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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ZUARI FARMHUB LIMITED**

Opinion

We have audited the accompanying Ind AS financial statements of Zuari Farmhub Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2022, the Statement of Profit and Loss (including other comprehensive income) for the year then ended, the Cash Flows and the Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2022, and the profit for the year ended on that date.

Basis of Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the 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 Companies Act, 2013 and the Rules there under, 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 opinion on the financial statements.

Emphasis of Matter-Effects of COVID-19

We draw attention to Note 35 Notes to Accounts annexed, which describes the economic and social disruptions the entity is facing as a result of COVID-19.

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



Branches

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Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act 2013, with respect to the preparation of these financial statements that give a true and fair view of the financial position and financial performance, of the Division in accordance with the Accounting Principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Division and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the 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 Division or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 controls 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 Division 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 Division'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 disclosure 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 Division to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We also communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings 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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's



report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Independent Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of subsection (11) of Section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

As required by Section 143 (3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.
- e) On the basis of the written representations received from the directors as on 31st March, 2022 taken on record by the Board of Directors, none of the directors are disqualified as on 31st March, 2022 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- g) The Company has not made any payments towards Directors' remuneration and therefore the provisions of section 197 of the Act does not apply to the Company, hence reporting under Section 143 (3) (g) is not required.

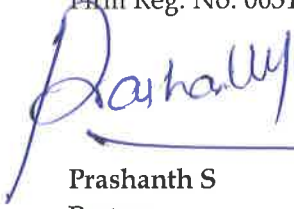


- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position in its 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.
 - iv. The Management has represented that, to the best of its knowledge and belief, as disclosed in the Note 36 to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - v. The Management has represented, that, to the best of its knowledge and belief, as disclosed in the Note 36 to the accounts, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.



- vi. Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) contain any material mis-statement.
- vii. The company has neither declared nor paid interim dividend or final dividend during the year. Therefore, reporting under Rule 11(f) of Companies (Audit and Auditors) Rules, 2014 is not applicable.

For K.P.Rao & Co.
Chartered Accountants
Firm Reg. No. 003135S





Prashanth S
Partner
Membership No. 228407
UDIN: 22228407AJMXWP7421

Place: Bengaluru
Date: May 24, 2022

ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT

The Annexure referred to in Independent Auditor's Report to the members of the Company on the financial statements for the year ended 31st March 2022, we report that:

- (i) (a) (A) The company is maintaining records showing full particulars, including quantitative details and situation of Property, Plant and Equipment;
- (B) the company is maintaining proper records showing full particulars of intangible assets;
- (b) the Property, Plant and Equipment have been physically verified by the management during the year.
- (c) The title deeds of immovable properties held by the company are in the name of the Company.
- (d) The company has not revalued its Property, Plant and Equipment or Intangible Assets during the year.
- (e) According to the information and explanations given to us, no proceedings have been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- (ii) (a) Physical verification of inventory has been conducted at reasonable intervals by the management, the coverage and procedure of such verification by the management is appropriate; no discrepancies of 10% or more in the aggregate for each class of inventory were noticed.
- (b) the company has not been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets at any point of time during the year. Hence reporting under Para 3(ii)(b) is not applicable.
- (iii) The company has not made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms Limited Liability Partnerships or any other parties during the year, hence provisions under Para 3(iii) are not applicable to the company.
- (iv) The Company has not given loans, investments, guarantees and securities during the year. Accordingly, paragraph 3(iv) of the Order is not applicable to the Company.



- (v) According to the information and explanations given to us, the Company has not accepted deposits from the public.
- (vi) According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013 for any of the services rendered by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.
- (vii) (a) According to the information and explanations given to us and as per our verification of the records of the company, the company has been regular in depositing undisputed statutory dues including Income Tax, Cess and other statutory dues with the appropriate authorities during the year.
- (b) According to the information and explanations given to us and as per our verification of the records of the company, there are no disputed amounts of tax/duty that have not been deposited with appropriate authorities as at 31st March 2022.
- (viii) According to the information and explanations given to us, there are no transactions not recorded in the books of accounts that were surrendered or disclosed as income during the year. Hence, reporting under Para 3(viii) is not applicable to the Company.
- (ix) (a) According to the information and explanations given to us, the company has not defaulted in repayment of dues to banks, financial institutions and debenture holders.
- (b) According to the information and explanations given to us, the company is not a declared wilful defaulter by any bank or financial institution or other lender.
- (c) The company does not have any term loans; hence the provisions of Para 3(ix)(c) are not applicable to the company.
- (d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the company, we report that no funds raised on short-term basis have been used for long-term purposes by the company.
- (e) According to the information and explanations given to us and procedures performed by us, the company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.
- (f) According to the information and explanations given to us and procedures performed by us, the company has not raised any loans during the year on the pledge of securities held in its subsidiaries, joint ventures, or associate companies.



- (x) (a) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix)(a) of the Order is not applicable.
- (b) The Company has made private placement of convertible debentures (fully convertible) during the year. The requirements of section 42 and section 62 of the Companies Act, 2013 have been complied with and the funds raised have been used for the purposes for which the funds were raised.
- (xi) (a) According to the information and explanations given to us, no material fraud by the company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (b) We have not filed any report under sub-section (12) of section 143 of the Companies Act in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) As represented to us by the Management, there are no whistle-blower complaints received by the company during the year.
- (xii) The company is not a Nidhi Company and therefore the provisions of Para 3(xii) of the Companies (Auditors Report), 2020 are not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.
- (xiv) (a) The company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the internal audit reports of the company issued till date, for the period under audit.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) (a) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.



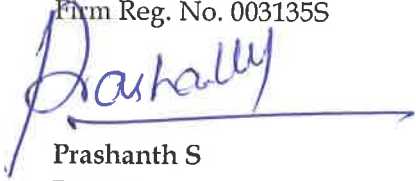
- (b) According to the information and explanations given to us, the company has not conducted any Non-Banking Financing or Housing Finance activities during the year.
- (c) The company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, the provisions of Para 3(xvi)(c) are not applicable to the company.
- (d) As per the information and explanations given to us, there are no Core Investment Companies as part of the Group. Accordingly, the provisions of Para 3(xvi)(d) are not applicable to the company.
- (xvii) The company has not incurred any cash loss in the financial year. The company had incurred a cash loss of Rs. 662.27 Lakhs in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year and accordingly this clause is not applicable.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.



(xx) The provisions of Section 135 do not apply to the company. Hence, the provisions of Para 3(xx) are not applicable to the company.

(xxi) Consolidation of financial statements is not applicable to the Company; hence provisions of Para 3(xxi) do not apply.

for K.P.Rao & Co.
Chartered Accountants
Firm Reg. No. 003135S



Prashanth S
Partner
Membership No. 228407
UDIN: 22228407AJMXWP7421



Place: Bengaluru
Date: May 24, 2022

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

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

We have audited the internal financial controls over financial reporting of the Company as at 31st March 2022 in conjunction with our audit of the Balance Sheet as at 31st March 2022, the statement of profit and loss annexed for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The management is responsible for establishing and maintaining internal financial controls based on the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('the 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 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 the Companies Act, 2013 ('the Act').

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing ('the Standards'), issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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



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

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. This includes those policies and procedures that:

- i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- ii) 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 authorizations of management and directors of the company; and
- iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has maintained, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2022, 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 of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. However, the existing policies, systems, procedures and internal controls followed by the Company have to be completely and appropriately documented.

for K.P.Rao & Co.
Chartered Accountants
Firm Reg. No. 003135S

Prashanth S



Prashanth S
Partner
Membership No. 228407
UDIN: 22228407AJMXWP7421

Place: Bangalore
Date: May 24, 2022

		Rs in Lakhs		
Particulars		Notes	As at 31 March 2022	As at 31 March 2021
I	ASSETS			
(1)	Non-current assets			
(a)	Property, Plant and Equipment	3	5,043.31	1,614.02
(b)	Capital work in progress	3	267.54	10.33
(c)	Intangible Assets	4	1,570.60	1,566.57
(d)	Right-of-use Assets	3	4,270.69	4,988.08
(e)	Financial Assets	5		
	(i) Other financial assets	5A	37.55	36.48
	(ii) Investments	5A	10.44	-
(f)	Deferred Tax Asset (Net)	6	236.60	-
(g)	Other Non Current Assets	6	510.21	3,791.07
	Sub Total (A)		11,946.94	12,006.54
(2)	Current assets			
(a)	Inventories	7	5,803.54	4,209.61
(b)	Financial Assets			
	(i) Trade Receivables	8	3,983.02	2,467.07
	(ii) Cash and cash equivalents	9	7,705.20	1,853.86
	(iii) Loans	5A	57.41	58.50
(c)	Other current assets	6	955.35	567.53
	Sub Total (B)		18,504.52	9,156.58
	Total Assets (A+B)		30,451.46	21,163.12
II	EQUITY AND LIABILITIES			
(1)	Equity			
(a)	Equity Share capital	10	1.00	1.00
(b)	Other Equity	11	(25,026.28)	(47,138.70)
	Sub Total (C)		(25,025.28)	(47,137.70)
	LIABILITIES			
(1)	Non-current liabilities			
(a)	Financial Liabilities			
	(i) Borrowings	12	33,472.22	18,558.94
	(ia) Lease liability	12	4,614.67	5,188.26
	(ii) Other Financial Liabilities	14	-	35,000.00
(b)	Other Liabilities	15	34.11	51.17
(c)	Provisions	16	478.28	445.71
	Sub Total (D)		38,599.29	59,244.08
(2)	Current liabilities			
(a)	Financial Liabilities			
	(i) Trade Payables	13		
	a) total Outstanding dues to micro enterprises and small enterprises		-	341.82
	b) total Outstanding dues to Creditors other than micro enterprises and small enterprises		13,156.19	7,289.95
	(iii) Other financial liabilities	14	2,088.56	839.20
(b)	Other current liabilities	15	1,290.44	434.40
(c)	Current Tax Liabilities (Net)	17	107.92	-
(d)	Provisions	16	234.35	151.38
	Sub Total (E)		16,877.45	9,056.74
	Total Equity and Liabilities (C+D+E)		30,451.46	21,163.12

Summary of significant accounting policies- Note 1 & 2

The accompanying notes are an integral part of financial statements

As per our report of even date

For K P Rao & Co.
Chartered Accountants
ICAI Firm registration number : 003135S

Prashanth.S
Partner
Membership Number : 228407



For and on behalf of the Board of Directors of
Zuari Farmhub Limited

Madan Pandey
Director
DIN: 08676640

S. Nandy

Sabaleel Nandy
Director
DIN: 08677564

Place of signature: Bangalore

Date: 24 May 2022

ZUARI FARMHUB LIMITED

CIN: U52202GA2019PLC014150

1st Floor, Adventz Centre, No. 28, Union Street, Off. Cubbon Road, Bengaluru - 560 001, Karnataka, India.

Tel.: + 91 80 46992299 • www.adventz.com

Registered Office: Jai Kisan Bhawan, Zuarinagar, Goa - 403 726, India • Tel.: + 91 832 2592180

Place of signature: Bangalore

Date: 24 May 2022

Zuari Farmhub Limited (CIN: U52202GA2019PLC014150)
Statement of Profit and Loss for the period ended 31st March 2022
(Amount in Rupees, unless otherwise stated)

Particulars	Notes	Rs in Lakhs	
		Period ended 31 March 2022	Period ended 31 March 2021
I REVENUE			
Revenue From Operations	18	69,299.00	29,289.41
Other Income	19	654.17	154.78
Total Income (I)		69,953.18	29,444.20
II EXPENSES			
Cost of Material Consumed	20	6,305.05	-
Purchases of Stock in trade	21	52,235.75	25,128.16
Changes in inventories of finished goods, stock-in-trade and work in progress	22	(1,592.64)	162.87
Employee Benefits Expense	23	2,812.58	2,088.63
Finance Costs	24	1,065.92	528.30
Depreciation and amortization expense	25	1,039.28	1,075.58
Other Expenses	26	6,134.66	2,643.24
Total expenses (II)		68,000.60	31,626.76
III Profit/(loss) before tax (I-II)		1,952.58	(2,182.56)
IV Tax expense:			
(a) Current Tax	17	168.18	-
(b) Taxes in respect of earlier years	17	-	-
(c) Deferred Tax Expense/ (Credit)	17	(237.78)	-
Income tax expenses		(69.61)	-
V Profit (Loss) for the year (III+IV)		2,022.19	(2,182.56)
VI Other comprehensive income/ (loss) (net of tax)			
(A) (i) Items that will not be reclassified to profit or loss in subsequent periods			
Re-measurement gains/ (losses) on defined benefit plans		4.70	-
(ii) Income tax effect		(1.18)	-
Other comprehensive income for the year		3.52	-
VII Total comprehensive income for the year (V + VI) (net of tax)		2,025.71	(2,182.56)
VIII (Loss) per equity share: (nominal value of share INR 10/- (31 March 2021- INR 10/-)			
(1) Basic		20,221.89	(21,825.64)
(2) Diluted		0.28	(21,825.64)

Summary of significant accounting policies- Note 1 & 2
The accompanying notes are an integral part of financial statements

As per our report of even date

For K P Rao & Co.
Chartered Accountants
ICAI Firm registration number : 003135S

Prashanth.S
Partner
Membership Number : 228407

Place of signature: Bangalore
Date: 24 May 2022



For and on behalf of the Board of Directors of
Zuari Farmhub Limited

Madan Pandey
Director
DIN: 08676640

Place of signature: Bangalore
Date: 24 May 2022

S. Nandy
Sabaleel Nandy
Director
DIN: 08677564

ZUARI FARMHUB LIMITED

CIN: U52202GA2019PLC014150

1st Floor, Adventz Centre, No. 28, Union Street, Off. Cubbon Road, Bengaluru - 560 001, Karnataka, India.

Tel.: + 91 80 46992299 • www.adventz.com

Registered Office: Jai Kisaan Bhawan, Zuarinagar, Goa - 403 726, India • Tel.: + 91 832 2592180

Zuari Farmhub Limited (CIN: U52202GA2019PLC014150)
Statement of Cash Flows for the year 31st March 2022
(Amount in INR lakhs, unless otherwise stated)

	For the Period ended 31 March 2022	For the period ended 31 March 2021
A Cash flow from operating activities:		
Profit before tax	1,952.58	(2,182.56)
Adjustments to reconcile loss before tax to net cash flows:		
Depreciation of property, plant and equipment	1,039.28	1,075.58
Increase in provisions	115.54	212.44
Interest on Fixed Deposit	(62.45)	
Incentive under packing scheme incentive	(17.06)	(17.06)
Interest expense	1,065.92	528.30
Operating profit/ (loss) before working capital adjustments	4,093.81	(383.30)
Working capital adjustments :		
Decrease in provisions	-	-
Increase/ (decrease) in trade payables and other liabilities	(27,370.17)	1,925.14
(Increase)/ decrease in trade receivables	(1,515.95)	1,047.14
(Increase)/ decrease in inventories	(1,593.93)	162.20
(Increase)/ decrease in other assets and financial assets	(634.86)	103.03
(Increase)/ decrease in loans and advances	0.02	(2.35)
(Increase)/ decrease in current tax liability	177.18	-
Total	(30,937.73)	3,235.15
Cash Generated From Operations	(26,843.91)	2,851.85
Less : Income tax paid (net of refunds)	(69.26)	-
Net cash flow from Operating Activities (A)*	(26,913.18)	2,851.85
B Cash flow from investing activities:		
(Purchase) / Disposal of property, plant and equipment, including intangible assets, capital work in progress and capital advances	(4,012.42)	(527.39)
Decrease in Capital Advance	3,280.86	183.94
Interest on Fixed Deposit	62.45	-
Net cash flow from/ (used in) investing activities (B)	(669.13)	(343.45)
C Cash flow from financing activities:		
Proceeds from long term borrowings (Debentures)	14,913.28	-
Interest Expenses	(1,065.92)	(528.30)
Change in Equity Due to Issue of debenture	20,159.84	
Proceeds from long term borrowings (Lease)	(573.60)	(127.24)
Interest paid	-	-
Net cash flow (used in) financing activities (C)	33,433.60	(655.53)
D Net increase/ (decrease) in cash and cash equivalents (A + B + C)	5,851.27	1,852.86
Cash and cash equivalents at the beginning of the year	1,853.86	1.00
Add : Transfer of Cash and Cash Equivalents pursuant to the Scheme of Amalgamation	-	-
Cash and cash equivalents at the year end (Refer Note 9)	7,705.20	1,853.86
	As at 31 March 2022	As at 31 March 2021
Balances with banks		
- On current accounts	2,652.60	1,853.86
- On Fixed Deposit	5,052.61	-
Cash and cash equivalents	7,705.20	1,853.86

Summary of significant accounting policies- Note 1 & 2
The accompanying notes are an integral part of financial statements

As per our report of even date

For K P Rao & Co.
Chartered Accountants
ICAI Firm registration number : 0031355

Prashanth.S
Partner
Membership Number : 228407



Place of signature: Bangalore
Date: 24 May 2022

For and on behalf of the Board of Directors of
Zuari Farmhub Limited

Madan Pandey *S. Nandy*
Madan Pandey Sabaleel Nandy
Director Director
DIN: 08676640 DIN: 08677564

Place of signature: Bangalore
Date: 24 May 2022

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Zuari Farmhub Limited (CIN: U52202GA2019PLC014150)

(Amount in Rupees, unless otherwise stated)

Statement of Changes In Equity for the period ending March 31, 2022

STATEMENT OF CHANGES IN EQUITY

A - Equity Share Capital

Particulars

Particulars	(Rs. in Lakhs)	
	Number	Amount
Balance as at April 01, 2021	10,000.00	1.00
Add: Equity shares allotted during the year	-	-
Balance as at March 31, 2022	10,000.00	1.00

B - Other Equity (Rs. in Lakhs)

Particulars	Reserves and Surplus				Items of other comprehensive income/(loss)	Equity Component of Compound Financial Instruments	Total
	Capital Reserve	General Reserves	Securities Premium	Retained Earnings	Other items of Other Comprehensive Income		
Balance as at April 01, 2021	(69,896.74)	-	-	(2,239.02)	-	24,997.06	(47,138.70)
Profit/Loss for the year	-	-	-	2,022.19	-	-	2,022.19
Other Comprehensive income/(loss) for the year	-	-	-	-	3.52	-	3.52
Change in rent equalization treatment (due to adoption of IND AS 116)	-	-	-	-	-	-	-
Additions during the year	-	-	-	-	-	20,086.72	20,086.72
Less: Capital Reduction	-	-	-	-	-	-	-
Balance as at March 31, 2022	(69,896.74)	-	-	(216.83)	3.52	45,083.78	(25,026.28)

See accompanying notes forming part of financial statements

For K.P. Rao & Co.,
Chartered Accountants
Firm Registration No. 003135S

Prashanth S
Partner
Membership No. : 228407



Place : Bangalore
Date: 24 May 2022

For and on behalf of the Board of Directors of
Zuari Farmhub Limited

Madan Pandey
Madan Pandey
Director
DIN: 08676640

Place : Bangalore
Date: 24 May 2022

S. Nandy
Sabaleel Nandy
Director
DIN: 08677564

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Zuari Farmhub Limited

Notes to the financial statements for the year ended 31 March 2022

1. Corporate Information

The Company is a closely held public company domiciled in India and is incorporated under the provisions of the Companies Act applicable 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 allied services.

The Board of directors of the Company at its meetings held on 5 February 2020 approved the Purchase of retail, speciality nutrients business (SPN), & allied, crop protection and care business (CPC), seeds and blended businesses allied business from Zuari Agro Chemicals Limited (ZACL), the Holding Company on a going concern basis under a slump sale/Purchase arrangement. Accordingly, a 'Business Transfer Agreement ('BTA') was executed on March 31, 2020 between the Company and ZACL.

These standalone financial statements were approved for issue in accordance with a resolution of the Board of Directors of the Company in their meeting held on 24th May 2022.

2A. Summary of Significant Accounting Policies

i) Basis of Preparation

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

The standalone financial statements have been prepared on 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.

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All other assets have been classified as non-current.

A liability has been classified as current when

- a) it is expected to be settled in the Company's normal operating cycle; or
- b) it is held primarily for the purpose of being traded; or
- c) it is due to be settled within twelve months after the reporting date; or
- d) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities have been classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

An operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalents. The Company has identified twelve months as its operating cycle.

iii) Foreign Currency Translation

a) Functional and presentation currency

Items included in the standalone financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The standalone financial statements are presented in Indian Rupee (INR), which is Company's functional and presentation currency.

b) Initial recognition

Transactions in foreign currencies are initially recorded by the Company at the functional currency spot rates at the date the transaction first qualifies for recognition.

c) Conversion

Foreign currency monetary items are translated using the functional currency spot rates of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost denominated in a foreign currency are translated using the exchange rate at the date of the initial transaction. Non-monetary items measured at fair value denominated in a foreign currency are, translated using the exchange rates that existed when the fair value was determined.

d) Exchange differences

Exchange differences arising on settlement or translation of monetary items are recognised in the statement of profit and loss.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income (OCI) or profit and loss are also recognised in OCI or profit and loss, respectively).

iv) Derivative financial instruments

Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered

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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
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the standalone financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's management determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for sale in discontinued operation.

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Notes to the financial statements for the year ended 31 March 2022

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) Non-current assets classified as held for sale

The Company classifies non-current assets classified as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale expected within one year from the date of classification.

For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale classification is regarded met only when the assets is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets, its sale is highly probable; and it will genuinely be sold, not abandoned. The Company treats sale of the asset to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset,
- An active programme to locate a buyer and complete the plan has been initiated (if applicable),
- The asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Non-current assets held for sale are measured at the lower of their carrying amount and the fair value less costs to sell. Cost to sell are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expenses. Assets and liabilities classified as held for sale are presented separately in the balance sheet.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

vii) Property, plant and equipment

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.

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

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Notes to the financial statements for the year ended 31 March 2022

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.

Advances paid towards the acquisition of fixed assets, outstanding at each balance sheet date are shown under capital advances. The cost of the fixed asset not ready for its intended use on such date is disclosed under capital work-in- progress.

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

viii) Depreciation on property, plant and equipment

Depreciation on property, plant and equipment (other than specific asset referred under Para (a) to (e) below is calculated using the straight-line basis using the rates arrived at, based on the useful lives estimated by the management. For this purpose, a major portion of the plant has been considered as continuous process plant. The identified components are depreciated separately over their useful lives; the remaining components are depreciated over the life of principal asset. The Company has used the following rates to provide depreciation on its property, plant and equipment which are equal to the rates specified in Schedule II to Companies Act, 2013.

	Useful lives estimated by the management (years)
Factory buildings	30 years
Other buildings (RCC structures)	60 years
Other buildings (other than RCC structures)	30 years
Plant and equipment (Continuous process plant)	25 years
Plant and equipment (Others)	15 years
Furniture and fixtures	10 years
Roads and Culverts	3, 5 and 10 years
Office equipment	3 to 5 years
Vehicles	8 years

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.
- 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.

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.

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Notes to the financial statements for the year ended 31 March 2022

ix) Intangible Assets

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.

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
- 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, which arose pursuant to the scheme of amalgamation of Zuari Speciality Fertilisers Limited (ZSFL) with the Zuari Agro Chemicals Limited (Holding Company), has got merged with the Zuari Agro Chemicals Limited (Holding Company). Further, as per Business Transfer Agreement (BTA) executed on March 31, 2020 between the Company and Zuari Agro Chemicals Limited (ZACL), Speciality business has been purchase under slump sale arrangement from ZACL and Goodwill is part of such transfer

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

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Notes to the financial statements for the year ended 31 March 2022

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 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 Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

a) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease

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Notes to the financial statements for the year ended 31 March 2022

liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Land 3 to 30 years
- Building 2 to 10 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment

Lease liabilities

- At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.
- Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Company's lease liabilities are included in Interest-bearing loans and borrowings.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

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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
- (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.

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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:

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Stage 1: When financial assets are first recognized, the Company recognizes an allowance based on 12 months ECLs. Stage 1 financial assets also include facilities where the credit risk has improved and the financial assets 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.

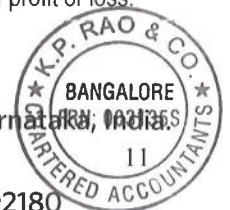
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c) Offsetting of financial instruments

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) Compound financial instrument

Compulsory Convertible Instruments

Compulsory Convertible Debentures are separated into liability and equity components based on the terms of the contract. At the inception of the Compulsory Convertible Instruments, the following two elements will be separated:

- (a) a liability component arising from the interest payments; and
- (b) an equity component representing the delivery of fixed number of equity shares in future.

On issuance of the Compulsory Convertible Instrument, the fair value of the liability portion is determined using a market interest rate for an equivalent non convertible bonds. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion of the bonds. The remainder of the proceeds is attributable to the equity portion of the compound instrument since it meets Ind AS 32, Financial Instruments: Presentation, criteria for fixed to fixed classification. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the equity component is not subsequently re-measured.

xiv) Cash and Cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits

xv) Dividend to equity holders of the Company

The Company recognises a liability to make dividend distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

xvi) Inventories

Inventories are valued at the lower of Cost and Net Realisable Value.

The Cost is determined as follows:

- a) Raw materials and Store and Spares: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on Moving weighted average method.
- b) Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on Moving weighted average method.
- c) Traded goods: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on Moving weighted average method.

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Materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

Cost includes the necessary cost incurred in bringing inventory to its present location and condition necessary for use.

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

xvii) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

Borrowing costs include interest and amortization of ancillary costs incurred in connection with the arrangement of borrowing. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

xviii) Revenue from contract with customer

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in paragraph 2.

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.

In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, and consideration payable to the customer (if any).

i) Variable consideration

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal 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

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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.

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Refund liabilities

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Company ultimately expects it will have to return to the customer. The Company updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period. Refer to above accounting policy on variable consideration.

As per Ind AS 115 and the Educational Material of Ind AS 115, sales tax/ VAT is not received by the entity on its own account, it is tax collected on value added to the commodity by the seller on behalf of the Government, therefore, it is excluded from revenue. From 1 July 2017, the GST regime has been introduced, revenue is being recognised net of GST.

Insurance claims

Insurance claims and receivable on account of interest from dealers on delayed payment are accounted for to the extent the Company is reasonably certain of their ultimate collection.

Interest income

For all debt instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a

shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

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

xix) Retirement and other employee benefits

i) Provident Fund

Retirement benefits in the form of Provident Fund 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.

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.

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iii) Gratuity

Retirement benefit in the form of gratuity is defined benefit obligation and is provided on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

The Company has taken insurance policy under the Group Gratuity Scheme with the Life Insurance Corporation of India (LIC) to cover the gratuity liability of the employees.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income and such 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. . Re measurement, comprising of actuarial gains and losses, are recognised in the period in which they occur, directly in statement of profit and loss

The 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.

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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.

Short term employee benefits

All employee benefits payable/ available within twelve months of rendering of service are classified as short term employee benefits. Benefits such as salaries, wages and bonus etc., are recognised in the statement of profit and loss in the period in which the employee renders the related service.

xx) Taxes

Current Income Tax and Deferred Tax

Tax expense comprises current income tax and deferred tax. Current income-tax expense is measured at the amount expected to be paid to the taxation authorities in accordance with the Income-tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized

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The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities.

Goods and Service Tax (GST) / Sales/value added taxes paid on acquisition of assets or on incurring expenses

When GST amount incurred on purchase of assets or services is not recoverable from the taxation authority, the GST paid is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable. Otherwise, expenses and assets are recognized net of the amount of GST paid. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

xxi) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders of the Company by the weighted average number of the equity shares outstanding during the year.

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

xxii) Government grants and subsidies

Grants from the government are recognized when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

When the grant 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 relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

xxiii) Provisions

A provision is recognized when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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xxiv) Segment Reporting Policies

Operating segments are reported in a manner consistent with the internal reporting provided to the Management. Management 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. A. Significant accounting judgements, estimates and assumptions

The preparation of the Company's standalone financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

a) Determining the lease term of contracts with renewal and termination options- Company as lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

b) Defined benefit plans

The cost of the defined benefit gratuity plan, post-employment medical benefits and other defined benefit plans and the present value of the obligation of defined benefit plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for defined benefit plans, the management considers the interest rates of government bonds.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases are based on the expected future inflation rates.

c) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on

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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.

d) 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.

e) 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.

f) 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.

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The Company developed a statistical model for forecasting sales returns. The model used the historical return data of each product to come up with expected return percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected return percentages estimated by the Company.

The Company's expected volume rebates are analysed on a per customer basis for contracts that are subject to a single volume threshold. Determining whether a customer will be likely entitled to rebate will depend on the customer's historical rebates entitlement and accumulated purchases to date.

The Company applied a statistical model for estimating expected volume rebates for contracts with more than one volume threshold. The model uses the historical purchasing patterns and rebates entitlement of customers to determine the expected rebate percentages and the expected value of the variable consideration. Any significant changes in experience as compared to historical purchasing patterns and rebate entitlements of customers will impact the expected rebate percentages estimated by the Company.

The Company updates its assessment of expected returns and volume rebates quarterly and the refund liabilities are adjusted accordingly. Estimates of expected returns and volume rebates are sensitive to changes in circumstances and the Company's past experience regarding returns and rebate entitlements may not be representative of customers' actual returns and rebate entitlements in the future.

g) 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.

h) Leases - Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the

Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

2.1 Standards issued but not yet effective

Ind AS 37 and Ind AS 109 have been amended vide Notification no. G.S.R. 338(E) dated 5th March, 2022 but are only effective from 1st April 2022.

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3. Property, plant and equipment

(Rs in lakhs)

	Freehold land	Leasehold land	Buildings Note.i	Plant and equipment	Furniture and fixtures	Office equipment	Vehicles	Right to use building	CWIP	Total
Gross block (at cost)										
As at 31 March 2021	17.70	63.21	685.94	359.32	590.02	148.09	0.28	5,804.70	10.33	7,679.59
Additions	3,327.59	-	6.67	3.66	179.89	129.46	22.00	752.14	267.54	4,688.95
Disposals	-	-	-	-	-	-	(0.28)	(998.77)	(10.33)	(1,009.37)
As at 31 March 2022	3,345.29	63.21	692.61	362.98	769.91	277.55	22.00	5,558.07	267.54	13,377.90
Depreciation										
As at 31 March 2021	-	0.76	33.30	67.85	74.25	74.38	-	816.62	0.00	1,067
Charge for the year	0.00	0.76	34.61	70.03	80.94	53.34	0.01	786.07	0.00	1,026
Disposals	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(315.31)	0.00	-315
As at 31 March 2022	0.00	1.52	67.91	137.88	155.19	127.72	0.01	1287.38	0.00	1,778
Net book value 31 March 2022	3,345.29	61.69	624.70	225.10	614.72	149.82	21.99	4,270.69	267.54	9,581.54
Net book value 31 March 2021	17.70	62.45	652.64	291.47	515.77	73.71	0.28	4,988.08	10.33	6,612.43

i. Building includes self constructed building with net book value of INR 597.20 lakhs on leasehold land

4. Intangible assets

	Software	Goodwill **	Total
Gross block (at cost)			
As at 31 March 2021	41.46	1,533.53	1,574.99
Additions	17.54	-	17.54
Disposals	-	-	-
As at 31 March 2022	59.00	1,533.53	1,592.53
Amortisation			
As at 31 March 2021	8.42	-	8.42
Charge for the year	13.51	-	13.51
Disposals	-	-	-
As at 31 March 2022	21.93	-	21.93
Net book value			
As at 31 March 2021	33.04	1,533.53	1,566.57
As at 31 March 2022	37.07	1,533.53	1,570.59

**Pursuant to business transfer agreement (BTA) executed on March 31, 2020 between the company and Zuari Agro Chemicals Limited (ZACL), retail, speciality nutrients business (SPN) & allied, crop protection & care business (CPC), seeds and blended businesses has been transferred, goodwill is part of such transfer. The goodwill, arose pursuant to the scheme of amalgamation of Zuari Speciality Fertilisers Limited (ZSFL) with Zuari Agro Chemicals Limited (Holding Company).

CWIP ageing schedule

(INR in lakhs)

CWIP	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Project in progress					
As at March 31,2022	267.54	-	-	-	267.54
As at March 31,2021	10.33	-	-	-	10.33

CWIP Completion schedule

(INR in lakhs)

CWIP	Amount in CWIP for a period of					
	Less than 6 months	6 months - 1 Year	1-2 years	2-3 years	More than 3 years	Total
As at the reporting period ended						
As at March 31,2022	17.54	-	250.00	-	-	267.54
As at March 31,2021	-	10.33	-	-	-	10.33



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(Amount in Rupees, unless otherwise stated)

5. Financial assets

5A. Other financial assets

	Rs in Lakhs			
	Non Current		Current	
	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21
Other loans and advances secured, considered good				
Fixed Deposit	-	0.50	-	-
Investment in Mutual Fund	10.44	-	-	-
Loans to employees	1.90	0.22	-	0.32
Unsecured, considered good				
Loans to employees	-	0.10	-	0.27
Interest accrued on loans to employees	1.95	1.96	-	0.50
Packing scheme incentive grant receivables	33.70	33.70	57.41	57.41
Total	47.99	36.48	57.41	58.50

Break up of financial assets carried at amortised cost

	Rs in Lakhs			
	Non Current		Current	
	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21
Other financial assets (Refer Note 5A)	47.99	36.48	57.41	58.50
Trade receivable (Refer Note 8)	-	-	3,983.02	2,467.07
Cash and Cash equivalents (Refer Note 9)	-	-	7,705.20	1,853.86
Total Financial assets carried at amortised cost	47.99	36.48	11,745.63	4,379.43

Fair Value Hierarchy

Financial Assets	Level 1	Level 2	Level 3	Total
Mutual Fund Units	10.44	0.00	0.00	10.44
Total	10.44	0.00	0.00	10.44

6. Other assets

	Rs in Lakhs			
	Non Current		Current	
	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21
Unsecured, considered good, except where otherwise stated				
Capital advances				
- to related parties (Refer Note 29)	183.23	3,496.57	-	-
- to others	-	1.42	-	-
Advances (other than capital advances):				
- to related parties (Refer Note 29)	-	5.71	-	-
Other, considered good	-	-	730.07	57.04
Other, considered doubtful	-	-	-	18.76
	-	5.71	730.07	75.80
Less: Provision for doubtful advances	-	-	-	(18.76)
	-	5.71	730.07	57.04
Security Deposits				
Unsecured, considered good				
- with others	326.98	287.37	-	3.39
Deferred tax assets (net) (refer note 17)	236.60	-	-	-
Advance to employees	-	-	1.92	10.54
Balances with statutory authorities	-	-	176.22	493.21
Prepaid expenses	-	-	47.13	3.36
Total	746.81	3,791.07	955.35	567.53

Note : The fair value of security deposits approximates the carrying value and

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

	Rs in Lakhs	
	31-Mar-22	31-Mar-21
Raw materials	442.14	364.86
Traded goods	5,353.91	3,838.54
Stores and spares	7.49	6.21
Total	5,803.54	4,209.61



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(Amount in Rupees, unless otherwise stated)

8. Trade receivables (at amortized cost)

	Rs in Lakhs	
	31-Mar-22	31-Mar-21
Trade receivables - related parties (Refer Note 29)	43.89	-
Trade receivables - others	3,939.13	2,467.07
Total Trade Receivables	3,983.02	2,467.07

As at 31 March 2022

Trade receivable ageing schedule:	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – related party	43.89	-	-	-	-	43.89
(ii) Undisputed Trade receivables – considered good	3844.21	53.04	19.64	22.24	-	3939.13

As at 31 March 2021

Trade receivable ageing schedule:	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	1,147.73	78.08	315.29	925.98	-	2,467.07

Break-up for security details:

Particulars	Rs in Lakhs	
	31-Mar-22	31-Mar-21
From Others		
From related parties (Refer Note 29)		
Unsecured, considered good	43.89	-
From others		
Secured, considered good	-	31.83
Unsecured, considered good	3,939.13	2,435.24
Trade receivables- credit impaired	-	159.54
Total	3,983.02	2,626.61
Less: trade receivables- credit impaired	-	(159.54)
Total	3,983.02	2,467.07

9. Cash and Cash Equivalent

Particulars	Rs in Lakhs	
	31-Mar-22	31-Mar-21
Balances with bank:		
-On current accounts	2,652.60	1,853.86
-On Fixed Deposit	5,052.61	-
Cash on hand	-	-
TOTAL	7,705.20	1,853.86

The Company has not pledged any part of its short-term deposits to fulfil collateral requirements.



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10. Share Capital

	Rs in Lakhs	
	31-Mar-22	31-Mar-21
Authorised share capital		
Balance as at beginning of the reporting period - 50,000 Equity share of INR 10/- each	5.00	5.00
Increase during the year - 7,99,95,00,000 Equity share of INR 10/- each	79,995.00	0.00
Balance as at end of the reporting period - 8,00,00,00,000 Equity share of INR 10/- each	80,000.00	5.00
Issued and subscribed capital and paid up		
10,000 Equity Shares of INR 10/- Each Fully paid	1.00	1.00
	1.00	1.00

a. Reconciliation of shares outstanding at the beginning and end of their reporting year

Equity Shares	31-Mar-22		31-Mar-21	
	In numbers	INR in lakhs	In numbers	INR in lakhs
At the beginning of the year	10,000.00	1.00	-	-
Issued during the year	-	-	10,000.00	1.00
Outstanding at the end of the year	10,000.00	1.00	10,000.00	1.00

b. Details of shareholders holding more than 5% shares in the Company

Name of the shareholder(equity shares of 10 each, fully paid)	31-Mar-22		31-Mar-21	
	Number of shares held	INR in lakhs	Number of shares held	INR in lakhs
Zuari Agro Chemicals Limited	10,000.00	1.00	10,000.00	1.00

c. Shareholding of Promoters

Name of the Promoters	As at 31-Mar-22	As at 31-Mar-21
Zuari Agro Chemicals Limited	100%	100%

11. Other Equity

a) Capital reserves

	31-Mar-22	31-Mar-21
Balance as per last financial statements	(69,896.74)	(69,896.74)
Closing balance	(69,896.74)	(69,896.74)

b) (Deficit) in the statement of profit and loss

	31-Mar-22	31-Mar-21
Balance as per last financial statements	(2,239.02)	(2,239.02)
Profit (Loss) for the period	2,025.71	-
Profit (Loss) for the period-Retail		
Closing balance	(213.31)	(2,239.02)

c) General Reserve

d) Share Premium

	31-Mar-22	31-Mar-21
e) Equity Component of Compound Financial Instruments		
Total Other Equity	45,083.8	24,997.1
Compound financial instrument	(25,026.28)	(47,138.70)

As per Ind AS 32, compound financial instruments need to be split into their debt and equity components from inception. The liability portion is first computed and the balance is the equity portion. This has been computed for the 0.01% Compulsory convertible debentures

12 Borrowings

From Others:

i) Secured

Debenture

0.01% Compulsory convertible debentures (unsecured)

Unsecured

Lease obligations

Loan from related party

Total

Less: Amount disclosed under "Other current financial liabilities"

- Current maturities of lease liabilities (Refer Note 14)

Total

13. Trade payables

	Non Current		Current	
	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21
Trade Payables				
- Outstanding dues to related parties (refer note 29)	-	-	5,935.37	2,698.80
- Outstanding dues to micro and small enterprises	-	-	-	341.82
- Outstanding dues to others	-	-	7,220.83	4,591.15
Total	-	-	13,156.19	7,631.77

As at 31 March 2022

Trade payable ageing schedule:	Outstanding for following periods from due date of payment				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Related party	5,935.37	-	-	-	5,935.37
(ii) MSME	-	-	-	-	-
(iii) Others	6,231.79	989.04	-	-	7,220.83

As at 31 March 2021

Trade payable ageing schedule:	Outstanding for following periods from due date of payment				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Related party	2,698.80	-	-	-	2,698.80
(ii) MSME	341.82	-	-	-	341.82
(iii) Others	4,591.15	-	-	-	4,591.15

Note: Based on the information available with the Company, none of the vendors are registered under MSME Act, 2006

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14. Other Financial Liabilities (at amortised cost)

	Rs in Lakhs			
	Non Current		Current	
	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21
Other financial liabilities at amortised cost				
Current maturities of lease liabilities (Refer Note 12)			550.23	533.33
Trade deposits- dealers and others	-	-	-	-
- From others			1,183.66	84.40
Employee benefits payable	-	-	-	221.48
Other Payable	-	-	-	-
- From related parties (Refer Note 29)	-	35,000.00	-	-
- Interest Payable to related parties	-	-	354.66	-
Balances with statutory authorities	-	-	-	-
Total other financial liabilities at amortised cost	-	35,000.00	2,088.56	839.20
Total other financial liabilities	-	35,000.00	2,088.56	839.20

Break up of financial liabilities carried at amortised cost

	Rs in Lakhs			
	Non Current		Current	
	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21
Non-current borrowing (Refer Note 12)	38,086.90	23,747.20	-	-
Trade payable (Refer Note 13)	-	-	13,156.19	7,631.77
Other financial Liabilities (Refer Note 14)	-	35,000.00	2,088.56	839.20
Total financial liabilities carried at amortised cost	38,086.90	58,747.20	15,244.75	8,470.97

15. Other Liabilities

	Rs in Lakhs			
	Non Current		Current	
	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21
Contract Liabilities- Advance received from customer	-	-	1,137.74	367.04
Statutory dues payable	-	-	135.65	50.30
Direct Tax Liability (Net)	-	-	-	-
Deferred Income	34.11	51.17	17.06	17.06
Amt Payble Sal/Wages	-	-	-	-
Total	34.11	51.17	1,290.44	434.40

Deferred Income

	31-Mar-22	31-Mar-21
Opening	68.23	85.28
Deferred during the year	-	-
Released to the statement of Profit and Loss	(17.06)	(17.06)
Closing	51.17	68.23

16. Provisions (Current and Non-Current)

	Rs in Lakhs			
	Non Current		Current	
	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21
Provision for employee benefits				
Gratuity (Refer Note 28)	159.38	153.44	55.43	12.29
Leave encashment (unfunded)	318.90	292.27	178.93	139.09
Total	478.28	445.71	234.35	151.38

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(Amount in Rupees, unless otherwise stated)

17. Current tax liability (net)

Rs in Lakhs

	31-Mar-22	31-Mar-21
Provision for income tax	177.18	-
Less: Advance tax	69.26	-
Net tax liability	107.92	-
The major components of income tax expense for the period ended 31 March 2022 and 31 March 2021 are:		
Profit or loss section		
	31-Mar-22	31-Mar-21
Current income tax:		
Current income tax charge	168.18	-
Adjustments of tax relating to earlier years	-	-
Deferred tax:		
MAT credit reversal in respect of earlier years	-	-
Adjustments in respect of deferred tax of earlier years	-	-
Relating to origination and reversal of temporary differences	(237.78)	-
Income tax (income)/expense reported in the statement of profit or loss	(69.61)	-
OCI section		
Deferred tax related to items recognised in OCI during the year:		
	31-Mar-22	31-Mar-21
Net (gain) on remeasurements of defined benefit plans	4.70	-
Deferred tax charged to OCI	(1.18)	-
Net gain/(loss) on equity instruments through other comprehensive income	-	-
Deferred tax (credit) to OCI	-	-
Reconciliation of tax expense/ (income) and the accounting profit multiplied by domestic tax rate for 31 March 2022 and 31 March 2021		
	31-Mar-22	31-Mar-21
Accounting (loss) before Income tax	1,952.58	(2,182.56)
Income tax rate	25.168%	25.168%
At statutory income tax rate	491.43	-
Adjustment in respect of tax related to earlier years	-	-
Tax effect of income that are not taxable in determining taxable profit:		
Carried forward Business Losses	(311.51)	-
Deferred Income	(4.29)	-
Non-deductible expenses for tax purposes:		
Interest on lease liability	115.64	-
Gratuity expenses	15.44	-
Leave encashment expense	27.72	-
Interest on delayed payment of tax	2.26	-
Depreciation as per books	261.57	-
Deductible expenses for tax purposes		
Rent	(273.03)	-
Depreciation as per income tax	(50.52)	-
Gratuity payment	(3.09)	-
Leave encashment payment	(11.25)	-
Provision no longer required written back	(92.18)	-
Impact of change in tax rate, deferred tax calculated 31 March 2021: 25.168% (31 March 2022: 25.168%)*	-	-
At the effective income tax rate	168.18	-
Income tax expense reported in the statement of profit and loss	168.18	-
	0.00	-

Deferred tax:

	As at 1 April 2020	Provided during the year	As at 31 March 2021	Provided during the year	As at 31 March 2022
Deferred tax liability:					
Property, plant and equipment impact of difference between tax depreciation and depreciation/amortisation charged for the financial reporting	-	-	-	(32.82)	(32.82)
Deferred tax on defined benefit plan	-	-	-	1.18	1.18
Total deferred tax liability (A)	-	-	-	(31.64)	(31.64)
Deferred tax assets:					
Lease obligation	-	-	-	131.26	131.26
Gratuity	-	-	-	42.31	42.31
Leave encashment	-	-	-	39.97	39.97
Deferred Income - PSI	-	-	-	(8.58)	(8.58)
Total deferred tax assets (B)	-	-	-	204.97	204.97
Deferred tax assets (net) (B - A)	-	-	-	236.60	236.60

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.

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Notes to financial statements for the year ended 31st March 2022
(Amount in Rupees, unless otherwise stated)

18. Revenue From Operations

Rs in Lakhs

Revenue from Sales

Traded Product

Less: Discount on Traded Sales

Other operating revenue

Sale of Scrap

Total

Period Ended
31-Mar-22

Period Ended
31-Mar-21

73,473.70

30,621.84

(4,184.29)

(1,333.31)

9.60

0.89

69,299.00

29,289.41

Period Ended
31-Mar-22

Period Ended
31-Mar-21

0.33

-

-

102.81

17.06

17.06

202.94

34.91

62.45

-

366.27

-

5.12

-

654.17

154.78

19. Other income

Profit on Sales of Fixed Assets

Gain on foreign exchange fluctuation(net)

Incentive under PSI

Miscellaneous Income

Interest on FD

Provision no longer required written back

Interest from MCFL

Total

20. Cost of Materials consumed

Cost of raw materials consumed

Raw materials at the beginning of the year

Add: Purchases

Less: Raw materials at the end of the year

Cost of raw materials consumed

Period Ended
31-Mar-22

Period Ended
31-Mar-21

-

-

6,747

-

6,747

-

442

-

6,305

-

Period Ended
31-Mar-22

Period Ended
31-Mar-21

21. Purchases of stock in trade (net of purchase return)

Purchases

Total

52,235.75

25,128.16

52,235.75

25,128.16

Period Ended
31-Mar-22

Period Ended
31-Mar-21

22. Changes in inventories of finished goods, Stock-in -Trade and work-in- progress

Inventories at the end of the year

Traded Goods

Total

5,796.04

4,203.40

5,796.04

4,203.40

Inventories at the beginning of the year

Traded Goods

Total

Net Change in Inventory

4,203.40

4,366.27

4,203.40

4,366.27

(1,592.64)

162.87

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(Amount in Rupees, unless otherwise stated)

	Rs in Lakhs	
	Period Ended 31-Mar-22	Period Ended 31-Mar-21
23. Employee Benefits Expense		
Salaries, wages and bonus	2,433.92	1,709.98
Contribution to provident and other funds	296.97	236.03
Gratuity expenses	49.54	33.27
Staff welfare expenses	32.16	109.35
Total	2,812.58	2,088.63
24. Finance Costs		
Interest Expense:		
Bank Charges	96.05	32.99
Interest On Debenture	7.27	4.36
Interest On Lease Assets	591.23	444.72
Interest On MSME DUE	-	0.81
Interest Charged on Overdue by ZACL	362.24	-
Interest Charged on Overdue to MCFL	0.00	45.43
Interest on delayed payment of tax	9.00	-
Interest others	0.13	-
Total	1,065.92	528.30
25. Depreciation and Amortization expense		
Depreciation of property, plant and equipment (Refer Note 3)	1,025.77	1,067.16
Amortisation of intangible assets	13.51	8.42
	1,039.28	1,075.58
26. Other expenses		
Labour charges	107.25	50.57
Stores and spares consumed	4.52	0.36
Process expenses	-	0.30
Rates and Taxes	466.17	31.69
Insurance	53.18	7.53
Power, fuel and Water	47.12	43.72
Repairs and maintenance	-	-
Plant and machinery	-	-
Buildings	0.91	164.46
Others	22.97	10.56
Communication expenses	22.29	19.97
Travelling expenses	258.42	144.08
Legal and professional charges	61.75	56.19
Payment to auditor	4.10	4.10
Sales promotion expenses	32.56	22.37
CNF and Handling Charges	2,269.22	536.87
Bad debts and advances written off	970.23	-
Loss on foreign exchange fluctuation	137.95	-
Research and development expenses	25.62	32.16
Security Expenses	11.07	10.10
Outsourced Emp Salar	916.52	788.09
Inventories Written Off	38.94	164.13
Miscellaneous expenses	683.89	555.99
Total	6,134.66	2,643.24
Payment to auditor		
As auditor:		
Statutory Audit Fees	2.45	2.45
Audit of interim financial statements	0.65	0.65
Tax Audit Fees	1.00	1.00
	4.10	4.10

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Zuari Farmhub Limited

Notes to financial statements for the year ended 31 March 2022

27. Earnings per share (EPS)

Basic and diluted EPS amounts are calculated by dividing the profit / (loss) for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year.

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

	31 March 2022	31 March 2021
Profit/(loss) attributable to equity holders of the Company:		
(Loss)/ profit after Taxation as per Statement of Profit and loss (INR in Lakhs)	2,022.19	(2,182.56)
Weighted average number of shares used in computing earnings per share	10,000	10,000
Basic earnings /(loss) per equity share (in INR)	20,221.89	(21,825.64)
Diluted earnings /(loss) per equity share (in INR)	0.28	(21,825.64)
Face value per share (in INR)	10.00	10.00

27A. Details of dues to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006

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:

Particulars	(INR in lakhs)	
	31 March 2022	31 March 2021
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year:		
- Principal amount due to micro and small enterprises	Nil	341.01
- Interest due on above	Nil	0.81
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of each accounting year	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	Nil	Nil

The information given above is to the extent such parties have been identified by the Company on the basis of information disclosed by the suppliers.

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Notes to financial statements for the year ended 31 March 2022

28. Gratuity and other post-employment benefit plans

Particulars	(INR in lakhs)	
	31 March 2022	31 March 2021
- Gratuity Plan- Asset/ (Liability)*	(214.81)	(165.74)
Total	(214.81)	(165.74)

a) Gratuity

Gratuity 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.

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)	
	31 March 2022	31 March 2021
Current service cost	44.84	10.50
Total	44.84	10.50

Particulars	(INR in lakhs)	
	31 March 2022	31 March 2021
Investment with insurer (Life Insurance Corporation of India)	172.35	159.17

Investment pattern in plan assets:

Particulars	Gratuity	
	31 March 2022	31 March 2021
Funds managed by insurance companies	100%	100%
Funds managed by trust	-	-

Leave Encashment

Change in Present value of obligation

Particulars	For the period ending	
	31-Mar-22	31-Mar-21
Present Value of Obligation as at the beginning	431.36	337.97
Current Service Cost	57.47	40.60
Interest expense or Cost	29.10	23.13
Re-measurement (or Actuarial) (gain) / loss arising from:		
-Change in demographic assumptions	-	-
-Change in financial assumptions	(12.23)	7.43
-Experience Variance	33.93	12.14
- Others		
Past Service Cost	-	(38.33)
Effect of change in foreign exchange rates	-	-
Benefits Paid	(44.72)	(10.36)
Transfer in/(out)	1.89	58.79
Effect of business combinations or disposals	-	-
Present Value of Obligation as at end	496.80	431.36

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

Particulars	Gratuity	
	31 March 2022	31 March 2021
Discount rate (in %)	7.25%	6.75%
Salary Escalation (in %)	8% for first 2 years and 6.5% thereafter	8% for first 2 years and 6.5% thereafter
Mortality Rate (in %)(Upto Normal Retirement Age)	100%	100%
Mortality Rate (in %)(Above Normal Retirement Age)	N.A.	N.A.
Withdrawal rate (per annum)	1%-3%	1%-3%

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

Gratuity Plan

Assumptions	31 March 2022		31 March 2022		31 March 2022		31 March 2022	
	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
Impact on defined benefit obligation	357.35	422.21	418.75	357.77	387.76	386.41	387.22	387.09

Assumptions	31 March 2021		31 March 2021		31 March 2021		31 March 2021	
	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
Impact on defined benefit obligation	298.13	356.49	354.94	297.91	324.48	325.31	324.92	324.90

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	
	31 March 2022	31 March 2021
	INR in lakhs	INR in lakhs
Within the next 12 months (next annual reporting period)	55.43	12.29
Between 2 to 5 years	163.26	190.75
Between 6 and 10 years	121.08	87.83
Beyond 10 years	542.17	430.91

The average duration of the defined benefit plan obligation at the end of the reporting period is 8 years.

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Notes to financial statements for the year ended 31 March 2022

29. 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) Holding Company

- 1) Zuari Agro Chemicals Limited

(iii) Key Management Personnel of the Company

- 1) Mr. Madan Mohan Pandey -Director
- 2) Mr. Sabaleel Nandy - Director
- 3) Mr. T M Muralidharan - Director

(iv) Parties having significant influence

- 1) Zuari Global Limited
- 2) Indian Furniture Products Limited (IFPL)
- 3) Forte Furniture Products (India) Private Limited (joint ventur of IFPL till 13 March 2019 and joint venture of ZGL w.e.f. 14th March 2019)
- 4) Simon India Limited
- 5) Zuari Management Services Limited
- 6) Zuari Infraworld India Limited
- 7) Zuari Finserv Limited
- 8) Zuari Investments Limited
- 9) Gobind Sugar Mills Limited (subsidiary of Zuari Investment Limited)
- 10) Zuari Indian Oil Tanking Private Limited (Joint Venture of Zuari Global Limited)
- 11) Mangalore Chemicals and Fertilisers Limited (Subsidiary of Zuari Agro Chemicals Limited)
- 12) Adventz Trading DMCC (Subsidiary of Zuari Agro Chemicals Limited)
- 13) Zuari Maroc Phosphates Private Limited (Joint Venture of Zuari Agro Chemicals Limited)
- 14) Paradeep Phosphates Limited – (Subsidiary of Zuari Maroc Phosphates Private Limited)

(v) Details of Post Employment Benefit Plans managed through separate trusts (para 9 (b) (v) of Ind AS 24)

- 1) Zuari Industries Limited Senior Staff Superannuation Fund
- 2) Zuari Industries Limited Non Management Employees Pension Fund
- 3) Zuari Industries Limited Gratuity Fund



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Following transactions were carried out with related parties in the ordinary course of business for the year ended :-

(INR in lakhs)

S. No	Transaction details	31 March 2022		31 March 2021	
		Holding	Enterprises having Significant Influence	Holding	Enterprises having Significant Influence
1	Expenses incurred on our behalf				
	- Zuari Agro Chemicals Limited	153.23	-	1,641.91	-
2	Purchase of Finished Goods				
	- Zuari Agro Chemicals Limited	7,933.85	-	4,885.97	-
	- Paradeep Phosphates Limited	-	13,108.19	-	3,365.52
	- Mangalore Chemicals and Fertilizers Limited	-	4,063.48	-	3,674.69
3	Services Charged				
	- Zuari Managment Services Limited	-	1,063.01	-	513.96
	- Zuari Agro Chemicals Limited	174.00	-	-	-
4	Issue Compulsory convertible debenture (CCD)				
	- Zuari Agro Chemicals Limited	35,000.00	-	-	-
5	Purchase of Interiors				
	- Indian Furniture Products Limited	-	86.68	-	340.01
6	Interest receivable from Group Companies				
	- Zuari Agro Chemicals Limited	-	-	-	-
	- Mangalore Chemicals and Fertilizers Limited	-	5.12	-	-
7	Interest payable to Group Companies				
	- Zuari Agro Chemicals Limited	362.25	-	4.36	-
8	Inter company tranfers				
	- Mangalore Chemicals and Fertilizers Limited - received related to employee benefit	-	24.41	-	-
	- Gobind Sugar Mills Limited - rent payable transfer to ZACL	-	2.02	-	-
9	Rent paid				
	- Zuari Infracore India Limited	-	4.83	-	7.29
	- Gobind Sugar Mills Limited	-	0.72	-	1.30

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 2022, the Company has not recorded any impairment of receivables relating to amounts owed by related parties.



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Notes to financial statements for the year ended 31 March 2022

Balance Outstanding as on:

(INR in lakhs)

S. No	Particulars	31 March 2022		31 March 2021	
		Holding	Enterprises having Significant Influence	Holding	Enterprises having Significant Influence
1	Trade payables/ Other Payable :				
	- Mangalore Chemicals and Fertilizers Limited- Transfer from Zuari Agro Chemicals Ltd - on account of (Slump Sale)- as per Business Transfer Agreement	-	-	-	209.45
	- Paradeep Phosphates Limited-Transfer from Zuari Agro Chemicals Ltd - on account of (Slump Sale)- as per Business Transfer Agreement	-	2,505.41	-	660.59
	- Gobind Sugar Mills Limited	-	-	-	1.30
	- Zuari Management Services Limited	-	18.80	-	79.71
	- Zuari Investments Limited	-	0.21	-	0.21
	- Zuari Infracore India Limited	-	2.30	-	2.59
	- Zuari Agro Chemicals Limited	3,751.68	-	36,744.97	-
2	Trade receivable/ Other receivable :				
	- Paradeep Phosphates Limited-Transfer from Zuari Agro Chemicals Ltd - on account of (Slump Sale)- as per Business Transfer Agreement	-	-	-	-
	- Mangalore Chemicals and Fertilizers Limited	-	43.89	-	-
3	Capital advance :				
	- Zuari Global Limited (Advance for purchase of Land)-Transfer from Zuari Agro Chemicals Ltd - on account of (Slump Sale)- as per Business Transfer Agreement	-	-	-	3,209.13
	- Indian Furniture Products Limited-Transfer from Zuari Agro Chemicals Ltd - on account of (Slump Sale)- as per Business Transfer Agreement	-	183.23	-	287.44
4	Compulsory convertible debenture (CCD)				
	- Zuari Agro Chemicals Limited	78,556.00	-	43,556.00	-
	- Interest payable on CCD to Zuari Agro Chemicals Limited	11.63	-	4.36	-
5	Gratuity fund balance :				
		-	-	-	159.17

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Notes to financial statements for the year ended 31 March 2022

30. 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.

31. 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 provides 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 2021 and 31 March 2020.

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 2021 and 31 March 2020.

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.

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.

c) Commodity price risk

(ii) The Company deals in purchase of imported Speciality fertilisers (WSF), 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 (WSF), which are imported by the Company and used in the manufacturing of Speciality Fertilizers. The import prices of these materials are governed by international prices. There is a price and material availability risk.

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) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the guidelines framed by the board of directors of the Company. Guidelines broadly covers the selection criterion and over all exposure which the Company can take with a particular financial institution or bank. Further, the guideline also covers the limit of overall deposit which the Company can make with a particular bank or financial institution. The Company does not maintain the significant amount of cash and deposits other than those required for its day to day operations.

Liquidity risk

The Company's objective is to maintain optimum levels of liquidity to meet its cash and collateral requirements at all times. The Company relies on a mix of borrowings and excess operating cash flows to meet its needs for funds. The current committed lines of credit are sufficient to meet its short to medium/ long term expansion needs. The Company monitors rolling forecasts of its liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

	(INR in lakhs)				
Year ended 31 March 2022	Less than 1 Year	1-3 Years	3-5 years	> 5 years	Total
Borrowings-(Debentures)	-	-	-	33,472.22	33,472.22
Lease Obligation	550.23	2,124.68	2,490.00	-	5,164.91
Trade and other payables	12,167.15	989.04	-	-	13,156.19
	12,717.38	3,113.72	2,490.00	33,472.22	51,793.32

ZUARI FARMHUB LIMITED

CIN: U52202GA2019PLC014150

1st Floor, Adventz Centre, No. 28, Union Street, Off. Cubbon Road, Bengaluru - 560 001, Karnataka, India

Tel.: + 91 80 46992299 • www.adventz.com

Registered Office: Jai Kisaan Bhawan, Zuarinagar, Goa - 403 726, India • Tel.: + 91 832 2592180



Zuari Farmhub Limited
Notes to financial statements for the year ended 31 March 2022

- 32 The Board of Directors of the Company at its meeting held on 05 February 2020 and , approved the Purchase and transfer of retail, speciality nutrients business (SPN) & allied, crop protection & care business (CPC), seeds and blended businesses from Zuari Agro Chemicals Limited (ZACL) under a slump sale arrangement at a consideration of INR 78,556.00 lakhs based on valuation from an independent expert . All the assets and liabilities pertaining to the retail, speciality nutrients business (SPN) & allied, crop protection & care business (CPC), seeds and blended businesses of the ZACL, has been transfer to Company vide, a Business Transfer Agreement ('BTA') executed on March 31, 2020 between the Company and ZACL.
The settlement of consideration was by issue of Compulsory Convertible Debentures of INR 10000 each aggregating to INR 43556.00 lakhs and balance of INR 35000.00 lakhs payable on or before 31 December 2022
- 33 During the previous year company has issued 3,50,000 Compulsory Convertible Debentures (Unsecured) at a face value of Rs. 10000/-each amounting to Rs.35,000.00 lakhs to Zuari Agro Chemicals Limited, the holding company, towards part payment of purchase consideration pursuant to the Business Transfer agreement.
Compulsory Convertible debentures (CCD) were allotted on 27 June 2021 , each CCD will be convertible into such number of equity shares of the company as is determined at the time, on the basis of valuation report of a registered valuer. The maximum term of CCDs will be 9 (nine) years and 11 (eleven) months from their date of issuance. CCDs carries a coupon rate of 0.01% (Zero point Zero One percent) per annum as simple interest, which will accrue from the date of allotment and will become payable as and when cash flows are available, or from such time as agreed in writing between the Company. The issue of CCD was approved in Extra-ordinary general meeting held on 27 May 2021
- 34 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:
a) Electricity Duty exemption for a period of 15 years from the date of commercial production
b) 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 68.22 lakhs as at 31 March 2021 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 17.06 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 are considered net of electricity duty as per payments made to the electricity board) Transferred from Zuari Agro Chemicals Limited (ZACL) on account of Business Transfer Agreement (BTA).
- 35 The outbreak of Coronavirus (COVID -19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity. The lockdown announced due to COVID-19 pandemic was gradually lifted based on the impact of outbreak. The agriculture and fertilizer sector remain relatively unaffected on demand side, the Company's operation have not been affected significantly on account of COVID-19 despite some issues relating to non-availability of labour and supply chain disruptions. The proactive support and relaxations extended by the Central and respective State Governments helped Company's production, distribution and sale of fertilizers and crop protection chemicals to remain unaffected. The Company has been able to operate its plants at normal levels by mobilizing critical work force and adopting stringent social distancing, safety measures and guidelines issued in this regard.
Further, the Company has also assessed the impact of this pandemic on recoverability of carrying value of financial and non-financial assets as at the balance sheet date using various internal and external information up to the date of approval of these financial statements. The management has also performed sensitivity analysis on the assumptions used and based on present estimates and believes that the carrying amount is considered to be recoverable and accordingly no further adjustments is required in the financial statements.
However, the impact assessment of Covid-19 is a continuing process given the uncertainties associated with its nature and duration. The impact of Covid-19 may be different from that estimated as at the date of approval of these financial statements and the Company will continue to monitor any material changes to future economic conditions.
- 36 No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

As per our report of even date

For K.P. Rao & Co.
Chartered Accountants
CAI Form registration number : 003135S

Prashanth.S
Partner
Membership Number : 228407

Place of signature: Bangalore
Date: 24 May 2022

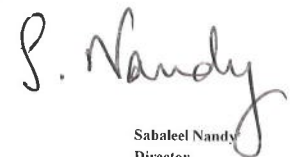


For and on behalf of the Board of Directors of
Zuari Farmhub Limited



Madan Pandey
Director
DIN: 08676640

Place of signature: Bangalore
Date: 24 May 2022



Sabaleel Nandy
Director
DIN: 08677564

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