basis. The DBT system entails payment of subsidy to fertilizer manufacturing/importing companies on the basis of actual sales by the retailer to the beneficiary. 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 Parent Company) to point of retail sale (sales to beneficiary by the dealers/distributors), and which also impacted the working capital cycle of the Parent Company. To meet the short term working capital requirements the Parent Company obtains short-term loans from banks/other lenders. The Parent Company also incurred cash losses during the year which was mainly driven by the agri-stress prevalent in certain parts of its operating territories resulting in inability of the Parent Company to pass on the increase in raw material prices to farmers along with a two-month long shutdown undertaken at the urea plant for completion of certain investments in plant for energy saving during the year. The management has assessed the financial position of the Parent Company considering its business projections including transforming certain short-term loans to long-term debt to repay its committed liabilities in the near future. Considering the strength of the Parent Company's business plans and future outlook as assessed by the management, the management is confident that it will be able to realize its assets and discharge its liabilities in the normal course of business.

58. Events after the reporting period

There are no significant events that occurred after the reporting period.

As per our report of even date

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm's Registration No.301003E/E300005

per **VISHAL SHARMA**

Partner

Membership No. 96766

Place of signature: Gurugram

Date: 15 May 2019

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

S. K. PODDAR

Chairman

DIN: 00008654

SAMRAT SEN

Chief Financial Officer

Place of signature: Gurugram

Date: 15 May 2019

SUNIL SETHY

Managing Director

DIN: 00244104

R. Y. PATIL

Vice President & Company Secretary

FCS: 2845

MARCO WADIA

Director

DIN: 00244357



ZUARI AGRO CHEMICALS LTD. ZUARINAGAR, GOA - 403 726.