adventz

August 25, 2021

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

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

Dear Sirs,

Sub: Notice of 12th Annual General Meeting and Annual Report-2020-21

Pursuant to Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith :

(a) Notice of the 12th Annual General Meeting of the Company scheduled on Friday, the 17th September, 2021 at 4.00 p.m. (1ST) through Video Conference/Other Audio Visual Means

(b) Annual Report of the Company for the Financial Year 2020-21.

The aforesaid documents are also being uploaded on the Company's website at www.zuari.in and are being emailed to all the eligible shareholders of the Company whose email IDs are registered with the Company/Depositories.

Thanking you,

Yours Faithfully,
For Zuari Agro Chemicals Limited

Vijayamahantesh Khannur
Company Secretary

Encl : As above.

12th Annual Report 2020-2021

ZUARI AGRO CHEMICALS LIMITED

JAI KISAAN

आप की मुस्कान

A helping hand
for growth

CORPORATE INFORMATION

Board of Directors

Saroj Kumar Poddar
Chairman

Nitin M. Kantak
Executive Director

Akshay Poddar
Director

N. Suresh Krishnan
Director

Marco P. A. Wadia
Independent Director

Dipankar Chatterji
Independent Director

L M Chandrasekaran
Independent Director

Reena Suraiya
Independent Director

Senior Management Personnel

Madan Mohan Pandey
President Agri Business

Key Managerial Personnel:

R K Gupta
Chief Financial Officer

Vijayamahantesh Khannur
Company Secretary

Statutory Auditors

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

Bankers

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

Legal Advisors

Khaitan & Co.

The Address of Our Share Transfer Agent

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

Listed On

National Stock Exchange of India Limited & BSE Limited

Registered Office

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

Corporate Office

Zuari Agro Chemicals Limited
Adventz Centre
3rd Floor, No. 28, Union Street
Off Cubbon Road, Bangalore – 560 001
Karnataka, India.
Tel: +91 80 46812500/555

CONTENTS

ZUARI AGRO CHEMICALS LIMITED

CIN- L65910GA2009PLC006177

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

Website : www.zuari.in, Tel.: 0832-2592431

NOTICE

NOTICE is hereby given that the Twelfth Annual General Meeting of the Members of Zuari Agro Chemicals Limited ("the Company") will be held on **Friday, the 17th September, 2021 at 4.00 p.m. (IST)**, through Video Conference ("VC")/Other Audio Visual Means ("OAVM") ("hereinafter referred to as "electronic mode") to transact the following business:

Ordinary Business:

1. **To receive, consider and adopt:**
   (a) The Audited Financial Statements of the Company for the financial year ended 31st March, 2021 and the Reports of the Board of Directors and Auditors thereon.
   (b) The Audited Consolidated Financial Statements of the Company for the financial year ended 31st March, 2021 and the Report of the Auditors thereon.
2. To re-appoint Mr. N. Suresh Krishnan (DIN: 00021965) who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Statutory Auditors and fix their remuneration and in this regard, to pass the following resolution as an Ordinary Resolution.

   RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, as may be applicable and based on the recommendations of the Audit Committee, M/s. K.P. Rao & Co., Chartered Accountants (Firm Registration No. 003135S), be appointed as Statutory Auditors of the Company, in place of retiring auditors M/s. S. R. Batliboi & Co. LLP, Chartered Accountants (FRN: 301003E/E300005), to hold office from the conclusion of 12th Annual General Meeting until the conclusion of the 17th Annual General Meeting.

   RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to fix the remuneration of Statutory auditors and their terms of engagement according to the scope of their services as Statutory Auditors and other permissible assignments, if any, in line with prevailing rules and regulations made in this regard.

Special Business:

4. **Ratification of Payment of Remuneration to Cost Auditor:**

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

   RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the remuneration payable to Mr. Irudayam Savari Muthu, Cost Accountant having Firm Registration No. 100107, appointed by the Board of Directors of the Company as Cost Auditor to conduct the audit of the cost records of the Company for the Financial Year 2021-22, being ₹2,75,000/- (Rupees two lakhs seventy five thousand only) plus applicable taxes and out of pocket expenses incurred by him in connection with the aforesaid audit, be and is hereby ratified and confirmed.

   RESOLVED FURTHER THAT the Board of Directors is authorised to take all such steps as may be necessary, proper or expedient to give effect to the aforesaid resolution.

5. **Waiver of recovery of excess remuneration paid to Mr. Sunil Sethy, for Financial Year 2020-21 :**

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

   RESOLVED THAT pursuant to the provisions of Section 197 of the Companies Act, 2013 read with Schedule V and other applicable provisions, if any of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, including any amendments thereto or re-enactment thereof for the time being in force and such other approvals, permissions and sanctions, if any, the consent of shareholders be and is hereby accorded, for the waiver of recovery of excess remuneration paid to Mr. Sunil Sethy, Managing Director for Financial Year 2020-21 amounting to ₹7,13,200/- (Rupees Seven lakhs Thirteen Thousand Two Hundred only).

   RESOLVED FURTHER THAT any one Director or Chief Financial Officer or Company Secretary be and are hereby severally authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, proper or desirable and to settle any questions, difficulties or doubts that may arise in this regard and further to execute all necessary documents, applications, returns and writings as may be necessary, proper, desirable or expedient.

6. **Appointment of Mrs. Reena Suraiya as an Independent Director:**

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

   RESOLVED THAT pursuant to the provisions of Section 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) read with Schedule IV of the Companies Act, 2013 and as per Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mrs. Reena Suraiya (DIN: 01824778), in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act, proposing her candidature for appointment as Director, be and is hereby appointed as an Independent Director of the Company for a period of 3 (Three) years i.e. from 24th June, 2021 to 23rd June, 2024, not liable to retire by rotation.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts, deeds, things and matters and to take all such steps as may be necessary, proper or expedient to give effect to this resolution.

By Order of the Board of Directors

Vijayamahantesh Khannur
Company Secretary
A19257

Date: 14th August, 2021

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

NOTES:

1. The related Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("Act") setting out material facts concerning the business under Item No. 3, 4, 5 & 6 of the Notice, is annexed hereto. Details under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of the Director seeking re-appointment/appointment at the Annual General Meeting (AGM) under item No. 2 & 6 is also annexed hereto.
2. As you are aware, in view of the situation arising due to COVID-19 global pandemic, the general meetings of the companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020, Circular No. 20/2020 dated May 05, 2020 and Circular No. 02/2021 dated January 13, 2021 (hereinafter collectively referred to as "MCA Circulars"). The AGM will thus be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.
3. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to at least 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairperson of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
5. Pursuant to MCA Circulars and SEBI Circulars dated May 12, 2020 and January 15, 2021 respectively, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.
6. The Notice of the 12th AGM along with the Annual Report for the financial year 2020-21 is being sent only by electronic mode to those Members whose email addresses are registered with the Company/Depositories in accordance with the aforesaid MCA Circulars and circulars issued by SEBI dated May 12, 2020 and January 15, 2021. The Notice of the 12th AGM and Annual Report for the financial year 2020-21 has been uploaded on the website of the Company at www.zuari.in The Notice and Annual Report for the financial year 2020-21 can also be accessed from the website of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. www.evotingindia.com.
7. The AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circulars. Since the AGM will be held through VC/OAVM, the route map and attendance slip are not annexed to this Notice.
8. The Company's Registrar & Share Transfer Agents (RTA) are: Link Intime India Private Limited

   C-101, 247 Park
   L B S Marg, Vikhroli (W)
   Mumbai – 400 083
   Tel : 022-49186000
   Fax: 022-49186060
   E-mail: rnt.helpdesk@linkintime.co.in
   Website: www.linkintime.co.in
9. Pursuant to the provisions of Section 124(5) and 125 of the Companies Act, 2013, the dividend amount remaining unpaid/unclaimed for a period of seven years from the due date of payment shall be transferred to the Investor Education and Protection Fund (IEPF) established by Central Government. Pursuant to the provisions of Section 124(6) and Section 125 of the Companies Act, 2013 read with Rule 6 of the IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, all shares in respect of which dividend has not been paid or claimed for seven consecutive years or more shall be transferred by the Company to the IEPF within 30 days of such shares becoming due to be transferred to the Fund.
10. The Company has uploaded the details of unpaid and unclaimed amount lying with the Company as on the date of last Annual General Meeting (AGM) on the website of the Company at www.zuari.in, as well as on the website of

Investor Education and Protection Fund Authority (Ministry of Company Affairs) at http://www.iepf.gov.in/. Unclaimed dividend pertaining to the financial year 2013-14 is due for transfer to the Investor Education and Protection Fund and the same can be claimed by making necessary application to the Company.

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

Dividend year	Date of declaration of dividend	Due date for transfer to IEPF
31.03.2014	01.09.2014	30.09.2021
31.03.2015	21.09.2015	19.10.2022
31.03.2017	22.09.2017	20.10.2024

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

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

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

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

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

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

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

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

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

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

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

19. With effect from April 01, 2019, except in the case of transmission or transposition of securities, the requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialized form with a Depository. Hence, the members holding shares in physical form are requested to dematerialize their physical shares into electronic form by sending demat request to their concerned Depository Participants.

20. Voting Process:

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

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

THE INSTRUCTIONS FOR SHAREHOLDERS FOR REMOTE E-VOTING ARE AS UNDER:

(i) **The remote e-voting period begins on Tuesday, 14th September, 2021 at 10.00 a.m. (IST) and ends on Thursday, 16th September, 2021 at 5.00 p.m.(IST). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date being Friday, 10th September, 2021 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.**

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

(iii) Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020**,** under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to all the demat account holders, by way of a single login credential, through their demat accounts/websites of Depositories/Depository Participants. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

(iv) In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and e-mail Id in their demat accounts in order to access e-Voting facility.

Pursuant to above said SEBI Circular**,** Login method for e-Voting and joining virtual meetings for Individual shareholders holding securities in Demat mode is given below:

Type of shareholders	**Login Method**
Individual Shareholders holding securities in Demat mode with **CDSL**	1) Users who have opted for CDSL's Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URLs for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on Login icon and select New System Myeasi. 2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the e-voting is in progress as per the information provided by company. On clicking the e-Voting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there are also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly. 3) If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration 4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & E-mail as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the e-voting is in progress and also able to directly access the system of all e-Voting Service Providers.

Individual Shareholders holding securities in demat mode with **NSDL**	1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider's website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2) If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS" Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.
Individual Shareholders (holding securities in demat mode) login through their **Depository Participants**	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider's website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/Password are advised to use Forget User ID and Forget Password option available at abovementioned website. Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL:

Login type	**Helpdesk details**
Individual Shareholders holding securities in Demat mode with **CDSL**	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 and 22-23058542-43.
Individual Shareholders holding securities in Demat mode with **NSDL**	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30

(v) Login method for e-Voting and joining virtual meeting for shareholders other than individual shareholders holding shares in DEMAT form & physical form.

1) The shareholders should log on to the e-voting website www.evotingindia.com.
2) Click on "Shareholders" module.
3) Now enter your User ID
    a. For CDSL: 16 digits beneficiary ID,
    b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
    c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
4) Next enter the Image Verification as displayed and Click on Login.
5) If you are holding shares in demat form and had logged on to www.evotingindia.com. and voted on an earlier e-voting of any company, then your existing password is to be used.

6) If you are a first-time user follow the steps given below:

	For Shareholders holding shares in Demat Form other than individual and Physical Form
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.
Dividend Bank Details **OR** Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. • If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (3).

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

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

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

(viii) Click on the EVSN of ZACL to vote.

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

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

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

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

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

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

(xv) **Facility for Non-Individual Shareholders and Custodians – Remote Voting**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the "Corporates" module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be e-mailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively Non-Individual shareholders are required to send the relevant Board Resolution/Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer at cs.sbhat@gmail.com and to the Company at the e-mail address viz; shares@adventz.com, if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM & E-VOTING DURING MEETING ARE AS UNDER:

1. The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for Remote e-voting.
3. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.
4. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
5. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

6. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
7. Shareholders who would like to express their views/ask questions during the meeting with regard to the financial statements or any other matter to be placed at the AGM may register themselves as a speaker by sending their request in advance atleast **7 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at shares@adventz.com.
8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting. The Company reserves the right to restrict the number of speakers depending upon the availability of time.
9. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
10. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

PROCESS FOR THOSE SHAREHOLDERS WHOSE E-MAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES:

1. **For Physical shareholders** – A signed copy of request letter mentioning details like Folio No., Name of shareholder, Mobile No., email id, that is to be registered along with scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) may be sent by e-mail to the Company at shares@adventz.com /RTA at rnt.helpdesk@linkintime.co.in.
2. **For Demat shareholders** – Please update your e-mail id & mobile no. with your respective Depository Participant (DP).
3. **For Individual Demat shareholders** – Please update your e-mail id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an e-mail to helpdesk.evoting@cdslindia.com or contact at 022-23058738 and 022-23058542/43.

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

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

a) The voting rights of the Members shall be in proportion to their shares of the paid up equity share capital of the Company, subject to the provisions of the Section 108 of the Companies Act, 2013 and Rules made thereunder, as amended, as on the cut-off date, being Friday, 10th September, 2021. The person who is not a member as on cut-off date should treat this notice for information purpose only. Any person, who acquires shares of the Company & becomes member of the Company after the dispatch of the Notice of AGM and holding shares as on the cut-off date i.e. Friday, 10th September, 2021, may please refer the voting instructions in the AGM Notice for remote e-voting/e-Voting.

b) Mr. Shivaram Bhat, Practicing Company Secretary (Membership No. 10454) has been appointed by the Board of Directors of the Company as the Scrutinizer for scrutinizing the remote e-voting process as well as voting through poll papers at the Meeting, in a fair and transparent manner.

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

d) The Scrutinizer will submit, within 2 working days of conclusion of the AGM, a consolidated scrutinizer's report, of the total votes cast in favour or against, if any, to the Chairman of AGM or any other Director or Company Secretary authorized by the Chairman of the AGM in writing who will countersign the same and declare the result of the voting forthwith, which shall be displayed on the Notice Board of the Company at its Registered Office. The result will also be displayed on the website of the Company at www.zuari.in, besides being communicated to Stock Exchanges.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013:

Item No. 3: Appointment of M/s K.P. Rao & Co., Chartered Accountants as Statutory Auditors of the Company

M/s S.R. Batliboi & Co. LLP, Chartered Accountants, New Delhi, were re-appointed as Statutory Auditors for the second term to hold office from the conclusion of the 7th Annual General Meeting till the conclusion of the 12th Annual General Meeting. The term of S.R. Batliboi & Co. LLP, Chartered Accountants will expire at the ensuing 12th Annual General Meeting.

Based on the recommendation of the Audit Committee, the Board of Directors at their meeting held on 14th August, 2021, recommended the appointment of M/s K.P. Rao & Co., Chartered Accountants as the Statutory Auditors to hold office from the conclusion of 12th AGM till the conclusion of 17th AGM, subject to the approval of Shareholders at the ensuing AGM.

The Company has received written consent from M/s K.P. Rao & Co., stating that their appointment, if made, shall be in accordance with the statutory requirements under the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 as amended from time to time.

Disclosure pursuant to Regulation 36(5) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is as follows:

Proposed fees payable to Statutory Auditors	The Board of Directors is authorized to fix the remuneration of Statutory Auditors.
Terms of Appointment	Appointment for a term of 5 years from the conclusion of 12th AGM till the conclusion of the 17th AGM.
Any material change in the fee payable to such auditor from that paid to the outgoing auditor along with the rationale for such change	The Statutory Auditors remuneration will be based on the scope of their work which will not be a material change from the outgoing auditor.
Basis of Recommendation of Appointment	Having around 56 years of experience in the professional areas of Audit & Assurance, Taxation and Management Advisory Services.
Details in relation to and credentials of the statutory auditor	M/s. K.P. Rao & Co. was established on 7th April 1965 at Bangalore by the founder partner Sri K. Purnachandra Rao known popularly as K.P. Rao, is practicing in the professional areas of Audit & Assurance, Taxation and Management Advisory Services. The firm has branches in Mysore and Chennai, and Associates in Hyderabad, Cochin, Mumbai, and Delhi. The firm also holds a Peer Review Certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India dated 30th June, 2017.

The Board of Directors recommends the passing of resolution at Item No. 3 as an Ordinary Resolution.

None of the Directors or Key Managerial Personnel (KMP) or relatives of Directors and KMP are concerned or interested in the resolution set out at Item No. 3.

Item No. 4: Ratification of Payment of Remuneration to Cost Auditor:

The Board, on the recommendation of the Audit Committee, has approved the reappointment and remuneration of Mr. Irudayam Savari Muthu, Cost Accountant as the Cost Auditor to conduct the audit of the Cost Accounts of the Company in respect of the Fertiliser operations of the Company's plants situated at Zuarinagar Goa and Mahad for the financial year 2021-22 at a remuneration of ₹2,75,000/- (Rupees two lakhs seventy five thousand only) plus applicable taxes and out of pocket expenses incurred by him in connection with the aforesaid audit.

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

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 4 of the Notice for ratification of the remuneration payable to the Cost Auditor for the financial Year 2021-22.

None of the Directors or Key Managerial Personnel (KMP) or relatives of Directors and KMP are concerned or interested in the resolution set out at Item No. 4.

Item No. 5: Waiver of recovery of excess remuneration paid to Mr. Sunil Sethy, for Financial Year 2020-21:

Based on the recommendation of the Nomination and Remuneration Committee, the Board at its meeting held on 15th May, 2019 and the Members at the Annual General Meeting of the Company held on 6th September, 2019 had approved the re-appointment and payment of remuneration to Mr. Sunil Sethy (DIN: 00244104), as the Managing Director of the Company for the period of 1 year with effect from 1st August, 2019.

The total payment made to Mr. Sunil Sethy, Managing Director upto 31st July, 2020 for the Financial Year 2020-21 was ₹31,10,700/- out of which remuneration of ₹7,13,200/- was construed to be in excess of limits prescribed under Section 197 read with Schedule V of the Companies, Act, 2013.

In accordance with Section 197(9) of the Companies Act, 2013, if any director draws or receives, directly or indirectly, by way of remuneration any such sums in excess of the limit prescribed by this section or without approval required under this section, he shall refund such sums to the company, within two years or such lesser period as may be allowed by the company, and until such sum is refunded, hold it in trust for the company.

Further, as per Section 197(10), the Company shall not waive the recovery of any sum refundable unless approved by the shareholders by way of special resolution within two years from the date the sum becomes refundable provided prior approval of the banks / financial institutions is obtained before passing special resolution.

The Company has not defaulted in the repayment of the loans during the Financial Year 2020-21, hence prior approval of Banks/Financial Institutions is not required for waiver of excess remuneration.

The Board of Directors recommends resolution as set out in item no. 5 for approval of the members of the Company by way of a Special Resolution.

None of the Directors or Key Managerial Personnel of the Company or their relatives are, in any way concerned or interested, financially or otherwise, in the resolution set out at Item No. 5.

Item No. 6: Appointment of Mrs. Reena Suraiya as an Independent Director:

Based on the recommendation of the Nomination & Remuneration Committee at its meeting held on 24th June, 2021 and the Board of Directors at its meeting held on 24th June, 2021 appointed Mrs. Reena Suraiya as an Additional Director in the category of Independent Directors for a period of 3 (Three) years from 24th June, 2021 to 23rd June, 2024 and her tenure as Additional Director expires at this Annual General Meeting. A notice has been received in writing from a member under Section 160 of the Companies Act, 2013 proposing appointment of Mrs. Reena Suraiya as an Independent Director of the Company.

The Company has received in writing from Mrs. Reena Suraiya (i) consent to act as Director of the Company; (ii) intimation to the effect that she is not disqualified from being appointed as Director in terms of Section 164(2) of the Act; and (iii) declaration that she meets the criteria of independence as specified under Section 149 of the Act and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

In the opinion of the Nomination and Remuneration Committee and the Board, Mrs. Reena Suraiya fulfils the conditions for appointment as Independent Director as specified in the Act, the Rules made thereunder and the Listing Regulations and she is independent of the management of the Company.

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

Except Mrs. Reena Suraiya, none of the other Directors and Key Managerial Personnel (KMP) of the Company or relatives of Directors and KMP are, in any way, concerned or interested in the resolution set out at Item No. 6.

Hence, the Board recommends the resolution set out at Item No. 6 of the Notice for shareholders' approval as an Ordinary Resolution.

By Order of the Board of Directors

Vijayamahantesh Khannur
Company Secretary
A19257

Date: 14th August, 2021
Registered Office: Jai Kisaan Bhawan, Zuarinagar-Goa – 403 726

Details of Director seeking re-appointment/appointment at the forthcoming Annual General Meeting.

Name of the Director	Mr. N. Suresh Krishnan	Mrs. Reena Suraiya
Date of Birth	03.06.1964	30.05.1950
Age	57	71
Relationship between directors inter-se	NIL	NIL
Date of First Appointment	10.09.2009	24.06.2021
Qualification	Bachelor's degree in Engineering & Master's Degree in Science- BITS Pilani	Graduated in English Major from East Carolina University, Greenville, NC, USA
Functional Expertise & Experience including brief resume.	Mr. N. Suresh Krishnan, an alumnus of BITS Pilani, has 34 years of experience in operations, corporate finance, planning in fertilisers, energy and infrastructure sectors. He has been associated with Adventz Group and related companies over two decades. Over the years, was instrumental in financing of large greenfield projects in the domestic and international markets, forging and managing joint ventures and acquisitions, and in executing turnaround strategies alongside day-to-day operations in the manufacturing sector. He is on the Board of several Adventz Group Companies.	Mrs. Reena Suraiya, graduated in English Major from East Carolina University, Greenville, NC, USA. Mrs. Suraiya holds directorship in Verve Trading Private Limited, a company involved in trading of leather and other allied products. She manages the investments of the company in the Indian Financial Markets.
Terms and Conditions of appointment / reappointment	Reappointment on retirement by rotation	As per Explanatory Statement
Directorship held in other companies (excluding foreign companies & Section 8 companies) as on 31st March, 2021 of Mr. N. Suresh Krishnan and as on 24th June, 2021 of Mrs. Reena Suraiya.	1. Paradeep Phosphates Limited 2. Mangalore Chemicals and Fertilisers Limited * 3. ZuariMaroc Phosphates Private Limited 4. The Fertiliser Association of India	1. Verve Trading Private Limited
Membership/Chairmanship of Committees of public Companies (includes only Audit Committee and Stakeholders Relationship Committee) as on 31st March, 2021 of Mr. N. Suresh Krishnan and as on 24th June, 2021 of Mrs. Reena Suraiya.	1. Zuari Agro Chemicals Limited – member of Stakeholders Relationship Committee and Audit Committee 2. Mangalore Chemicals and Fertilisers Limited – member of Stakeholders Relationship Committee	NIL
Shareholding in the Company, including shareholding as a beneficial owner	NIL	NIL
Remuneration proposed to be paid	Sitting fees will be paid	Sitting fees will be paid

*Listed Company

For other details such as number of meetings of Board of Directors attended during the year and remuneration last drawn i.e. as on 31st March, 2021, please refer to the Corporate Governance Report (Annexure A) of Annual Report.

DIRECTORS' REPORT 2020-21

To the Members,

1. Your Directors place before you the Twelfth Annual Report of the Company together with Statement of Accounts for the financial year ended 31st March, 2021.

2 Financial Highlights:

₹ in lakhs

Particulars	Standalone				Consolidated			
	2020-21		2019-20		2020-21		2019-20	
	Continuing Operations	Discontinuing Operations	Continuing Operations	Discontinuing Operations	Continuing Operations	Discontinuing Operations	Continuing Operations	Discontinuing Operations
(Loss)/Profit for the year before depreciation, exceptional item and taxation	(9,782.17)	(9,647.43)	(16,499.93)	(63,189.07)	6,775.44	(13,515.89)	(10,445.08)	(60,313.93)
Less :Depreciation for the year	367.17	3,915.42	756.15	5,446.69	6,796.33	3,915.42	6,779.13	4,282.47
Exceptional Expenses	-	-	(69,896.74)	-	-	-	-	-
Share of Profit / (Loss) of an associate and a joint venture	-	-	-	-	8,673.85	-	8,218.25	-
Profit/(loss) before tax	(10,149.34)	(13,562.85)	52,640.66	(68,635.76)	8,652.96	(17,431.31)	(9,005.96)	(64,596.40)
Less : Provision for taxation - Current Tax	-	-	-	16,946.17	1,955.00	-	1,614.61	-
Income Tax Credit of earlier years	-	-	-	-	-	-	-	-
Deferred Tax Charges (Credit)	-	-	19,877.90	-	1,891.21	-	19,406.71	(17,369.48)
(Loss)/Profit after tax	**(10,149.34)**	**(13,562.85)**	**32,762.76**	**(51,689.59)**	**4,806.75**	**(17,431.31)**	**(30,027.28)**	**(47,226.92)**
Other Comprehensive Income/Loss	1,146.37	-	(956.54)		1,233.09	-	(1,065.60)	
Total Comprehensive Income/ (Loss)	**(9,002.97)**	**(13,562.85)**	**31,806.22**	**(51,689.59)**	**6,039.84**	**(17,431.31)**	**(31,092.88)**	**(47,226.92)**
Proposed Dividend : NIL (PY NIL) (in case of a subsidiary Re. 1 (PY Re.0.50)	-	-	-	-	1,185.15	-	592.58	-
Tax on dividend (Including Surcharge)	-	-	-	-	-	-	-	-
Earnings per equity shares (EPS) (In ₹)								
Basic and diluted from continuing and discontinued operations	**(24.13)**	**(32.25)**	**77.90**	**(122.90)**	**4.10**	**(41.45)**	**(78.45)**	**(112.28)**

A. Review of Operations:

The revenue from continued operations (Standalone) for the year ended 31st March, 2021 was ₹10.63 Lakhs and discontinued operations was ₹2,21,938.60 lakhs as compared to continued operations of ₹5,024.98 lakhs and discontinued operations of ₹2,26,773.21 lakhs for the previous year ended 31st March, 2020.

The loss before tax for the year ended 31st March, 2021 from continuing operations was ₹10,149.34 lakhs and discontinued operations was ₹13,562.85 lakhs as compared to profit from continued operations of ₹52,640.66 lakhs and loss from discontinued operations to ₹68,635.76 lakhs for the previous year. The loss after Tax from continuing and discontinuing operations stood at ₹23,712.19 lakhs for the year ended 31st March, 2021 as compared to loss of ₹18,926.83 lakhs for the previous year.

The revenue from continued operations (Consolidated) for the year ended 31st March, 2021 was ₹2,40,374.50 lakhs and discontinued operations was ₹2,16,887.13 lakhs as compared to continued operations of ₹3,04,205.31 lakhs and discontinued operations of ₹1,96,237.24 lakhs for the previous year.

The Consolidated profit before tax for the year ended 31st March, 2021 from continuing operations was ₹8,652.96 lakhs and loss from discontinued operations was ₹17,431.31 lakhs as compared to loss from continued operations of ₹9,005.96 lakhs and loss from discontinued operation of ₹64,596.40 lakhs for the previous year. The loss after tax from continuing and discontinuing operations stood at ₹12,624.56 lakhs for the year ended 31st March, 2021 as compared to loss of ₹77,254.20 lakhs for the previous year.

During the year 2020-21, Ammonia & Urea plants operated at normal levels whereas NPK plants were running intermittently due to non-availability of raw material, which resulted in decrease in production, which had adverse effect on the cash flow and financial flexibility of the Company.

The Nationwide lockdown implemented from 25th March 2020, due to Covid-19 pandemic was gradually lifted based on the impact of outbreak. The agriculture and fertilizer sector remained relatively unaffected on demand side. The Company operations were temporarily affected in August 2020 due to disruption of bagging and dispatch activities due to rise in Covid-19 cases within and around factory premises. The Company has been able to operate its plants by mobilizing critical workforce and adopting stringent social distancing, safety measures and guidelines issued in this regard.

During the year, the Company had given In-Principle approval for sale of its fertilizer plant at Goa to Paradeep Phosphates Limited (PPL) at a preliminary valuation of USD 280 Million subject to necessary approvals, consents, permissions and/or sanctions of the appropriate regulatory and statutory authorities, as may be required, approval of the shareholders of the Company and financial due diligence by PPL. PPL on completion of its due diligence, confirmed to the valuation of USD 280 Million. Based on the recommendation of the Audit Committee, the Board of Directors at its meeting held on February 22, 2021 approved for sale of fertilizer plant at Goa along with associated business to PPL, subject to necessary approvals/consents/permissions/ sanctions of the appropriate regulatory and statutory authorities, institutions or bodies or lenders and members. The Company has executed Business Transfer Agreement with PPL on 1st March, 2021. The shareholders' approval was obtained on 7th April, 2021 through postal ballot process for sale of fertilizer plant at Goa along with associated business to PPL. Upon closing of the transactions, this would result in bringing in long term funds to the Company.

B. Reserves:

The net deficit in the statement of Profit and Loss and General Reserves as on 31st March, 2021 was ₹77,638.86 lakhs, as against ₹53,979.75 lakhs net deficit in the statement of profit and loss as on 31st March, 2020.

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

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

3. Dividend:

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

4. Capital Projects:

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

Accordingly, the services of M/s CASALE had been engaged to carry out the Process Design Package (PDP) for the ESP schemes and their integration. However, due to financial liquidity issues faced by the Company, the PDP development had not proceeded as envisaged but was resumed through commencement of Kick-off Meeting in December-2020. The PDP is expected to be received by the end of Q1 of FY 2021-22.

Two schemes viz. VAM based Chiller and Membrane type PGRU were under execution. However, again due to financial constraints, both the projects have been put on hold effective October, 2019 and is expected to resume by Q2 of FY 2021-22.

The major features of the ESP are Revamp of the 2 nos. Ammonia Synthesis Converters and the Revamp of the CO_2 Removal Section of the Ammonia Plant for lower CO_2 Regeneration Energy. The Project will also include Revamp/ Replacement of the Driver Steam Turbine(s) of the Syngas Compressor by Indigenous supply. These schemes are expected to be re-initiated and implemented in the next two financial years viz. 2022-23 and 2023-24.

As a matter of Sustenance Plan in order to ensure reliability of the Ammonia plant, in particular, Capital Projects for Replacement of Critical Heat Exchangers such as Process Gas Reboiler (A-EA 301) – (Tube Bundle Only) and Process Gas Heat Exchanger (A-EA 201) have been initiated for execution in CY 2021 and CY 2022 respectively. The Replacement Tube Bundle of Process Gas Reboiler (A-EA 301) is already at site and the replacement work will be carried out during the Annual Turnaround in May-2021.

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

A. Conservation of Energy:

No energy savings/conservation schemes implemented during the year 2020-21.

B. Technology Absorption:

i) The efforts made towards technology absorption – Not Applicable

ii) The benefits derived like product improvement, cost reduction, product development or import substitution – Not Applicable

iii) Imported technology (imported during the last 3 years reckoned from the beginning of the financial year) – Not Applicable

iv) The expenditure incurred on Research and Development – Not Applicable

No new technology was absorbed during the year 2020-21.

C. Foreign Exchange and Outgo:

The expenditure in foreign currency for the year ended 31st March, 2021 was ₹123.68 lakhs as compared to ₹1330.00 lakhs during the previous year. The foreign exchange earnings for the year ended 31st March, 2021 was ₹NIL as compared to ₹220.00 lakhs during the previous year.

6. Environment, Health and Safety:

The Company continues its environment and safety initiatives and has successfully implemented internationally recognized Environment & Safety Standards and is an ISO 14001:2015 and ISO 45001:2018 certified organization. The Certification process was carried out by TUV Nord. The Company has also revised its 'Environment, Health & Safety' Policy in line with being compliant to these latest standards, ISO 14001:2015 and ISO 45001:2018.

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

As reported earlier, the Company's policy is to continuously improve the surrounding environment. It continues to maintain the continuous online Ambient Air Quality Monitoring Station and online continuous Stack Monitoring System for the Utilities Boiler Stack, Reformer stack of Ammonia plant, DG stack and the Fume stack of NPK-A Plant. The flow meter and camera for continuous online final effluent monitoring system is also maintained.

The Company continues to be certified for excellence certification of "Protect & Sustain" stewardship from International Fertiliser Association. The surveillance audit for the Protect & Sustain was completed in the month of March 2021.

The Company conducted various activities related to Safety, Health & Environment during National Safety Week, National Road Safety Month, World Environment Day, National Fire Service Day and Chemical Disaster Prevention Day. Considering the pandemic situation, major activities were held online. "DIGITAL MASS COMMUNITY SAFETY AWARENESS" was a new initiative, to generate safety awareness within general public on simple precautions to be taken in the event of ammonia gas emergency was conducted in various panchayat areas on giant LED screen with vehicle, during the Safety Week celebration.

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

During the first half of the year, with rising cases of Covid-19 in Zuarinagar area, which houses major of the Company's contract workers including a large bagging workforce, got eventually declared as a containment zone. In order to sustain the operations, the Company conducted Covid-19 (RT-PCR) testing through Ms. Thyrocare to the Bagging & Despatch as well as Canteen workers. A total of 588 tests carried out. The negative tested workers were housed inside the campus and utilized for work.

Due to non-availability of government facilities, the positive tested workers had to be managed by the Company. With permission from Directorate of Health and the District Magistrate, South Goa, Jai Kisan Club premises was converted into Covid Care Center as per the guidelines laid down by 'Ministry of Health and Family welfare'. All the positive tested workers were quarantined and treated in this center for a period of 10 days.

7. Industrial Relations:

The Industrial Relations scenario in the Plant was normal. The Company is in discussions with the Union (both permanent and contract workmen) on the pending Charter of Demands.

8. Annual Return:

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

9. Related Party Transactions:

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

10. Particulars of Loans, Guarantees or Investments:

The details of Loans given, Corporate Guarantees provided and Investments made by the Company under the provisions of Section 186 of the Companies Act, 2013 are given in Note No. 40 of the financial statements.

11. Nomination & Remuneration Policy and Disclosures on Remuneration:

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

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

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

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

12. Risk Management:

The Company has constituted a Risk Management Committee with the objective to monitor and review the risk management plan for the Company including identification therein of elements of risks, if any, which may threaten the existence of the Company and such other functions. During the year under review, 1 meeting of the Committee was held on 12th February, 2021.

The Risk Management Committee consists of the following members:

Names of Members	Status	Nature of Directorships	No of meetings attended
Mr. Nitin M. Kantak*	Chairman	Executive Director	1
Mr. Sunil Sethy**	Member	Managing Director	N.A.
Mr. N. Suresh Krishnan	Member	Non-Executive Director	1
Mr. Marco Wadia	Member	Non-Executive Independent Director	1
Mr. Akshay Poddar***	Member	Non-Executive Director	1
Mr. Madan Pandey	Member	President-Agri Business	1
Mr. R. K. Gupta	Permanent Invitee	Chief Financial Officer	1

* w.e.f. 3rd September, 2020; ** upto 19th June, 2020 ; ***w.e.f. 19th June, 2020

13. Vigil Mechanism/Whistle Blower Policy:

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

14. Corporate Social Responsibility ('CSR'):

The Board of Directors has constituted a CSR Committee and also approved the CSR Policy. CSR Committee comprised of one Independent Director, and two Non-Executive Directors as on 31st March, 2021. The Board has designated Mr. Vijayamahantesh Khannur, Company Secretary as Secretary of the Committee. During the year under review, 1 meeting of the Committee was held on 19th June, 2020.

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

Names of Members	Status	Nature of Directorships	No of meetings attended
Mr. Kiran Dhingra*	Chairperson	Non-Executive Independent Director	1
Mr. Sunil Sethy**	Member	Managing Director	1
Mr. Akshay Poddar	Member	Non-Executive Director	1
Mr. N. Suresh Krishnan***	Member	Non-Executive Director	-
Mr. L. M. Chandrasekaran^	Chairman	Non-Executive Independent Director	-
Mr. Nitin M. Kantak ^	Member	Executive Director	-

* upto 31st March, 2021 ** upto 19th June, 2020 ***w.e.f. 19th June, 2020 ^ w.e.f. 7th May, 2021

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

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

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

15. Directors and Key Managerial Personnel:

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

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

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

Mr. Sunil Sethy ceased to be a Managing Director of the Company w.e.f. 1st August, 2020 upon completion of his term.

Mr. L. M. Chandrasekaran has been appointed as Independent Director of the Company for a period of 3 years w.e.f. 27th June, 2020.

Mr. Nitin M. Kantak has been appointed as Executive Director of the Company for a period of 3 years w.e.f. 3rd September, 2020.

Ms. Kiran Dhingra ceased to be Independent Director of the Company w.e.f. 1st April, 2021 upon completion of her term.

Pursuant to regulation 17(1A) of SEBI Listing Obligation and Disclosure Requirement) Regulations,2015, approval of the shareholders was sought at the Annual General Meeting of the Company held on 14th September, 2020 for continuation of Directorship of Mr. Saroj Kumar Poddar.

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

16. Performance Evaluation:

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

a. Performance evaluation of the Board, Chairman and Non-Independent Directors by the Independent Directors;
b. Performance evaluation of the Board, its committees and Independent Directors by the Board of Directors; and
c. Performance evaluation of every director by the Nomination and Remuneration Committee.

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

17. a. Board Meetings:

During the year, six Board Meetings were held on 19th June, 2020, 27th June, 2020, 3rd September, 2020, 9th November, 2020, 12th February, 2021 and 22nd February, 2021. The details of the composition of the Board and attendance of the Directors at the Board Meetings, are provided in the Corporate Governance Report.

b. Audit Committee:

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

18. Fixed Deposits:

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

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

There are no significant material orders passed by the Courts/Regulators or Tribunals impacting the going concern status and Company's operations in future. The details pertaining to various demand notices from various statutory authorities are disclosed in Note No. 33 of financial statements under the heading – Contingent Liabilities.

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

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

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

21. Disclosure Requirement:

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

22. Statutory Auditors:

As per Section 139 of the Companies Act, 2013 and Rules made thereunder, M/s. S.R. Batliboi & Co. LLP, Chartered Accountants, New Delhi, were re-appointed as Statutory Auditors for the second term to hold office from the conclusion of the Seventh Annual General Meeting till the conclusion of the Twelfth Annual General Meeting. The term of the Auditors will expire at the ensuing Twelfth Annual General Meeting.

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

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

23. Cost Records & Cost Audit:

The Company is required to maintain cost records as specified by the Central Government under Section 148(1) of the Companies Act, 2013, and accordingly such accounts are made and records are maintained. The Board has re-appointed Mr. Irudayam Savari Muthu, Cost Accountant, and Membership No. 6716, as the Cost Auditor for the year 2021-22 and has recommended the remuneration payable to the Cost Auditor for ratification at the ensuing Annual General Meeting. The Cost Audit Report for the year ended 31st March, 2020 was filed by the Company with the Ministry of Corporate Affairs on 2nd October, 2020.

24. Secretarial Audit Report :

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr. Shivaram Bhat, Practicing Company Secretary as Secretarial Auditor, to undertake the Secretarial Audit of the Company. The Secretarial Audit Report for the financial year 2020-21 is enclosed as **Annexure 'G'** to this Directors' Report. The Report does not contain any qualification.

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

As per provisions of Section 4 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, your Company has constituted an Internal Complaints Committee for redressal of complaints against sexual harassment. There was no complaints/cases filed/ pending with the Company during the financial year.

26. Employees' Stock Option Scheme:

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

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

Your Company is not pursuing with the issue of FCCBs and CCDs.

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

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

The Company shall place the financial statements of subsidiaries on its website in pursuance of Section 136 of the Companies Act, 2013. The Annual Accounts of the Subsidiary Companies will be kept for inspection by any shareholders at the Registered Office of the Company and its Subsidiaries.

29. Subsidiaries:

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

a) Mangalore Chemicals & Fertilizers Limited (MCFL):

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

MCFL has only one major business segment, viz. Fertilizers. It manufactures both Nitrogenous and Phosphatic fertilizers and is the only manufacturer of fertilizers in the state of Karnataka. About 72% of the Company's products are sold in the state of Karnataka, which meets about 11% of the needs of the farmers in the State. MCFL maintains a good share of the market in Kerala and a modest share in the neighbouring states of Tamil Nadu, Andhra Pradesh, Telangana and Maharashtra.

The revenue from operations for the year ended 31st March, 2021 was ₹2,14,402.82 lakhs as compared to ₹2,71,084.42 lakhs for the year ended 31st March, 2020.

The profit before tax for the year ended 31st March, 2021 was ₹10,556.06 lakhs as compared to ₹7,043.82 for the year ended 31st March, 2020. Total Comprehensive Income stood at ₹6,760.60 lakhs for the year ended 31st March, 2021 compared to ₹6,470.82 lakhs for the previous year.

b) Adventz Trading DMCC:

Adventz Trading DMCC, wholly owned subsidiary of your Company, incorporated under Dubai Multi Commodities Centre Authority (DMCC) is engaged in the business of trading in chemical fertilizers, seeds, agricultural and veterinary pesticides and basic industrial chemicals.

The primary objectives include:

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

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

The revenue from operations for the year ended 31st March, 2021 was AED 1,713,050 as compared to AED 908,538 for the year ended 31st March, 2020.

The loss for the year ended 31st March, 2021 was AED 1,772,270 as compared to AED 2,556,292 for the year ended 31st March, 2020.

c) Zuari Farmhub Limited :

Zuari Farmhub Limited (ZFL) is a wholly owned subsidiary of the Company w.e.f. 23rd March, 2020. With the execution of the Business Transfer Agreement (BTA) dated 31st March, 2020 between the Company and ZFL, the Company transferred its Retail, SPN & allied, CPC business and blended business by way of slump sale to ZFL. The following are the businesses carried out by ZFL.

The Specialty Nutrients Business:

In order to support the market & farmers need with timely supply of quality products, ZFL manufactures, source & promote high quality Water Soluble Fertilizers, Micronutrients, Organic Products, Soil Conditioners & Agri. fluids to offer complete plant nutrient solution to farmers. The Specialty Fertilizer Division facility in Baramati manufacturing highest quality Water Soluble Fertilizer mixtures has greatly helped in growth of the business.

Plant Protection Chemicals

To offer services to farmers by offering such protection measures, wide range of agri. Crop protection chemicals are marketed by ZFL under their own brands sourced from reputed manufacturers. ZFL also adopted a collaborative approach for marketing the products of reputed pesticide companies in their brands through their channel partner network.

Agri Retail Business - Jai Kisaan Junction

ZFL has conceptualized and operate a targeted platform which is company owned company operated retail multi brand store chain - **Jaikisaan Junctions,** to deliver quality farm inputs and services at reasonable prices to the farmers. Under the motto of One-Stop-Solution, highest quality products / brands are sourced right from manufacturer itself for Jaikissan Junctions to offer an entire range of Agri. products and services to the farmers.

Analytical and Advisory Service

To promote the concept of Integrated Nutrient Management, six Agricultural Development Labs (ADLs) established at different locations strive to provide solution to the pressing needs of the farmers in 14 out of 15 agro climatic zones in India. Through this facility, analysis of samples pertaining to our customers is done and appropriate recommendations for soil health and crop management are given.

The Agri Services and R&D is involved in imparting training to internal customers and channel partners. Adventz Agri Innovation Centre at Solapur is a platform where agricultural technologies are screened based on adaptation and assessing their relative advantage, compatibility, complexity and replicability.

The revenue from operations for the year ended 31st March, 2021 was ₹29,289.41 lakhs as compared to ₹161.06 lakhs for the year ended 31st March, 2020.

The loss before tax for the year ended 31st March, 2021 was ₹2,182.56 lakhs as compared to ₹56.46 lakhs for the year ended 31st March, 2020. Total Comprehensive loss stood at ₹2,182.56 lakhs for the year ended 31st March, 2020 compared to loss ₹56.46 lakhs for the previous year.

30. Joint Ventures:

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

a) Zuari Maroc Phosphates Private Limited:

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

ZMPPL's total revenue from operations for the year ended 31st March, 2021 was ₹5,16,473.35 lakhs as against ₹4,19,286.45 lakhs during the previous year.

The profit before exceptional Items and tax for the year ended 31st March, 2021 was ₹36,665.71 lakhs as against loss before exceptional Items and tax of ₹23,014.80 lakhs during the previous year. Profit after tax for the year was ₹22,337.46 lakhs as compared to profit after tax of ₹20,294.51 lakhs in the previous year.

b) MCA Phosphates Pte Limited :

MCA Phosphates Pte Limited (MCAP) ceased to be a Joint Venture of the Company during the financial year 2020-21.

31. Business Responsibility Report:

Pursuant to Regulation 34 (2) (f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Business Responsibility Report for the financial year 2020-21 describing the initiatives taken by the Company from environmental, social and governance perspective forms is enclosed as **Annexure 'F'**

32. Directors' Responsibility Statement:

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

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

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

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

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

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

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

33. Compliance of Secretarial Standards:

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

34. Acknowledgements:

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

For and on behalf of the Board

Nitin M. Kantak	**N. Suresh Krishnan**
Executive Director	Director
DIN: 08029847	DIN: 00021965

Date : 28th May, 2021

ANNEXURE 'A' TO THE DIRECTORS' REPORT

REPORT ON CORPORATE GOVERNANCE

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

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

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

2. Board of Directors:

The Board of Directors of the Company comprised of eight members including, the Executive Director and seven Non-Executive Directors as on 31st March, 2021. Half of the Board comprised of Independent Directors and Non-Executive Directors. The other related information concerning the Board is given hereunder.

During the year under review, six Board meetings were held on 19th June, 2020, 27th June, 2020, 3rd September, 2020, 9th November, 2020, 12th February, 2021 and 22nd February, 2021.

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

Name of Director	Category of Directorship #	No. of Directorships in other Companies** as on 31-03-2021	No. of Board Meetings Attended	No. of shares held in the Company	Attendance at last AGM	No. of Board Committees of other Companies* as on 31-03-2021	
						Chairman	Member
S. K. Poddar	Promoter Group/ Chairman – Non-Executive Director	11	6	179406@	Yes	-	-
Sunil Sethy+	MD	N.A.	2	N.A.	N.A.	N.A.	N.A.
Nitin M. Kantak ++	ED	2	4	1000	Yes	-	-
N. Suresh Krishnan	NED	4	6	NIL	Yes	-	1
Akshay Poddar ^	Promoter Group/ NED	17	6	150585	Yes	1	2
Marco Wadia	NED / I	13	6	3608	Yes	4	4
Kiran Dhingra +++	NED / I	5	6	NIL	Yes	-	3
Dipankar Chatterji	NED / I	12	6	NIL	Yes	3	6
L. M. Chandrasekaran***	NED / I	5	4	NIL	Yes	3	2

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

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

** Includes Directorship in other public and private companies

^ Mr. Akshay Poddar is the son of Mr. S. K. Poddar

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

\+ Ceased to be a Managing Director w.e.f. 1st August, 2020

++ Appointed as Executive Director w.e.f. 3rd September, 2020.

+++ Ceased to be a Director w.e.f. 1st April, 2021

*** Appointed as Additional Director w.e.f. 27th June, 2020 and regularised as Director on 14th September, 2020.

Name of the Director	Name of the listed Entities where the Director of the Company is Director as on 31.03.2021	Category of Directorship of the listed Entities where the Director of the Company is Director as on 31.03.2021
Saroj Kumar Poddar	Chambal Fertilisers and Chemicals Limited	Chairman – Non-Executive - Non-Independent Director
	Texmaco Infrastructure & Holdings Limited	Chairman – Non-Executive Director
	Texmaco Rail & Engineering Limited	Chairman – Executive Director
	Zuari Global Limited	Chairman – Non-Executive Director
Akshay Poddar	Mangalore Chemicals & Fertilizers Limited	Chairman – Non-Executive - Non-Independent Director
	Texmaco Rail & Engineering Limited	Non-Executive Director
	Gobind Sugar Mills Limited	Chairman – Non-Executive Director
	Texmaco Infrastructure & Holdings Limited	Non-Executive & Non-Independent Director
	Adventz Securities Enterprises Limited	Non-Executive Director
Nitin M. Kantak	-	-
N. Suresh Krishnan	Mangalore Chemicals & Fertilizers Limited	Non-Executive & Non-Independent Director
L. M. Chandrasekaran	Gobind Sugar Mills Limited	Non-Executive Independent Director
Kiran Dhingra	Goa Carbon Limited	Non-Executive Independent Director
	Astra Microwave Products Limited	Non-Executive Independent Director
	Stovec Industries Limited	Non-Executive Independent Director
Marco Wadia	Gobind Sugar Mills Limited	Non-Executive Independent Director
	Chambal Fertilisers and Chemicals Limited	Non-Executive Independent Director
	Josts Engineering Company Limited	Non-Executive Independent Director
	Stovec Industries Limited	Non-Executive Independent Director
	Zuari Global Limited	Non- Executive Independent Director
Dipankar Chatterji	Hindusthan National Glass & Industries Limited	Non-Executive Independent Director
	Zuari Global Limited	Non-Executive Independent Director
	Nicco Parks & Resorts Ltd.	Non-Executive Independent Director
	Jagaran Microfin Private Limited	Non-Executive Independent Director
	Mangalore Chemicals and Fertilisers Limited	Non-Executive Independent Director

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

Mr. N. Suresh Krishnan retires by rotation and is eligible for re-appointment.

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

Mr. N. Suresh Krishnan, an alumnus of BITS Pilani, has 34 years of experience in operations, corporate finance, planning in fertilisers, energy and infrastructure sectors. He has been associated with Adventz Group and related companies over two decades. Over the years, was instrumental in financing of large greenfield projects in the domestic and international markets, forging and managing joint ventures and acquisitions, and in executing turnaround strategies alongside day-to-day operations in the manufacturing sector. He is on the Board of several Adventz Group Companies.

Names of the Companies in which Mr. N. Suresh Krishnan is a Director as on 31st March, 2021:

Sl. No.	Name of the Companies/Body Corporate/firms		
	Public Limited Companies		**Private Limited Companies**
1.	Zuari Agro Chemicals Limited	1.	Zuari Maroc Phosphates Private Limited
2.	Paradeep Phosphates Limited		
3.	Mangalore Chemicals and Fertilisers Limited		
4.	The Fertiliser Association of India		
5.	Water Energy Food Transitions Research LLP		

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

Sl. No.	Name of Director	Expertise in Specific Functional Areas
1.	Saroj Kumar Poddar	Business Management
2.	Sunil Sethy*	Accountancy, Finance, Treasury, Legal and General Management.
3.	Nitin M. Kantak**	Plant Operations, Project Management & Commissioning, Process Engineering, and Technical Services.
4.	Akshay Poddar	Accounting and Finance, Leadership & Strategy
5.	Marco Wadia	Legal profession having specialised in corporate matters and mergers and acquisitions.
6.	N. Suresh Krishnan	Corporate Finance, Corporate Strategy, Project Planning, Operations and Business Development.
7.	Kiran Dhingra***	Experience in governance and have held senior positions in decision making capacities in practically all sectors - the developmental, agricultural, social, industrial, infrastructural, transportation, economic and regulatory
8.	Dipankar Chatterji	Chartered Accountant by profession and is an expert in the field of Finance, Taxation, Accounts and Laws
9.	L. M. Chandrasekaran****	Production, Technical Services, Project Management, Business Development, Factory Operations including Safety, Environment Management, etc.

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

** Appointed as Executive Director w.e.f. 3rd September, 2020

*** Ceased to be a Director w.e.f. 1st April, 2021

**** Appointed as Additional Director w.e.f. 27th June, 2020 and regularised as Director on 14th September, 2020.

5. Confirmation as regards Independence of Independent Directors

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

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

6. Board Agenda:

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

7. Formal letter of appointment to Independent Directors:

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

8. Annual Performance evaluation:

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

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

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

9. Independent Directors' Familiarization Programme:

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

Familiarization programme was planned for the new Directors, Due to prevailing Coronavirus (Covid-19) lockdown, the programme could not be held but the same will be held after the situation stabilizes.

10. Board Diversity Policy:

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

11. Independent Directors' Meeting:

In compliance with Schedule IV to the Companies Act, 2013 and Regulation 25(3) of the SEBI Listing Regulations, 2015, during the year the Meeting of the Independent Directors was held on 12th February, 2021, without the attendance of Non-Independent Directors and members of the Management, inter alia, to discuss the following:

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

12. Board Committees

The Committees of the Board are as follows:

a) Audit Committee

The Audit Committee comprises three independent Directors and one Non-Executive Director as on 31st March, 2021. The permanent invitees include Executive Director, Chief Financial Officer and Head of Internal Audit. The Company Secretary is the Secretary of the Committee. During the year, 7 meetings were held on 27th May, 2020, 19th June, 2020, 3rd September, 2020, 9th November, 2020, 7th January, 2021, 12th February, 2021 and 22nd February, 2021.

Terms of Reference

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

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

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

Names of the members	Status	Nature of Directorship	No. of meetings attended
Marco Wadia	Chairman	Non-Executive Independent Director	7
N. Suresh Krishnan	Member	Non-Executive Director	7
Kiran Dhingra*	Member	Non-Executive Independent Director	7
L. M. Chandrasekaran**	Member	Non-Executive Independent Director	4

*upto. 31st March, 2021

**w.e.f. 3rd September, 2020

b) Nomination and Remuneration Committee:

The Nomination and Remuneration Committee comprised four Non-Executive Directors out of which two are Independent Directors as on 31st March, 2021. The Board has designated Mr. Vijayamahantesh Khannur, Company Secretary as Secretary of the Committee. The Committee met 4 times i.e. on 19th June, 2020, 27th June, 2020, 3rd September, 2020 and 12th February, 2021 during the financial year ended 31st March, 2021.

Terms of Reference:

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

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

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

* upto 31st March, 2021

Details of Remuneration to all the Directors for the year:

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

The Non-Executive Directors of the Company were paid remuneration by way of sitting fees.

The details of sitting fees paid to the Non-Executive Directors for attending the meetings of the Board and the Committees and remuneration paid to Managing Director/Executive Director during the financial year ended 31st March, 2021 are given below:

₹ in lacs

Managing Director	Salary including joining bonus	Perquisites	Sitting Fees	Retirement benefits – (Leave encashment)	Total Remuneration
Mr. Sunil Sethy*	27.00	0.13	NIL	3.98	31.11***
Mr. Nitin M. Kantak**	63.56	7.87	NIL	3.65	75.08
Mr. S. K. Poddar	NIL	NIL	3.60	NIL	NIL
Mr. Akshay Poddar	NIL	NIL	3.90	NIL	NIL
Mr. N. Suresh Krishnan	NIL	NIL	6.55	NIL	NIL
Mr. Marco Wadia	NIL	NIL	6.55	NIL	NIL
Ms. Kiran Dhingra	NIL	NIL	5.95	NIL	NIL
Mr. Dipankar Chatterji	NIL	NIL	3.00	NIL	NIL
Mr. L.M. Chandrasekaran	NIL	NIL	3.00	NIL	NIL

*Upto 31st July, 2020. **w.e.f. 3rd September, 2020

*** The Managerial Remuneration paid to Mr. Sunil Sethy (upto 31st July, 2020) for the Financial Year 2020-21 was ₹27,13,200/- (excluding leave encashment) out of which ₹7,13,200/- is construed to be in excess of limits prescribed under section 197 read with Schedule V of the Companies, Act, 2013 for which approval of the shareholders will be obtained at the ensuing Annual General Meeting for waiver of excess remuneration.

No commission was paid to Mr. Sunil Sethy and Mr. Nitin M. Kantak during the financial year.

Mr. Sunil Sethy received sitting fees of ₹0.95 lakhs for the financial year 2020-21 from Mangalore Chemicals and Fertilizers Limited.

The term of appointment of Executive Director is 3 years w.e.f. 3rd September, 2020. Notice period for termination of appointment is six months on either side.

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

Pecuniary relationship of Directors:

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

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

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

c) Professional fees of ₹3.86 lakhs paid to Crawford Bayley & Co during the year. Mr. Marco Wadia is a partner in Crawford Bayley & Co, Solicitors & Advocates, which has professional relationship with the Company. However, this is not material transaction to infringe independence of Mr. Marco Wadia;

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

c) Stakeholders' Relationship Committee:

Stakeholders' Relationship Committee comprised of two Independent Directors and one Non-Executive Director as on 31st March, 2021. The Board has designated Mr. Vijayamahantesh Khannur, Company Secretary as the Compliance Officer. The Committee met 2 times during the financial year ended 31st March, 2021 on 19th June, 2020 and 12th February, 2021.

Terms of Reference:

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

There were no complaints received from the shareholders during the year. There were no outstanding complaints as on 31st March, 2021.

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

Name of the member	Status	Nature of Directorship	No. of meetings attended
Kiran Dhingra*	Chairman	Non-Executive Independent Director	2
Marco Wadia	Member	Non-Executive Independent Director	2
N. Suresh Krishnan	Member	Non-Executive Director	2

*upto 31st March, 2021

d) Other Committees

Apart from the above stated Board Committees, the Board has also constituted other committees including Committee of Directors for Banking and Finance, Risk Management Committee, Corporate Social Responsibility (CSR) Committee, Committee of Directors on Farmhub. The Committee meetings are held as and when the need arises and at such intervals as may be expedient.

13. Annual General Meetings:

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

Year	Location	Date	Time	Particulars of Special Resolution passed
2019-20	Through VC	14-09-2020	11.00 a.m.	1. Continuation of directorship of Mr. S.K. Poddar as Non-Executive Director of the Company. 2. Amendment to the Memorandum of Association of the Company. 3. Appointment and Remuneration of Mr. Nitin M. Kantak as Executive Director in the category of Whole Time Director.
2018-19	Jai Kisaan Bhawan, Zuarinagar, Goa - 403 726	06-09-2019	11.30 a.m.	1. Re-appointment of Mr. Marco Wadia as an Independent Director. 2. Re-appointment of Mr. Gopal Krishna Pillai as an Independent Director. 3. Re-appointment of Mr. J.N. Godbole as an Independent Director.
2017-18	Jai Kisaan Bhawan, Zuarinagar, Goa - 403 726	10-09-2018	11.30 a.m.	1. Re-appointment of Ms. Kiran Dhingra as an Independent Director. 2. Reclassification of Pilani Investment and Industries Corporation Limited from "Promoter and Promoter Group"Category to "Public" Category.

b) Details of the Special Resolutions passed through Postal Ballot during the financial year 2020-21:

None. The shareholders approval by way of Special Resolution was obtained by Postal ballot on 7th April, 2021 for sale of Company's fertilizer plant at Goa and associated businesses of the Company to Paradeep Phosphates Limited under Section 180 (1) (a) of the Companies Act, 2013. At present no special resolution is proposed to be passed through Postal ballot.

14. Disclosures

Mr. Marco Wadia, is a Partner of Crawford Bayley & Co., Solicitors & Advocates, which has a professional relationship with the Company. The professional fee of ₹3.86 lakhs paid to Crawford Bayley & Co. during the year is not material transaction to infringe on the independence of Mr. Wadia. Accordingly, there were no transactions of material nature with the directors or the management or their subsidiaries or relatives having potential conflict with the interest of the Company.

15. Means of Communication

a. Quarterly Results:

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

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

www.zuari.in

c. The Company has disclosed official news-releases on its website.

d. The Company has not made any Presentations to institutional investors and analysts.

16. Code of Conduct:

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

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

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

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

18. General Shareholders Information:

a) Annual General Meeting :

The Annual General Meeting of the Company will be held on Friday, 17th September, 2021 at 4.00 p.m. (IST) through Video Conferencing mode.

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

c) Financial calendar (Tentative):

Financial Period	Declaration of Financial Results
Results for the quarter ended 30th June, 2021	Within 45 days of the end of the quarter or such prescribed period
Results for the half-year ended 30th Sept. 2021	Within 45 days of the end of the quarter or such prescribed period
Results for the quarter ended 31st Dec. 2021	Within 45 days of the end of the quarter or such prescribed period
Audited Annual Results 2021-22	Within 60 days of the end of the quarter or such prescribed period

d) Date of book closure: N.A.

e) Dividend payment date: No dividend is proposed for the financial year 2020-21.

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

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

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, MUMBAI – 400 001
The National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex
Bandra (E), MUMBAI – 400 051

The Company has paid the annual listing fees to the stock Exchanges for the Financial Year 2020-21.

Stock Code:

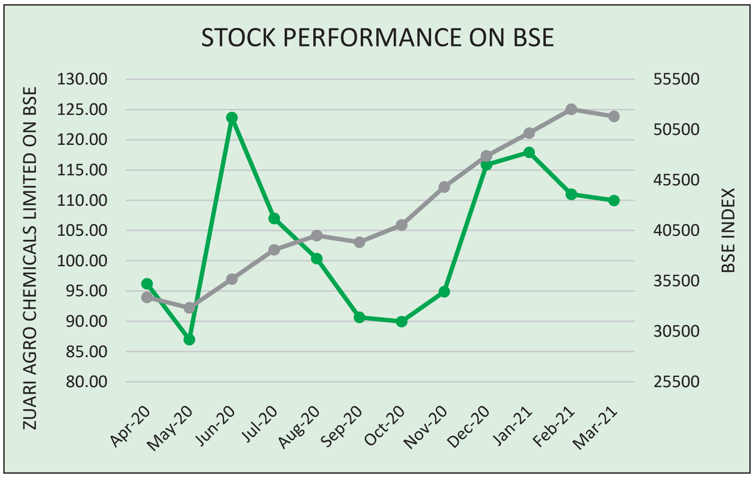
BSE Limited, Mumbai: 534742
The National Stock Exchange of India Limited, Mumbai: ZUARI
International Standard Identification Number (ISIN): INE840M01016

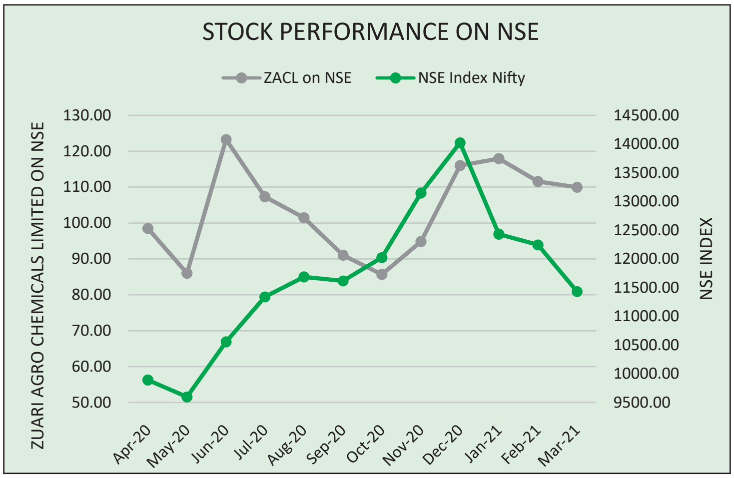
h) Market Place Data:

High/Low share prices at BSE & NSE during each month for the period 1st April, 2020 to 31st March, 2021:

Month	ZACL on BSE		BSE INDEX	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April, 2020	96.25	61.25	33887.25	27500.79
May, 2020	87.00	78.40	32845.48	29968.45
June, 2020	123.65	86.00	35706.55	32348.10
July, 2020	107.00	83.45	38617.03	34927.20
August, 2020	100.40	83.45	40010.17	36911.23
September, 2020	90.65	77.10	39359.51	36495.98
October, 2020	90.00	72.00	41048.05	38410.20
November, 2020	94.90	77.45	44825.37	39334.92
December, 2020	115.90	84.40	47896.97	44118.10
January, 2021	117.95	93.00	50184.01	46160.46
February, 2021	111.00	89.00	52516.76	46433.65
March, 2021	110.00	85.50	51821.84	48236.35

Month	ZACL on NSE		NSE INDEX	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April, 2020	98.50	61.00	9889.05	8055.80
May, 2020	86.00	75.50	9598.85	8855.30
June, 2020	123.30	82.40	10553.15	9544.35
July, 2020	107.30	83.00	11341.40	10299.60
August, 2020	101.45	82.50	11686.05	10882.25
September, 2020	91.00	75.55	11618.10	11024.40
October, 2020	85.65	75.75	12025.45	11535.45
November, 2020	94.80	77.35	13145.85	11557.40
December, 2020	116.00	84.45	14024.85	12962.80
January, 2021	117.95	91.50	12430.50	11929.60
February, 2021	111.55	90.60	12246.70	11175.05
March, 2021	109.95	82.25	11433.00	7511.10





i) Shareholding as on 31st March, 2021:

a) The distribution of shareholding as on 31st March, 2021:

No. of shares	No. of shareholders	% of shareholders
Upto 500	24666	91.38
501 - 1000	1135	4.21
1001- 2000	562	2.08
2001 - 3000	198	0.73
3001 - 4000	105	0.39
4001 - 5000	83	0.31
5001 - 10000	105	0.39
10001 and above	138	0.51
	26992	**100.00**

b) Shareholding Pattern as on 31st March, 2021:

Category	No. of shares held	% share-holding
Promoters/Promoters Group	2,73,56,419	65.04
Banks/Financial Institutions/Insurance Companies/NBFCs/Non Nationalised banks	9,12,533	2.17
Foreign Portfolio Investors	3,77,400	0.90
Mutual Funds	3,81,818	0.91
NRIs/Foreign bank	1,66,906	0.40
Bodies Corporate	14,61,989	3.48
Central Govt./State Govt.	96,306	0.23
Public	1,13,04,635	26.87
TOTAL	**4,20,58,006**	**100.00**

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

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

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

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

m) Dematerialization of shares and liquidity:

4,18,35,265 equity shares (99.47%) have been dematerialized as on 31st March, 2021.

n) Share Transfer System

Transfer of shares held in physical form is not permitted after 31st March, 2019 through statutory notifications. Members holding shares in physical form are requested to dematerialize their physical shares into electronic form by sending demat request to their concerned Depository Participants. Member can contact RTA for assistance in this regard.

o) The Address for correspondence is :

Registrar and Share Transfer Agent:

Link Intime India Private Limited

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

Company's Address:

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

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

p) Plant Location:

Urea and complex fertilizer plant, Zuarinagar, Goa – 403 726

SSP Fertiliser plant, K-2/5 & K-2/6. MIDC, Mahad, Raigad – 402 302

q) Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditor S. R. Batliboi & Co. LLP, for FY 2020-21 and all entities in the network firm/ network entity of which the statutory auditor is a part.

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

Particulars	Fee (₹ in lakhs)
As Statutory Auditors	
Statutory audit fee	20.00
Limited review fee	10.50
In other capacity	
Certification fee	6.50
Other (including reimbursement of expenses)	0.17
Total	**37.17**

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

Particulars	Fee (₹ in lakhs)
As statutory auditors	
Audit Fees	58.00
Tax Audit Fees	9.00
Limited Review fees	21.00
In other capacity	
Certification fees etc.	77.50
Reimbursement of expenses	5.37
Total	**170.87**

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

As per provisions of Section 4 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, your Company has constituted an Internal Complaints Committee for redressal of complaints against sexual harassment. There was no complaints/cases filed/ pending with the Company during the financial year.

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

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

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

v) Credit Rating:

ICRA, vide its press release dated 15th April, 2020 revised rating of Term Loans to [ICRA] B (Stable) from [ICRA] D, Long term Fund Based to [ICRA] B (Stable) from [ICRA] D, Long Term un-allocated limits to [ICRA]B (Stable) from [ICRA] D, Short Term non-fund- based limits to [ICRA]A 4 from [ICRA] D, Short Term un-allocated to [ICRA] A4 from[ICRA] D.

w) Pursuant to Regulation 39(4) the Company had sent three reminder letters to shareholders in order to enable them to claim their unclaimed shares lying with the Company/ Registrar and Share Transfer Agent. The Company is in the process of opening unclaimed suspense account to transfer the shares still remaining unclaimed after sending such reminders.

x) Other Disclosures:

All transactions entered by the Company with its related parties during the Financial Year 2020-21 were on an arm's length basis. The disclosure of material related party transactions u/s 188 of the Companies Act, 2013 in Form AOC-2 is enclosed as **'Annexure-K'** of the Directors Report. There was no material transactions related party transactions during the year which was in conflict with the interest of the Company. The Board has approved a policy for related party transactions which can be accessed at the Company's website: www.zuari.in.

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

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

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

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

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

y) Non mandatory Requirement:

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

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

ii) Internal Auditor reports directly to the Audit Committee.

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ANNEXURE 'B' TO THE DIRECTORS' REPORT

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

To the members of ZUARI AGRO CHEMICALS LIMITED

I have examined the compliance with conditions of Corporate Governance by ZUARI AGRO CHEMICALS LIMITED (the Company) under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("LODR Regulations") for the year ended 31st March 2021.

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

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

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

Shivaram Bhat
Practising Company Secretary
ACS No. 10454 & CP No. 7853
UDIN: A010454C000383607

Place: Panaji, Goa
Date : 28th May, 2021

ANNEXURE 'C' TO THE DIRECTORS' REPORT

DECLARATION BY THE EXECUTIVE DIRECTOR

Pursuant to Regulation 26(3) of SEBI (LODR) Regulations, 2015, I, Nitin M. Kantak, Executive Director of Zuari Agro Chemicals Limited, declare that all Board Members and Senior Executives of the Company have affirmed their compliance with the Code of Conduct and Ethics during the year 2020-21.

Date : 28th May, 2021

NITIN M. KANTAK
Executive Director
DIN: 08029847

ANNEXURE 'D' TO THE DIRECTORS' REPORT

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

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

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

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2021 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority:

Sl. No.	Name of Director	DIN	Date of Appointment in Company
1	Saroj Kumar Poddar	00008654	20-05-2011
2	Akshay Poddar	00008686	14-11-2011
3	Narayanan Suresh Krishnan	00021965	10-09-2009
4	Marco Philippus Ardeshir Wadia	00244357	20-05-2011
5	Kiran Dhingra	00425602	10-03-2015
6	Dipankar Chatterji	00031256	14-02-2020
7	Lingapuram Chandrasekaran Madhyagowder	01245052	27-06-2020
8	Nitin Manguesh Kantak	08029847	03-09-2020

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

Shivaram Bhat
Practising Company Secretary
ACS No. 10454, CP No. 7853
UDIN: A010454C000383563

Place: Panaji, Goa
Date : 28th May, 2021

ANNEXURE 'E' TO THE DIRECTORS' REPORT

MANAGEMENT DISCUSSION AND ANALYSIS

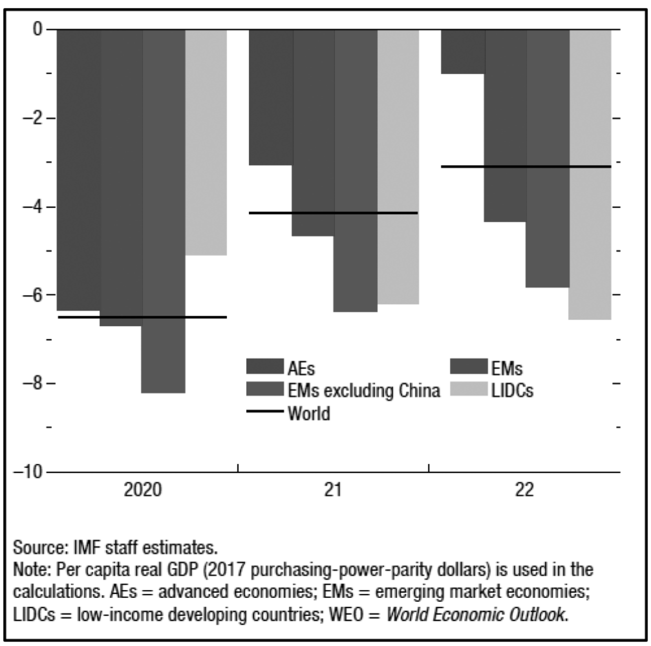
The Board of Directors is pleased to present the business analysis and outlook of Zuari Agro Chemicals Limited (ZACL) based on the current government policies and market conditions. The company is into manufacturing and selling fertilisers as well as trading in agri inputs.

GLOBAL ECONOMIC BACKDROP

The world has been grappling with Covid-19 for over a year, with high uncertainty in the Global Economic Outlook. While International Monetary Fund (IMF) agrees that the contraction of activity in 2020 was "unprecedented…in its speed and synchronized nature", by their own estimate it could have been three times as large if not for extraordinary policy support.

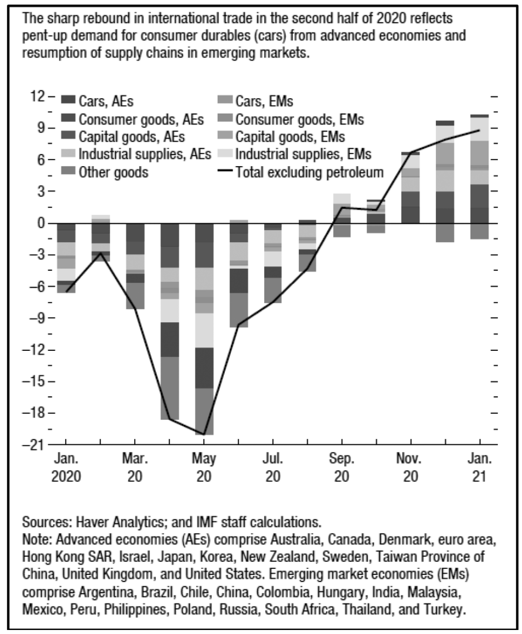
The global economy was estimated to contract by (-)3.3% in 2020, but it has been found to be 1.1 percentage points smaller than projected in the October 2020 World Economic Outlook (WEO) "reflecting the higher-than-expected growth outruns" due to recommencement of businesses after lockdowns in the first half of financial year. Global economy projection displays optimistic growth of 6% in 2021 while moderating at 4.4% in 2022.

While the emerging market and low-income developing economies are worse affected, the countries dependent on tourism or contact-intensive industries have shown depressed recovery. It is estimated that close to 95 million more people have fallen below the threshold of extreme poverty in 2020.



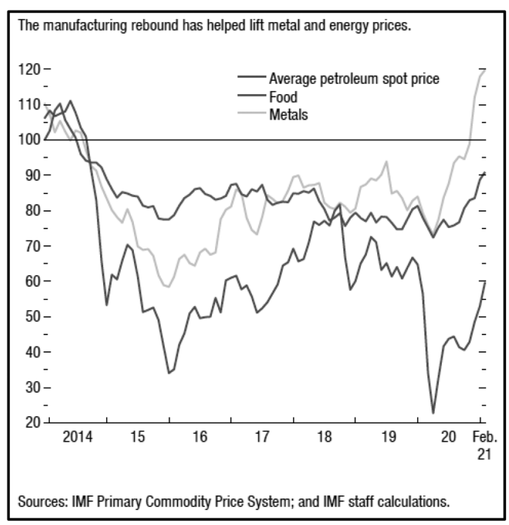
Cumulative per capita GDP growth from 2019 between Jan'20 and Apr'21 WEO forecasts, percentage points

Industrial production has returned to pre-pandemic levels with similar trends in International trade goods. Trades in services remains subdued which can also be seen in Labour market where unemployment rate has escalated by 1.5% points above pre-pandemic level.



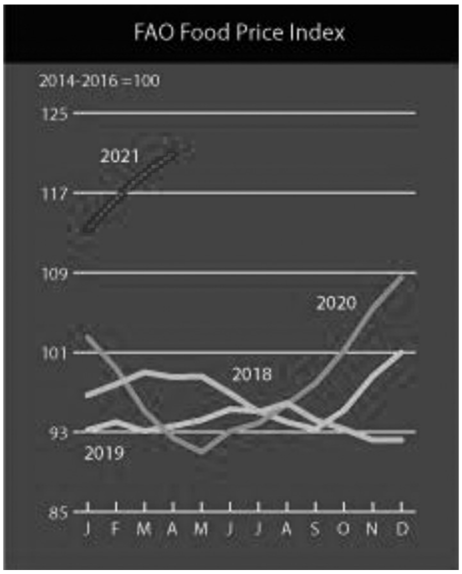
Contribution to y-o-y percent change, percentage points; based on value in US dollars

Parallel with the global recovery, oil prices are projected to grow 30% in 2021 from their low base in 2020, suggesting supply restrictions from OPEC+ (including Russia and other non-OPEC oil exporters). Metal prices are also expected to rise reflecting recovery in China.



i) World Agriculture Outlook

The Food and Agriculture Organisation (FAO) released Food Price Index on 6th May' 21, averaging at 120.9 points in April 2021 which is around 2 points (1.7%) higher than in previous month of March and 28.4 points (30.8%) higher than the same period last year. Strong rise in prices of sugar, oils, meat, dairy and cereals contributed to this rise in Food Price Index in April.



Source: http://www.fao.org/worldfoodsituation/foodpricesindex/en/

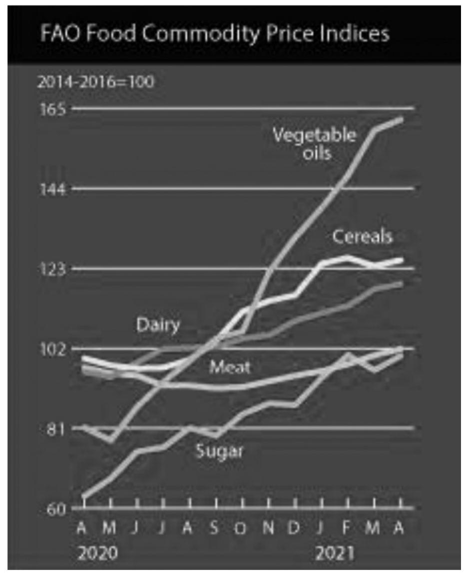
FAO Cereal Price Index averaged at 125.1 points in April which is 1.5 points (1.2%) above previous month of March, while stands at 25.8 points (26%) above same period last year. Maize prices observed rise by 66.7% in April over their value same period last year due to overall tight supplies and strong demand. Other coarse grains, international barley and sorghum prices though fell by 1.2% and 1.0% respectively in April, still showed an increase of 26.8% and 86.5% above their values in same period last year. With crop condition concerns in the USA and several countries in Europe, wheat prices remained generally stable. On the other hand, the international prices of rice declined in April.

FAO Dairy Price Index averaged at 118.9 points in April which is 1.4 points (1.2%) above previous month of March, while stands at 24.1% above same period last year.

FAO Meat Price Index averaged at 101.8 points in April which is 1.7 points (1.7%) above previous month of March, while stands at 5.1% above same period last year.

FAO Sugar Price Index averaged 100 points in April which is 3.8 points (3.9%) above previous month of March, while stands at 60% above same period last year. The rise in price was due to coupled effect of slow harvest in Brazil and frost damage in France. However, the upward pressure on prices was limited by prospects of large exports from India.

Global cereal production forecast for the year 2020 increased to 2767mn tonnes that is 2.1% above 2019 output. Forecast for cereal utilization for 2020-21 has also been raised to 2783mn tonnes which is an increase of 2.7% over 2019-20 level. China is expected to account for nearly 60% of the growth in feed use of coarse grains. FAO forecasts lowering of wheat production in 2021-22 to 778.8 mn tonnes which is still 0.5% above 2020 production estimate.



Source: http://www.fao.org/worldfoodsituation/foodpricesindex/en/

Utilization of wheat in 2021-22 is foreseen by FAO to stand at 770mnn tonnes which is rise of 0.9% over previous year, attributed mainly to the increase in population while India and United Kingdom would be major consumers for industrial use of wheat in 2021-22. At the same time, demand of wheat for feed would shrink in China with substitutes like maize of other coarse grains.

According to Short Term Fertilizer Outlook 2020-21 published in November 2020 by IFA, the global fertilizer demand is expected at 189.8 mn tonnes in 2019-20 against earlier prediction of 186.8 mn tonnes. The recovery in demand is led by India which experienced good monsoon and abundant rainfall.

FAO forecasts the global fertilizer demand to grow by 1.5% y-o-y to 200.9 mn tonnes despite Covid-19 pandemic. Increment in nutrient demand for fertilizer use is expected to be about 1.7% for Phosphorus (P_2O_5), 1.3% for Nitrogen (N) and 1.9% for Potassium (K_2O) in 2021-22 against the previous year.

2016-2022 (thousand tonnes)

Year	2016	2017	2018	2019	2020	2021	2022
Nitrogen, N	105 148	105 050	105 893	107 424	108 744	110 193	111 591
Phosphorus, as P_2O_5	44 481	45 152	45 902	46 587	47 402	48 264	49 096
Potassium, as K_2O	35 434	36 349	37 171	37 971	38 711	39 473	40 232
Total ($N+P_2O_5+K_2O$)	**185 063**	**186 551**	**188 966**	**191 981**	**194 857**	**197 930**	**200 919**

Source: FAO "World fertilizer trends and outlook to 2022"

Growth in global supply is expected to be around 1% in 2021-22 against previous year which is lower than the growth in demand.

(thousand tonnes)

Year	2016	2017	2018	2019	2020	2021	2022
Ammonia, as N	153 646	155 253	157 819	161 504	160 492	161 572	163 219
Phosphorus acid, as P_2O_5	46 308	47 564	48 620	49 510	50 520	51 520	52 066
Potaah, as K_2O	44 177	46 284	49 422	51 373	52 752	53 664	54 197
Total ($N+P_2O_5+K_2O$)	**244 131**	**249 101**	**255 861**	**262 387**	**263 764**	**266 756**	**269 482**

Source: FAO "World fertilizer trends and outlook to 2022

ii) Commodity prices

Global Commodity Prices:

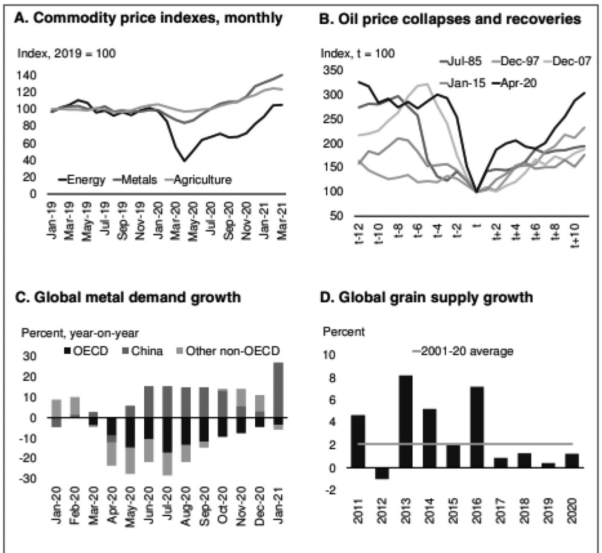
As per IFA fertilizer Outlook 2020-2024 published in July 2020, with lockdowns and travel restrictions in place during H1 2020, global business and economic activities were drastically hampered triggering volatility in foreign exchange rate and commodity prices. The rate cuts were quite evident in case of Crude oil where the price dropped by 70% between late January and April 2020. The same was reiterated in IFA Short term Fertilizer Outlook 2020-2021 published in November 2020 stating that despite overall growth in global fertilizer use, some countries experienced decline in fertilizer consumption due to lower oil export revenues due to drop in crude oil prices.

During Q1 2021, energy prices rose by almost 33% against the previous quarter. Crude oil prices displayed fastest recovery to reach US$70/bbl in mid-march before declining to US$63/bbl in April. The recovery in price is due to higher than expected agreed production cuts among OPEC and its partners, rather than change in oil demand which still remains 5% below its 2019 level. Similar scenario can be seen in case of coal which showed 30% increase in price against previous quarter due to supply restrictions. Prices for Natural gas on the other hand, rose due to cold weather in large markets such as United States, Europe, Asia and especially Japan.

Substantial increment in agricultural commodity prices was also observed due to strong demand for soybeans and maize from China as well as supply shortfalls in South America and United States.

According to World Bank report "Commodity Market Outlook" published in Apr 2021, the oil prices are expected to average US$56/bbl in 2021 and rise to US$60/bbl in 2022. OPEC and its partners are expected to slowly increase the production with improvement in global economic condition.

The report also forecast the agricultural prices to rise nearly 14% in 2021 before stabilizing in 2022. The stock-to-use ratio in the last 2 crop season fell to around 28% and hence global food insecurity remains a concern despite expectations of moderating food commodity prices.



Sources: USDA, World Bank, World Bureau of Metal Statistics.
A. Last observation is March 2021.
B. Lines indicate oil prices for 12 months before and after a price collapse, indexed to 100 at the trough. Dates indicate the date of the trough in prices for each episode.
D. Supply is the sum of beginning stocks and production. Years represent crop seasons (e.g., 2020 refers to 2020-21 crop season).

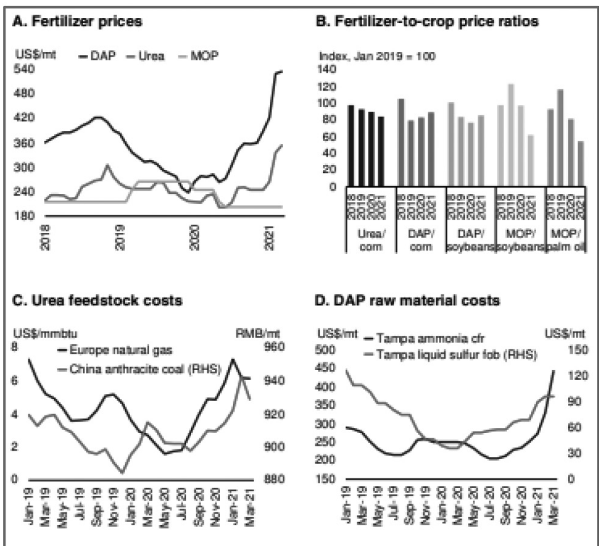
Global Fertilizer Commodity Prices:

The World Bank's Fertilizer Price Index bounced by 24% in the Q1 2021 compared to previous quarter, led by phosphates and urea and driven by strong demand and higher input costs. Potash prices remained broadly unchanged on ample supply with finalization of price in April 2021 at US$280/ tonne. Fertilizer prices are projected to average 27% higher in 2021 but recede in 2022 as demand moderates and production capacity increases. Upside risks to the forecasts include supply shortfalls due to geopolitical tensions and delays in capacity expansions, while downside risks include lower input costs and environmental policies restricting fertilizer use.

Nitrogen (urea) prices jumped nearly 30% in Q1 2021 and similar to DAP, reflected strong demand due to improved profitability, supply shortfalls from earlier pandemic closures, and higher input costs. Gas prices rallied in early 2021 due to unusually cold weather, with spot Asian LNG as well as European and Western U.S. natural gas prices hitting record highs. In China, prices of anthracite and bituminous coal, the main feedstocks for Chinese urea producers, have risen in recent months. New urea capacity is expected to come on stream over the next few years in Azerbaijan, Brunei, India, Islamic Republic of Iran, Nigeria, Russia, and Uzbekistan. Urea prices are projected to increase by 31% in 2021, and fall by 8% in 2022.

MOP (muriate of potash, or potassium chloride) prices remained unchanged since June 2020 when the Vancouver f.o.b. benchmark fell to a 13-year low. Last April, high inventories in China gave buyers significant room to reach a price deal with Belarusian Potash Company (BPC) that was significantly lower than the previous contract. BPC reached a similar contract with India in early 2021, but a higher price of US$280/tonne was negotiated in April 2021, signaling a stronger outlook for potash producers. New large capacity additions in Belarus and Russia are likely to keep pressure on prices, but ongoing geopolitical tensions in the region may provide some upside. Potash prices are forecast to be about 6% lower in 2021, before increasing 3% in 2022.

DAP (diammonium phosphate) prices surged by more than 34% in Q1 2021, while TSP (triple superphosphate) prices leapt 38%. The gains were buoyed by strong demand from key crop-growing regions on healthy farm incomes and government support schemes. China's livestock feed demand has increased as the country rebuilds its hog herd following an outbreak of African swine fever. On the supply side, countervailing duties imposed by the United States on fertilizer imports from Morocco and Russia disrupted imports and trade flows. Prices have also been bolstered by higher input costs such as ammonia and sulfur. DAP prices are expected to remain elevated until new supplies from Morocco, Saudi Arabia, and elsewhere come online. Prices are forecast to be 44% higher in 2021 and decrease by 6% in 2022.



Sources: Bloomberg; International Fertilizer Association, U.S. Department of Agriculture, World Bank.
A. DAP = diammonium phosphate. MOP = muriate of potash. Last observation is March 2021.
B. A lower index indicates higher fertilizer affordability, and vice versa. Data for 2021 is the average of January to March prices.
D. cfr = cost and freight; fob = free on board.

iii) Indian Agriculture

Agriculture is the primary source of livelihood for about 58% of India's population. Gross Value Added (GVA) by agriculture, forestry and fishing was estimated at ₹19.48 lakh crore (US$ 276.37 billion) in FY20. Share of agriculture and allied sectors in gross value added (GVA) of India at current prices stood at 17.8% in FY20. Consumer spending in India will return to growth in 2021 post the pandemic-led contraction, expanding by as much as 6.6%.

The Indian food industry is poised for huge growth, increasing its contribution to world food trade every year due to its immense potential for value addition, particularly within the food processing industry. Indian food and grocery market is the world's sixth largest, with retail contributing 70% of the sales. The Indian food processing industry accounts for 32% of the country's total food market, one of the largest industries in India and is ranked fifth in terms of production, consumption, export and expected growth.

Principal agricultural commodities export for April 2020 - January 2021 was US$ 32.12 billion.

Market Size

The Economic Survey of India 2020-21 report stated that in FY20, the total food grain production in the country was recorded at 296.65 million tonnes – up by 11.44 million tonnes compared with 285.21 million tonnes in FY19. The government has set a target to buy 42.74 million tonnes from the central pool in FY21; this is 10% more than the quantity purchased in FY20.

For FY22, the government has set a record target for farmers to raise food grain production by 2% with 307.31 million tonnes of food grains. In FY21, production was recorded at 303.34 million tonnes against a target of 301 million tonnes.

Production of horticulture crops in India was estimated at a record 326.6 million metric tonnes (MMT) in FY20 as per third advance estimates, an increase of 5.81 million metric tonnes over FY20. India has the largest livestock population of around 535.78 million, which translates to around 31% of the world population. Milk production in the country is expected to increase to 208 MT in FY21 from 198 MT in FY20, registering a growth of 10% y-o-y. Area under horticulture is projected to rise by 2.7% in FY21.

The country's sugar output rose by 31 per cent to 142.70 lakh tonnes in the first three-and-a-half months of the 2020-21 marketing year that started in October 2020, according to the industry body ISMA. Sugar production in India, the world's second-largest sugar-producing country, stood at 108.94 lakh tonnes till January 15 of the 2019-20 marketing year (October-September).

Indian Sugar Mills Association (ISMA) has projected the sugar output to increase by 13 per cent to 310 lakh tonnes in the 2020-21 marketing year on likely higher availability of sugarcane as against 274.2 lakh tonnes last year.

India is among the 15 leading exporters of agricultural products in the world. Agricultural export from India reached US$ 38.54 billion in FY19 and US$ 35.09 billion in FY20. The total agricultural export was US$ 10.40 billion between April and October 2020.

The organic food segment in India is expected to grow at a CAGR of 10% during 2015-25 and is estimated to reach ₹75,000 crore (US$ 10.73 billion) by 2025 from ₹2,700 crore (US$ 386.32 million) in 2015.

Foodgrain Production

As per Second Advance Estimates for 2020-21, total Foodgrain production in the country is estimated at record 303.34 million tonnes which is higher by 5.84 million tonnes than the production of foodgrain of 297.50 million tonnes achieved during 2019-20. Further, the production during 2020-21 is higher by 24.47 million tonnes than the previous five years' (2015-16 to 2019-20) average production of foodgrain.

	Production (Million Tonnes)				
Crop	2020-21 (Second A.E.)	2019-20 (Final)	Average (2015-16 to 2019-20)	Absolute difference over Final 2019-20	Absolute difference over 2nd A.E. and Average
Rice	**120.32**	**118.87**	**112.44**	**1.45**	**7.88**
Wheat	**109.24**	**107.86**	**100.42**	**1.38**	**8.81**
Maize	**30.16**	**28.77**	**26.74**	**1.39**	**3.42**
Nutri/Coarse Cereals	**49.36**	**47.75**	**44.01**	**1.62**	**5.35**
Tur	3.88	3.89	3.79	-0.01	0.10
Gram	11.62	11.08	9.77	0.55	1.86
Moog	2.62	2.51	2.15	0.11	0.47
Lentil	1.35	1.10	1.23	0.25	0.12
Pulses	**24.42**	**23.03**	**21.99**	**1.40**	**2.43**
Foodgrains	**303.34**	**297.50**	**278.88**	**5.84**	**24.47**
Groundnut	10.15	9.95	8.03	0.19	2.12
Soyabean	13.71	11.23	11.43	2.48	2.28
R & M	10.43	9.12	8.30	1.30	2.12
Oilseeds	**37.31**	**33.22**	**30.55**	**4.09**	**6.77**
Sugarcane	**397.66**	**370.50**	**362.07**	**27.16**	**35.59**
Cotton*	**36.54**	**36.07**	**31.90**	**0.48**	**4.65**

*Production in million bales of 170 kg. each.

Quantitatively, the 2020 All India monsoon seasonal rainfall during 1 June to 30 September 2020 has been 95.8 cm against the long period average of 88.0 cm based on data of 1961-2010 (109% of its Long Period Average (LPA). The production of most of the crops for the agricultural year 2020-21 has been estimated higher than their normal production.

iv) Indian Fertilizer scenario

The India fertilizers market is projected to register a CAGR of 11.9% during the forecast period (2021-2026). The impact of global pandemic Covid-19, on the Indian fertilizer market, is low, as the government exempted this sector from lockdown restrictions. But the sector faced challenges in terms of shortage of labor and raw materials due to lockdown. The government of India took measures to ensure fertilizers are available to the farmers in the midst of lockdown which resulted in the increased sales of fertilizers.

India is the second-largest consumer of fertilizers in the world with an annual consumption of more than 55.0 million metric tons. Among the various type of fertilizers used in India, Urea is one of the highest consumed fertilizers in the country as a source of Nitrogen.

In 2020-21, the primary sales volumes for fertilizers grew at a healthy rate of 7.8% to 66.26 million MT from 61.4 million MT in 2019-20, following the healthy monsoon. While urea sales grew by 4.5% to 35.1 million MT in 2020-21 from 33.6 million MT in 2019-20, non-urea sales grew by 11.7% to 31.1 million MT in 2020-21 from 27.8 million MT in FY2019.

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

The domestic consumption of urea grew moderately at a CAGR of ~1.3% from 31.9 million MT in FY2016 to 33.6 million MT in FY2020. Demand for urea remains stable because of the traditionally high usage and also the fact that the freeing up of retail prices for non-urea fertilizers, following the implementation of nutrient-based subsidy (NBS) for these fertilizers, has led to a significant price differential of urea vis-à-vis non-urea fertilizers.

The Indian P&K fertilizer industry works under the NBS scheme w.e.f. from 1 April 2010, as per which prices of these fertilizers have been partially deregulated. The performance of the Indian P&K fertilizers industry has remained volatile, post the introduction of the NBS due to economic (such as demand-supply, commodity prices and currency movements) and regulatory (such as subsidy delay) issues. As a result, the domestic consumption of P&K fertilizers has been volatile with volumes fluctuating between 20.6 million MT on the lower side and 31.5 million MT on the higher side. However, during FY2020, P&K fertilizer sales volumes reported a 6%

growth to 27.8 million MT, despite imports being lower by 17% since the systemic inventory level at the beginning of the year was high. The imports of DAP and MOP declined 23% and 11% respectively whereas imports of NPK increased by 16% in FY2020. Domestically manufactured P&K volumes remained stagnant with a growth rate of ~1% during FY2020. Import dependence, forex fluctuations, agro-climatic risks and retail price differential of P&K fertilizers vis-à-vis urea continue to remain the key challenges for the P&K industry.

Monsoon trends and impact on fertilizer demand

A study of the trends in domestic fertilizer volume growth for the past 15 years reveals that the correlation of the monsoons and fertilizer sales in the past has not been very high as primary fertilizer sales also depend on other factors like systemic inventory levels, reservoir levels and soil moisture levels. During 2019, the South-West monsoons were favourable and reported at 110% of its long period average. In the current year, the reservoir levels in certain key areas have been significantly higher than levels in 2019 and vis-à-vis the 10-year average levels. Moreover, the rainfall in the current monsoon season, i.e. kharif season of CY2020 has been predicted to be normal. As a result, kharif sowing is early and higher than the previous year.

Indian Fertilizer Market Drivers

- Catalyzed by a strong growth in the country's population over the next five years, food demand is also expected to exhibit a strong growth. Conversely, as a result of increasing urbanisation levels, available arable land is expected to decrease. We expect fertilizers to play a key role in increasing the average crop yields per hectare.
- Despite strong historical growth, fertilizer consumption in India remains highly skewed. There are currently a number of states in India which still have a very low penetration of fertilizers. This leaves a lot of room for future growth.
- A number of government and non-government awareness campaigns are expected to educate farmers on the benefits of fertilizers. Promotion of fertilizers through television, radio and customized rural workshops are also anticipated to increase the consumption of fertilizers in the coming years.
- Increasing rural incomes, coupled by easy availability of credit, are also likely to create a positive impact on fertilizer usage in the country.
- Contract farming, where inputs in terms of technology and training are expected to be provided to the farmer from the food processor (contractor), is also expected to create a positive impact on fertilizer usage.

v) Government initiatives:

Subsidies have been pegged at ₹5,95,620.23 crore in the revised estimate (RE) for 2020-21 fiscal year as against ₹2,27,793.89 crore in the Budget Estimate (BE) of 2020-21. The subsidies for 2021-22 are projected at ₹3,36,439.03 crore, which is lower than RE of the current fiscal but higher than the BE of 2020-21.

According to the data, food subsidy rose sharply to ₹4,22,618.14 crore in the RE of 2020-21 from ₹1,15,569.68 crore in the BE. For the next fiscal, food subsidy is estimated at ₹2,42,836 crore.

The government's decision to provide free ration to citizens during Covid-19-related lockdown and provisioning for the pre-payment of NSSF loans with FCI of about ₹1.5 lakh crore were the major reason for rise in food subsidy, the document said.

Fertiliser subsidy has been pegged at ₹1,33,947.3 crore in the RE of 2020-21 from ₹71,309 crore in the BE of the current fiscal year. For the next fiscal, a ₹79,529.68 crore has been provided in the BE.

India's agricultural sector has shown its resilience amid the adversities of Covid-19 induced lockdowns. The Agriculture and Allied activities clocked a growth of 3.4 per cent at constant prices during 2020-21 (first advance estimate) says the Economic Survey. The Economic Survey observes that as per the Provisional Estimates of National Income released by CSO on 29th May, 2020, the share of Agriculture and Allied Sectors in Gross Value Added (GVA) of the country at current prices is 17.8 per cent for the year 2019-20.

Government Initiatives & Policies

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

- In November 2020, the government inaugurated a mega food park in Punjab worth ₹107.83 crore (US$ 14.6 million) that will be spread across over 55 acres of land.
- In October 2020, the Tribal Cooperative Marketing Development Federation of India (TRIFED) included 100 new Forest Fresh Organic Products sourced from tribes across India on its e-marketplace (tribesindia.com).
- In October 2020, Agri-lender Nabard (National Bank for Agriculture and Rural Development) proposed plans to set up a subsidiary to provide guarantee for loans under agriculture and rural development.
- In October 2020, the government announced that it is putting up a common data infrastructure for farmers in the country. PMFBY (Pradhan Mantri Fasal Bima Yojana), PM-Kisan and the Soil Health Card will be integrated through a common database, along with land record details.
- In September 2020, the government launched the PM Matsya Sampada Yojana, e-Gopala App and several initiatives in fisheries production, dairy, animal husbandry and agriculture. Under this scheme, an investment of ₹20,000 crore (US$ 2.7 billion) will be made in the next 4-5 years in 21 states.
- In May 2020, Government announced the launch of animal husbandry infrastructure development fund of ₹15,000 crore (US$ 2.13 billion).
- In September 2019, Prime Minister, Mr Narendra Modi launched National Animal Disease Control Programme (NADCP), expected to eradicate foot and mouth disease

(FMD) and brucellosis in livestock. In May 2020, ₹13,343 crore (US$ 1.89 billion) was allocated to the scheme.

- The Government of India came out with Transport and Marketing Assistance (TMA) scheme to provide financial assistance for transport and marketing of agriculture products in order to boost agriculture exports.
- The Agriculture Export Policy, 2018 was approved by the Government of India in December 2018. The new policy aimed to increase India's agricultural export to US$ 60 billion by 2022 and US$ 100 billion in the next few years with a stable trade policy regime.
- The Government of India is going to provide ₹2,000 crore (US$ 306.29 million) for computerization of Primary Agricultural Credit Society (PACS) to ensure cooperatives are benefitted through digital technology.
- The Government of India launched the Pradhan Mantri Krishi Sinchai Yojana (PMKSY) with an investment of ₹50,000 crore (US$ 7.7 billion) aimed at development of irrigation sources for providing a permanent solution from drought.
- Government plans to triple the capacity of food processing sector in India from the current 10% of agriculture produce and has also committed ₹6,000 crore (US$ 936.38 billion) as investments for mega food parks in the country, as a part of the Scheme for Agro-Marine Processing and Development of Agro-Processing Clusters (SAMPADA).
- The Government of India has allowed 100% FDI in marketing of food products and in food product E-commerce under the automatic route.

Achievements in the sector

- In November 2020, the planting of winter crops exceeded by 10% compared with the last year and witnessed 28% increase in area under pulses. The total area acreage under pulses increased to 8.25 million hectares from 6.45 million hectares last year.
- Out of the total 37 mega food parks that were sanctioned, 21 mega food parks are operational, as of November 2020.
- In November 2020, Minister of Consumer Affairs, Food and Public Distribution, Mr. Piyush Goyal announced that the Food Cooperation of India and state agencies are set to procure a record quantity of 742 LMT (lakh metric tonnes) paddy during the ongoing Kharif crop season as against 627 LMT paddy last year.
- The Electronic National Agriculture Market (e-NAM) was launched in April 2016 to create a unified national market for agricultural commodities by networking existing APMCs. It had 16.6 million farmers and 131,000 traders registered on its platform until May 2020. Over 1,000 mandis in India are already linked to e-NAM and 22,000 additional mandis are expected to be linked by 2021-22.
- Sale of tractors in the country stood at 804,000 units in 2019 with export of 80,475 units.
- During FY20 (till February 2020), tea export stood at US$ 709.28 million.
- Coffee export stood at US$ 742.05 million in FY20.

Road Ahead

In the next five years, the central government will aim US$ 9 billion in investments in the fisheries sector under PM Matsya Sampada Yojana. The government is targeting to raise fish production to 220 lakh tonnes by 2024-25.

Going forward, the adoption of food safety and quality assurance mechanisms such as Total Quality Management (TQM) including ISO 9000, ISO 22000, Hazard Analysis and Critical Control Points (HACCP), Good Manufacturing Practices (GMP) and Good Hygienic Practices (GHP) by the food processing industry will offer several benefits. The agri export from India is likely to reach the target of US$ 60 billion by the year 2022.

vi) Marketing:

Due to continued lockdown and Covid-19 pandemic during Q-1 to Q-3 the team utilized the digital platforms to reach channel partners and farmers during these period. The team has organized various virtual meetings and connected with farmers and retailers through phones on regular basis.

- As the Covid-19 cases decreased during initial period of Q-4, Team started organising major regular field activities with proper Covid-19 precautions with continued utilization of digital platform to connect with channel partners and farmers.
- Overall achieved 97% adherence in virtual meetings during the year.

Key highlights of the Market Development Activities:

- During April to Nov-2020, the main focus was on connecting with farmers and retailers through virtual meetings to give solutions to farmer's pain points and POS sales push for retailer with support of digital campaign.
- During Q-4, emphasis was given on promoting ZACL flagship products – Samarth & Sampurna – in Maharashtra & Karnataka by organising Jeep campaigns, Demonstrations, Field days, Crop seminars and digital campaign.

Farmer Connect

- Contacted total number of 2,17,106 farmers through phone call/WhatsApp video call on daily basis by field team during the year 2020-21.
- Organized 3,355 (2,953 online+402 online) farmer meetings during the year to educate farmers about Adventz product fit and give solutions to farmer pain points.
- To promote N-10, N-20 & N-19 on focused crops, team conducted total 355 regular demonstration during the year.
- Conducted 959 spot demonstration on focused SPN & CPC products.
- To show the product efficacy to fellow farmers, organized 122 field days during the year.
- Crop & product specific Jeep campaigns organized to promote Samarth & Sampurna and focused SPN/ CPC products. Completed 644 campaign days during Dec '20-Mar '21.

- Organized 182 crop seminars during the year.
- 430 farmers video testimonials were collected and shared through Jai Kisaan YouTube channel and WhatsApp groups.

Retailer Connect:

- Total number of 17,080 retailers were connected through video calls during the year for mainly POS sales push and order generation.
- Organized 2,614 online retailer meetings with major focus on complex fertilizers, POS sales push and for generating SPN and CPC sales.
- Focused on brand visibility activities and completed 809 shops & 1.43 Lakh sq. ft. wall paintings during the year 2020-21.

Special Events during 2020-21

- **Jai Jawan Jai Kisaan Event – 15th August 2020**
  - o On the occasion of our 74th Independence Day, Adventz celebrated "Jai Jawan Jai Kisaan" event across all the regions of ZACL by felicitating 'Soldier Farmers'.
  - o 'Jai Jawan Jai Kisaan' events organized at 38 places on 15th of August in all ZACL regions. 67 Soldier-Farmers were felicitated at these events.
- **World Soil Day – 5th Dec 2020**
  - o A key highlight of BTL Activities during Dec 2020 was the 'World Soil Day' events organized at 70 places on 5th Dec in all ZACL regions with programme theme "Keep soil alive, Protect soil biodiversity".
  - o Total 2471 Farmers, 54 Adventz dealers and 47 retailers were witnessed the programme.
- **Jai Kisaan Diwas – 23rd Dec 2020**
  - o On 23rd of December '20, Jai Kisaan Diwas was celebrated with the theme line 'Laharaate Huai Kheth, Dete Hai Sandesh' 'Prabal Hamara Kisaan to Dhan-Dhanya-Sampann Hoga Desh'.
  - o Organized 69 JKD events across all the regions of ZACL and total 3055 farmers, 60 dealers & 118 retailers participated in the events.
  - o Felicitated 203 progressive farmers with certificates and distributed 1560 free micronutrient coupons to farmers.
- **Leveraging analytics to drive POS Sales**
  - o POS liquidation scheme for Jai Kisaan Samarth conducted between 1st Jan-15th Mar '21
    - Achieved 150% of POS sales - 46,307 MT sold by the retailers against OB of 30,929 MT
    - 2125 retailers liquidated 100% OB POS stock

Digital communication:

In ZACL area, the focus is on Samarth & Sampurna in Maharashtra & Karnataka

- Achieved 12.6 Mn reach against plan of 11.45 Mn (110%) during 2020-21
- Facebook Page @jaikisaan.samvaad has >12.4K followers
- FB Live events on Integrated Nutrient Management: 4-6 events being organised each month
- Organized 2953 online farmer meetings and contacted total number of 2,17,106 farmers
- Organized 2614 online retailer meetings and connected with 17,080 retailers
- Jai Kisaan Sampark MO App launched: Module for the Beat Planning of Sales force, based on Dealer categorisation and tracking

Total primary sales volume of fertilizers stood at 8.46 lakh MT while POS sales of 7.71 lakh MT was achieved during 2020-21. Last year's primary sales volume was 6.99 lakh MT with POS sales of 10.02 lakh MT.

In the Specialty Fertilizer business, the Company achieved sales of ₹118.08 crores during FY 2020-21, compared to ₹115.7 crores achieved last year, registering a growth of 2%.

Overall sales of pesticides for the year were ₹112.92 crores, compared to ₹111.95 crores achieved last year, registering a growth of 1%.

vii) Internal Control Systems and their Adequacy:

The Company has adequate systems of internal control in place, which are commensurate with its size and the nature of its operations. These are designed to provide reasonable assurance with respect to maintaining reliable financial and operational information, complying with applicable statutes, executing transactions with proper authorization coupled with ensuring compliance of corporate policies through documented Standard Operating Procedures (SOP) and Limits of Financial Authority Manual (LOAM). These documents are reviewed and updated on an ongoing basis to improve the internal control system and operational efficiency. The Company uses a state of the art ERP (SAP S/4 HANA - high performance analytic appliance) system and GRC software, which have higher controls in place.

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

viii) Enterprise Risk Management (ERM):

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

Company's ERM framework encompasses practices relating to identification, assessment, monitoring and mitigation of strategic, operational, financial and compliance related risks.

The coverage includes both internal and external factors. The risks identified are prioritized based on their potential impact and likelihood of occurrence. Risk register and internal audit findings also provide input for risk identification and assessment. The prioritised risk along with the mitigation plan are discussed with the Corporate Management Committee and Risk Management Committee on periodic basis.

The Company has, during the year internally conducted the Risk Assessment exercise for reviewing the existing processes of identifying, assessing and priortised risks and same are being reviewed for adherence periodically.

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

ix) Material development in human resources:

The integrated Agri Business Marketing, Sales and Supply & Distribution functions of Paradeep Phosphates Limited, the Company and Mangalore Chemicals & Fertilizers Limited operate under 4 Zones & 25 Regional Marketing Offices with common frontline sales force.

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

FINANCIAL REVIEW:

The revenue from Continued operations (Standalone) for the year ended 31st March, 2021 was ₹10.63 lakhs and for Discontinued operations was ₹2,21,938.60 lakhs as compared to previous year ended 31st March, 2020 continued operation of ₹5,024.98 lakhs, discontinued operation of ₹2,26,773.21 lakhs.

The loss before tax for the year ended 31st March, 2021 from continuing operations was ₹10,149.34 lakhs and discontinued operations was ₹13,562.85 lakhs as compared to previous year ended 31st March 2020 profit from continued operation was ₹52,640.66 lakhs, loss from discontinued operation was ₹68,635.76 lakhs. The loss after Tax from continuing and discontinuing operations stood at ₹23,712.19 lakhs for the year ended 31st March, 2021 as compared to loss of ₹18,926.83 lakhs for the previous year.

The Company's EBIDTA before exceptional item from continuing operations for financial year 2020-21 was ₹20.53 crores and from discontinuing operations was ₹106.81 crores as against previous year ended 31st March, 2020 Continued operations was ₹(8.06) Crores, discontinued operations was ₹(354.51) Crores. The Finance Costs (Continue and Discontinue) operation for 2020-21 was ₹321.63 Crores as against ₹434.32 Crores in 2019-20. During the year the Company's other income stood at ₹75.64 Crores as against ₹68.81 crores in the previous year.

The Performance of own manufactured fertilizers & other Agri Products

Own Manufacturing Fertilizers and other Agri Inputs

Particulars	2020-21	2019-20
Urea Sales- (MT)	479,675.00	221,168.55
Di-Ammonium Phosphates Sales -(MT)	1,129.00	38,271.10
Other Complex Fertilizers Sales- (MT)	342,864.00	296,576.00
Single Super Phosphate Sales- (MT)	122.90	50,863.85
Urea Production- (MT)	466,039.00	232,657.00
Di-Ammonium Phosphates Production -(MT)	00	17,952.55
Other Complex Fertilizers Production- (MT)	352,670.00	173,622.77
Single Super Phosphate Production- (MT)	00	46,339.00
Particulars	**2020-21**	**2019-20**
Sales of Seeds (₹ in Crores)	00	5.89
Sales of Specialty Fertilizers (₹ in Crores)	00	64.77
Sale of Single Super Phosphate (₹ in Crores)	0.32	44.32
Sales of Finished Products & Other Products (₹ in Crores)	2,205.86	1,735.30
Total Sales of Finished Goods (₹ in Crores)	**2,206.18**	**1,850.28**

Trade Products	2020-21	2019-20
Di-Ammonium Phosphates Sales -(MT)	2,947.00	54,710.00
Muriate of Potash- Sales- (MT)	395.00	51, 106.00
Urea Sales- (MT)	00	11,322.31
Other Complex Fertilizers (MT)	152.75	8,153.00
Sales of Specialty Fertilzers (₹ in Crores)	00	19.91
Sale of other Traded Goods (₹ in Crores)	11.78	321.13
Sales of Traded Urea (₹ in Crores)	00	6.37
Pesticides (₹ in Crores)	00	109.2
Seeds (₹ in Crores)	00	6.30
Total Sales from Traded Products (₹ in Crores)	**11.78**	**462.91**

OUTLOOK:

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

The Govt of India, in its 2021-22 Economic Budget, has come up with a series of measures to boost the farm sector:

- To provide adequate credit to the farmers, the agricultural credit target has been enhanced to ₹16.5 lakh crore in FY22, with a focus on ensuring increased credit flows to animal husbandry, dairy, and fisheries.
- 33% increase Rural Infrastructure Development Fund, from ₹30,000 crore to ₹40,000 crore.
- Micro Irrigation Fund doubled to ₹10,000 crore
- 'Operation Green Scheme' that is presently applicable to tomatoes, onions, and potatoes (TOPS), to be enlarged to include 22 perishable products.
- 1,000 more mandis to be integrated with e-NAM to bring transparency and competitiveness. Around 1.68 crore farmers are registered and ₹1.14 lakh crore of trade value has been carried out through e-NAMs.
- APMCs to get access to Agriculture Infrastructure Fund for augmenting their infrastructure facilities.
- 5 major fishing harbours – Kochi, Chennai, Visakhapatnam, Paradip, and Petuaghat – will be developed as hubs of economic activity.

The Department of Agriculture, Cooperation and Farmers' Welfare has been allocated ₹1,23,018 crore in 2021-22, which is a 14% annual increase over 2019-20. 76% of the Ministry's budget is proposed to be spent on three schemes under this Department: the income support scheme, i.e., PMKISAN (49%), interest subsidy on short-term credit to farmers (15%), and the crop insurance scheme, i.e., Pradhan Mantri Fasal Bima Yojana (12%). The Department of Agricultural Research and Education has been allocated ₹8,514 crore in 2021-22, a 6% annual increase over 2019-20. Allocation to the Indian Council of Agricultural Research (ICAR) accounts for 63% of the Department's allocation in 2021-22.

The IMD in its June edition of the Long range forecast of 2021 Monsoons declared that Southwest monsoon seasonal (June to September) rainfall over country as a whole is most likely to be normal (96 to 104 % of Long Period Average (LPA)). LPA of season rainfall over country as a whole based on 1961-2010 is 88 cm.

OPPORTUNITIES FOR NEXT FISCAL:

The Budget provisions in the agricultural sector, implemented with enthusiasm and spirit, will boost investments, promote diversification and raise incomes of farmers. The most notable feature of the Budget for the agricultural sector is its enhanced outlay and facilitation for direct and supportive infrastructure.

The Covid-19 pandemic and the resulting lockdowns has adversely affected all sectors of the economy, except agriculture. In fact, the farm sector has emerged as the main driver of economic growth during these difficult times.

The government announced a slew of measures during the lockdown and later to revive the economy through several packages under Atma Nirbhar Bharat. The agricultural sector received several measures to boost incomes of farmers, ensure remunerative prices for their produce and improve supply chains of essential food commodities. The provisions in this year's Budget are in continuation of the announcements made during the pandemic period. The Budget is expected to promote agricultural diversification towards financially worthwhile and high-value horticulture, dairy and fisheries sectors that are all the more important for consumers in a post-Covid-19 world. These are, interestingly, untouched of minimum support prices and the procurement mechanism.

Despite the rise in international market prices of DAP, the GoI been decided to continue selling it at the older price of ₹1200 and the central government has decided to bear all the burden of price hike In the Urea segment, taking the subsidy fertilizer subsidy outlay for 2021-22 to ₹94,305 crore from a budgeted outlay of ₹79,530 crore.

While new capacities are getting added for Urea production, the Company does not foresee short-term threats since the domestic demand-supply gap will continue to exist till such time that new capacity addition becomes fully operational.

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

RISKS AND CONCERNS:

Most fertilizer prices have soared in 2021, particularly phosphates and urea, driven by strong demand and higher input costs. Fertilizer prices are projected to average more than one quarter higher in 2021 than last year, before easing in 2022. Risks to the forecast include the pace of capacity expansions, geopolitical tensions, and, in the medium term, environmental policies on fertilizer use.

Global fertilizer prices have strengthened due to strong demand from key crop-growing regions. Agriculture commodity prices, such as corn and soybeans, have rallied amid tighter supplies and strong demand. Higher farm revenue has increased crop acreage and application rates of key nutrients like phosphates and potash. Yet most fertilizer-to-crop price ratios are expected to be lower in 2021 compared to the past few years.

Fertilizer prices have also been bolstered by higher input costs. Phosphates raw material costs, particularly sulfur and ammonia, have increased sharply as refinery curtailments due to Covid-19 restrictions limited supplies. Urea feedstock costs have also risen, including natural gas prices which jumped in early 2021 due to unusually cold weather. Spot Asian LNG and European and Western U.S. natural gas prices hit record highs in early 2021.

Based on the overall macro-economic outlook and the prevailing volatility in the commodity cycle, exchange rate remains a cause of concern, which can potentially effect the margins from operations of NPK plant, in view of imported input prices, primarily Ammonia and Phosphoric Acid.

On regulatory front, the following steps have been taken by the Govt. of India:

- The Cabinet Committee on Economic Affairs has approved the proposal of the Department of Fertilizers for fixation of Nutrient Based Subsidy Rates for P&K Fertilizers for the year 2021-22 (till the present season). The approved rates for NBS effective from the date of notification shall be as under:

Per Kg Subsidy rates (in ₹)			
N (Nitrogen)	**P (Phosphorus)**	**K (Potash)**	**S (Sulphur)**
18.789	**45.323**	**10.116**	**2.374**

- On the pricing front of DAP, the GoI has increased the subsidy rates under NBS Scheme as a special package for farmers in such a way that MRP of DAP (including other P&K fertilisers) can be kept at the last year's level till the present Kharif season. This has been done as one-time measure as Covid-19 package to reduce the hardships of farmers.
- As anticipated that international prices may come down in few months, GoI may review the situation accordingly and decide regarding subsidy rates at that point of time. The estimated additional subsidy burden for such an arrangement will be around ₹14,775 crore.

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

Sr. No.	Profitability Ratios	March 31, 2021	March 31, 2020	Variation %	Reason in Variation
i.	Interest Coverage Ratio (EBIT*/ Interest (Cost))	0.21	-1.22	116.79%	Interest cost decreased by ₹7,999.95 lakhs mainly due to reduction in working capital. Increase in EBIT mainly on account of higher volume of production and lower fixed cost when compared to previous year.
ii.	Operating Profit Margin (%) (EBITDA*/Revenue)	4.69%	-20.83%	122.46%	EBIDTA increased by ₹52,308.25 lakhs mainly due to higher volume of production and lower fixed cost when compared to previous year.
iii.	Net Profit Margin (%) (Profit after tax/Revenue)	-10.68%	-9.39%	-17.02%	During the year, net profit margin before exceptional item is higher when compared to previous year mainly because of higher operational margin, lower fixed cost and lower finance cost. On overall basis the reduction in net profit margin when compared to previous year is mainly due to accounting of exceptional income of ₹ 69,896.74 lakhs.
	Balance Sheet Ratios				
iv.	Debtors Turnover (Debtors/ Revenue*365)	61.81	148.90	58.49%	
v.	Inventory Turnover (COGS/Average Inventory*365)	37.25	45.96	18.95%	Variation is mainly due to liquidation of inventories and higher sales during the year.
vi.	Current Ratio (Current Assets/Current Liabilities)	0.47	0.54	12.71%	
vii.	Debt Equity Ratio (Debt/Equity)	-15.19	15.41	198.55%	Additional loss during the year leads to negative equity.
viii.	Return on Net Worth (Profit after tax/Net Worth)	2.18	-1.62	235.28%	Additional loss during the year leads to negative net worth.

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

ANNEXURE 'F' TO THE DIRECTORS' REPORT

BUSINESS RESPONSIBILITY REPORT

Preface:

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

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

Section A : General Information about the Company

1.	Corporate Identity Number (CIN) of the Company	L65910GA2009PLC006177
2.	Name of the Company	Zuari Agro Chemicals Limited
3.	Registered address	Jai Kisaan Bhawan, Zuarinagar, Goa – 403 726
4.	Website	www.zuari.in
5.	E-mail id	shares@adventz.com
6.	Financial Year reported	2020-21
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	Manufacture of Urea and other organic fertilsers – 20121/22
8.	List three key products/services that the Company manufactures/provides (as in balance sheet)	Phosphatic Fertilizers, Urea, Special Fertilizers and Micronutrients
9.	Total number of locations where business activity is undertaken by the Company :	
	(a) Number of International Locations (Provide details of major 5) :	NIL
	(b) Number of National Locations	2 (Goa, Mahad in Maharashtra)
10.	Markets served by the Company	Goa, Maharashtra, Andhra Pradesh, Karnataka, Telangana, Madhya Pradesh, Chhattisgarh, Odisha, West Bengal, Bihar, Uttar Pradesh, Tamil Nadu, Kerala, Punjab & Haryana

Section B: Financial Details of the Company

1.	Paid up Capital (INR)	4205.80 Lakhs
2.	Total Turnover (INR)	0.11 crores
3.	Total Loss after taxes (INR)	237.12 crores
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	Not applicable – as the Company had average net loss for the last 3 financial years. However the Company has spent ₹57.55 Lakhs towards CSR.
5.	List of activities in which expenditure in 4 above has been incurred	Through its CSR projects, ZACL reaches out to the deprived communities to bring about a change in their lives. The various activities carried out are : a) Skills Development Initiative b) Sanitation, Education and Health Project c) Supply of safe Drinking Water to villages d) Scholarships for promoting secondary and higher education e) Emergency support to Community during Covid-19 f) Community Toilet

Section C : Other Details

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

Section D : BR Information

1. Details of Director/Directors responsible for BR

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

1.	DIN Number	08029847
2.	Name	Mr. Nitin M. Kantak
3.	Designation	Executive Director

(b) Details of the BR head

No.	Particulars	Details
1.	DIN Number (if applicable)	08029847
2.	Name	Mr. Nitin M. Kantak
3.	Designation	Executive Director
4.	Telephone number	0832 2592418
5.	e-mail id	nitinkantak@adventz.com

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

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

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

P3- Businesses should promote the wellbeing of all employees

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

P5- Businesses should respect and promote human rights

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

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

P8- Businesses should support inclusive growth and equitable development

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

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

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/policies for...	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**
2.	Has the policy being formulated in consultation with the relevant stakeholders?	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**
3.	Does the policy conform to any national/ international standards? If yes, specify? (50 words)	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**
4.	Has the policy being approved by the Board? Is yes, has it been signed by MD/owner/CEO/ appropriate Board Director?	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**
5.	Does the company have a specified committee of the Board/Director/Official to oversee the implementation of the policy?	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
6.	Indicate the link for the policy to be viewed online?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		The Following policies relevant to external stakeholders are hosted on Company's website: www.zuari.in under Investors-Corporate Governance Policy on prevention of Sexual Harassment at workplace, Whistle Blower Policy, Code of Fair disclosure of unpublished price sensitive information, Code of Business Conduct and Ethics, Archival Policy, Policy on Board Diversity, CSR Policy, Code of Conduct and Ethics for employees of the Company, Policy on determination of materiality of event', Policy on preservation of documents, Risk Management Policy, Related Party Transactions & Code of Conduct to Regulate, Monitor and report Trading In Securities of the Company http://www.zuari.in/investor/corporate_governance								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10.	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Company's policies are not audited/evaluated by external agencies. However, as per statutory guidelines and business requirements, policies are amended from time to time								

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

The Company's Mapping to BR Principles

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

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

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

3. Governance related to BR

- **Frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company:**
  Various principles of BR Performance constitute an integral part of the day to day operations of the Company and the same are reviewed by the Board/Committees as and when required.

- **Publication of BR or a Sustainability Report and its frequency:**
  This is the Second Business Responsibility Report of the Company and it forms part of the Company's Annual Report for the financial year 2020-21. The same can be accessed at www.zuari.in.

Section E : Principle-Wise performance

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

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

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

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

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

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

During the year 2020-21, no complaints were received by the Ombudsman under Whistle Blower Policy.

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

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

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

Fertilisers

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

Water Soluble Fertilisers

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

Micronutrients

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

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

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

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

During the year 2020-21, there are 623 Permanent manpower with 20 female employees and no differently abled employees. Also, there are around 916 employees hired on temporary/contractual/casual basis.

There are 5 employee associations across the manufacturing locations of the Company, with nearly 17% NMS being members of it.

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

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

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

1. Conduct safety talks for the workers.
2. Regular Safety Training programs for the employees and workers are conducted.
3. Fire Drill For Security Staff.
4. Training program of Fire Fighting was conducted for the NISA & Secret Eye Security staff, topic covered were Fire Chemistry, Fire Extinguisher Operations, Donning of SCBA & Practical demonstration of Fire Tender & Hose drill.
5. Training session on Basic Fire Safety, Ammonia gas emergency Do & Don't was conducted for the M/s NEHA workers.
6. ZACL observed Road Safety month in the Month of January 2021, National Safety Week-2021, Fire Service Week -2021 & Chemical Disaster Prevention Day for the employees and the workers.
7. During the National Safety Week-2021 "MASS COMMNUNITY SAFETY AWARENESS PROGRAM" was conducted for the general public on DO's & DON'Ts in case of ammonia gas Emergency to create safety awareness with the help giant LED screen of audio-visual moving in various panchayat area.

During the FY 2020-21 the various training/learning sessions conducted to various employees as follows:

(a) Permanent Employees 79.39%

(b) Permanent Women Employees 16.66%

(c) Casual/Temporary/Contractual Employees 54.61%

(d) Employees with Disabilities NIL

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

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

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

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

   Yes, the Company has identified its disadvantaged, vulnerable & marginalized stakeholders among the communities in the vicinity of the pant location in Goa.

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

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

Principle 5: Businesses should respect and promote human rights :

1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/ NGOs/Others? **To the Group**
2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management? **No complaint was received pertaining to human rights violation during 2020-21**

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

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

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

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

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

Old conventional motors are being replaced with energy efficient (IE3) motors at several locations in the plant in a phased manner.

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

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

Hazardous Wastes like used/spent oil, furnace oil tank sludge/cleaning residue and spent catalysts that are generated are stored separately and sold to only those Vendors registered with CPCB as Recyclers and having Consents/Authorization from State Pollution Control Boards/

Central Pollution Control Board. ZACL disposes off e-waste to the authorized recycler in compliance with The E-waste (Management) Rules, 2016. Bio-Medical Waste is disposed off as per the Bio-Medical Waste Authorization obtained from Goa State Pollution Control Board.

The Company continues to be certified for excellence certification of 'Protect & Sustain" stewardship from International Fertiliser Association. The Company conducts various promotional activities related to Safety, Health & Environment during National Safety Week, Road Safety Week, Environment Week & Fire Service Day. The Company also conducts campaigns through FM Radio on 'DO'S AND DON'TS in case of ammonia gas leakage'. Company publishes DO'S AND DON'TS in case of ammonia gas emergency for the awareness of the general public in leading newspapers. The Green Triangle Society, Goa in association with the Inspectorate of Factories & Boilers have awarded "Gomant Suraksha Puraskar" to the Company for the Outstanding Safety Performance in Occupational Safety.

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

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

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

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

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

Principle 8: Businesses should support inclusive growth and equitable development

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

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

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

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

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

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

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

   The total contribution towards CSR for the year 2020-21 is INR 57.55 Lakh. The details of projects have been provided in Annexure I of the Directors Report.

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

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

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

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

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

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

Consultative Service: Toll-free lines named **Hello Jai Kisaan**, available on all week days between 10.00 p.m. and 5.00 p.m., are operated by agri-experts well equipped to advise farmers on scientific agriculture. An added value of the service is the availability of Jai Kisaan Krishi Salahakars, who can be called to fields/sites in select regions to arrange farmers' connect with the agri-experts.

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

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

Farmer Meetings, Crop Seminars, Soil Health Days, Demonstrations & Field Days, Retailer Meetings, Van Campaigns and Village Adoption with the objective of transforming farming from a subsistence activity to a profitable enterprise.

Reaching out to the Farmers through Technology Touch Points

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

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

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

There are no customer/consumer legal cases/appeals filed in 2020-21. Also, there are no cases filed against the Company under unfair trade practices, irresponsible advertising and/or any anti-competitive behaviour during the last year.

Farmer First is the guiding principle of the Company and through its products and services, the Brand Jai Kisaan, through various products and services within its domain, is working relentlessly towards this goal. Besides, the Company also aims to understand every Indian farmer's needs even more closely and answer his need for effective, affordable and easily available fertilisers.

During the year 2020-21, the Company has not undertaken any consumer survey.

ANNEXURE 'G' TO THE DIRECTORS' REPORT

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2021

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

To,
The Members,
Zuari Agro Chemicals Limited
Jai Kisaan Bhawan,
Zuarinagar, Goa – 403 726

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended 31st March, 2021 (hereinafter referred to as the "Audit Period") generally complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31st March, 2021 according to the provisions of:

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

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

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

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

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

vi. The following laws and Regulations applicable specifically to the Company (as per the representations made by the Company) viz.,
   a) Essential Commodities Act, 1955;
   b) Seeds Act, 1966, Seeds Rules, 1968 and Seeds (Control) Order, 1983;
   c) Insecticide Act, 1968, Insecticides Rules, 1971 and Insecticides (Price, Stock Display and Submission of Reports) Order, 1986;
   d) Fertilizer (Control) Order, 1985 and Fertilizer (Movement Control) Order, 1973;

e) Explosives Act, 1884;
f) Static and Mobile Pressure Vessels (Unfired) Rules, 1981; and
g) The Legal Metrology Act, 2009.

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

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

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

A) Pursuant to clause (ii) to the proviso to Section II of Part II of Schedule V of the Companies Act, 2013 prior approval from the secured creditors was not obtained with respect remuneration of ₹81 lakhs paid to Mr. Sunil Sethy, Managing Director during the financial year 2019-20.
b) The total payment made to Mr. Sunil Sethy, Managing Director upto 31st July, 2020 for the Financial Year 2020-21 was ₹31,10,700/- out of which remuneration of ₹7,13,200/- is construed to be in excess of limits prescribed under section 197 read with Schedule V of the Companies, Act, 2013.

I further report that -

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

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

The decisions were carried unanimously.

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

I further report that during the audit period following specific events that took place having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards:

a. the Company has passed special resolution at the Annual General Meeting held on September 14, 2020 approving amendments to Memorandum of Association in line with the provisions of the Companies Act, 2013.
b. The Board of Directors, vide resolution passed on March 04, 2021, approved a Notice of Postal Ballot containing resolutions seeking consent of members of the Company for –
    (i) Sale of Company's fertilizer plant at Goa and associated businesses of the Company to Paradeep Phosphates Limited under Section 180 (1) (a) of the Companies Act, 2013; and
    (ii) Sale of Company's fertilizer plant at Goa and associated businesses of the Company to Paradeep Phosphates Limited under Regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 188 of the Companies Act, 2013.

Both these Resolutions were passed by way of Postal Ballot on April 07, 2021.

Shivaram Bhat
Practising Company Secretary
ACS No. 10454, CP No. 7853
UDIN: A010454C000383585

Place: Panaji, Goa
Date : 28th May, 2021

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

Due to restricted movement amid Covid-19 pandemic, we conducted the secretarial audit by examining the Secretarial Records including Minutes, Documents, Registers and other records etc., and some of them received by way of electronic mode from the Company and could not be verified from the original records. The management has confirmed that the records submitted to us are the true and correct. This Report is limited to the Statutory Compliances on laws/regulations/guidelines listed in our report of which, the due date has been ended/ expired on or before March 31, 2021 pertaining to Financial Year 2020-21.

'ANNEXURE A'

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

1. Maintenance of Secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Shivaram Bhat
Practising Company Secretary
ACS No. 10454, CP No. 7853
UDIN: A010454C000383585

Place: Panaji, Goa
Date : 28th May, 2021

ANNEXURE 'H' TO THE DIRECTORS' REPORT

REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR)

1. Brief outline on CSR Policy of the Company.

   Zuari Agro Chemicals Limited (ZACL), is part of Adventz Group of Companies and its CSR projects and initiatives are guided by the group CSR Policy, and reviewed closely by the CSR Committee instituted and adopted by the Board of Directors as per "Section 135 of the Companies Act, 2013".

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

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

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

2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation	Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Kiran Dhingra*	Chairperson	Non-Executive Independent Director	1	1
2.	Sunil Sethy**	Member	Managing Director	1	1
3.	Akshay Poddar	Member	Non-Executive Director	1	1
4.	N. Suresh Krishnan***	Member	Non-Executive Director	1	-
5.	L. M. Chandrasekaran^	Chairman	Non-Executive Independent Director	-	-
6.	Nitin M. Kantak^	Member	Executive Director	-	-

* upto 31st March, 2021 ** upto 19th June, 2020 ***w.e.f. 19th June, 2020 ^ w.e.f. 7th May, 2021

3 Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.

   - Weblink to CSR Policy: http://zuari.in/investor/corporate_governance
   - Weblink to Composition of CSR committee http://www.zuari.in/assets/files/boardcommitteeason280521.pdf

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report): N.A.

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any : NIL

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)

6. Average net profit of the company as per section 135(5) : ₹(16,162) lakh

7. (a) Two percent of average net profit of the company as per section 135(5) : NIL
   (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years. : NIL
   (c) Amount required to be set off for the financial year, if any : NIL
   (d) Total CSR obligation for the financial year (7a+7b-7c).: NIL

8. **(a) CSR amount spent or unspent for the financial year:**

Total amount spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
₹57.55 Lakh (Rupees Fifty Seven Lakh, and Fifty Five Thousand)					

(b) Details of CSR amount spent against ongoing projects for the financial year: N.A.

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/No)	Location of the project		Amount spent for the project (in ₹)	Mode of implementation Direct (Yes/No)	Mode of implementation Through implementing agency	
				State	District			Name	CSR registration number
1	**'LIVELIHOOD CENTER'** Skills Development Initiative	(i)	Yes	Goa	South Goa	13.22	No	Sambhav Foundation	In process
2	**'SAHYOG'** Sanitation, Education and Health Project	(i), (ii), (iii), (x)	Yes	Goa	South Goa	9.41	No	Margdarshak	In process
3	Supply of Safe Drinking Water to villages	(i)	Yes	Goa	South Goa	23.53	Yes	-	
4	Scholarships for promoting secondary and higher education	(i)	Yes	Goa	South Goa	0.36	Yes	-	
5	Emergency Support to Community during Covid-19	(xii)	Yes	Goa	South Goa	5.61	Yes	-	
6	Community Toilet	(i)	Yes	Goa	South Goa	5.42	Yes	-	
	TOTAL					57.55			

(d) Amount spent in Administrative Overheads : NIL

(e) Amount spent on Impact Assessment, if applicable : NIL

(f) Total amount spent for the Financial Year : (8b+8c+8d+8e)= ₹57.55 Lakh

(g) Excess amount for set off, if any :

Sl. No.	Particular	Amount (in lakhs)
(i)	Two percent of average net profit of the company as per Section 135(5)	NIL
(ii)	Total amount spent for the Financial Year	₹57.55
(iii)	Excess amount spent for the financial year [(ii)-(i)]	₹57.55
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	₹57.55

9. **(a) Details of Unspent CSR amount for the preceding three financial years: NIL**

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under Section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any			Amount remaining to be spent in succeeding financial years (in ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer	
1.							
2.							
3.							
	TOTAL						

(b) **Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): NIL**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated forthe project (in ₹)	Amount spent on the project in the reporting Financial Year (in ₹)	Cumulative amount spent at the end of reporting Financial Year (in ₹)	Status of the project - Completed / Ongoing

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details).
    (a) Date of creation or acquisition of the capital asset(s) : None
    (b) Amount of CSR spent for creation or acquisition of capital asset: NIL
    (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. : N.A.
    (d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset): N.A.

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per Section 135(5).

    The Company was not required to spend under CSR for the FY 2020-21, however, the company spent a sum of ₹57.55 Lakh (Rupees Fifty Seven Lakh and Fifty Five Thousand Only) for CSR Activities during the FY 2020-21.

Date : 28th May, 2021

Nitin M. Kantak
Executive Director
DIN: 08029847

L. M. Chandrasekaran
Chairman of CSR Committee
DIN: 01245052

ANNEXURE 'I' TO THE DIRECTORS' REPORT

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

(i) The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2020-21:

Sl. No.	Name of the Director	Ratio of the remuneration of Directors to the median remuneration of the employees of the Company
1.	S. K. Poddar – Chairman*	Nil
2.	Sunil Sethy – Managing Director @	1:21.6
3.	Nitin M. Kantak – Executive Director$	1:10.5
4.	N. Suresh Krishnan – Non-Executive Director*	Nil
5.	Akshay Poddar – Non-Executive Director*	Nil
6.	Marco Wadia – Independent Director*	Nil
7.	Kiran Dhingra – Independent Director*	Nil
8.	Dipankar Chatterji – Independent Director*	Nil
9.	L. M. Chandrasekaran – Independent Director* %	Nil

* were paid sitting fees for attending the Meetings.

@ upto 31st July, 2020

$ w.e.f. 3rd September, 2020

% w.e.f. 27th June, 2020

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

Sl. No.	Name of the Director	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary in the financial year
1	S. K. Poddar – Chairman*	Nil
2	Sunil Sethy – Managing Director	-
3	Nitin M. Kantak – Executive Director***	N.A.
4	N. Suresh Krishnan – Non-Executive Director *	Nil
5	Akshay Poddar – Non-Executive Director *	Nil
6	Marco Wadia – Independent Director*	Nil
7	Kiran Dhingra – Independent Director*	Nil
8	Dipankar Chatterji – Independent Director*	Nil
9	L. M. Chandrasekaran – Independent Director*	Nil
10	Raj Kumar Gupta – Chief General Manager CFO	3.75%
11	Vijayamanhantesh Khannur – Company Secretary **	N.A.

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

** not on Company roll.

***appointed as ED w.e.f. 03.09.2020, hence % increase in the FY is not applicable.

(iii) The percentage increase in the median remuneration of employees in the financial year: 5.65%

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

There are 623 permanent employees on the rolls of the Company during the financial year.

(v) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

Other than the managerial personnel and KMP, the employees were given increment of 5.65% on an average.

There were no exceptional circumstances for increase in the managerial remuneration.

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

For and On behalf of the Board of Directors

Date: 28th May, 2021

Nitin M. Kantak	**N. Suresh Krishnan**
Executive Director	Director
DIN: 08029847	DIN: 00021965

ANNEXURE 'J' TO THE DIRECTORS' REPORT

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

Sl. No.	Name	Designation	Remuneration received	Nature of employment, whether contractual or otherwise	Qualifications and experience of the employee	Date of commencement of employment (DOJ)	The age of such employee DOB	The last employment held by such employee before joining the company	The percentage of equity shares held by the employee in the company within the meaning of clause (iii) of sub-rule (2) of Rule 5	Whether any such employee is a relative of any director or manager of the company and if so, name of such director or manager
A) If employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than one crore and two lakh rupees										
1.	Madan Pandey	President – Agri. Business	1.99 Cr.	Permanent	BE & PGDM	01st Nov 2018	30 Oct 1971 (49.5 Yrs.)	Emami	Nil	NA
2.	Nitin M. Kantak	Executive Director	1.18 Cr.	Permanent	B.Tech.	27th Jan 2019	13 Dec 1959 (61.4 Yrs.)	PPL	Nil	NA
B) If employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than eight lakh and fifty thousand rupees per month										
						Nil				

For and On behalf of the Board of Directors

Date : 28th May, 2021

Nitin M. Kantak
Executive Director
DIN: 08029847

N. Suresh Krishnan
Director
DIN: 00021965

ANNEXURE 'K' TO THE DIRECTORS' REPORT

Form No. AOC - 2

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

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

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

   There were no contracts / arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 which were not at arm's length basis during the year ended March 31, 2021.

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

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

For and On behalf of the Board of Directors

Date: 28th May, 2021

Nitin M. Kantak	**N. Suresh Krishnan**
Executive Director	Director
DIN: 08029847	DIN: 00021965

ANNEXURE 'L' TO THE DIRECTORS' REPORT

Form AOC-1

PART A

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

(Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of the Companies (Accounts) Rules, 2014)

Part 'A': Subsidiaries

Sl. No.	Particulars	Details		
1.	Name of the subsidiary	Mangalore Chemicals & Fertilizers Limited (MCFL)	Adventz Trading DMCC	Zuari Farmhub Limited
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	01-04-2020 to 31-03-2021	01-04-2020 to 31-03-2021	01-04-2020 to 31-03-2021
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	₹ in lakhs	AED Exchange Rate 19.9050	₹ in lakhs
4.	Share Capital	11,854.87	50,000	1.00
5.	Reserves & Surplus	48,871.41	(29,83,783)	(47,138.70)
6.	Total Assets	1,99,693.29	20,10,958	21,163.12
7.	Total Liabilities	1,38,967.01	49,44,741	68,300.82
8.	Investments	-	-	-
9.	Turnover	2,14,402.82	17,13,050	29,289.41
10.	Profit before taxation	10,556.06	(17,72,270)	(2,182.56)
11.	Tax expense/(credit)	3,846.21	-	-
12.	Profit after taxation	6,709.85	(17,72,270)	(2,182.56)
13.	Proposed Dividend	1,185.15	-	-
14.	% of shareholding	54.03%	100%	100%

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

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

For and on Behalf of the Board of Directors

Nitin M. Kantak
Executive Director
DIN: 08029847

N. Suresh Krishnan
Director
DIN: 00021965

R. K. Gupta
Chief Financial Officer

Vijayamahantesh Khannur
Company Secretary
ACS 19257

Date: 28th May, 2021

PART B

Statement containing salient features of the Financial Statement of Joint Venture & Associates

(Pursuant to proviso to sub-section (3) of Section 129 read with Rule 5 of the Companies (Accounts) Rules, 2014)

		Joint Venture	Joint Venture
	Name of the Company	**Zuari Maroc Phosphates Private Limited (Consolidated) (₹ in lakhs unless otherwise stated)**	**MCA Phosphates Pte Limited (Consolidated) (Refer Note 1 below) (₹ in lakhs unless otherwise stated)_N.A.**
1.	Latest audited Balance sheet	31st March, 2021	31st March, 2021
2.	Shares of Joint Ventures held by the Company on the year end	50%	Ceased to be Joint Venture
	No. (No. of Shares)	17,98,16,228	Ceased to be Joint Venture
	Amount of Investment in Joint Venture	17,981.62	Ceased to be Joint Venture
	Extent of Holding	50%	Ceased to be Joint Venture
3.	Description of how there is significant influence	Based on the Percentage of Holding in the Joint Venture Company	Ceased to be Joint Venture
4.	Reason why the Joint Venture is not consolidated	Not Applicable	Ceased to be Joint Venture
5.	Networth attributable to Shareholding as per latest audited Balance Sheet	91,868.65	NA
6.	Profit/(Loss) for the year {Profit/(Loss) after Tax}	22,337.46	NA
	i. Considered in Consolidation	8,986.51	NA
	ii. Not Considered in Consolidation	13,350.95	NA

Note 1: N.A.

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

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

Note - MCA Phosphates Pte. Limited ceased to be joint Venture.

For and on Behalf of the Board of Directors

Nitin M. Kantak
Executive Director
DIN: 08029847

N. Suresh Krishnan
Director
DIN: 00021965

R. K. Gupta
Chief Financial Officer

Vijayamahantesh Khannur
Company Secretary
ACS 19257

Date: 28th May, 2021

INDEPENDENT AUDITOR'S REPORT

To the Members of Zuari Agro Chemicals Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Zuari Agro Chemicals Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its loss including other comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 52 in the accompanying standalone financial statements, which states that in addition to net current liability position as at March 31, 2021, there are events or conditions which indicate that a material uncertainty exists that may cast significant doubt on Company's ability to continue as a going concern. It also describes the mitigating factors considered by the management in its assessment, in view of which the accompanying standalone financial statements have been prepared under the going concern assumption.

Our opinion is not modified in respect of this matter.

Emphasis of Matters

a. We draw attention to Note 50 of the accompanying standalone financial statements, which describes the management's assessment of the impact of the uncertainties related to outbreak of COVID-19 on the future business operations of the Company.

b. We draw attention to Note 44 of the accompanying standalone financial statements, wherein the Company is carrying a receivable of INR 1,949.03 lakhs in relation to the subsidy income accrued during the year ended March 31, 2013. Based on the legal opinion obtained by the Company, the management believes that the amount is fully recoverable from the department of fertilizers. Pending settlement of the differential subsidy amount as more fully explained in note, the Company has not made any provision in this regard in the accompanying standalone financial statements.

c. We draw attention to Note 7 of the accompanying standalone financial statements, regarding Goods and Services Tax ('GST') credit on input services recognized by the Company, which the management has assessed to recover based on the legal opinion obtained by the Company. The Company has also filed a writ petition in the High Court of Bombay at Goa.

Our opinion is not modified in respect of above matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Impact of government policies/notifications on recognition of concession income and their recoverability (as described in Note 19 and 9 of the standalone financial statements)</td></tr>
<tr><td>The Company recognises concession (subsidy) income receivable from the Department of Fertilizers, Government of India as per the New Pricing Scheme for Urea and as per Nutrient Based Subsidy Policy for Phosphatic and Potassic (P&K) fertilizers at the time of sale of goods to its customers.

During the current year, the Company has recognised concession income of INR 120,024.01 lakhs and as at March 31, 2021, the Company has receivables of INR 32,056.00 lakhs relating to concession income.

We focused on this area because recognition of concession income and assessment of its recoverability is subject to significant judgement of interpretation of various notifications from the Department of Fertilizers.

The area of judgement includes certainty around the satisfaction of conditions specified in the notifications and policies, collections and provisions thereof, likelihood of variation in the related computation rates and basis for determination of accruals of concession income. Accordingly, this matter has been determined to be a key audit matter in our audit of the standalone financial statements.</td><td>Our audit procedures included the following:
▪ Read the relevant notifications and policies issued by Department of Fertilizers to ascertain the recognition of concession income, adjustments thereto recognised pursuant to changes in the rates and basis for determination of concession income.
▪ Obtained an understanding of the process and tested the design and operating effectiveness of controls as established by management in recognition and assessment of the recoverability of the concession income.
▪ Evaluated the management's assessment regarding compliance with the relevant conditions as specified in the notifications and policies and collections of concession income.
▪ Tested the ageing analysis and assessed the information used by the management to determine the recoverability of the concession income by considering collections against historical trends.
▪ Assessed the related disclosure in standalone financial statements.</td></tr>
<tr><td colspan="2">Discontinued Operations and Asset held for sale in relation to Sale of its Fertilizer plant at Goa to Paradeep Phosphates Ltd (PPL), subsidiary of Company's Joint Venture (as described in Note 27 of the standalone financial statements)</td></tr>
<tr><td>During the current year, the Company has entered into a Business Transfer Agreement (BTA) for the sale of Company's fertilizer plant at Goa and associated businesses of the Company to PPL as a going concern, on a slump sale basis for an agreed enterprise value of INR 205,225.44 lakhs and for entering into necessary Business Transfer Agreement with PPL.

As at March 31, 2021, the Company has presented the operations of its Fertilizer plant as "Discontinued Operations" and its related assets as "Assets held for sale" and liabilities as "Liabilities directly associated with the assets held for sale" in accordance with Ind AS 105 (Non-current Assets held for Sale and Discontinued. Operations).

We focused on this area considering that this was a significant event during the year. Accordingly, this matter has been determined to be a key audit matter in our audit of the standalone financial statements.</td><td>Our audit procedures included the following:
▪ Evaluated the design and tested the operating effectiveness of the controls over the accounting of this transaction.
▪ Obtained the management's valuation report for the sale consideration and compared the same with the carrying value of the underlying assets.
▪ We gained an understanding of the BTA. Our focus was on understanding the contractual terms associated with the sale of Fertilizer plant at Goa and its associated businesses, which define the assets and liabilities to be transferred and, in particular, any liabilities or obligations retained or created.
▪ Reviewed the accounting treatment for the said transaction.
▪ Checked the related computation for disclosures of discontinued operation and held for sale and evaluated that they have been appropriately separated from continuing operations.
▪ Assessed the adequacy of the related disclosures in the standalone financial statements.</td></tr>
</table>

Key audit matters	How our audit addressed the key audit matter
Estimates with respect to recognition of deferred tax assets on unused tax losses (as described in Note 17 of the standalone financial statements)	
As at March 31, 2021, the Company has recognized deferred tax assets of INR 6,741.16 lakhs in the standalone financial statements. Deferred tax assets are recognized on unabsorbed tax losses when it is probable that taxable profit will be available against which such tax losses can be utilized. The Company's ability to recognize deferred tax assets on unabsorbed tax losses is assessed by the management at the end of each reporting period, taking into account forecasts of future taxable profits and the assumptions on which such projections are determined by the management. Given the degree of estimation based on the projection of future taxable profits, management's decision to create deferred tax assets on unabsorbed tax losses has been identified to be a key audit matter.	Our audit procedures included the following: ▪ Gained an understanding of the deferred tax assessment process and assessed the design and tested the operating effectiveness of controls over recognition of deferred tax. ▪ Discussed and evaluated management's assumptions and estimates like projected revenue growth, margins, etc. in relation to the probability of generating future taxable income to support the utilization of deferred tax on unabsorbed tax losses with reference to forecast taxable income and performed sensitivity analysis. ▪ Tested the arithmetical accuracy of the model. ▪ Assessed the related disclosures in respect of the deferred tax assets in the standalone financial statements.
Impairment assessment of Investment in subsidiaries (as described in Note 6A and 6C of the standalone financial statements)	
During the current year, impairment indicators were identified by the management on its investment in its subsidiaries (i) equity of INR 54,112.37 lakhs in Mangalore Chemicals and Fertilizers Limited; and (ii) compulsory convertible debentures of INR 43,556.00 lakhs and other receivable of INR 35,000.00 lakhs in Zuari FarmHub Limited. As a result, an impairment assessment was required to be performed by the Company by comparing the carrying value of these investments to their recoverable amount to determine whether an impairment was required to be recognised. For the purpose of the above impairment testing, value in use has been determined by forecasting future cash flows considering the impact of the economic uncertainties arising from COVID-19 on the discount rates. Furthermore, the value in use is highly sensitive to changes in some of the inputs used for forecasting the future cash flows. Further, the determination of the recoverable amount of the investment involved judgement due to inherent uncertainty in the assumptions supporting the recoverable amount of the investment. Accordingly, the impairment of investment in subsidiaries has been determined as a key audit matter.	Our audit procedures included the following: • Assessed the analysis of internal and external factors impacting Company's investment, whether there were any indicators of impairment in line with Ind AS 36 "Impairment of Assets". • Gained an understanding of the impairment assessment process and evaluated the design and tested the operating effectiveness of controls in respect of process of comparing the carrying value of the investments to their recoverable amount to determine whether an impairment was required to be recognized. • Assessed the Company's valuation methodology applied in determining the recoverable amount. In making this assessment, we obtained and evaluated the valuation models used to determine the recoverable amount by challenging the key assumptions used by management including: o With the assistance of specialist, we assessed the assumptions around the key drivers of the cash flow forecasts including discount rates, expected growth rates and terminal growth rates used in consideration of current and estimated future economic conditions including the impact of COVID-19 on discount rates. Corroborating the price assumptions used in the models against analyst consensus. o Tested the weighted average cost of capital used to discount the impairment models through engaging valuation experts. o Discussed potential changes in key drivers as compared to previous year/actual performance with management in order to evaluate whether the inputs and assumptions used in the cash flow forecasts were suitable. o Tested the integrity of the models together with their clerical accuracy. • Assessed the recoverable value by performing sensitivity testing of key assumptions used. • Evaluated the competence, professional qualification, objectivity and independence of Company's specialists involved in the process. • Assessed the related disclosures in this regard in the standalone financial statements.

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

Other Information

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

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

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

Responsibilities of Management for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern (refer Note 52 of the accompanying standalone financial statements) and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements (refer paragraph on Material Uncertainty Related to Going Concern above) or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the financial year ended March 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

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

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

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

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

   (f) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;

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

   (h) In our opinion, the managerial remuneration for the year ended March 31, 2021 in relation to the Managing Director of the Company has been paid in excess of the limits provided in provisions of Section 197 read with Schedule V to the Act by INR 7.13 lakhs which is subject to approval of shareholders by a special resolution as explained in Note 49 of the standalone financial statements.

   Further, as explained in Note 49 of the standalone financial statements, managerial remuneration for the year ended March 31, 2020 in relation to the Managing Director of the Company was paid in excess of the limits provided in provisions of Section 197 read with Schedule V to the Act by INR 81.00 lakhs without obtaining requisite approvals from the banks/financial institutions and which was subject to shareholders approval by a special resolution and pending which the Company recognised a recoverable of INR 81.00 lakhs from the Managing Director as at March 31, 2020. The requisite approvals from the banks/financial institutions and shareholders is yet to be obtained.

   (i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 33 to the standalone financial statements;

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

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

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

per Vishal Sharma
Partner
Membership Number: 096766
UDIN: 21096766AAAAKU5664

Place of Signature: Faridabad
Date: May 28, 2021

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

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

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

(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification, once in every two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to information and explanations given by the management, the title deeds of immovable properties, included in property, plant and equipment are held in the name of the Company, except for the immovable properties acquired during demerger of fertiliser undertaking from Zuari Global Limited in an earlier year aggregating to INR 30.08 lakhs and immovable properties aggregating to INR 325.17 lakhs acquired under scheme of merger in an earlier year, for which title deeds are not in the name of the Company and conveyance deeds in respect of the same are yet to be executed in the name of the Company.

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

(iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, provisions of Section 185 and 186 of the Companies Act 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the company.

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

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 148(1) of the Companies Act, 2013, related to the manufacture of fertilisers and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues applicable to it.

(b) According to the information and explanations given to us and audit procedures performed by us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, service tax, sales tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and service tax and cess on account of any dispute, are as follows:

Name of the Statute	Name of the Dues	Amount (In INR lakhs)	Period to which amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax Demand	4.93	2011-12	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax Demand	1,519.66	2011-12	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax Demand	320.88	2012-13	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax Demand	39.55	2012-13	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax Demand	66.79	2013-14	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax Demand	292.20	2013-14	Income Tax Appellate Tribunal

Name of the Statute	Name of the Dues	Amount (In INR lakhs)	Period to which amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax Demand	12.95	2017-18	Commissioner of Income Tax (Appeals)
Custom Act, 1962	Demand for Differential custom duty	522.04	24-03-2011 to 02-12-2011 01-04-2001 to 28-02-2006 2002-03 to 2003-04 2006-07 to 2008-09	CESTAT
Custom Act, 1962	Demand for wrongful availment on exemption notification based on SEIS scrips	140.52	2015-2017	Additional Director – DRI
The Central Sales Tax Act, 1956	Demand for Non-Submission of "C Form"	2.48	2013-14	Commercial Tax Department
The Rajasthan Value Added Tax, 2003	Excess Input Credit Availed	22.33	2011-12	Commercial Tax Department
The Rajasthan Value Added Tax, 2003	Excess Input Credit Availed	9.77	2013-14	Commercial Tax Department
The Uttar Pradesh Value Added Tax, 2008	Penalty Order received for delay in payment of tax from Lucknow, UP	9.23	2016-17	Joint Commissioner Appeals
TG VAT Act, 2005	Short ITC reversal on stock transfers	8.85	2013-17	Joint Commissioner Appeals
AP VAT Act, 2005	Non-submission of F form for stock transfers	134.29	2015-16	Commercial Tax Department
The Uttar Pradesh Value Added Tax, 2008	Exparte Order assessment done and demand raised	67.00	2016-17	Commercial Tax Department
The Maharashtra Value Added Tax Act, 2002	Demand on suppression of sale and disallowance of ITC on purchases	257.88	2016-17	Joint Commissioner Appeals
Central Sales Tax Act, 1956	Demand on non-submission of supporting documents for F Form	7.62	2016-17	Joint Commissioner Appeals
Goods and Service Tax Act, 2017	Demand for refund issued erroneously	492.49	2016-17	High Court, Gujarat
Green Cess Act, 2013	Cess and penalty on inter-state purchases of Natural Gas	3,862.20	July 15, 2013 to December 31, 2019	Additional Commissioner (Appeals)
The Research & Development Cess Act, 1986	Demand for non-payment of Research and Development cess on foreign consultancy services	277.17	April 2015 - June 2017	Commissioner GST
Finance Act, 1994	Demand for non-payment of service tax on filling, weighing and stitching contract and internal transportation service	266.11	April 2015 - March 2017	Commissioner GST
Finance Act, 1994	Demand for non-payment of service tax on filling, weighing and stitching contract and internal transportation service	31.52	April 2017 - June 2017	Assistant Commissioner GST
The Uttar Pradesh Value Added Tax, 2008	Exparte Order Received	4.34	May 2016 to July 2016, September 2016, October 2016, December 2016	Joint Commissioner Appeals

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institutions or banks. The Company does not have any loans or borrowings from Government, nor has it issued any debentures as at balance sheet date.

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

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

(xi) According to the information and explanation given by the management and audit procedures performed by us, we report that managerial remuneration for the year ended March 31, 2021 in relation to the Managing Director of the Company has been paid in excess of the limits provided in provisions of Section 197 read with Schedule V to the Act by INR 7.13 lakhs which is subject to approval of shareholders by a special resolution as explained in Note 49 of the standalone financial statements.

Further, as explained in Note 49 of the standalone financial statements, managerial remuneration for the year ended March 31, 2020 in relation to the Managing Director of the Company was paid in excess of the limits provided in provisions of Section 197 read with Schedule V to the Act by INR 81.00 lakhs without obtaining requisite approvals from the banks/financial institutions and which was subject to shareholders approval by a special resolution and pending which the Company recognised a recoverable of INR 81.00 lakhs from the Managing Director as at March 31, 2020. The requisite approvals from the banks/financial institutions and shareholders is yet to be obtained.

(xii) In our opinion, the Company is not a Nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with Section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the standalone financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, hence not commented upon.

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

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

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

per **Vishal Sharma**
Partner
Membership Number: 096766
UDIN: 21096766AAAAKU5664

Place of Signature: Faridabad
Date: May 28, 2021

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

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

We have audited the internal financial controls with reference to standalone financial statements of Zuari Agro Chemicals Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, as specified under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by 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 with reference to these standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to these standalone financial statements.

Meaning of Internal Financial Controls with Reference to these Standalone Financial Statements

A company's internal financial controls with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to these Standalone Financial Statements

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

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2021, 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 issued by the ICAI.

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

per **Vishal Sharma**
Partner
Membership Number: 096766
UDIN: 21096766AAAAKU5664

Place of Signature: Faridabad
Date: May 28, 2021

Standalone Balance Sheet as at 31 March 2021

(Amount in INR lakhs, unless otherwise stated)

	Notes	As at 31 March 2021	As at 31 March 2020
Assets			
Non-current assets			
Property, plant and equipment	**3**	7,646.42	48,762.83
Capital work-in-progress	**3**	-	12,119.25
Investment property	**5**	362.29	362.29
Intangible assets	**4**	-	172.06
Intangible assets under development	**4**	-	-
Financial assets			
(i) Investments	**6A**	1,18,381.99	1,17,452.81
(ii) Loans	**6B**	260.75	363.70
(iii) Others	**6C**	8.75	3.25
Deferred tax assets (net)	**17**	6,741.16	6,741.16
Other non-current assets	**7**	608.86	640.11
Income tax assets (net)	**18**	1,116.34	4,739.19
		1,35,126.56	**1,91,356.65**
Current assets			
Inventories	**8**	257.38	25,341.47
Financial assets			
(i) Trade receivables	**9**	0.78	82,104.92
(ii) Cash and cash equivalents	**10**	5,625.78	5,191.97
(iii) Bank balances other than (ii) above	**10.1**	13,171.16	4,085.26
(iv) Loans	**6B**	87.12	308.33
(v) Others	**6C**	35,113.91	41,176.77
Other current assets	**7**	2,309.48	16,056.03
		56,565.61	**1,74,264.75**
Assets held for sale	**8A**	1,31,176.94	5.18
		1,87,742.55	**1,74,269.93**
Total assets		**3,22,869.11**	**3,65,626.58**
Equity and liabilities			
Equity			
Equity share capital	**11**	4,205.80	4,205.80
Other equity	**11A**	(15,068.69)	7,497.13
Total equity		**(10,862.89)**	**11,702.93**
Non-current liabilities			
Financial liabilities			
(i) Borrowings	**12A**	39,350.00	28,855.41
(ii) Others	**14**	-	23.20
Other non-current liabilities	**15**	-	96.08
Provisions	**16**	57.46	56.84
		39,407.46	**29,031.53**

Standalone Balance Sheet as at 31 March 2021

(Amount in INR lakhs, unless otherwise stated)

	Notes	As at 31 March 2021	As at 31 March 2020
Current liabilities			
Financial liabilities			
(i) Borrowings	**12B**	19,500.00	1,05,626.82
(ii) Trade payables	**13**		
a) total outstanding dues of micro enterprises and small enterprises		-	269.67
b) total outstanding dues of creditors other than micro enterprises and small enterprises		3,592.59	1,39,507.86
(iii) Others	**14**	35,304.21	70,885.50
Other current liabilities	**15**	839.64	6,421.15
Provisions	**16**	95.96	2,181.12
		59,332.40	**3,24,892.12**
Liabilities directly associated with the assets held for sale	**8A**	2,34,992.14	-
Total liabilities		**3,33,732.00**	**3,53,923.65**
Total equity and liabilities		**3,22,869.11**	**3,65,626.58**
Summary of significant accounting policies	**2**		

The accompanying notes are an integral part of Standalone Financial Statements

As per our report of even date

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

per **Vishal Sharma**
Partner
Membership Number : 096766

Place of Signature: Faridabad
Date: 28 May 2021

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

Nitin M. Kantak
Executive Director
DIN: 08029847

N. Suresh Krishnan
Director
DIN: 00021965

Raj Kumar Gupta
Chief Financial Officer

Vijayamahantesh Khannur
Company Secretary
Membership Number : A19257

Date: 28 May 2021

Standalone Statement of Profit and Loss for the year ended 31 March 2021

(Amount in INR lakhs, unless otherwise stated)

		Notes	For the year ended 31 March 2021	For the year ended 31 March 2020
Continuing Operations				
I	**Revenue**			
	Revenue from operations	**19**	10.63	5,024.98
	Other income	**20**	4,953.60	5,873.46
	Total income (I)		**4,964.23**	**10,898.44**
II	**Expenses**			
	Cost of raw material and components consumed	**21**	-	2,905.01
	Changes in inventories of finished goods, traded goods and work-in-progress	**22**	9.62	954.87
	Employee benefits expense	**23**	438.26	710.03
	Finance costs	**24**	11,834.72	15,694.16
	Depreciation and amortization expense	**25**	367.17	756.15
	Other expenses	**26**	2,463.80	7,134.30
	Total expense (II)		**15,113.57**	**28,154.52**
III	**(Loss) before exceptional items and tax from continuing operations (I - II)**		**(10,149.34)**	**(17,256.08)**
IV	Exceptional items	**29**	-	69,896.74
V	**Profit/(loss) before tax from continuing operations (III - IV)**		**(10,149.34)**	**52,640.66**
VI	**Tax expense / (credit) from continuing operations:**			
	(1) Current tax	**17**	-	-
	(2) Deferred tax charge / (credit)	**17**	-	19,877.90
	Income tax expense/(credit)		**-**	**19,877.90**
VII	**Profit/(loss) for the year from continuing operations (V - VI)**		**(10,149.34)**	**32,762.76**
Discontinued operations				
VIII	(Loss) before tax for the year from discontinued operations	**27**	(13,562.85)	(68,635.76)
IX	Tax income/(expense) of discontinued operations	**17**	-	16,946.17
X	**(Loss) for the year from discontinued operations (VIII - IX)**		**(13,562.85)**	**(51,689.59)**
XI	**(Loss) for the year (VII + X)**		**(23,712.19)**	**(18,926.83)**
XII	**Other Comprehensive Income/(loss)**			
	Items that will not be reclassified to profit or loss	**30**		
	Remeasurement gains on defined benefit plans		53.08	16.63
	Income tax effect	**17**	-	(4.02)
	Net gain/(loss) on equity instruments through Other Comprehensive Income		1,093.29	(1,750.92)
	Income tax effect	**17**	-	781.77
	Total other comprehensive Income/(loss) for the year, net of tax		**1,146.37**	**(956.54)**
XIII	**Total comprehensive (loss) for the year, net of tax (XI + XII)**		**(22,565.82)**	**(19,883.37)**
XIV	Earning/(loss) per equity share: (nominal value of share INR 10/-) (31 March 2020- INR 10/-)	**28**		
	(1) Basic and diluted from continuing operations		(24.13)	77.90
	(2) Basic and diluted from discontinued operations		(32.25)	(122.90)
	(3) Basic and diluted from continuing and discontinued operations		(56.38)	(45.00)
Summary of significant accounting policies		**2**		

The accompanying notes are an integral part of Standalone Financial Statements

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

per **Vishal Sharma**
Partner
Membership Number : 096766

Place of Signature: Faridabad
Date: 28 May 2021

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

Nitin M. Kantak
Executive Director
DIN: 08029847

N. Suresh Krishnan
Director
DIN: 00021965

Raj Kumar Gupta
Chief Financial Officer

Vijayamahantesh Khannur
Company Secretary
Membership Number : A19257

Date: 28 May 2021

Standalone Statement of Cash Flows for the year ended 31 March 2021

(Amount in INR lakhs, unless otherwise stated)

		For the year ended 31 March 2021	For the year ended 31 March 2020
A	**Cash flow from operating activities:**		
	Profit / (Loss) before tax from continuing operations	(10,149.34)	52,640.66
	(Loss) before tax from discontinued operations	(13,562.85)	(68,635.76)
	Adjustments to reconcile loss before tax to net cash flows:		
	Depreciation of property, plant and equipment	4,194.90	5,733.83
	Amortisation of intangible assets	87.69	469.01
	Profit on slump sale	-	(69,896.74)
	Loss / (profit) on disposal of property, plant and equipment (net)	(718.17)	(434.63)
	Excess provision / unclaimed liabilities / unclaimed balances written back	(3,704.61)	(1,245.94)
	Bad debts, claims and advances written off	-	4,668.44
	Provision for doubtful debts, claims and advances	684.37	12,308.93
	Subsidy claims written off	188.48	156.59
	Incentive under packing scheme incentive	-	(17.05)
	Deferred Service Income	(30.34)	126.42
	Unrealized foreign exchange fluctuation loss	1,087.87	3,208.03
	Interest expense	30,928.39	39,865.90
	Interest income	(1,063.67)	(340.26)
	Dividend income	(323.74)	(2,890.15)
	Operating profit / (loss) before working capital adjustments	**7,618.98**	**(24,282.72)**
	Working capital adjustments :		
	(Decrease) / increase in provisions	(103.61)	196.22
	(Decrease) / increase in trade payables and other liabilities	(4,014.50)	(14,673.85)
	Decrease / (increase) in trade receivables	43,644.19	1,44,595.13
	Decrease / (increase) in inventories	2,691.09	93,122.00
	Decrease / (increase) in other assets and financial assets	(1,062.47)	7,740.00
	(Increase) / decrease in loans and advances	79.95	(757.00)
		48,853.63	**2,05,939.78**
	Less : Income tax paid (net of refunds)	3,622.85	558.87
	Net cash flow from operating activities (A)*	**52,476.48**	**2,06,498.65**
B	**Cash flow from investing activities:**		
	Purchase of property, plant and equipment, including intangible assets, capital work-in- progress and capital advances	(1,719.44)	(2,026.40)
	Proceeds from sale of property, plant and equipment	769.20	659.40
	Purchase of non-current investments	-	(1.00)
	Proceeds from sale of non-current investments	164.11	-
	Investment in bank deposits (having original maturity of more than 3 months)	(9,096.39)	(1,046.09)
	Interest received	1,232.17	5,140.42
	Dividend received	323.74	2,890.15
	Net cash flow from / (used in) investing activities (B)	**(8,326.61)**	**5,616.48**
C	**Cash flow from financing activities:**		
	Proceeds from long term borrowings	12,000.00	27,350.42
	(Repayment) of long term borrowings	(13,862.68)	(40,778.00)
	(Repayment) of lease liability	(210.50)	(1,225.00)
	Proceeds from short term borrowings	21,524.77	24,931.97
	(Repayment) of short term borrowings	(35,056.61)	(1,86,562.00)
	Interest paid	(28,111.02)	(31,350.00)
	Net cash flow (used in) financing activities (C)	**(43,716.06)**	**(2,07,632.61)**

Standalone Statement of Cash Flows for the year ended 31 March 2021

(Amount in INR lakhs, unless otherwise stated)

		For the year ended 31 March 2021	For the year ended 31 March 2020
D	**Net increase / (decrease) in cash and cash equivalents (A + B + C)**	**433.81**	**4,482.52**
	Cash and cash equivalents at the beginning of the year	5,191.97	709.45
	Cash and cash equivalents at the year end (Refer Note 10)	**5,625.78**	**5,191.97**
		As at 31 March 2021	**As at 31 March 2020**
	Balances with banks		
	- On current accounts	2,298.00	4,829.42
	- On cash credit accounts	3,327.24	360.14
	Cash on hand	0.54	2.41
	Cash and cash equivalents	**5,625.78**	**5,191.97**

Changes in liabilities arising from financing activities

	1 April 2020	Cash flows**	Discontinued operations (Refer Note 27)	Non-cash changes***	31 March 2021
Long term borrowings (Refer Note 12A & 14)	**73,278.02**	(1,862.68)	(76.33)	67.88	**71,406.89**
Short term borrowings (Refer Note 12B)	**1,05,626.82**	(13,531.85)	(72,608.40)	13.43	**19,500.00**
Lease liabilities (Refer Note 12A & 14)	**1,477.00**	(210.50)	(1,417.91)	151.41	-
Total liabilities from financing activities	**1,80,381.84**	**(15,605.03)**	**(74,102.65)**	**232.72**	**90,906.89**

	1 April 2019	Cash flows**	Discontinued operations (Refer Note 27)	Non-cash changes***	31 March 2020
Long term borrowings (Refer Note 12A & 14)	**84,867.71**	(13,427.58)	-	1,837.89	**73,278.02**
Short term borrowings (Refer Note 12B)	**2,67,256.85**	(1,61,630.03)	-	-	**1,05,626.82**
Lease liabilities (Refer Note 12A & 14)	**6,628.94**	(1,225.00)	(5,752.93)	1,825.99	**1,477.00**
Total liabilities from financing activities	**3,58,753.50**	**(1,76,282.61)**	**(5,752.93)**	**3,663.88**	**1,80,381.84**

* Cash Flow from operating activities for 31 March 2021 is after considering Corporate Social Responsibility Expenditure of INR 57.55 lakhs (31 March 2020: INR 38.31 lakhs).

**Includes repayments of principal and interest.

***includes exchange differences on borrowings, lease additions and interest accretion for lease liabilities.

Summary of significant accounting policies 2

The accompanying notes are an integral part of Standalone Financial Statements

As per our report of even date

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

per **Vishal Sharma**
Partner
Membership Number : 096766

Place of Signature: Faridabad
Date: 28 May 2021

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

Nitin M. Kantak
Executive Director
DIN: 08029847

N. Suresh Krishnan
Director
DIN: 00021965

Raj Kumar Gupta
Chief Financial Officer

Vijayamahantesh Khannur
Company Secretary
Membership Number : A19257

Date: 28 May 2021

Standalone Statement of Changes in Equity for the year ended 31 March 2021

(Amount in INR lakhs, unless otherwise stated)

(a) Equity share capital

Equity shares of INR 10 each issued, subscribed and fully paid	31 March 2021 No. of shares	31 March 2021 Amount	31 March 2020 No. of shares	31 March 2020 Amount
At 1 April	4,20,58,006	4,205.80	4,20,58,006	4,205.80
At 31 March	4,20,58,006	4,205.80	4,20,58,006	4,205.80

(b) Other Equity

For the year ended 31 March 2021:

	Reserves and Surplus (Refer Note 11A)			OCI	
	Business Restructuring Reserve	Surplus / (deficit) in the Statement of Profit and Loss	General Reserve	Equity instruments through Other Comprehensive Income	Total Other Equity
As at 1 April 2020	**65,404.84**	**(60,129.75)**	**6,150.00**	**(3,927.96)**	**7,497.13**
(Loss) for the year	-	(23,712.19)	-	-	**(23,712.19)**
Other comprehensive income (Refer Note 30)	-	53.08	-	1,093.29	**1,146.37**
Total comprehensive Income/(loss) for the year	**-**	**(23,659.11)**	**-**	**1,093.29**	**(22,565.82)**
As at 31 March 2021	**65,404.84**	**(83,788.86)**	**6,150.00**	**(2,834.67)**	**(15,068.69)**

For the year ended 31 March 2020:

	Reserves and Surplus (Refer Note 11A)			OCI	
	Business Restructuring Reserve	Surplus / (deficit) in the Statement of Profit and Loss	General Reserve	Equity instruments through Other Comprehensive Income	Total Other Equity
As at 1 April 2019	**65,404.84**	**(41,215.53)**	6,150.00	**(2,958.81)**	**27,380.50**
(Loss) for the year	-	(18,926.83)	-	-	**(18,926.83)**
Other comprehensive income/(loss) (Refer Note 30)	-	12.61	-	(969.15)	**(956.54)**
Total comprehensive (loss) for the year	**-**	**(18,914.22)**	**-**	**(969.15)**	**(19,883.37)**
As at 31 March 2020	**65,404.84**	**(60,129.75)**	**6,150.00**	**(3,927.96)**	**7,497.13**

Summary of significant accounting policies 2

The accompanying notes are an integral part of Standalone Financial Statements

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

per **Vishal Sharma**
Partner
Membership Number : 096766

Place of Signature: Faridabad
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Chief Financial Officer

Vijayamahantesh Khannur
Company Secretary
Membership Number : A19257

Date: 28 May 2021

Notes to the Standalone Financial Statements for the year ended 31 March 2021

1. Corporate Information

The Company is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. Its shares are listed on two recognized stock exchanges in India. The registered office of the Company is located at Jai Kisaan Bhawan, Zuarinagar, Goa – 403 726. The Company is in the business of manufacturing, trading and marketing of chemical fertilizers and fertilizer products. The Company caters to the demand of the farmers across the country, through its "Jai Kisaan" brand of Fertilizers. Please refer Note 27 for "Discontinued Operations".

These standalone financial statements were approved for issue in accordance with a resolution of the Board of Directors of the Company in their meeting held on 28 May 2021.

2.A. Summary of Significant Accounting Policies

i) Basis of Preparation

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

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

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

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

ii) Basis of classification of Current and Non-Current

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

An asset has been classified as current if

a) it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle; or

b) it is held primarily for the purpose of being traded; or

c) it is expected to be realized within twelve months after the reporting date; or

d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

All other assets have been classified as non-current.

A liability has been classified as current when

a) it is expected to be settled in the Company's normal operating cycle; or

b) it is held primarily for the purpose of being traded; or

c) it is due to be settled within twelve months after the reporting date ; or

d) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities have been classified as non-current.

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

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

iii) Foreign Currency Translation

a) Functional and presentation currency

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

b) Initial recognition

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

c) Conversion

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

d) Exchange differences

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

Notes to the Standalone Financial Statements for the year ended 31 March 2021

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

iv) Derivative financial instruments

Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to statement of profit and loss.

v) Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the standalone financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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

External valuers are involved for valuation of significant assets, and significant liabilities, if any.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be remeasured or reassessed as per the Company's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the 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

On transition to Ind AS i.e. 1 April 2015, the Company has elected to continue with the carrying value of all of its property, plant and equipment (PPE) recognised as at 1 April 2015 measured as per the Indian GAAP and use that carrying value as the deemed cost of the PPE.

PPE are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, including import duties and non-refundable purchase taxes, borrowing costs if recognition criteria are met and any directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of PPE is added to its book value only if it increases the future benefits from the existing PPE beyond its previously assessed standard of performance. Such cost includes the cost of replacing part of the plant and equipment. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Items of stores and spares that meet the definition of PPE are capitalized at cost. Otherwise, such items are classified as inventories.

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

viii) Depreciation on property, plant and equipment

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

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

The management has estimated, supported by independent assessment by professionals, the useful lives of the following classes of assets:

(a) The useful lives of components of certain plant and equipment are estimated as 5 to 20 years. These lives are lower than those indicated in Schedule II.

Notes to the Standalone Financial Statements for the year ended 31 March 2021

(b) The useful lives of certain plant and equipment having net block of INR 188.05 lakhs are estimated as 30 to 40 years. These lives are higher than those indicated in schedule II.

(c) The useful lives of certain buildings having net block of INR 684.73 lakhs are estimated as 3 to 15 years. These lives are lower than those indicated in schedule II.

(d) Insurance/capital/critical stores and spares are depreciated over the remaining useful life of related plant and equipment or useful life of insurance/capital/critical spares, whichever is lower.

(e) Property, plant and equipment whose value is less than INR 5,000/- are depreciated fully in the year of purchase.

The residual values, useful lives and method of depreciation of property, plant and equipment are reviewed at each financial year and adjusted prospectively, if any.

ix) Intangible Assets

On transition to Ind AS, the Company has elected to continue with the carrying value of all of intangible assets recognised as at 1 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets with finite lives are amortised on a straight-line basis over the estimated useful economic life.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

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

The following are the acquired intangible assets:

Software

Management of the Company assessed the useful life of software as finite and cost of software is amortized over their estimated useful life of three years on straight-line basis.

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised 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.

x) Investment Property

The Company has elected to continue with the carrying value for all of its investment property as recognized in its previous GAAP standalone financial statements as deemed cost at the transition date, viz., 1 April 2015.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The cost includes the cost of replacing parts and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognized in profit or loss as incurred.

Investment properties are derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

xi) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available, and if no such transactions can be identified an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's CGU's to which the individual assets are allocated. These budgets and forecast calculations 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.

xii) Leases

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

Company as a lessee

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

a) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

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

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

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

b) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at

Notes to the Standalone Financial Statements for the year ended 31 March 2021

the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

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

c) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of 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.

During the year ended 31 March 2020, the Company applied, for the first time, Ind AS 116 Leases retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the date of initial application.

Ind AS 116:

Ind AS 116 Leases was notified by MCA on 30 March 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under Ind AS 116 is substantially unchanged from accounting under Ind AS 17. Lessors will continue to classify all leases using the same classification principle as in Ind AS 17 and distinguish between two types of leases: operating and finance leases.

The Company adopted Ind AS 116 using the modified retrospective method of adoption with the date of initial application of 1 April 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. Accordingly, comparatives for the period ended 31 March 2019 have not be retrospectively adjusted. The Company elected to apply the standard to contracts that were previously identified as leases applying Ind AS 17. The Company also elected to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value.

a. Nature of the effect of adoption of Ind AS 116

The Company has lease contracts for various guest house, retail outlets and land. Before the adoption of Ind AS 116, the Company classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Company; otherwise it was classified as an operating lease. Finance leases were capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognised as finance costs) and reduction of the lease liability. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in the statement of profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under Prepayments and Trade and other payables, respectively.

Upon adoption of Ind AS 116, the Company applied a single recognition and measurement approach for all leases that it is the lessee, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Company.

Leases previously classified as finance leases

The Company did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under Ind AS 17). The requirements of Ind AS 116 was applied to these leases from 1 April 2019.

Leases previously accounted for as operating leases

The Company recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Company also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease

b. Amounts recognised in the statement of financial position and profit or loss

Set out below, are the carrying amounts of the Company's right-of-use assets and lease liabilities and the movements during the period:

(INR in lakhs)

	Right-of-use assets				
	Land	**Building**	**Total**	**Lease Liabilities**	**Retained earnings**
As at 1 April 2019	**-**	**-**	**-**	**-**	**-**
Transition impact on account of adoption of Ind AS 116 "Leases" (Refer Note 3)	1,178.77	5,450.17	6,628.94	6,628.94*	-
Reclassified on account of adoption of Ind AS 116 "Leases" (Refer Note 3)	857.34	-	857.34	-	-
Additions	-	1,565.90	1,565.90	1,597.86	-
Disposal	(46.21)	(437.82)	(484.03)	(498.51)	-
Depreciation expense**	(100.37)	(847.51)	(947.88)	-	(947.88)
Interest expense	-	-	-	726.64	(726.64)
Payments	-	-	-	(1,225.00)	1,225.00
Discontinued operations (Refer Note 27)	(63.21)	(5,380.26)	(5,443.47)	(5,752.93)	-
As at 31 March 2020	**1,826.32**	**350.48**	**2,176.80**	**(1,477.00)**	**(449.52)**

**Depreciation for the year includes depreciation of INR 752.11 lakhs related to discontinued operations (refer Note 27).

*discounted operating lease commitment based on weighted average incremental borrowing rate of 10.70% excluding the commitments relating to short-term leases of INR 7.74 lakhs.

Notes to the Standalone Financial Statements for the year ended 31 March 2021

The Company recognised rent expense from short-term leases of INR 7.74 lakhs for the twelve months ended 31 March 2020.

Cash flow from operating activities increased by INR 1,225.00 lakhs with corresponding decrease in cash flow from financing activities.

xiii) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a) Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

Debt Instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. For the purposes of subsequent measurement, debt instruments are classified in three categories:

- Debt instruments at amortised cost;
- Debt instruments at fair value through other comprehensive income (FVTOCI);
- Debt instruments at fair value through profit or loss (FVTPL).

Debt instruments at amortised cost

A debt instrument is measured at the amortised cost if both the following conditions are met:

(a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

(b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

(a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

(b) The asset's contractual cash flows represent sole payments of principal and interest (SPPI).

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to the statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortised cost or as FVTOCI, is classified as at FVTPL. In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

Equity Instruments

Investments in subsidiaries are subsequently measured at cost.

For the purposes of subsequent measurement of other equity instruments classification is made into below two categories:

- Equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Equity investments other than investments in subsidiaries are measured at fair value. The Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable. Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to statement of profit and loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses (ECL) associated with its assets carried at amortised cost and FVTOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk since initial recognition.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 'Financial Instruments', which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company categorizes them into Stage 1, Stage 2 and Stage 3, as described below:

Stage 1: When financial assets are first recognized, the Company recognizes an allowance based on 12 months ECLs. Stage 1 financial assets also include facilities where the credit risk has improved and the financial assets has been reclassified from Stage 2.

Stage 2: When a financial asset has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the financial assets 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

Notes to the Standalone Financial Statements for the year ended 31 March 2021

statement of profit or loss.

Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with Ind AS 109 Financial instruments and the amount initially recognised less cumulative amortisation, where appropriate. The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

xiv) Cash and Cash equivalents

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

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

xv) Dividend to equity holders of the Company

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

xvi) Inventories

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

The Cost is determined as follows:

a) Raw materials and Store and Spares: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on Moving weighted average method.

b) Finished goods and work-in-progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on Moving weighted average method.

c) Traded goods: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on Moving weighted average method.

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

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

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

xvii) Borrowing Costs

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

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

xviii) Revenue from contract with customer

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

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

Sale of goods

Revenue from sale of product is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the product. The normal credit term is 15 to 120 days upon delivery.

Revenue from sale of goods, including concession in respect of Urea, DAP, MOP and Complex Fertilizers receivable from the Government of India under the New Pricing Scheme/ Concession Scheme, is recognized when the significant risk and rewards of ownership of the goods have passed to the customers, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

Concessions in respect of Urea as notified under the New Pricing Scheme is recognized with adjustments for escalation/de-escalation in the prices of inputs and other adjustments as estimated by the management in accordance with the known policy parameters in this regard.

Subsidy for Phosphatic and Potassic (P&K) fertilisers are recognized as per rates notified by the Government of India in accordance with Nutrient Based Subsidy Policy from time to time.

Uniform freight subsidy on Urea, Complex fertilisers, Imported DAP and MOP has been accounted for in accordance with the parameters and notified rates.

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

i) Variable consideration

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of goods provide customers with a right of return and volume rebates. The rights of return and volume rebates give rise to variable consideration.

(a) Rights of return

Certain contracts provide a customer with a right to return the goods within a specified period. The Company uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Company will be entitled. The requirements in Ind AS 115 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Company recognises a refund liability. A right of return asset (and corresponding adjustment to change in inventory is also recognised for the right to recover products from a customer.

(b) Volume rebates

The Company provides volume rebates to certain customers once the quantity of goods purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the Company applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The Company then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates.

ii) Significant financing component

Occasionally, the Company receives short-term advances from its customers. Using the practical expedient in Ind AS 115, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be

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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 xiii) Financial instruments – initial recognition and subsequent measurement.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract

Assets and liabilities arising from rights of return

Right of return assets

Right of return asset represents the Company's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Company updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

Refund liabilities

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

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

Insurance claims

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

Interest income

For all debt instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

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

Dividend

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

xix) Retirement and other employee benefits

i) Provident Fund

Retirement benefits in the form of Provident Fund, in case of fertilizer unit in Goa, is defined benefit obligation and is provided on the basis of actuarial valuation of projected unit credit method made at the end of each financial year. The difference between the actuarial valuation of the provident fund of employees at the year end and the balance of own managed fund is provided for as liability in the books in terms of the provisions under Employee Provident Fund and Miscellaneous Provisions Act, 1952. Any excess of plan assets over projected benefit obligation is ignored as such surplus is distributed to the beneficiaries of the trust.

Retirement benefits in the form of Provident Fund, in case of other units, is a defined contribution scheme. The Company recognizes contribution payable to the fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

ii) Superannuation and Contributory Pension Fund

Retirement benefit in the form of Superannuation Fund and Contributory Pension Fund are defined contribution scheme. The Company has no obligation, other than the contribution payable to the Superannuation Fund and Contributory Pension Fund to Life Insurance Corporation of India (LIC) against the insurance policy taken with them. The Company recognizes contribution payable to the Superannuation Fund and Contributory Pension Fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

iii) Gratuity

Retirement benefit in the form of gratuity is defined benefit obligation and is provided on the basis of an 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.

Re-measurement 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. Re-measurement, comprising of actuarial gains and losses, are recognised in the period in which they occur, directly in statement of profit & loss.

v) Leave Encashment

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. 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

Notes to the Standalone Financial Statements for the year ended 31 March 2021

approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefits expense in the statement of profit and loss.

vii) Voluntary Retirement Scheme

Compensation to employees under the voluntary retirement scheme of the Company is computed on the basis of number of employees exercising the retirement option under the scheme.

viii) Short term employee benefits

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

xx) Taxes

Current Income Tax and Deferred Tax

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

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

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

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

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

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

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

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

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

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

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

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

When GST amount incurred on purchase of assets or services is not recoverable from the taxation authority, the GST paid is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

Otherwise, expenses and assets are recognized net of the amount of GST paid. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

xxi) Earnings per share

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

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

xxii) Government grants and subsidies

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

When the grant or subsidy relates to an expenses item, it is recognized as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate.

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

xxiii) Provisions

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

In case of seeds division, the Company makes an estimation of probable sales return out of the sales booked during the financial year, considering the terms and condition of the sale and past tendency of such sales return. A provision is made for loss on account of such estimated sales return which is approximate to the amount of profit originally booked on such sale.

xxiv) Segment Reporting Policies

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. Chief Operating Decision Maker review the performance of the Company according to the nature of products manufactured, traded and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the locations of customers.

Segment accounting policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting standalone financial statements of the Company as a whole.

2.B. Significant accounting judgements, estimates and assumptions

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

a) 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

Notes to the Standalone Financial Statements for the year ended 31 March 2021

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

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

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases are based on the expected future inflation rates. Further details about the defined benefit obligations are given in Note 32.

c) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets wherever possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer Note 38 for further disclosures.

d) Provision for expected credit losses of trade receivables

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and coverage by deposits or others instruments).

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's trade receivables is disclosed in Note 38.

e) Useful life of Property, plant and equipment

The management estimates the useful life and residual value of property, plant and equipment based on technical evaluation. These assumptions are reviewed at each reporting date.

f) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow (DCF) model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill recognised by the Company.

g) Revenue from contracts with customers

The Company applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

Determining method to estimate variable consideration and assessing the constraint

Certain contracts for the sale of goods include a right of return and volume rebates that give rise to variable consideration. In estimating the variable consideration, the Company is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

The Company determined that the expected value method is the appropriate method to use in estimating the variable consideration for the sale of goods with rights of return, given the large number of customer contracts that have similar characteristics. In estimating the variable consideration for the sale of goods with volume rebates, the Company determined that using a combination of the most likely amount method and expected value method is appropriate. The selected method that better predicts the amount of variable consideration was primarily driven by the number of volume thresholds contained in the contract. The most likely amount method is used for those contracts with a single volume threshold, while the expected value method is used for contracts with more than one volume threshold.

Before including any amount of variable consideration in the transaction price, the Company considers whether the amount of variable consideration is constrained. The Company determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

Estimating variable consideration for returns and volume rebates

The Company estimates variable considerations to be included in the transaction price for the sale of goods with rights of return and volume rebates.

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

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

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

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

h) Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

i) Leases - Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

2.C. Changes in accounting policies and disclosures

New and amended standards

Amendments to Ind AS 116: Covid-19-Related Rent Concessions.

The amendments provide relief to lessees from applying Ind AS 116 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under Ind AS 116, if the change were not a lease modification.

Notes to the Standalone Financial Statements for the year ended 31 March 2021

The amendments are applicable for annual reporting periods beginning on or after the 1 April 2020. In case, a lessee has not yet approved the financial statements for issue before the issuance of this amendment, then the same may be applied for annual reporting periods beginning on or after the 1 April 2019. This amendment had no impact on the standalone financial statements of the Company.

Amendments to Ind AS 1 and Ind AS 8: Definition of Material

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the standalone financial statements of, nor is there expected to be any future impact to the Company.

These amendments are applicable prospectively for annual periods beginning on or after the 1 April 2020. The amendments to the definition of material are not expected to have a significant impact on the Company's standalone financial statements.

Amendments to Ind AS 109: Interest Rate Benchmark Reform

The amendments to Ind AS 109 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the standalone financial statements of the Company as it does not have any interest rate hedge relationships.

2.D. Standards issued but not yet effective

There are no standards or amendments issued on or before 31 March 2021 but not yet effective, which may have any material impact on the standalone financial statements of the Company.

3. Property, plant and equipment

(INR in lakhs)

	Freehold land (Refer Note 47)	Leasehold land (Refer Note i)	Buildings	Railway siding	Plant and equipment	Furniture and fixtures	Office equipment	Vehicles	Right to use building	Right to use Land (Refer Note i)	Total	Capital work-at-in progress
Cost												
As at 1 April 2019	**78.12**	**882.78**	**8,365.24**	**542.54**	**54,393.14**	**990.05**	**1,220.22**	**867.97**	**-**	**-**	**67,340.06**	**12,305.24**
Transition impact on account of adoption of Ind AS 116 "Leases" (Refer Note 2.A.xii)	-	-	-	-	-	-	-	-	5,450.17	1,178.77	**6,628.94**	-
Additions	17.70	-	119.49	-	1,490.79	115.32	355.86	65.47	1,565.90	-	**3,730.53**	2,168.96
Borrowing costs	-	-	-	-	-	-	-	-	-	-	**-**	109.85
Assets classified as held for sale (Refer Note 8A)	5.18	-	-	-	-	-	-	-	-	-	**5.18**	-
Reclassified on account of adoption of Ind AS 116 "Leases" {Refer Note 2.A.xii and Note viii below}	-	(882.78)	-	-	-	-	-	-	-	882.78	**-**	-
Disposals	0.04	-	0.17	-	393.87	7.85	4.17	79.08	469.15	75.62	**1,029.95**	2,097.63
Discontinued operations (Refer Note 27)	17.70	-	948.11	-	848.34	807.35	362.05	5.53	6,131.61	65.52	**9,186.21**	-
As at 31 March 2020	**72.90**	**-**	**7,536.45**	**542.54**	**54,641.72**	**290.17**	**1,209.86**	**848.83**	**415.31**	**1,920.41**	**67,478.20**	**12,486.42**
Additions	-	-	101.42	-	543.04	2.98	12.75	-	-	-	**660.19**	730.10
Assets classified as held for sale (Refer Note 8A)	0.15	-	-	-	-	-	-	-	-	-	**0.15**	-
Disposals	-	-	1.24	-	63.09	9.71	58.56	114.10	-	-	**246.70**	325.38
Discontinued operations (Refer Note 27)	30.96	-	2,633.17	542.54	51,529.84	252.45	1,061.03	472.19	-	1,103.15	**57,625.33**	12,891.14
As at 31 March 2021	**41.79**	**-**	**5,003.46**	**-**	**3,591.83**	**30.99**	**103.02**	**262.54**	**415.31**	**817.26**	**10,266.21**	**-**
Depreciation and impairment												
As at 1 April 2019	**-**	**25.44**	**1,014.90**	**158.52**	**12,722.46**	**331.01**	**706.43**	**353.89**	**-**	**-**	**15,312.65**	**367.17**
Charge for the year*	-	-	275.49	33.14	4,047.54	114.78	193.91	121.10	847.51	100.37	**5,733.84**	-
Reclassified on account of adoption of Ind AS 116 "Leases" {Refer Note 2.A.xii and Note viii below}	-	(25.44)	-	-	-	-	-	-	-	25.44	**-**	-
Disposals	-	-	0.17	-	223.56	7.73	3.87	41.75	31.33	29.41	**337.82**	-
Discontinued operations (Refer Note 27)	-	-	262.18	-	493.97	260.30	217.95	5.25	751.35	2.31	**1,993.31**	-
As at 31 March 2020	**-**	**-**	**1,028.04**	**191.66**	**16,052.47**	**177.76**	**678.52**	**427.99**	**64.83**	**94.09**	**18,715.36**	**367.17**
Charge for the year*	-	-	214.12	25.58	3,576.78	21.98	126.22	89.05	75.06	66.11	**4,194.90**	-
Disposals	-	-	1.24	-	34.54	9.22	59.55	95.21	-	-	**199.76**	-
Discontinued operations (Refer Note 27)	-	-	236.06	217.24	18,461.47	170.65	657.04	220.10	-	128.15	**20,090.71**	367.17
As at 31 March 2021	**-**	**-**	**1,004.86**	**-**	**1,133.24**	**19.87**	**88.15**	**201.73**	**139.89**	**32.05**	**2,619.79**	**-**
Net book value												
As at 31 March 2021	**41.79**	**-**	**3,998.60**	**-**	**2,458.59**	**11.12**	**14.87**	**60.81**	**275.42**	**785.21**	**7,646.42**	**-**
As at 31 March 2020	**72.90**	**-**	**6,508.41**	**350.88**	**38,589.25**	**112.41**	**531.34**	**420.84**	**350.48**	**1,826.32**	**48,762.83**	**12,119.25**
As at 1 April 2019	**78.12**	**857.34**	**7,350.34**	**384.02**	**41,670.68**	**659.04**	**513.79**	**514.08**	**-**	**-**	**52,027.41**	**11,938.07**

*includes INR 3,827.73 lakhs (31 March 2020: INR 5,352.46 lakhs) related to discontinued operations (Refer Note 27).

For Property, plant and equipment existing as on 1 April 2015, i.e., its date of transition to Ind AS, the Company has used Indian GAAP carrying value of the assets as deemed costs.

i. This includes land of INR 396.00 lakhs (31 March 2020: INR 396.00 lakhs) wherein lease cum sale agreement is for a period of 10 years. Lesser shall sell the property at the end of the lease period or extended period, if any.

Notes to the Standalone Financial Statements for the year ended 31 March 2021

ii. Assets pledged as security for borrowings: Refer Note 12 for information on property, plant and equipment pledged as security against borrowings.

iii. Building includes self constructed building with net book value of INR 3,437.25 lakhs (31 March 2020: INR 3,556.71 lakhs) on leasehold land.

iv. Contractual obligations: Refer to Note 33 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

v. Capitalised Expenditure

Borrowing cost:

Plant and equipment include INR Nil (31 March 2020: INR Nil) towards borrowing costs capitalised during the year. The rate used to determine the amount of borrowing costs eligible for capitalisation by the Fertilizer Division was Nil (31 March 2020: 10.64% p.a.), which is the effective interest rate of the specific borrowing.

(INR in lakhs)

	31 March 2021	31 March 2020
Balance brought down	1,675.15	1,565.30
Interest expenses	-	109.85
Sub-Total	**1,675.15**	**1,675.15**
Less: Allocated to Property, plant and equipment	-	-
Less : Transferred to discontinued operation (Refer Note 27)	1,675.15	-
Balance carried over (included in Capital work-in-progress)	**-**	**1,675.15**

vi. Capital work-in-progress

Capital work-in-progress comprises of expenditure for revamping of ammonia urea plant and other plant and machinery in the course of construction, which has been transferred to discontinue operations (Refer Note 27).

vii. Impairment of CWIP

During the year ended on 31 March 2019, the impairment loss of INR 367.17 lakhs represented the write-down value of Capital work-in-progress related to Jetty project due to non-viability of the project in foreseeable future as internally assessed by the management and the same has been charged off to statement of profit and loss.

viii. During the year ended March 2020, the net block of Leasehold Land of INR 857.34 lakhs (Gross block - INR 882.78 lakhs and accumulated depreciation - INR 25.44 lakhs) has been reclassified to "Right-of-Use" asset on account of adoption of Ind AS 116 "Leases".

4. Intangible assets

(INR in lakhs)

	Software	Goodwill (Pursuant to the scheme of amalgamation)**	BT Cotton (Internally generated)	Bajra (Externally generated)	Goodwill (Pursuant to the scheme of amalgamation)***	Total	Intangible assets under development
Cost							
As at 1 April 2019	**604.48**	**403.60**	**15.32**	**8.27**	**1,533.53**	**2,565.20**	**-**
Additions	113.53	-	-	-	-	113.53	-
Disposals	2.17	-	15.32	8.27	-	25.76	-
Discontinued operations (Refer Note 27)	97.40	-	-	-	1,533.53	1,630.93	-
As at 31 March 2020	**618.44**	**403.60**	**-**	**-**	**-**	**1,022.04**	**-**
Additions	48.83	-	-	-	**-**	48.83	36.60
Disposals	189.53	-	-	-	**-**	189.53	33.06
Discontinued operations (Refer Note 27)	477.74	-	-	-	**-**	477.74	3.54
As at 31 March 2021	**-**	**403.60**	**-**	**-**	**-**	**403.60**	**-**
Amortisation							
As at 1 April 2019	**450.26**	**28.83**	**15.32**	**8.27**	**-**	**502.68**	**-**
Charge for the year*	94.23	374.77	-	-	-	469.00	-
Disposals	2.17	-	15.32	8.27	-	25.76	-
Discontinued operations (Refer Note 27)	95.94	-	-	-	-	95.94	-
As at 31 March 2020	**446.38**	**403.60**	**-**	**-**	**-**	**849.98**	**-**
Charge for the year*	87.69	-	-	-	-	87.69	-
Disposals	189.53	-	-	-	-	189.53	-
Discontinued operations (Refer Note 27)	344.54	-	-	-	-	344.54	-

(INR in lakhs)

	Software	Goodwill (Pursuant to the scheme of amalgamation)**	BT Cotton (Internally generated)	Bajra (Externally generated)	Goodwill (Pursuant to the scheme of amalgamation)***	Total	Intangible assets under development
As at 31 March 2021	-	403.60	-	-	-	403.60	-
Net book value							
As at 31 March 2021	-	-	-	-	-	-	-
As at 31 March 2020	172.06	-	-	-	-	172.06	-
As at 1 April 2019	154.22	374.77	-	-	1,533.53	2,062.52	-

*includes INR 87.69 lakhs (31 March 2020: INR 94.23 lakhs) related to discontinued operations (refer Note 27).

For Intangible assets existing as on 1 April 2015, i.e., its date of transition to Ind AS, the Company has used Indian GAAP carrying value of the assets as deemed costs.

**Pertains to goodwill acquired through amalgamation of Greentech Seeds International Private Limited with the erstwhile subsidiary company (i.e. Zuari Agri Sciences Limited), which got merged with the Company, pursuant to the scheme of amalgamation approved by the High Court of Bombay at Panaji (Goa) in an earlier year. As per the order of the High Court of Bombay at Panaji (Goa), Goodwill needs to be amortized over a period of twenty years, without having regard to the Accounting Standard, subject to available surplus for the year before amortization of goodwill. The Company had amortized the said goodwill on account of sale of seeds licenses during the year ended 31 March 2020.

***Goodwill, which arose pursuant to the scheme of amalgamation of Zuari Speciality Fertilisers Limited (ZSFL) with the Company. Pursuant to business transfer agreement (BTA) executed on 31 March 2020 between the Company and Zuari Farmhub Limited (ZFL), said goodwill has been transferred to ZFL in previous year (Refer Note 27).

Software and intangible asset under development consists of cost of ERP licenses and development cost.

5. Investment property

(INR in lakhs)

Opening balance at 1 April 2019	**362.29**
Additions (subsequent expenditure)	-
Closing balance at 31 March 2020	**362.29**
Additions (subsequent expenditure)	-
Closing balance at 31 March 2021	**362.29**
Depreciation	
Opening balance at 1 April 2019	-
Depreciation for the period	-
Closing balance at 31 March 2020	-
Depreciation for the period	-
Closing balance at 31 March 2021	-
Net book value	
As at 1 April 2019	**362.29**
As at 31 March 2020	**362.29**
As at 31 March 2021	**362.29**

For investment property existing as on 1 April 2015, i.e., its date of transition to Ind AS, the Company has used Indian GAAP carrying value of the assets as deemed costs.

Information regarding income and expenditure of Investment property	31 March 2021	31 March 2020
Rental income derived from investment properties	Nil	Nil
Direct operating expenses (including repairs and maintenance) arising from investment property that generating rental income	Nil	Nil
Direct operating expenses (including repairs and maintenance) arising from investment property that did not generate rental income	Nil	Nil
Profit arising from investment properties before depreciation and indirect expenses	Nil	Nil
Less – Depreciation	Nil	Nil
Profit arising from investment properties before indirect expenses	Nil	Nil

Investment property consist of freehold lands owned by the Company.

The Company obtains independent valuations for its investment properties at least annually. The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available, the Company considers information from a variety of sources including :-

Notes to the Standalone Financial Statements for the year ended 31 March 2021

1. Current prices in an active market of properties of different nature or recent prices of similar properties in less active market adjusted to reflect those differences.
2. Discounted cash flow projections based on reliable estimates of future cash flows.
3. Capitalised income projections based upon a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

As at 31 March 2021 and 31 March 2020, the fair values of the investment properties are INR 521.00 lakhs and INR 409.00 lakhs respectively. These valuations are based on valuations performed by an accredited independent valuer, who is specialist in valuing these types of investment properties. A valuation model in accordance with that recommended by the International Valuation Standards Committee has been applied. The valuation is done based on current prices in active market of properties of different nature.

Details of key inputs used in the valuation of investment properties are as below :

Property description : Land situated in the Pannagudi & Karaikal Village, Tamil Nadu

Significant unobservable Inputs	Inputs	
	31 March 2021	31 March 2020
Land area	24.8 acre	24.8 acre
Prevailing market rate (per acre)	INR 18 lakhs/acre	INR 18 lakhs/acre
Guidelines rates obtained from register office	INR 2.68 lakhs/acre	INR 2.68 lakhs/acre
Assessed / adopted rate for valuation	INR 21.00 lakhs/acre	INR 16.50 lakhs/acre

Reconciliation of fair value: (INR in lakhs)

Opening balance as at 1 April 2019	**409.00**
Fair value difference	-
Purchases	-
Closing balance as at 31 March 2020	**409.00**
Fair value difference	112.00
Purchases	-
Closing balance as at 31 March 2021	**521.00**

The Company has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

6. Financial assets

6A. Investments

(INR in lakhs)

	Non-Current	
	31 March 2021	31 March 2020
Investments in unquoted equity instruments carried at cost		
Investment in joint ventures		
17,98,16,228 (31 March 2020: 17,98,16,228) Equity shares of INR 10/- each fully paid-up of Zuari Maroc Phosphates Private Limited	17,981.62	17,981.62
Nil (31 March 2020: 2,16,90,000) Equity shares of USD 1.00/- each fully paid-up of MCA Phosphate Pte Limited (Refer Note 54)	-	164.11
Investment in subsidiary		
50 (31 March 2020: 50) Equity shares of AED 1,000/- each fully paid-up of Adventz Trading DMCC	8.72	8.72
10,000 (31 March 2020: 10,000) Equity shares of INR 10/-each fully paid-up of Zuari Farmhub Limited (Refer Note 27)	1.00	1.00
Investment in quoted equity instruments carried at cost		
Investment in subsidiary		
6,40,28,362 (31 March 2020: 6,40,28,362) Equity shares of INR 10/- each fully paid-up of Mangalore Chemicals and Fertilisers Limited (refer note (a), (b) and (c) below)	54,112.37	54,112.37
Investments in equity instruments carried at fair value through other comprehensive income (FVTOCI)		
Quoted equity instruments		
3,22,67,741 (31 March 2020: 3,22,67,741) Equity shares of INR 1/- each fully paid-up of Nagarjuna Fertilisers and Chemicals Limited	2,029.64	968.03
Unquoted equity instruments		
1,44,000 (31 March 2020: 1,44,000) Equity shares of INR 10/- each fully paid-up of Indian Potash Limited (refer note (d) below)	692.64	660.96

	Non-Current	
	31 March 2021	31 March 2020
Investments in unquoted debt instruments carried at cost		
Investment in subsidiary		
4,35,560 (31 March 2020: 4,35,560) compulsory convertible debentures of INR 10,000/- each fully paid-up of Zuari Farmhub Limited (Refer Note (c) below and Note 27)	43,556.00	43,556.00
Total	**1,18,381.99**	**1,17,452.81**
Aggregate value of quoted investments	56,142.01	55,080.40
Aggregate value of unquoted investments	62,239.98	62,372.41
Total	**1,18,381.99**	**1,17,452.81**
Market value of quoted investments	47,713.88	16,526.92

(a) During the year ended 31 March 2020, the Company was allotted 11,85,151 shares of Mangalore Chemicals and Fertilisers Limited on the basis of settlement agreement dated 17 June 2019 between the Company, Mc Dowell Holding Ltd. and Mangalore Chemicals and Fertilisers Limited (Refer Note 6B (i)).

(b) 5,68,46,382 (31 March 2020: 6,40,28,362) number of shares of Mangalore Chemicals and Fertilisers Limited are pledged as security for long term loan taken from bank (Refer Note 12).

(c) Following the impairment testing principles of Ind AS 36 "Impairment of Assets", the Company has assessed the recoverable amount of the investment in the subsidiaries i.e. Mangalore Chemicals and Fertiliser Limited and Zuari Farmhub Limited. The recoverable amount is higher of fair value less cost to sale and value in use. The investment made by the Company in the subsidiaries are strategic investments and the Company has control over the subsidiary companies. Basis independent valuation done by external valuer considering the present value of projected future cash flow from business of the subsidiary companies and considering value of surplus assets, the management is confident that the diminution in the value of investments is temporary in nature and thereby no impact for the reduction in the value needs to be considered in the financial statements.

The following assumptions has been considered by the independent valuer, in relation to Mangalore Chemicals and Fertilisers Limited, in the valuation done for the year ending :

Valuation methodology	**DCF analysis**	**DCF analysis**
Valuation Date	31 March 2021	31 March 2020
Going concern	The business of the Subsidiary will continue to operate as going concern which will enable the achievement of financial forecast	The business of the Subsidiary will continue to operate as going concern which will enable the achievement of financial forecast
Equity holding	54.03%	54.03%
Pre tax discount rate	16.76%	16.06%
Terminal growth rate	4.00%	4.00%
Market risk premium	6.85%	7.08%
Debt : Equity	50 : 50	70 : 30
Weighted average cost of capital-(WACC)	11.81%	10.87%
Enterprise value	INR 2,39,828 lakhs	INR 2,71,695 lakhs
Equity-100%	INR 1,46,928 lakhs	INR 1,39,633 lakhs
Company's stake value	INR 79,380 lakhs	INR 75,437 lakhs

The following assumptions has been considered by the independent valuer, in relation to compulsory convertible debentures of INR 43,556.00 lakhs (Refer Note 6A) and other receivable of INR 35,000 lakhs (Refer Note 6C) of Zuari Farmhub Limited, in the valuation done for the year ending:

Valuation methodology	**DCF Analysis**			
Valuation Date	March 31, 2021			
Going concern	The business of the Subsidiary will continue to operate as going concern which will enable the achievement of financial forecast			
Equity Holding	100%			
Business Segment	**Retail Business**	**Hub Business**	**SPN and Allied Business**	**Total**
Cost of Capital	16.50%	13.10%	13.40%	
Terminal growth rate	5.00%	3.50%	3.00%	
Market risk premium	5.00%	2.00%	2.00%	
Debt : Equity	0 : 100	50 : 50	50 : 50	
Weighted average cost of capital (WACC)	16.50%	13.10%	13.40%	
Equity	INR 24,057 lakhs	INR 18,835 lakhs	INR 47,681 lakhs	INR 90,573 lakhs

Notes to the Standalone Financial Statements for the year ended 31 March 2021

(d) The management has assessed fair value of the investment in unquoted share of Indian Potash Limited based on valuation report of an independent valuer. For details of method and assumptions used for the valuation refer Note 36.

(e) Investments at fair value through OCI (fully paid) reflect investment in quoted and unquoted equity securities. These equity shares are designated as fair value through other comprehensive income (FVTOCI) as they are not held for trading purpose. Thus, disclosing their fair value fluctuation in profit and loss will not reflect the purpose of holding. The Company has not transferred any gain or loss within equity in the current or previous period. Refer Note 36 for determination of their fair values.

6B. Loans

(INR in lakhs)

	Non-Current		Current	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Security deposits				
Unsecured, considered good				
with related parties (Refer Note 34)	-	29.33	-	-
with others	68.67	285.83	-	38.87
Loans and advances to related parties (Refer Note 34)				
Unsecured, considered good				
Loans and advances	192.08	-	-	198.79
Interest accrued on loans, advances and deposits	-	-	87.12	61.28
Other loans and advances				
Secured, considered good				
Loans to employees	-	17.27	-	3.08
Interest accrued on loans to employees	-	2.76	-	-
Unsecured, considered good				
Loans to employees	-	13.98	-	5.23
Interest accrued on loans to employees	-	14.53	-	1.08
Interest accrued on loans, advances and deposits	-	-	-	-
Credit impaired				
Inter corporate deposits (Refer Note i below)	-	-	568.13	568.13
Interest accrued on inter corporate deposits (Refer Note i below)	-	-	233.49	234.49
Less: Inter corporate deposits & interest thereon- credit impaired	-	-	(801.62)	(802.62)
Total	**260.75**	**363.70**	**87.12**	**308.33**

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

Loans are non-derivative financial assets which generate a fixed or variable interest income for the Company and are measured at amortised cost. The carrying value may be affected by changes in the credit risk of the counterparties.

i. While confirming the balance due from McDowell's Holdings Limited (MHL), aggregating to INR 2,332.97 lakhs, they have sought to adjust a sum of INR 939.43 lakhs said to be due to them from one of the subsidiaries i.e. Mangalore Chemicals and Fertilisers Limited (MCFL). During the year ended 31 March 2018, the Company has made a provision for the net recoverable amount from MHL of INR 1,393.54 lakhs and has charged off the same to the statement of profit and loss as exceptional items. During the year ended March 2019, the Company had received INR 939.43 lakhs from MCFL. The Company has filed an application under the insolvency and bankruptcy code before NCLT at Bangalore against MHL for recovery of the remaining principal amount along with the interest. MHL has filed its objections to the petition. In the meantime and pending the outcome of the petition, MHL has approached the Company to settle the pending dispute. During the year ended 31 March 2020, a settlement agreement dated 17 June 2019 was entered into between the Company, MHL and MCFL. Vide this settlement agreement, MHL has given the shareholding rights of 1,185,151 shares of MCFL for INR 590.92 lakhs to the Company against the amount outstanding as part settlement. Accordingly, the Company had recognised an income of INR 590.92 lakhs in the year ended 31 March 2020. Pursuant to the settlement agreement, the application before the NCLT has been withdrawn. During the year ended 31 March 2021, MHL has requested for extension of time to clear the outstanding along with interest and the Company has agreed to extend the period for further six months. Vide this extension request, MHL has paid INR 1.00 lakh to the Company against the amount outstanding.

6C. Other financial assets

(INR in lakhs)

	Non-Current		Current	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Other financial assets (Unsecured, considered good)				
Non-current bank balances	8.75	3.25	-	-
Claims receivable (Refer Note i below)	-	-	-	150.52
Receivables from Gas Pool Operator	-	-	-	5,604.59
Other receivables from related party* (Refer Note 34)	-	-	35,000.00	35,021.89
Rebate/discount receivable from suppliers	-	-	-	92.69
Interest receivable from customers				
- from related parties (Refer Note 34)	-	-	-	247.78
- from others	-	-	-	1.85
Interest receivable on bank deposits	-	-	113.91	57.45
Other financial assets (Unsecured, credit impaired)				
Accrued service income	-	-	74.28	74.28
Less: Credit impaired	-	-	(74.28)	(74.28)
Total	**8.75**	**3.25**	**35,113.91**	**41,176.77**

*represents amount recoverable of INR 35,000.00 lakhs (31 March 2020: INR 35,000.00 lakhs) on account of balance purchase consideration to be received in respect of slump sale to Zuari FarmHub Limited (Refer Note 27.ii).

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

i. In earlier years, the Company had paid INR 1,171.00 lakhs to Gas Authority of India Limited (GAIL) towards Take or Pay obligation for the year 2014 against a demand of INR 5,293.00 lakhs. In terms of Contract with GAIL, this Take or Pay amount could be utilized for future Gas supplies, till that time the amount was shown under Claim receivable. During the year ended 31 March 2019, the Company had made provision for INR 371.19 lakhs against the above claims basis the best possible estimate of recovery at that point of time. During the month of June 2020, the Company had signed an indenture agreement whereby it had agreed to forfeit the right to receive make-up gas against lump-sum payment of INR 1,020.48 lakhs, including the provision made earlier, towards settlement of Take or Pay obligation for contract year 2014 and balance amount of INR 150.52 lakhs had been considered good. During the year ended 31 March 2021, the receivable of INR 150.52 lakhs had been adjusted with outstanding balance of GAIL included in trade payables.

Break-up of financial assets carried at amortised cost

(INR in lakhs)

	Non-Current		Current	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Loans (Refer Note 6B)	260.75	363.70	87.12	308.33
Trade receivables (Refer Note 9)	-	-	0.78	82,104.92
Cash and cash equivalents (Refer Note 10)	-	-	5,625.78	5,191.97
Other bank balances (Refer Note 10.1)	-	-	13,171.16	4,085.26
Other financial assets (Refer Note 6C)	8.75	3.25	35,113.91	41,176.77
Total financial assets carried at amortised cost	**269.50**	**366.95**	**53,998.75**	**1,32,867.25**

7. Other assets

(INR in lakhs)

	Non-Current		Current	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Unsecured, considered good, except where otherwise stated				
Capital advances (Refer Note i below)	605.44	640.11	-	-
Advances (other than capital advances)				
Related parties (Refer Note 34 and 49)	-	-	1,825.96	81.50
Others, considered good	-	-	21.99	1,345.22
Others, considered doubtful (Refer Note 45)	3,212.39	3,212.39	-	45.89
	3,212.39	**3,212.39**	**1,847.95**	**1,472.61**
Less: Provision for doubtful advances	(3,212.39)	(3,212.39)	-	(45.89)
	-	**-**	**1,847.95**	**1,426.72**

Notes to the Standalone Financial Statements for the year ended 31 March 2021

	Non-Current		Current	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Advance to employees	-	-	5.11	44.47
Balances with statutory authorities	-	-	454.43	3,675.65
Refund receivable Goods and Service Tax (Refer Note ii below)	-	-	-	10,126.14
Prepaid expenses	3.42	-	1.99	783.05
Total	**608.86**	**640.11**	**2,309.48**	**16,056.03**

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

i. The Company had given an advance of INR 4,029.44 lakhs in June 2010 to Karnataka Industrial Area Development Board (KIADB) for allotment of land for setting up of 1.20 Million TPA urea plant in Belgaum district. KIADB failed to acquire the land and after continuous discussion with KIADB for two years, the Company had come out of the project. KIADB had refunded INR 3,425.02 lakhs and retained INR 604.42 lakhs which was to be adjusted in case the Company seek some other land in Karnataka. Based on the details of land subsequently provided by the KIADB, the Company has requested to allot 12 acres land at Belapu industrial estate and adjust the retained amount by KIADB to the cost of the new land. However, KIADB has not yet agreed for the adjustment. Management had filed the writ petition in the Hon'ble High Court of Karnataka at Bengaluru against the State of Karnataka - Industries and Commerce Department and KIADB for not allotting land to the Company for setting up Fertilizer Project in Belapu Industrial Area, Udupi District, Karnataka and illegally withholding a sum of INR 604.42 lakhs. The Hon'ble High Court vide judgement dated 16 September 2019 disposed of the matter and directed the KIADB to consider the application of the Company for the allotment of Land within a period of six weeks from the date of receipt of certified copy of order. Pursuant to the court order, the Company issued a letter to KIADB requesting them to allot alternate land. KIADB vide their order dated 18 November 2019 has refused to adjust the forfeited amount against allotment of land in Belapu. Subsequently, the Company has filed a writ petition with Hon'ble High Court of Karnataka at Bangalore on 10 February 2020 challenging the KIADB order dated 18 November 2019. The Petition is not yet listed for hearing.

   Based on previous judgement and legal opinion obtained by the management for this matter, the management is hopeful to get the above amount adjusted against allotment of land or refund of the same.

ii. Vide notification number 26/2018 dated 13 June 2018, the Government has amended the definition of "Net Input Tax Credit (ITC)" for the purpose of GST refund on account of inverted duty structure with effect from 1 July 2017 to include ITC availed only on inputs which excludes input services. The management has contested this amendment (both retrospective and prospective) at different levels of authorities including but not limited to filing a writ petition in the Hon'ble High Court of Bombay at Goa in this regard. Basis legal view obtained, the management believes that the refund/ utilisation in respect of tax paid on input services would be available and that no liability including interest, if any, would arise from the same. Consequently, the Company has carried forward an amount of INR 9,797.66 lakhs (31 March 2020: INR 8,286.84 lakhs) as amount recoverable towards this matter. The balance pertaining to fertilizer plant at Goa has been transferred as part of discontinue operations (Refer Note 27).

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

(INR in lakhs)

	31 March 2021	31 March 2020
Raw materials	86.28	10,082.91
Work-in-progress	83.28	1,301.80
Finished goods	14.44	8,874.72
Traded goods	-	1,499.84
Stores and spares	73.38	3,582.20
Total	**257.38**	**25,341.47**

During the year ended 31 March 2021: INR Nil (31 March 2020: INR 170.85 lakhs) was recognised as an expense for inventories carried at net realisable value.

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

8A. Assets held for sale/ liabilities directly associated with the assets held for sale

(INR in lakhs)

	31 March 2021	31 March 2020
(a) Assets held for sale		
- Land at Sancoale Goa (31 March 2020: land at Chillamatur)*	0.15	5.18
- Discontinued Operations (Refer Note 27.i)	1,31,176.79	-
	1,31,176.94	**5.18**
(b) Liabilities directly associated with the assets held for sale		
- Discontinued Operations (Refer Note 27.i)	2,34,992.14	-
	2,34,992.14	**-**

*During the year ended 31 March 2021, the Company had executed agreement for sale of land at Sancoale, Goa on 29 June 2020. The sale of the asset is expected to be executed within 12 months. Accordingly, the said land has been classified from property, plant and equipment to Assets classified as held for sale. During the year ended 31 March 2020, the Company had executed agreement for sale of land at Chillamatur on 21 August 2019. The deed of absolute sale of land was made and executed on 30 December 2020.

Assets classified as held for sale during the reporting period are measured at lower of its carrying amount and fair value less cost to sell at the time of reclassification. Fair value of the assets were determined using the market approach.

Notes to the Standalone Financial Statements for the year ended 31 March 2021

9. Trade receivables (at amortized cost)

(INR in lakhs)

	31 March 2021	31 March 2020
Trade receivables - related parties (Refer Note 34)	-	146.89
Trade receivables - others	0.78	81,958.03
Total	**0.78**	**82,104.92**

Break-up for security details:

(INR in lakhs)

	31 March 2021	31 March 2020
From related parties (Refer Note 34)		
Secured, considered good	-	0.50
Unsecured, considered good	-	146.39
From others		
Secured, considered good	-	3,006.00
Unsecured, considered good [including subsidy receivable from Government: INR 32,056.00 lakhs, transferred to discontinued operations (Refer Note 27) (31 March 2020: INR 68,635.11 lakhs)]	0.78	78,952.03
Trade receivables- credit impaired	1,951.35	7,987.61
Total	**1,952.13**	**90,092.53**
Less : Trade receivables- credit impaired	(1,951.35)	(7,987.61)
Total	**0.78**	**82,104.92**

No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

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

Trade receivables from dealers are non-interest bearing during the normal credit periods and are generally on terms of 15 to 120 days.

Assets pledged as security for borrowings: Refer Note 12 for information on trade receivables pledged as security against borrowings.

10. Cash and cash equivalents

(INR in lakhs)

	31 March 2021	31 March 2020
Balances with banks :		
- on current accounts	2,298.00	4,829.42
- on cash credit accounts	3,327.24	360.14
Cash on hand	0.54	2.41
Total	**5,625.78**	**5,191.97**

10.1. Other bank balances

(INR in lakhs)

	31 March 2021	31 March 2020
Other bank balances:		
- on unpaid dividend accounts (repatriation restricted)*	10.96	15.95
Margin money deposits**	13,160.20	4,069.31
Total	**13,171.16**	**4,085.26**

*The Company can utilise these balances only towards settlement of the respective unpaid dividend.

**Margin money deposits are provided as margin for letter of credits and as interest service reserve account for long term borrowings. The same are restricted for use till settlement of corresponding liability.

11. Share capital

(INR in lakhs)

	31 March 2021	31 March 2020
Authorised share capital		
12,25,00,000 (31 March 2020: 12,25,00,000) Equity Shares of INR 10/- each	12,250.00	12,250.00
3,45,00,000 (31 March 2020: 3,45,00,000) Preference Shares of INR 10/- each	3,450.00	3,450.00
	15,700.00	**15,700.00**
Issued and subscribed capital*		
4,20,58,006 (31 March 2020: 4,20,58,006) Equity Shares of INR 10/- each Fully paid	**4,205.80**	**4,205.80**

Notes to the Standalone Financial Statements for the year ended 31 March 2021

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

Equity Shares	31 March 2021		31 March 2020	
	In numbers	INR in lakhs	In numbers	INR in lakhs
At the beginning of the period	4,20,58,006	4,205.80	4,20,58,006	4,205.80
Issued during the period	-	-	-	-
Outstanding at the end of the period	**4,20,58,006**	**4,205.80**	**4,20,58,006**	**4,205.80**

b. Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of INR 10 per share. Each shareholder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by Board of Directors is subject to the approval of shareholders in the Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

Name of shareholder	31 March 2021		31 March 2020	
	No. of shares held	% Holding in class	No. of shares held	% Holding in class
Zuari Global Limited	84,11,601	20.00	84,11,601	20.00
Globalware Trading and Holdings Limited	74,91,750	17.81	74,91,750	17.81
Zuari Management Services Limited	50,78,909	12.08	50,78,909	12.08
Texmaco Infrastructure & Holdings Limited	30,00,125	7.13	30,00,125	7.13

As per records of the Company including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

*Pursuant to the Scheme of Arrangement and Demerger ("the Scheme") between the Company (Zuari Agro Chemicals Limited) and Zuari Global Limited, the Company had issued 2,94,40,604 equity shares of INR 10/- each aggregating to INR 2,944.06 lakhs to the existing shareholders of Zuari Global Limited in the ratio of 1 fully paid up Equity share of INR 10/- each of Zuari Agro Chemicals Limited during the financial year ending 31 March 2013. Out of the above shares issued pursuant to the Scheme, 8,051 (31 March 2020: 8,051) Equity Shares entitlements have been kept in abeyance pursuant to Section 206A of the Companies Act, 1956 in accordance with instructions from the Special Court (Trial of Offences relating to Transactions in Securities) Act, 1992 and in respect of shareholders who could not exercise their rights in view of disputes, mistakes, discrepancy in holdings, etc.

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

11A. Other equity

(INR in lakhs)

	31 March 2021	31 March 2020
Business Restructuring Reserve		
Balance as per last financial statements	65,404.84	65,404.84
Add: Received during the year	-	-
Closing balance	**65,404.84**	**65,404.84**
General Reserve		
Balance as per last financial statements	6,150.00	6,150.00
Add: Received during the year	-	-
Closing balance	**6,150.00**	**6,150.00**
(Deficit) in the statement of profit and loss		
Balance as per last financial statements	(60,129.75)	(41,215.53)
(Loss) for the year	(23,712.19)	(18,926.83)
Other comprehensive Income/(loss)	53.08	12.61
Net (deficit) in the statement of profit and loss	**(83,788.86)**	**(60,129.75)**
Equity instruments through Other Comprehensive Income		
Balance as per last financial statements	(3,927.96)	(2,958.81)
Add/Less: Movement during the year	1,093.29	(969.15)
Closing balance	**(2,834.67)**	**(3,927.96)**
Total other equity	**(15,068.69)**	**7,497.13**

Notes to the Standalone Financial Statements for the year ended 31 March 2021

Nature and purpose of reserves

Business Restructuring Reserve

In the Finance Year 2012-13, pursuant to the Scheme of Arrangement and Demerger ("The Scheme") between Zuari Industries Limited (now known as Zuari Global Limited) and Zuari Holdings Limited (now known as Zuari Agro Chemicals Limited, the Company) approved by the Hon'ble High Court of Bombay at Goa, on 2 March 2012, all the assets and liabilities pertaining to Fertiliser Undertaking as on 1 July 2011 of Zuari Industries Limited (now known Zuari Global Limited) had been transferred to the Company at their book values and accordingly the surplus of assets over the liabilities of the Fertiliser undertaking so demerged, resulted in creation of Business Restructuring Reserve of INR 65,404.84 lakhs in terms of the Order of the Hon'ble High Court of Bombay at Goa which was filed with the Registrar of Company on 21 March 2012. The said reserve be treated as free reserve and be restricted and not utilized for declaration of dividend by the Company.

General Reserve

Under the erstwhile Companies Act, 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid-up capital of the Company for that year, then the total dividend distribution is less than the total distributable results for that year. Consequent to introduction of Companies Act, 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.

Surplus / (deficit) in the statement of profit and loss

Surplus / (deficit) in the statement of profit and loss represents the profits / (losses) generated by the Company that are not distributed to the shareholder and are re-invested in the Company.

Equity instruments through Other Comprehensive Income

The Company has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVOCI equity investments reserve within equity. The Company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

12A. Borrowings

(INR in lakhs)

Non-current borrowings (at amortised cost)	31 March 2021	31 March 2020
Term Loans		
From Banks		
Secured		
Indian rupee loans (Refer Note 1 below)**	7,784.25	14,430.97
Vehicle loans (Refer Note 2 below)	-	199.84
From financial Institutions		
Secured		
Indian rupee loans (Refer Note 3 below)	24,272.64	31,297.21
From others		
Unsecured		
Lease Liabilities (Refer Note 5 below)	-	1,477.00
Inter corporate deposits (Refer Note 4 and Note 34 below)	39,350.00	27,350.00
Total	**71,406.89**	**74,755.02**
Less : Amount disclosed under "Other current financial liabilities"		
- Current maturities of long term borrowings (Refer Note 14)	(32,056.89)	(45,840.52)
- Current maturities of lease liabilities (Refer Note 14)	-	(59.09)
Total	**39,350.00**	**28,855.41**

1. (a) Indian Rupee term loan from a Bank of INR Nil (including current maturities: INR Nil) [31 March 2020: INR 3,121.53 lakhs (including current maturities: INR 3,121.53 lakhs)] carries interest rate ranging from 9.15% p.a. - 9.50% p.a. (31 March 2020: 9.50% p.a. - 10.20% p.a.) The loan was repayable in 14 quarterly instalments starting from September 2017 with the last instalment was due on December 2020 and the same was paid in October 2020. The loan was secured by first pari passu charge by way of mortgage on immoveable assets of Goa Fertilizer Plant (Fixed Assets Coverage Ratio 1.5 times) and first pari passu charge by way of hypothecation on moveable fixed assets of Goa Fertilizer Plant (Fixed Assets Coverage Ratio 1.5 times).

   (b) Indian Rupee loan of INR Nil from a Bank (including current maturities of INR Nil) [31 March 2020: INR 74.09 lakhs (including current maturities: INR 74.09 lakhs)], secured by exclusive charge by way of mortgage of plot situated at Plot No. K/2/5 & K/2/6, Add/ MIDC Mahad, Raigad District, Maharashtra and proposed construction thereon and exclusive charge by way of hypothecation of Plant and Machinery and other moveable assets (existing and proposed). The loan carried interest rate of 11.40% p.a. (31 March 2020: 11.40% p.a.) and was repayable in 24 quarterly instalments commencing from December 2014 with the last instalment was due on June 2020.

   (c) Indian Rupee term loan from a Bank of INR 3,353.51 lakhs (including current maturities of INR 33,53.51 lakhs) [31 March 2020: INR 4,840.25 lakhs (including current maturities of INR 4,840.25 lakhs)] carries interest rate ranging from 6.45% p.a. - 8.80% p.a. (31 March 2020: 8.80% p.a. - 10.66% p.a.) The loan is repayable in 15 equal quarterly instalments starting from November 2019 with the last instalment due on May 2023. The loan is secured by first charge on the immovable properties of continued and discontinued operations situated at Goa over survey number 111/1, 128/7, 132/7, 133/1, 149/1, 162/1, 164/1, 167/1 and 168/1 ranking pari passu with the other loan lenders and any other security available to the other working capital term loan lenders.

Notes to the Standalone Financial Statements for the year ended 31 March 2021

(d) Indian Rupee term loan from a Bank of INR 1.437.08 lakhs (including current maturities of INR 1,437.08 lakhs) [31 March 2020: INR 2,074.20 lakhs (including current maturities of INR 2,074.20 lakhs)] carries interest rate ranging from 6.45% p.a. - 8.80% p.a. (31 March 2020: 8.80% p.a. - 10.66% p.a.). The loan is repayable in 15 equal quarterly instalments starting from December 2019 with the last instalment due on June 2023. The loan is secured by first charge on the immovable properties of continued and discontinued operations situated at Goa over survey number 111/1, 128/7, 132/7, 133/1, 149/1, 162/1, 164/1, 167/1 and 168/1 ranking pari passu with the other loan lenders and any other security available to the other working capital term loan lenders.

(e) Indian rupee term loan from a Bank of INR 658.62 lakhs (including current maturities of INR 658.62 lakhs) [31 March 2020: INR 950.62 lakhs (including current maturities of INR 950.62 lakhs)] carries interest rate ranging from 6.45% p.a. - 8.80% p.a. (31 March 2020: 8.80% p.a. - 10.66% p.a.). The loan is repayable in 15 equal quarterly instalments starting from December 2019 with the last instalment due on June 2023. The loan is secured by first charge on the immovable properties of continued and discontinued operations situated at Goa over survey number 111/1, 128/7, 132/7, 133/1, 149/1, 162/1, 164/1, 167/1 and 168/1 ranking pari passu with the other loan lenders and any other security available to the other working capital term loan lenders.

(f) Indian rupee term loan from a Bank of INR 2,335.04 lakhs (including current maturities of INR 2,335.04 lakhs) [31 March 2020: INR 3,370.28 lakhs (including current maturities of INR 3,370.28 lakhs)] carries interest rate ranging from 6.45% p.a. - 8.80% p.a. (31 March 2020: 8.80% p.a. - 10.66% p.a.). The loan is repayable in 15 equal quarterly instalments starting from January 2020 with the last instalment due on June 2023. The loan is secured by first charge on the immovable properties of continued and discontinued operations situated at Goa over survey number 111/1, 128/7, 132/7, 133/1, 149/1, 162/1, 164/1, 167/1 and 168/1 ranking pari passu with the other loan lenders and any other security available to the other working capital term loan lenders.

2. Vehicle loans from a Bank of INR 76.33 lakhs (including current maturities: INR 69.25 lakhs) [31 March 2020: INR 199.84 lakhs (including current maturities: INR 112.33 lakhs)] carry interest rate ranging from 8.38% p.a. - 10.65% p.a. (31 March 2020 : 8.38% p.a. - 10.65% p.a.). The loans are repayable in 48 equal monthly instalments starting from February 2017 with the last instalment due on April 2023. The loans are secured by way of hypothecation of respective motor vehicles of the Company. This loan has been transferred as part of business transfer agreement (BTA) (Refer Note 27).

3. (a) Indian rupee loan of INR 13,817.37 lakhs from a financial institution (including current maturities of INR 13,817.37 lakhs) [31 March 2020: INR 18,479.25 lakhs (including current maturities: INR 18,479.25 lakhs)] carries interest rate of 11.70% p.a. (31 March 2020: 11.70% p.a.). The loan is repayable in 12 equal quarterly instalments starting from May 2020 with the last instalment due on May 2023. The loan is secured by first pari passu charge by way of equitable mortgage of specific immovable assets of the Company with a minimum fixed asset cover of 1.25 times (unencumbered land parcel at Goa), pledge of shares of its subsidiary, Mangalore Chemicals and Fertilisers Limited ("MCFL"), with a minimum share security cover of 1.00 time.

(b) *Indian rupee term loan from a financial institution of INR 10,455.27 lakhs (including current maturities of INR 10,455.27 lakhs) (31 March 2020: INR 12,817.96 lakhs (including current maturities of INR 12,817.96 lakhs)) carries interest rate ranging from 12.00% p.a. - 15.00% p.a. (31 March 2020: 10.70% p.a. - 15.00% p.a.). The loan is repayable in 16 equal quarterly instalments starting from December 2019 with the last instalment due on September 2023. The loan is secured by exclusive charge over land (including structures) with minimum cover of 1.5 times and demand promissory note.

4. Inter-corporate deposit of INR 39,350.00 lakhs (31 March 2020: INR 27,350.00 lakhs) carries interest rate of 15.00% (31 March 2020: 12.00% p.a). The loan is repayable after 36 months from the date of disbursement.

*Aditya Birla Finance Limited ("ABFL") vide a letter dated 24 May 2019 recalled the rupee term loan facility extended by ABFL to the Company, aggregating to an amount of INR 15,000.00 lakhs of which INR 14,110.00 lakhs (net of margin money) were outstanding as on date of the letter (outstanding as on 31 March 2021: INR 10,415.44 lakhs (net of margin money)).

Accordingly, the outstanding amounts for loan facilities obtained from these lenders has been treated as current and are disclosed under current maturity of long-term borrowing under other financial liabilities following the principles of Ind AS 1 "Presentation of Financial Statements" and the terms of the loans payable were not renegotiated, before the financial statements were approved for issue.

**Due to breach of covenant, non-current portion of long-term loans from bank is classified as current in the financial statement and disclosed under current maturity of long-term borrowing under other financial liabilities following the principles of Ind AS 1 "Presentation of Financial Statements" and the terms of the loans payable were not renegotiated, before the financial statements were approved for issue.

5. Set out below are the carrying amounts of lease liabilities and the movements during the year: (INR in lakhs)

	31 March 2021	31 March 2020
Opening	**1,477.00**	**-**
Transition impact on account of adoption of Ind AS 116 "Leases" (Refer Note 3)	-	6,628.94
Additions	-	1,597.86
Disposal	-	(498.51)
Accretion of interest	151.41	726.64
Payments	(210.50)	(1,225.00)
Transferred to discontinued operations (Refer Note 27)	(1,417.91)	(5,752.93)
Closing	**-**	**1,477.00**
Current	-	59.09
Non-current	-	1,417.91

The maturity analysis of lease liabilities are disclosed in Note 38.

The effective interest rate for lease liabilities is 10.70%, with maturity between 2021-2048.

12B. Borrowings

(INR in lakhs)

Current borrowings	31 March 2021	31 March 2020
Secured*		
From Banks		
Cash credit (including working capital demand loans)		
(The rate of interest on cash credit varies between banks ranging from 10.70% - 16.85% p.a. (31 March 2020: 11.15% - 15.40% p.a.) and are repayable on demand. The rate of interest on working capital demand loans varies between 8.75% - 14.85% p.a. (31 March 2020: 9.45% - 14.00% p.a) and are repayable over a period of 30 to 365 days)	-	72,744.43
Short-term loans		
(Nil (31 March 2020: Nil) (including Nil (31 March 2020: 8.20% p.a.) paid directly by Government of India to the bank) secured against subsidy receivable of equal amount from Government of India, Ministry of Chemicals and Fertilizer under Special Banking Arrangement)	-	6,800.78
(Short-term loan from Bank at the rate of Nil (31 March 2020: 12.00% p.a.) repaid during the year)	-	11,581.61
Bills discounted		
(Local bills discounted with banks repayable over a period of 180 days at the rate of 10.00% - 11.69% p.a. (31 March 2020: 11.69% p.a.) against Letter of Credit issued by another bank having securities as disclosed below)	-	4,500.00
From Financial Institutions		
Short-Term Loans #	3,500.00	-
Unsecured		
From Others		
Inter-corporate deposits	16,000.00	10,000.00
(The rate of interest of 9.25% - 14.00% p.a. (31 March 2020 : 9.25% p.a.) and are repayable over a period of 180 - 365 days)		
Total	**19,500.00**	**1,05,626.82**

Below disclosures includes loans transferred to discontinued operations (Refer Note 27)

*(a) Cash credit (including working capital demand loans) of INR 62,578.27 lakhs (31 March 2020: INR 72,744.43 lakhs), Suppliers credit of INR 2,530.13 lakhs (31 March 2020: INR Nil) and Bill discounting of INR 7,500.00 lakhs (31 March 2020: INR 4,500.00 lakhs) are secured by the first charge by way of hypothecation on the current assets (excluding assets against which specific loans have been availed), both present and future, wherever situated pertaining to the fertilizer division of the Company and the Company's fertilizer division's present and future book debts outstanding, moneys receivable, claims, bills, contracts, engagements, rights and assets excluding some subsidy receivable amount exclusively charged to certain banks and first pari passu charge by way of mortgage on specific land parcels situated at Zuarinagar, Goa.

(b) Short-term loans of INR Nil (31 March 2020: INR 6,800.78 lakhs) are secured against subsidy receivable of equal amount from Government of India, Ministry of Chemicals and Fertilizer under Special Banking Arrangement.

(c) Indian rupee loan from a Bank of INR Nil (31 March 2020: INR 11,581.61 lakhs) carried interest rate of 12.00% p.a. The loan was repayable in 7 equal instalments starting from April 2020 with the last instalment due on October 2020. The loan was secured by exclusive charge 90 acre-unencumbered land situated at Goa providing minimum security cover of 1.00 times, Subservient charge on current assets and moveable fixed assets of the Company, both present and future and pledge on shares of Chambal Fertilisers and Chemicals Limited ("CFCL") held by Zuari Global Limited with a minimum value of INR 28,800.00 lakhs.

#Short term loan of INR 3,500 lakhs (31 March 2020: INR Nil) carries interest rate of 16.25% p.a. The loan is repayable in next twelve months starting from December 2020. The loan is secured by pledge of shares of its subsidiary, Mangalore Chemicals and Fertilisers Limited ("MCFL"), with a minimum share security cover of 2.25 times.

Notes to the Standalone Financial Statements for the year ended 31 March 2021

Note on devolvement and non-payment of current and non-current borrowing: For the period starting from 1 April 2019 to 31 March 2020, following are the devolvement on account of non-payment of letter of credits, buyers credit, suppliers credit, term loan and bill discounted and the terms of the loans payable were not renegotiated, before the financial statements were approved for issue:

Bank	Amount not paid on due date (1 April 2020 to 31 March 2020)	Amount outstanding as on 31 March 2020
State Bank of India	20,365.62	-
Bank of Baroda	17,836.46	-
Canara Bank	15,077.54	-
Corporation Bank	24,973.56	-
IDBI Bank Limited	11,500.00	-
Axis Bank Limited	13,124.48	-
ICICI Bank Limited	17,953.25	-
HDFC Bank Limited	17,411.68	-
Ratnakar Bank Limited	13,041.67	-
Yes Bank Limited	19,786.46	-
Indusind Bank Limited	5,000.00	-
Rabo Bank	373.33	-

13. Trade payables

(INR in lakhs)

	Non-Current		Current	
	31 March 2021	**31 March 2020**	**31 March 2021**	**31 March 2020**
Trade payables				
- outstanding dues to related parties (Refer Note 34)	-	-	7.67	42,220.06
- outstanding dues to micro and small enterprises (Refer Note 31)	-	-	-	269.67
- outstanding dues to others	-	-	3,584.92	97,287.80
Total	**-**	**-**	**3,592.59**	**1,39,777.53**

14. Other financial liabilities

(INR in lakhs)

	Non-Current		Current	
	31 March 2021	**31 March 2020**	**31 March 2021**	**31 March 2020**
Other financial liabilities at amortised cost				
Current maturities of long-term borrowings (Refer Note 12A)	-	-	32,056.89	45,840.52
Current maturities of lease liabilities (Refer Note 12A)	-	-	-	59.09
Trade deposits - dealers and others				
- from related parties (Refer Note 34)	-	-	-	0.50
- from others	-	-	35.41	9,875.85
Other deposits (earnest money)	-	-	600.00	-
Employee benefits payable	-	-	49.20	984.95
Payable towards capital goods*	-	-	458.02	1,036.22
Interest accrued but not due on borrowings (Refer Note 34)	-	-	2,085.31	1,351.55
Other interest payable**	-	-	-	11,692.89
Unclaimed dividends	-	-	10.95	15.95
Payable towards voluntary retirement scheme	-	23.20	8.43	27.98
Total other financial liabilities	**-**	**23.20**	**35,304.21**	**70,885.50**

* Including INR Nil (31 March 2020: INR 9.53 lakhs) outstanding due to Micro and Small Enterprises (Refer Note 31).

**- Including INR Nil (31 March 2020: INR 279.07 lakhs) outstanding due to Micro and Small Enterprises (Refer Note 31).

- Includes INR Nil (31 March 2020: INR 5,968.24 lakhs) payable to related party on account of overdue interest (Refer Note 34).

Terms and conditions of the above financial liabilities:

Trade payables are normally non-interest bearing. For maturity profile of trade payables and other financial liabilities, Refer Note 38.

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

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

Break-up of financial liabilities carried at amortised cost

(INR in lakhs)

	Non-Current		Current	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Non-current borrowings (Refer Note 12A)	39,350.00	28,855.41	32,056.89	45,899.61
Current borrowings (Refer Note 12B)	-	-	19,500.00	1,05,626.82
Trade payables (Refer Note 13)	-	-	3,592.59	1,39,777.53
Other financial liabilities (Refer Note 14)	-	23.20	3,247.32	24,985.89
Total financial liabilities carried at amortised cost	**39,350.00**	**28,878.61**	**58,396.80**	**3,16,289.85**

15. Other liabilities

(INR in lakhs)

	Non-Current		Current	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Statutory liabilities	-	-	312.71	474.23
Contract Liabilities – Advances received from customers*	-	-	26.93	5,716.58
Deferred income	-	96.08	-	30.34
Other advances	-	-	500.00	200.00
Total	**-**	**96.08**	**839.64**	**6,421.15**

*Includes advances received from related parties of INR Nil (31 March 2020: INR 1,980.00) (Refer Note 34)

Revenue recognized from amounts included in contract liabilities, shown under discontinued operation (Refer Note 27), at the beginning of the year is INR 2,384.89 lakhs (31 March 2020: INR 12,418.60 lakhs)

Deferred income

(INR in lakhs)

	31 March 2021	31 March 2020
Opening	**126.42**	**102.34**
Deferred during the period	-	151.70
Released to the statement of profit and loss	(30.34)	(42.33)
Transferred on account of business transfer agreement (Refer Note 27)	(96.08)	(85.29)
Closing	**-**	**126.42**

16. Provisions

(INR in lakhs)

	Non-Current		Current	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Provision for employee benefits				
Gratuity (Refer Note 32)	-	-	47.53	203.52
Provision for post retirement medical benefit (Refer Note 32)	57.46	56.84	6.38	6.59
Leave encashment (unfunded)	-	-	42.05	1,971.01
Total	**57.46**	**56.84**	**95.96**	**2,181.12**

17. Income tax

The major components of income tax expense for the year ended 31 March 2021 and 31 March 2020 are:

Profit or loss section

(INR in lakhs)

	31 March 2021	31 March 2020
Current income tax:		
Current income tax charge	-	-
Adjustments of tax relating to earlier years	-	-
Deferred tax:		
MAT credit reversal in respect of earlier years	-	1,298.77
Adjustments in respect of deferred tax of earlier years	-	(2,748.61)
Relating to origination and reversal of temporary differences	-	4,381.57
Income tax (income)/expense reported in the statement of profit or loss	**-**	**2,931.73**

Notes to the Standalone Financial Statements for the year ended 31 March 2021

OCI section

Deferred tax related to items recognised in OCI during the year: (INR in lakhs)

	31 March 2021	31 March 2020
Net (gain) on remeasurements of defined benefit plans	(53.08)	(16.63)
Deferred tax charged to OCI	-	4.02
Net gain/(loss) on equity instruments through other comprehensive income	(1,093.29)	1,750.92
Deferred tax (credit) to OCI	-	(781.77)

Reconciliation of tax expense/ (income) and the accounting profit multiplied by domestic tax rate for 31 March 2021 and 31 March 2020 (INR in lakhs)

	31 March 2021	31 March 2020
Accounting (loss) before Income tax	**(23,712.19)**	**(15,995.10)**
Income tax rate	25.168%	25.168%
At statutory income tax rate	**(5,967.88)**	**(4,025.65)**
Adjustment in respect of tax related to earlier years	-	(2,748.61)
Tax effect of income that are not taxable in determining taxable profit:		
Dividend income	-	(727.39)
Other adjustments	(4.98)	(7.06)
Non-deductible expenses for tax purposes:		
Interest on Micro and Small Enterprises	10.31	21.59
Disallowance under Section 14A	-	187.01
Impact of adoption of Section 115BAA (refer Note below)	-	9,265.75
Reversal of unabsorbed depreciation	-	149.92
Unrecognized deferred tax asset	5,943.77	-
Other adjustments	18.78	816.17
At the effective income tax rate	**-**	**2,931.73**
Income tax expense reported in the statement of profit and loss	-	19,877.90
Income tax attributable to a discontinued operation (Refer Note 27)	-	(16,946.17)
	-	**2,931.73**

Deferred tax: (INR in lakhs)

	As at 1 April 2019	Provided during the year	As at 31 March 2020	Provided during the year	As at 31 March 2021
Deferred tax liability:					
Property, plant and equipment impact of difference between tax depreciation and depreciation/amortisation charged for the financial reporting	9,807.37	(4,140.90)	5,666.47	-	5,666.47
Capital gain on slump sale (Refer Note 27)	-	16,677.67	16,677.67	(16,677.67)	-
Mark To Market (MTM) forward contract	1,757.75	(1,757.75)	-	-	-
Others	33.41	(30.16)	3.25	-	3.25
Total deferred tax liability (A)	**11,598.53**	**10,748.86**	**22,347.39**	**(16,677.67)**	**5,669.72**
Deferred tax assets:					
Provision for doubtful debts and advances	825.67	1,445.50	2,271.17	-	2,271.17
MAT credit entitlement	1,298.76	(1,298.76)	-	-	-
Expenses allowable in Income tax on payment basis and deposition of Statutory dues	1,904.73	(1,090.30)	814.43	-	814.43
Brought forward losses and unabsorbed depreciation	15,995.04	5,305.43	21,300.47	(16,677.67)	4,622.80
Impairment of non-current investment	-	3,695.00	3,695.00	-	3,695.00
Others	469.47	538.01	1,007.48	-	1,007.48
Total deferred tax assets (B)	**20,493.67**	**8,594.88**	**29,088.55**	**(16,677.67)**	**12,410.88**
Deferred tax assets (net) (B - A)	**8,895.14**	**(2,153.98)**	**6,741.16**	**-**	**6,741.16**

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

During the year ended 31 March 2020, the Company had made reassessment regarding recognition criteria in relation to deferred tax asset and tax balances on the basis of future profitability projections and manner/period of utilization thereof including restructuring exercises being considered by the management along with paying Income Tax at reduced rates as per the provisions/conditions defined in the new Section 115BAA in the Income Tax Act, 1961, inserted vide the Taxation Laws (Amendment) Ordinance 2019. Consequentially, the Company had recognised deferred tax assets on brought forward losses and unabsorbed depreciation and reversed the balance of MAT credit entitlement and deferred tax assets on brought forward losses under section 35AD of Income Tax Act, 1961, which shall not be available for set off under the provisions of Section 115BAA of the Income Tax Act, 1961.

The Company has till date recognised INR 4,622.80 lakhs (31 March 2020: INR 21,300.47 lakhs) as deferred tax assets on unabsorbed depreciation and carried forward tax loss, which the management, based on the future profitability projections is confident that there would be sufficient taxable profits/gains in future which will enable the Company to utilize the above deferred tax assets.

Deferred tax on unabsorbed business losses and unrecognised capital losses including but not limited to indexation of capital assets have not been recognised to the extent there are no tax planning opportunities or other evidence of recoverability for the same in the next future.

18. Income tax assets (net)

(INR in lakhs)

	31 March 2021	31 March 2020
Income tax assets- related parties (Refer Note 34 and Note 48)	522.15	1,708.36
Income tax assets (net)	594.19	3,030.83
Total income tax assets (net)	**1,116.34**	**4,739.19**

19. Revenue from operations:

(INR in lakhs)

	31 March 2021	31 March 2020
Revenue from contracts with customers		
Sale of products		
Finished products	10.63	4,818.83
Traded products	-	3.86
Other operating revenue		
Scrap sales	-	202.29
Revenue from operations	**10.63**	**5,024.98**

(INR in lakhs)

	31 March 2021	31 March 2020
Timing of revenue recognition		
Goods transferred to the customers at a point in time	10.63	5,024.98
Total revenue from contracts with customers	**10.63**	**5,024.98**

(INR in lakhs)

	31 March 2021	31 March 2020
Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price		
Revenue as per contracted price	**10.63**	**5,024.98**
Adjustments		
Sales return	-	-
Discount	-	-
Revenue from contract with customers	**10.63**	**5,024.98**

Performance obligation (includes disclosure in relation to discontinued operations (Refer Note 27))

The Company recognises revenue from sale of goods at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods. The performance obligation is satisfied upon delivery of the goods and payment is generally due within 15 to 120 days from delivery.

The Company also recognises the subsidy income receivable from the Government of India as per New Pricing Scheme for Urea and as per Nutrient Based Subsidy Policy for Phosphatic and Potassic (P&K) fertilisers at the time of sale of goods to its customers. The Direct Benefit Transfer (DBT) Scheme entails 100% payment of subsidy to the Company on the basis of actual sales by the retailer to the beneficiary, however, the performance obligation of the Company is satisfied upon delivery of the goods to its customer.

The Company does not have any other performance obligation in respect of its supply of goods to the customers.

a. Sales of Finished Products and Traded Products include Government subsidies: INR 1,20,024.01 lakhs (31 March 2020: INR 97,438.48 lakhs). Subsidies include INR 615.87 lakhs (31 March 2020: INR Nil) in respect of earlier years, notified during the year.

b. Subsidy for Urea has been accounted based on notified concession price under New Urea Policy, 2015 and other adjustments as estimated in accordance with known policy parameters in this regard. W.e.f. 1 October 2020, Company has accounted Urea subsidy based on the revised energy norms under New Urea Policy 2015.

c. Government of India has notified the pooling of Gas in Fertiliser (Urea) sector effective from June 2015. As per the notification, domestic Gas is pooled with Regasified Liquefied Natural Gas (RLNG) to provide natural Gas at uniform delivered price to all Natural Gas Grid connected Urea manufacturing plants.

d. The subsidy on Phosphatic and Potassic fertilizers has been accounted for as per concession price notified by the Government of India under Nutrient Based Subsidy Policy, from time to time.

Notes to the Standalone Financial Statements for the year ended 31 March 2021

20. Other income

(INR in lakhs)

	31 March 2021	31 March 2020
Interest Income on		
Bank deposits	342.60	155.50
Intercorporate loans	25.71	24.97
Debentures	4.36	-
Income tax refund	688.27	157.11
Dividend Income on non-current investments	323.74	2,890.15
Other non-operating income		
Profit on sale of property, plant and equipment (net)	734.82	600.00
Rent received	-	-
Excess provision/unclaimed liabilities/unclaimed balances written back	2,313.46	792.36
Foreign exchange variation (net)	-	17.25
Insurance Claim	-	100.00
Miscellaneous income	520.64	1,136.12
	4,953.60	**5,873.46**

Total interest income (calculated using the effective interest method) for financial assets that are not at fair value through profit or loss

(INR in lakhs)

	31 March 2021	31 March 2020
In relation to Financial assets classified at amortised cost	375.41	180.47
Total	**375.41**	**180.47**

21. Cost of raw materials and components consumed

(INR in lakhs)

	31 March 2021	31 March 2020
Inventory at the beginning of the year	55.18	1,720.43
Add : Purchases	31.10	1,239.76
	86.28	**2,960.19**
Less: Inventory at the end of the year	(86.28)	(55.18)
Cost of raw material & components consumed	**-**	**2,905.01**

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

(INR in lakhs)

	31 March 2021	31 March 2020
Inventories at the end of the year		
Finished goods	14.44	24.06
Work-in-progress	83.28	83.28
	97.72	**107.34**
Inventories at the beginning of the year		
Finished goods	24.06	378.37
Work-in-progress	83.28	683.84
	107.34	**1,062.21**
	9.62	**954.87**

23. Employee benefits expense

(INR in lakhs)

	31 March 2021	31 March 2020
Salaries, wages and bonus	392.30	598.39
Contribution to provident and other funds	23.24	33.88
Post-retirement medical benefit (Refer Note 32)	4.34	5.02
Gratuity expense (Refer Note 32)	9.85	12.33
Staff welfare expenses	8.53	60.41
Total	**438.26**	**710.03**

Notes to the Standalone Financial Statements for the year ended 31 March 2021

24. Finance costs

(INR in lakhs)

	31 March 2021	31 March 2020
Interest expense	11,803.72	14,541.50
Interest on Income Tax	31.00	-
Exchange difference to the extent considered as an adjustment to borrowing cost	-	1,150.66
Other borrowing cost	-	2.00
Total	**11,834.72**	**15,694.16**

Total interest expense (calculated using the effective interest method) for financial liabilities that are not at fair value through profit or loss

(INR in lakhs)

	31 March 2021	31 March 2020
In relation to Financial liabilities classified at amortised cost	11,803.72	14,541.50
Total	**11,803.72**	**14,541.50**

25. Depreciation and amortisation expense

(INR in lakhs)

	31 March 2021	31 March 2020
Depreciation of property, plant and equipment (Refer Note 3)	367.17	381.38
Amortisation of intangible assets (Refer Note 4)	-	374.77
Total	**367.17**	**756.15**

26. Other expenses

(INR in lakhs)

	31 March 2021	31 March 2020
Stores and spares consumed	4.52	74.61
Power, fuel and water	92.90	377.40
Bagging and other contracting charges	100.48	301.16
Outward freight and handling	0.05	690.47
Rent	4.28	130.07
Rates and taxes	8.17	20.79
Insurance	1.06	37.41
Repairs and maintenance		
Plant & machinery	0.12	11.89
Buildings	4.43	22.05
Others	7.87	50.45
Provision for doubtful receivable/advances	350.53	2,368.31
Donation	17.07	-
CSR expenditure (Refer details below)	57.55	38.31
Miscellaneous expenses*	1,814.77	3,011.38
Total	**2,463.80**	**7,134.30**
*Payments to statutory auditors (includes disclosure in relation to discontinued operations (Refer Note 27))		
As statutory auditors		
Audit fees	58.00	58.00
Tax audit fee	9.00	9.00
Limited review fees	21.00	21.00
In other capacity		
Other services (includes certification fees and rights issue)	77.50	181.72
Reimbursement of expenses	5.37	19.28
Total	**170.87**	**289.00**
CSR expenditure:		
Gross amount required to be spent by the Company during the year (under Section 135 of the Companies Act, 2013)	-	-
Amount spent during the year (other than on construction/acquisition of any asset)	57.55	38.31
Amount spent during the year (on construction/acquisition of any asset)	-	-
Amount yet to be spent/paid	-	-
Total	**57.55**	**38.31**

Notes to the Standalone Financial Statements for the year ended 31 March 2021

27. Discontinued operations

i. Pursuant to board approval dated 22 February 2021, the Company entered into a Business Transfer Agreement (BTA) dated 1 March 2021 with Paradeep Phosphates Ltd. (PPL), subsidiary of Zuari Maroc Phosphates Private Limited (ZMPPL), a joint venture company (the Company and OCP S.A. hold 50% each of the total equity capital of ZMPPL and ZMPPL holds 80.45% of the share capital of PPL) to transfer its fertilizer plant at Goa and associated businesses as going concern on a slump sale basis for an agreed enterprise value of INR 2,05,225.44 lakhs (converted basis the enterprise value of USD 280 million as per the BTA).

The effect of the transfer will be reflected in the financial information/statements of the period in which the deal is consummated post receipt of all requisite regulatory approvals. The long stop date as per the BTA is 30 June 2021 however, it is expected to be consummated in the second quarter of financial year 2021-22.

Subsequent to the year end, the Company's shareholders have approved this transaction vide ordinary and special resolution as per the requirement of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 and Companies Act, 2013 through Postal Ballot on 7th April, 2021.

(a) The results of discontinued operations for the year are presented below: (INR in lakhs)

	31 March 2021	31 March 2020
Revenue		
Revenue from operations	2,21,938.60	1,96,237.25
Other income	2,610.12	888.60
Total income (I)	**2,24,548.72**	**1,97,125.85**
Cost of raw material and components consumed	1,53,481.39	87,275.07
Purchases of traded goods	129.32	7,723.51
Changes in inventories of finished goods, traded goods and work-in-progress	2,797.94	73,075.62
Employee benefits expense	6,753.40	7,589.11
Finance costs	20,328.49	26,767.24
Depreciation and amortization expense	3,915.42	4,282.47
Other expenses	50,705.61	58,712.43
Total expense (II)	**2,38,111.57**	**2,65,425.45**
(Loss) before tax (I-II)	**(13,562.85)**	**(68,299.60)**
Tax expense		
Current tax	-	-
Deferred tax charge / (credit)	-	16,863.17
Income tax expense/ (credit)	**-**	**16,863.17**
(Loss) after tax	**(13,562.85)**	**(51,436.43)**

(b) The major classes of assets and liabilities as at 31 March 2021 are as follows: (INR in lakhs)

	March 31, 2021
Assets	
Property, plant and equipment and intangible assets (including capital work-in-progress)	50,187.69
Non-current financial assets	257.14
Other non-current assets	66.26
Inventories	22,393.01
Trade receivables (Including subsidy of INR 32,056.00 lakhs)	37,587.08
Other current financial assets	2,693.16
Other current assets	17,992.45
Assets held for sale (I)	**1,31,176.79**
Liabilities	
Non-current financial liabilities	1,353.35
Other non-current liabilities	65.74
Current borrowings	72,608.40
Trade payables	1,31,120.01
Other current liabilities	27,938.22
Current provisions	1,906.42
Liabilities directly associated with assets held for sale (II)	**2,34,992.14**
Net assets (I-II)	**(1,03,815.35)**

(c) The net cash flows are as follows: (INR in lakhs)

	31 March 2021	31 March 2020
Operating	55,782.23	1,88,159.41
Investing	(1,133.18)	(1,923.83)
Financing	(54,649.05)	(1,86,235.58)
Net cash flow	**-**	**-**

ii. During the year ended 31 March 2020, pursuant to board approval obtained on 5 February 2020 and vide Business Transfer Agreement dated 31 March 2020, the Company has transferred its assets and liabilities of its retail, speciality nutrient business (SPN) & allied, crop protection and care business (CPC), seeds and blended businesses (farmhub business) to Zuari Farmhub Limited (ZFL), a wholly owned subsidiary, with effect from 31 March 2020 on a going concern basis under a slump sale arrangement. Consequently, the Company net assets of INR 8,659.26 lakhs, mainly representing property, plant and equipment, inventories, trade receivables and trade payables, had been transferred to ZFL and had recognized a gain of INR 69,896.74 lakhs in the standalone financials for the year ended 31 March 2020 as an exceptional income (Refer Note 28).

As per the above-mentioned Business Transfer Agreement with ZFL, pending certain regulatory licenses, the Company had agreed to provide support services to ZFL at Nil consideration for an intermediate period, initially agreed for three months, which was extended till 31 March 2021.

As per the above-mentioned Business Transfer Agreement with ZFL, the consideration for slump sale of farmhub business to ZFL was settled by issuance of Compulsory Convertible Debentures (CCDs) of ZFL for INR 43,556.00 lakhs and balance of INR 35,000.00 lakhs payable by 31 December 2020. Subsequent to year end, in the board meeting of ZFL held on 27 May 2021, the directors of ZFL have approved issuance of CCDs by way of private placement on a preferential basis against the outstanding payable at the same terms and conditions which were kept for CCDs previously issued for discharging the balance consideration of the slump sale. The Board of Directors of the Company in their meeting held on 28 May 2021 have also approved conversion of the balance consideration receivable in cash into CCDs. The detailed process as per Companies Act, 2013 and rules thereunder shall be complied with by ZFL and the Company being holding company of ZFL.

The Company has entered into a non-binding agreement with a potential investor who has expressed its interest to invest in equity of ZFL to the tune of USD 46.5 million (being 30% of the enterprise value of ZFL) in two tranches and for which a confirmatory due diligence is in advance stages and definitive agreement is expected to be executed in the coming quarters.

(a) The results of discontinued operations for the year are presented below (INR in lakhs)

	31 March 2020
Revenue	
Revenue from operations	30,535.96
Other income	118.67
Total income (I)	**30,654.63**
Cost of raw material and components consumed	11,391.69
Purchases of traded goods	8,131.14
Changes in inventories of finished goods, traded goods and work-in-progress	4,672.01
Employee benefits expense	1,645.56
Finance costs	970.69
Depreciation and amortization expense	1,164.22
Other expenses	3,015.48
Total expense (II)	**30,990.79**
(Loss) before tax (I-II)	**(336.16)**
Tax expense	
Current tax	-
Deferred tax charge / (credit)	83.00
Income tax (credit)	**83.00**
(Loss) after tax	**(253.16)**

(b) The net cash flows are as follows: (INR in lakhs)

	31 March 2020
Operating	(3,450.23)
Investing	(9,892.13)
Financing	4,346.94
Net cash (outflows)	**(8,995.42)**

Notes to the Standalone Financial Statements for the year ended 31 March 2021

28. 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 2021	31 March 2020
Profit/(Loss) attributable to equity holders of the Company:		
Continuing operations (INR in lakhs) (a)	(10,149.34)	32,762.76
Discontinued operations (INR in lakhs) (b)	(13,562.85)	(51,689.59)
(Loss) attributable to equity holders of the Company (INR in lakhs) (c=a+b)	(23,712.19)	(18,926.83)
Weighted average number of shares used in computing earnings per share	4,20,58,006	4,20,58,006
Basic and diluted from continuing operations (in INR)	(24.13)	77.90
Basic and diluted from discontinued operations (in INR)	(32.25)	(122.90)
Basic and diluted from continuing and discontinued operations (in INR)	(56.38)	(45.00)
Face value per share (in INR)	10.00	10.00

29. Exceptional Items:

(INR in lakhs)

	31 March 2021	31 March 2020
Gain on transfer of retail and allied business through slump sale (Refer Note below)	-	(69,896.74)
	-	**(69,896.74)**

Exceptional items for the year ended 31 March 2020 includes INR 69,896.74 lakhs representing gain on slump sale as more fully described in Note 27.

30. Components of Other Comprehensive Income (OCI) :

The disaggregation of changes to OCI by each type of reserve in equity is shown below:

During the year ended 31 March 2021

(INR in lakhs)

	Equity instruments through Other Comprehensive Income	Surplus / (deficit) in the statement of profit and loss
Remeasurement gains on defined benefit plans	-	53.08
Income tax effect	-	-
Net gain on equity instruments through Other Comprehensive Income	1,093.29	-
Income tax effect	-	-
	1,093.29	**53.08**

During the year ended 31 March 2020

(INR in lakhs)

	Equity instruments through Other Comprehensive Income	Surplus / (deficit) in the statement of profit and loss
Remeasurement gains on defined benefit plans	-	16.63
Income tax effect	-	(4.02)
Net (loss) on equity instruments through Other Comprehensive Income	(1,750.92)	-
Income tax effect	781.77	-
	(969.15)	**12.61**

Notes to the Standalone Financial Statements for the year ended 31 March 2021

31. Dues to Micro, Small and Medium Enterprises#

The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act is as follows:

(INR in lakhs)

	31 March 2021	31 March 2020
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	179.55	279.20
- Interest due on above	40.94	85.81
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	320.01	279.07
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	40.94	85.81

#also includes disclosure in relation to discontinued operation (Refer Note 27)

32. Gratuity and other post-employment benefit plans

(INR in lakhs)

Particulars	31 March 2021	31 March 2020
- Gratuity Plan - (Liability)	(47.53)	(203.52)
- Provident Fund - Asset*	-	85.95
- Post Retirement Medical Benefit Plan - (Liability)	(63.84)	(63.43)
Total	**(111.37)**	**(181.00)**

* Plan assets of INR Nil (31 March 2020: INR 85.95 lakhs) have not been recognised in the financial statements, as the surplus of the trust, is distributable among the beneficiaries of the provident fund trust. The above includes amount contributed by Zuari Global Limited (related party of the Company).

a) Gratuity

Gratuity (being administered by a Trust) is computed as 15 days salary, for every completed year of service or part thereof in excess of 6 months and is payable on retirement/termination/resignation. The Gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement/termination/resignation. The Gratuity plan for the Company is a defined benefit scheme where annual contributions as demanded by the insurer are deposited to a Gratuity Trust Fund established to provide gratuity benefits. The Trust has taken an insurance policy, whereby these contributions are transferred to the insurer. The Company makes provision of such gratuity asset/liability in the books of account on the basis of actuarial valuation carried out by an independent actuary.

b) Provident Fund

As per Ind AS 19, Employee Benefits, provident funds setup by employers, which requires interest shortfall to be met by the employer, needs to be treated as defined benefit plan. Actuarial valuation of Provident Fund was carried out in accordance with the guidance note issued by Actuary Society of India.

c) Post Retirement Medical Benefit Plan

The Company has a defined benefit post retirement medical benefit plan, for its employees. The Company provides medical benefit to those employees who leave the services of the Company on retirement. As per the plan, retired employee and the spouse will be covered till the age of 85 years and the dependent children till they attain the age of 25 years. In case of death of retired employee, the spouse will be covered till the age of 85 years and the dependent children till they attain the age of 25 years. The plan is not funded by the Company.

Notes to the Standalone Financial Statements for the year ended 31 March 2021

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	Gratuity	
	31 March 2021	31 March 2020
Current service cost	3.64	4.95
Net interest cost	6.21	7.38
Total	**9.85**	**12.33**

(INR in lakhs)

Particulars	Post Retirement Medical Benefit Plan	
	31 March 2021	31 March 2020
Current service cost	-	-
Net interest cost	4.34	5.02
Total	**4.34**	**5.02**

Amount recognised in other comprehensive income for the year ended (INR in lakhs)

Particulars	Gratuity	
	31 March 2021	31 March 2020
Actuarial (gain) / loss		
- change in financial assumptions	0.85	0.52
- experience variance (i.e. Actual experience vs assumptions)	(53.93)	(17.15)
Total	**(53.08)**	**(16.63)**

(INR in lakhs)

Particulars	Post Retirement Medical Benefit Plan	
	31 March 2021	31 March 2020
Remeasurement (or Actuarial) (gain) / loss arising from :		
- change in demographic assumptions	-	0.03
- change in financial assumptions	0.36	2.95
- experience variance (i.e. Actual experiences assumptions)	(4.28)	(9.21)
Total	**(3.92)**	**(6.23)**

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

Gratuity: (INR in lakhs)

Particulars	31 March 2021	31 March 2020
Opening defined obligation	**1,777.37**	**2,097.10**
Current service cost	87.35	96.74
Interest cost	121.79	148.27
Remeasurement (or Actuarial) (gain) / loss arising from :		
- change in demographic assumptions	-	(0.11)
- change in financial assumptions	29.48	10.95
- experience variance (i.e. Actual experiences assumptions)	(50.11)	(46.65)
Benefits paid	(408.45)	(340.98)
Transfer out	14.96	-
Transferred to discontinued operation	(1,524.86)	(187.96)
Defined benefit obligation	**47.53**	**1,777.37**

Provident Fund: (INR in lakhs)

Particulars	31 March 2021	31 March 2020
Opening defined obligation	**13,197.47**	**13,003.89**
Current service cost	177.64	248.05
Interest cost	1,054.74	1,079.65
Contributions by Employee / plan participants	606.83	691.69
Benefits Paid out of funds	(2,858.99)	(2,093.74)
Remeasurement (or Actuarial) (gain) / loss arising from :		
- experience variance	108.24	39.96
Settlements / transfer in	160.86	227.97
Transferred to discontinued operation	(12,446.79)	-
Defined benefit obligation	**-**	**13,197.47**

Post Retirement Medical Benefit Plan: (INR in lakhs)

Particulars	31 March 2021	31 March 2020
Opening defined obligation	**63.43**	**64.63**
Interest cost	4.34	5.02
Remeasurement (or Actuarial) (gain) / loss arising from :		
- change in demographic assumptions	-	0.03
- change in financial assumptions	0.36	2.95
- experience variance (i.e. Actual experiences assumptions)	(4.29)	(9.21)
Defined benefit obligation	**63.84**	**63.43**

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

Gratuity: (INR in lakhs)

Particulars	31 March 2021	31 March 2020
Opening fair value of plan assets	**1,573.85**	**1,990.35**
Interest income	107.86	148.06
Return on plan assets (excluding amounts included in net interest expense) - Other Comprehensive Income	53.86	(53.61)
Contribution by Employer	4.35	4.92
Benefits paid	(406.64)	(340.98)
Transfer Out	(4.02)	-
Transferred to discontinued operations	(1,329.26)	(174.89)
Closing fair value of plan assets	**-**	**1,573.85**

The Company expects to contribute INR 332.97 lakhs (31 March 2020: INR 296.56 lakhs) to gratuity fund in the next financial year.

Provident Fund: (INR in lakhs)

Particulars	31 March 2021	31 March 2020
Opening fair value of plan assets	**13,283.42**	**13,224.02**
Interest income	1,129.09	1,147.14
Return on plan assets (excluding amounts included in net interest expense) - Other Comprehensive Income	77.39	(152.84)
Employer Contribution	177.64	248.05
Plan participants / Employee contribution	606.83	691.69
Benefits paid	(2,858.99)	(2,093.74)
Settlements / Transfer in	148.85	219.10
Transferred to discontinued operations	(12,564.23)	-
Closing fair value of plan assets	**-**	**13,283.42**

The Company expects to contribute INR 195.40 lakhs (31 March 2020: INR 545.71 lakhs) to provident fund trust in the next financial year.

Gratuity (INR in lakhs)

Particulars	31 March 2021	31 March 2020
Investment with insurer (Life Insurance Corporation of India)	-	1,573.85

Notes to the Standalone Financial Statements for the year ended 31 March 2021

Provident Fund (Managed Through Trust) (INR in lakhs)

Particulars	31 March 2021	31 March 2020
Equities and related investments	436.29	257.18
Other Government Securities	6,004.36	6,327.05
Other Debt instruments	2,936.63	2,997.11
Others	3,186.95	3,702.08

The overall expected rate of return is determined based on the market prices prevailing at that date, applicable to the year over which the obligation is to be settled. These rates are different from the actual rate of return during the current year.

Investment pattern in plan assets:

Particulars	Gratuity		Provident fund	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Funds managed by insurance companies	100%	100%	0%	0%
Funds managed by trust	0%	0%	100%	100%

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

Particulars	Gratuity		Provident Fund		Post Retirement Medical Benefit Plan	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Discount rate (in %)	6.75%	6.85%	6.75%	6.85%	6.75%	6.85%
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%	100%	100%	100% of IALM 2012-14	100% of IALM 2012-14
Mortality Rate (in %)(Above Normal Retirement Age)	N.A.	N.A.	N.A.	N.A.	90% of LIC 96-98 mod ult.	90% of LIC 96-98 mod ult.
Withdrawal rate (per annum)	1%-3%	1%-3%	1%-3%	1%-3%	-	-

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

Gratuity Plan (INR in lakhs)

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
Impact on defined benefit obligation	(3.09)	3.54	3.50	(3.11)	(0.03)	0.02	(0.00)	(0.00)
Assumptions	**31 March 2020**		**31 March 2020**		**31 March 2020**		**31 March 2020**	
	Discount rate		**Future salary increases**		**Attrition rate**		**Mortality rate (in %)**	
Sensitivity Level	1% increase	1% decrease	1% increase	1% decrease	50% increase of attrition rate	50% decrease of attrition rate	10% increase of mortality rate	10% decrease of mortality rate
Impact on defined benefit obligation	(98.65)	116.66	110.15	(95.06)	(2.81)	0.64	(1.94)	1.70

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

Provident Fund (INR in lakhs)

Assumptions	31 March 2021	
	Interest Rate Guarantee	
Sensitivity Level	1% increase	1% decrease
Impact on defined benefit obligation	602.11	(226.71)

Assumptions	31 March 2020	
	Interest Rate Guarantee	
Sensitivity Level	1% increase	1% decrease
Impact on defined benefit obligation	617.21	(118.46)

Post Retirement Medical Benefit Plan (INR in lakhs)

Assumptions	31 March 2021		31 March 2021	
	Discount rate		Mortality rate (in %)	
Sensitivity Level	1% increase	1% decrease	10% increase of mortality rate	10% decrease of mortality rate
Impact on defined benefit obligation	(3.73)	3.98	(1.78)	1.80

Assumptions	31 March 2020		31 March 2020	
	Discount rate		Mortality rate (in %)	
Sensitivity Level	1% increase	1% decrease	10% increase of mortality rate	10% decrease of mortality rate
Impact on defined benefit obligation	(3.71)	3.95	(1.78)	1.79

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

Maturity Profile of Defined benefit obligation:

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

Particulars	Gratuity		Post Retirement Medical Benefit Plan	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Within the next 12 months (next annual reporting period)	9.07	526.48	6.38	6.59
Between 1 and 5 years	21.36	632.26	22.97	23.43
Between 5 and 10 years	19.02	687.94	22.50	22.29
Beyond 10 years	37.73	1,205.32	25.47	23.92

The average duration of the defined benefit plan obligation at the end of the reporting period is 7 years (31 March 2020: 6 years).

33. Commitments and contingencies

A. Contingent liabilities:

Claims against the Company not acknowledged as debts (INR in lakhs)

		31 March 2021	31 March 2020
I	**Demands / Claims from Government Authorities ***		
(A)	**Demands from Income Tax Authorities**		
i)	Demands in respect of assessment year 2012-13 for disallowances mainly on account of loss on sale of fertiliser bonds for which an appeal is pending with ITAT.	1,519.66	-
ii)	Demands in respect of assessment year 2012-13 for disallowances mainly on account of loss on sale of fertiliser bonds for which an appeal is pending with CIT (Appeals).	14.64	14.64
iii)	Demands in respect of assessment year 2013-14 for disallowances u/s 14A on account of expenditure for earning exempt income for which an appeal is pending with ITAT.	320.88	-
iv)	Demands in respect of assessment year 2013-14 for disallowances u/s 14A on account of expenditure for earning exempt income for which an appeal is pending with CIT (Appeals).	46.55	46.55
v)	Demands in respect of assessment year 2014-15 for disallowances u/s 14A on account of expenditure for earning exempt income for which an appeal is pending with ITAT.	292.20	-
vi)	Demands in respect of assessment year 2014-15 for disallowances u/s 14A on account of expenditure for earning exempt income for which an appeal is pending with CIT (Appeals).	78.56	78.57
vii)	Demands in respect of assessment year 2015-16 for disallowances u/s 37 on account of expenditure incurred before commencement of business for which an appeal is pending with CIT (Appeals)	318.50	318.50
viii)	Demands in respect of assessment year 2016-17 for disallowances u/s 14A on account of expenditure for earning exempt income, depreciation on Goodwill and unrealised exchange loss for which an appeal is pending with CIT (Appeals)	1,505.87	1,505.87
ix)	Demands in respect of assessment year 2017-18 for disallowances u/s 14A on account of expenditure for earning exempt income, depreciation on Goodwill and unrealised exchange loss for which an appeal is pending with CIT (Appeals)	1,433.95	1,433.95
x)	Demand in respect of assessment year 2018-19 for disallowances of depreciation on Goodwill and claim u/s 115JB(2C)	12.95	-
xi)	Income-tax advance to Zuari Global Limited against earlier years demand pertains to Fertiliser Business in relation to Demerger happened in financial year 2011-12	522.16	1,708.36

Notes to the Standalone Financial Statements for the year ended 31 March 2021

(INR in lakhs)

		31 March 2021	31 March 2020
(B)	**Demands from Sales Tax and Other Authorities**		
i)	Demand Notice from Commercial Tax Department, Maharashtra towards financial year 2011-12	2.87	2.87
ii)	Exparte Order received from Commercial Tax Department, Lucknow, UP for the month of May 2016 to July 2016, September 2016, October 2016 and December 2016	14.34	14.34
iii)	Penalty order received for delay in payment of tax from Commercial Tax Department Lucknow, UP towards financial year 2016-17	9.23	9.23
iv)	Demand notice from Commercial Tax Department, Jaipur towards Excess Input Tax Credit availed for the periods 2011-12 and 2013-14 in respect of Company	32.10	32.10
v)	Demand notice from Commercial Tax Department, Madhya Pradesh towards non-submission of "C Form" for the period 2013-14 of the Company	2.48	2.48
vi)	Demand notice from Commercial Tax Department, Kerala towards Conceded an interstate stock transfer (Out) of taxable items for the period 2009-10 of the Company	-	15.52
vii)	Demand Notice from Commercial Tax Department, Meerut, UP towards financial year 2009-10	52.76	52.76
viii)	Demand Notice from Commercial Tax Department, Meerut, UP towards financial year 2013-14 on account of tax rate difference	16.40	16.40
ix)	Demand Notice from Commercial Tax Department, Telangana towards Short ITC reversal on stock transfers	8.85	8.85
x)	Demand Notice from Commercial Tax Department, Andhra Pradesh towards non-submission of F Form for stock transfers	179.29	-
xi)	Exparte Order received from Commercial Tax Department , UP for the year 2016-17.	67.00	-
xii)	Demand Notice from Commercial Tax Department, Maharashtra towards suppression of sale, disallowance of ITC on purchases for the year 2016-17	257.88	-
xiii)	Demand Notice from Commercial Tax Department, Maharashtra towards non-submission of supporting documents for F Form for the year 2016-17	7.62	-
xiv)	Entry tax demand for financial year 2012-13	-	0.08
xv)	Demand notice received for Telangana state towards payment of Entry tax financial year 2017-18	-	0.24
xvi)	Demand Notice from Commercial Tax Department, Goa towards non-registration under Goa Green Cess Act, 2013 as being importer of natural gas#	4,291.34	4,291.34
xvii)	Demand notice from CGST, Goa on account of GST refund on services under inverted duty structure from July 2017 to March 2018 towards financial year 2017-18#	2,767.33	2,767.33
xviii)	Interest appropriation on Demand raised by CGST, Goa on account of GST refund on services under inverted duty structure from July 2017 to March 2018 towards financial year 2017-18#	756.26	756.26
xix)	Demand notice from GST Department, Gujarat towards recovery of refund issued erroneously for the month of August 2017#	492.49	-
xx)	Demand notice from Customs Department, Mumbai towards non-eligibility of exemption under notification no. 04/06-CE dt 1 March 2006 (as amended by notification no. 4/2011-CE dt. 1 March 2011) towards Counter-Vailing Duty (CVD) for the imports at Navasheva port for the period 24 March 2011 to 2 December 2011. Appeal filed with West Zonal Branch of the Customs, Excise and Service Tax Appellate Tribunal at Mumbai for waiver of pre-deposit and penalty#	26.10	26.10
xxi)	Demand notice from Customs Department, Chennai towards denial of import of MOP at concessional rate of duty for the period 1 April 2001 to 28 February 2006. The Company has filed appeal with South Regional branch of the Customs, Excise and Service Tax Appellate Tribunal at Bangalore for waiver of pre-deposit and stay of impugned order#	284.74	284.74
xxii)	Demand notice from Customs Department, Chennai towards denial of import of MOP at concessional rate of duty for the period 2002-03 and 2003-04. Appeal filed with South Regional branch of the Customs, Excise and Service Tax Appellate Tribunal at Bangalore for waiver of pre-deposit and stay of impugned order#	148.28	148.28
xxiii)	Customs Duty Differential on finalised Bill of Entries-Dharamatar Port-Order by Deputy Commissioner of Customs(P) Alibaug Division#	71.02	71.02
xxiv)	Demand from Directorate of Revenue Intelligence towards wrongful availment of exemption notification based on SEIS scrips#	140.52	-
xxv)	Demand for non-payment of service tax under reverse charge mechanism on manpower supply services and GTA services for Financial year 2015-16 and 2016-17#	266.11	-

		31 March 2021	31 March 2020
xxvi)	Demand for non-payment of service tax on filling, weighing & stitching contract and internal transportation service from April 2017 -June 2017#	31.52	-
xxvii)	Demand for non-payment of R&D Cess on foreign consultancy services for the period April 2015 to June 2017#	277.17	-
II	**Other claims against the Company not acknowledged as debts***		
i)	Claims against the Company not acknowledged as debts##	264.36	264.36

* Based on discussions with the solicitors/favourable decisions in similar cases/legal opinions taken by the Company, the management does not expect these claims to succeed and hence, no provision there against is considered necessary.

\# amount related to discontinued operations (Refer Note 27)

\## includes amount related to discontinued operations (Refer Note 27)

B. Financial guarantees: (INR in lakhs)

	31 March 2021	31 March 2020
Aggregate amount of guarantees issued by the banks to various Government Authorities and Others**	454.92	534.00

**Bank guarantees of INR 454.92 lakhs (31 March 2020: INR 534.00 lakhs) are secured by a charge created by way of hypothecation on the current assets, both present and future, wherever situated pertaining to the Company and the Company's present and future book debts outstanding, moneys receivable, claims, bills, contracts, engagements, rights and assets. Bank guarantees includes amount related to discontinued operation (Refer Note 27).

C. Commitments: (INR in lakhs)

	31 March 2021	31 March 2020
Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances)#	3,789.23	4,087.77

#includes amount related to discontinued operations (Refer Note 27)

34. Related party transactions

In accordance with the requirements of Ind AS 24 'Related Party Disclosures', names of the related parties, related party relationship, transactions and outstanding balances including commitments where control exits and with whom transactions have taken place during reported periods are:

(i) Subsidiaries of the Company

1) Mangalore Chemicals and Fertilisers Limited
2) Adventz Trading DMCC
3) Zuari Farmhub Limited (ZFL) (w.e.f. 23 March 2020)

(ii) Joint ventures of the Company

1) Zuari Maroc Phosphates Private Limited
2) Paradeep Phosphates Limited (PPL) – Subsidiary of Zuari Maroc Phosphates Private Limited

(iii) Key Management Personnel of the Company

1) Mr. Saroj Kumar Poddar - Chairman
2) Mr. Sunil Sethy - Managing Director (upto 31 July 2020)
3) Mr. Nitin M. Kantak - Executive Director (w.e.f. 3 September 2020)
4) Mr. N. Suresh Krishnan - Non-Executive Director
5) Mr. Akshay Poddar - Non-Executive Director
6) Mr. Marco Wadia - Independent Director
7) Mr. Gopal Krishna Pillai - Independent Director (upto 31 March 2020)
8) Mr. J. N. Godbole - Independent Director (upto 17 February 2020)
9) Ms. Kiran Dhingra - Independent Director (upto 31 March 2021)
10) Mr. Dipankar Chatterji - Independent Director (w.e.f. 14 February 2020)
11) Mr. L. M. Chandrasekaran - Independent Director (w.e.f. 27 June 2020)
12) Mr. Sandeep Agrawal - Chief Financial Officer (upto 11 April 2019)
13) Mr. Samrat Sen - Chief Financial Officer (w.e.f. 12 April 2019 up to 14 December 2019)
14) Mr. Raj Kumar Gupta - Chief Financial Officer (w.e.f. 5 February 2020)
15) Mr. R. Y. Patil - Vice President and Company Secretary (up to 31 March 2020)
16) Mr. Vijayamahantesh Khannur - Company Secretary (w.e.f. 1 April 2020)

Notes to the Standalone Financial Statements for the year ended 31 March 2021

(iv) Parties having significant influence

1) Zuari Global Limited
2) Indian Furniture Products Limited (IFPL)
3) Forte Furniture Products (India) Private Limited (Joint Venture of Zuari Global Limited)
4) Simon India Limited
5) Zuari Management Services Limited
6) Zuari Infraworld India Limited
7) Zuari Finserv Limited
8) Zuari Investments Limited
9) Gobind Sugar Mills Limited (subsidiary of Zuari Investment Limited)
10) Zuari Indian Oil Tanking Private Limited (Joint Venture of Zuari Global Limited)

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

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

Following transactions were carried out with related parties in the ordinary course of business for the year ended:# (INR in lakhs)

S. No.	Transaction details	31 March 2021				31 March 2020			
		Subsidiaries	Joint Ventures	Enterprises having Significant Influence	Key Management Personnel	Subsidiaries	Joint Ventures	Enterprises having Significant Influence	Key Management Personnel
1	**Expenses incurred on their behalf**								
	- Paradeep Phosphates Limited	-	16.79	-	-	-	42.08	-	-
	- Gobind Sugar Mills Limited	-	-	-	-	-	-	6.34	-
	- Mangalore Chemicals and Fertilizers Limited	11.50	-	-	-	10.71	-	-	-
	- Zuari Indian Oil Tanking Private Limited	-	-	1.03	-	-	-	-	-
	- Zuari Global Limited	-	-	1.24	-	-	-	0.67	-
	- Zuari Farmhub Limited	1,641.91	-	-	-	21.89	-	-	-
2	**Expenses incurred on our behalf**								
	- Paradeep Phosphates Limited	-	0.77	-	-	-	-	-	-
	- Mangalore Chemicals and Fertilizers Limited	0.16	-	-	-	0.43	-	-	-
3	**Service charges paid**								
	- Zuari Management Services Limited	-	-	567.29	-	-	-	920.22	-
	- Zuari Finserv Limited	-	-	10.01	-	-	-	0.53	-
	- Zuari Global Limited	-	-	71.25	-	-	-	-	-
4	**Other Income**								
	- Paradeep Phosphates Limited	-	480.58	-	-	-	283.06	-	-
5	**Transfer of employee benefits**								
	- Paradeep Phosphates Limited	-	7.77	-	-	-	8.84	-	-
	- Zuari Management Services Limited	-	-	0.19	-	-	-	-	-
6	**Purchase of traded goods**								
	- Paradeep Phosphates Limited	-	-	-	-	-	1,751.99	-	-
	- Mangalore Chemicals and Fertilizers Limited	-	-	-	-	2,849.43	-	-	-
	- Adventz Trading DMCC	-	-	-	-	45.84	-	-	-

Notes to the Standalone Financial Statements for the year ended 31 March 2021

(INR in lakhs)

S. No.	Transaction details	31 March 2021				31 March 2020			
		Subsidiaries	Joint Ventures	Enterprises having Significant Influence	Key Management Personnel	Subsidiaries	Joint Ventures	Enterprises having Significant Influence	Key Management Personnel
7	**Purchase of raw materials**								
	- Paradeep Phosphates Limited	-	47,123.01	-	-	-	6,131.46	-	-
8	**Rebate received on purchase of traded goods**								
	- Mangalore Chemicals and Fertilizers Limited	-	-	-	-	196.75	-	-	-
	- Paradeep Phosphates Limited	-	-	-	-	-	83.20	-	-
9	**Rebate received on purchase of Raw Material**								
	- Paradeep Phosphates Limited	-	1,340.24	-	-	-	436.29	-	-
10	**Sale of finished goods**								
	- Gobind Sugar Mills Limited	-	-	-	-	-	-	93.15	-
	- Paradeep Phosphates Limited	-	29,881.19	-	-	-	9,337.82	-	-
	- Zuari Farmhub Limited	4,885.97	-	-	-	-	-	-	-
11	**Rebate/Despatch/Dem paid on Sales of traded goods**								
	- Mangalore Chemicals and Fertilizers Limited	-	-	-	-	577.50	-	-	-
	- Paradeep Phosphates Limited	-	798.72	-	-	-	-	-	-
12	**Purchase of fixed assets**								
	- Indian Furniture Products Limited	-	-	-	-	-	-	107.78	-
	- Forte Furniture Products (India) Private Limited	-	-	-	-	-	-	0.96	-
13	**Other expenses**								
	- Zuari Global Limited	-	-	1,186.20	-	-	-	200.21	-
14	**Interest paid**								
	- Paradeep Phosphates Limited (net of reversal of INR 1,971.44 lakhs (31 March 2020: INR Nil)	-	(1,971.44)	-	-	-	2,730.14	-	-
	- Mangalore Chemicals and Fertilizers Limited	1,183.00	-	-	-	1,121.67	-	-	-
15	**Interest income on loan/deposit/trade receivable**								
	- Gobind Sugar Mills Limited (net of reversal of INR Nil (31 March 2020: INR 55.08 lakhs)	-	-	-	-	-	-	(55.08)	-
	- Adventz Trading DMCC	25.71	-	-	-	24.97	-	-	-
	- Zuari Farmhub Limited	4.36	-	-	-	-	-	-	-
16	**Service income received**								
	- Paradeep Phosphates Limited	-	-	-	-	-	162.58	-	-
	- Zuari Global Limited	-	-	-	-	-	-	2.50	-
17	**Inter corporate deposits**								
	- Zuari Global Limited	-	-	7,450.00	-	-	-	22,550.00	-
	- Zuari Management Services Limited	-	-	4,550.00	-	-	-	4,800.00	-

Notes to the Standalone Financial Statements for the year ended 31 March 2021

(INR in lakhs)

S. No.	Transaction details	31 March 2021				31 March 2020			
		Subsidiaries	Joint Ventures	Enterprises having Significant Influence	Key Management Personnel	Subsidiaries	Joint Ventures	Enterprises having Significant Influence	Key Management Personnel
18	**Interest paid on Inter corporate deposits**								
	- Zuari Global Limited	-	-	4,012.01	-	-	-	1,509.80	-
	- Zuari Management Services Limited	-	-	1,047.45	-	-	-	411.88	-
19	**Rent paid**								
	- Zuari Global Limited	-	-	50.04	-	-	-	48.39	-
	- Zuari Infraworld India Limited	-	-	43.87	-	-	-	42.94	-
	- Gobind Sugar Mills Limited	-	-	1.00	-	-	-	2.40	-
20	**Advance to Employee**								
	- Mr. Sunil Sethy	-	-	-	-	-	-	-	81.00
21	**Director Deposit**								
	- Zuari Global Limited	-	-	1.00	-	-	-	-	-
22	**Dividend received**								
	- Mangalore Chemicals and Fertilizers Limited	320.14	-	-	-	640.28	-	-	-
	- Zuari Maroc Phosphate Private Limited	-	-	-	-	-	2,247.70	-	-
23	**Investment in equity shared**								
	- Zuari Farmhub Limited	-	-	-	-	1.00	-	-	-
24	**Proceeds from slump sale**								
	- Zuari Farmhub Limited	-	-	-	-	78,556.00	-	-	-
25	**Investment in compulsory convertible debentures (CCD)**								
	- Zuari Farmhub Limited	-	-	-	-	43,556.00	-	-	-
26	**Contribution to gratuity fund**	-	-	53.86	-	-	-	4.92	-
27	**Contribution to superannuation fund**	-	-	113.53	-	-	-	134.85	-
28	**Contribution to provident fund (including employees contribution)**	-	-	613.16	-	-	-	852.25	-
29	**Contribution to contributory pension fund (including employees contribution)**	-	-	71.80	-	-	-	82.73	-

Terms and conditions of transactions with related parties

The transactions of sale and purchases with related parties are made on terms equivalent to those prevailing in arm's length transactions. The outstanding balances at the year end of trading activities are generally unsecured. Interest is charged as per terms of the contract with the related parties which is at arm's length. The net outstanding balances are settled generally in cash.

There have been no guarantees provided or received for any related party receivables or payables.

For the year ended 31 March 2021, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2020: INR Nil).

Compensation of key management personnel of the Company**

(INR in lakhs)

	31 March 2021	31 March 2020
Short-term employee benefits	164.07	147.45
Retirement benefits	7.48	6.12
Sitting Fee	32.55	40.00
Total compensation paid to key management personnel	**204.10**	**193.57**

**The amount disclosed above are the amounts recognised during the reporting period related to key management personnel. As the liabilities for the gratuity and compensated absence is provided on an actuarial basis for the Company as a whole, the amount pertaining to the key management personnel is not ascertainable and therefore not included above.

#includes amount related to discontinued operations (Refer Note 27)

Notes to the Standalone Financial Statements for the year ended 31 March 2021

Balance Outstanding as on:# (INR in lakhs)

S. No.	Particulars	31 March 2021				31 March 2020			
		Subsidiaries	Joint Ventures	Enterprises having Significant Influence	Key Management Personnel	Subsidiaries	Joint Ventures	Enterprises having Significant Influence	Key Management Personnel
1	**Loan given :**								
	- Adventz Trading DMCC	192.08	-	-	-	198.79	-	-	-
2	**Trade payables :**								
	- Mangalore Chemicals and Fertilizers Limited	8,050.07	-	-	-	8,019.72	-	-	-
	- Paradeep Phosphates Limited	-	51,008.52	-	-	-	34,154.41	-	-
	- Zuari Global Limited	-	-	89.31	-	-	-	45.80	-
	- Zuari Finserv Limited	-	-	11.30	-	-	-	0.13	-
	- Zuari Management Services Limited	-	-	11.58	-	-	-	-	-
	- Zuari Infraworld India Limited	-	-	4.71	-	-	-	-	-
3	**Interest payable :**								
	- Mangalore Chemicals and Fertilizers Limited	2,815.50	-	-	-	1,632.50	-	-	-
	- Paradeep Phosphates Limited	-	2,364.29	-	-	-	4,335.74	-	-
	- Zuari Global Limited	-	-	645.08	-	-	-	-	-
	- Zuari Management Services Limited	-	-	143.24	-	-	-	-	-
4	**Trade receivable/Other receivable :**								
	- Gobind Sugar Mills Limited	-	-	145.97	-	-	-	146.89	-
	- Zuari Management Services Limited	-	-	-	-	-	-	0.50	-
	- Zuari Farmhub Limited	36,744.96	-	-	-	35,021.89	-	-	-
5	**Interest accrued/received on loan/ deposit/trade receivable :**								
	- Paradeep Phosphates Limited	-	-	-	-	-	247.78	-	-
	- Adventz Trading DMCC	87.12	-	-	-	61.28	-	-	-
6	**Security deposits given :**								
	- Zuari Infraworld India Limited	-	-	29.33	-	-	-	29.33	-
7	**Advance given for income tax liability :**								
	- Zuari Global Limited	-	-	522.15	-	-	-	1,708.36	-
8	**Advance to Employee**								
	- Mr. Sunil Sethy	-	-	-	81.00	-	-	-	81.00
9	**Inter-corporate deposits**								
	- Zuari Global Limited	-	-	30,000.00	-	-	-	22,550.00	-
	- Zuari Management Services Limited	-	-	9,350.00	-	-	-	4,800.00	-
10	**Advance from customers**								
	- Mangalore Chemicals and Fertilizers Limited	1,980.00	-	-	-	1,980.00	-	-	-
	- Paradeep Phosphates Limited	-	-	-	-	-	-	-	-
11	**Trade deposit received :**								
	- Gobind Sugar Mills Limited	-	-	0.50	-	-	-	0.50	-
12	**Gratuity fund balance :**	-	-	1,329.27	-	-	-	1,573.85	-
13	**Provident fund balance* :**	-	-	12,564.24	-	-	-	13,283.42	-

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

#includes amount related to discontinued operations (Refer Note 27)

Notes to the Standalone Financial Statements for the year ended 31 March 2021

35. Segment Information

Information regarding primary segment reporting as per Ind AS 108

The Company is engaged in the business of manufacturing, trading and marketing of chemical fertilizers and fertilizer products which according to the management, is considered as the only business segment.

Accordingly, no separate segmental information has been provided herein.

Geographical segments

The Company operates in India and therefore caters to the needs of the domestic market. Therefore, there is only one geographical segment and hence, geographical segment information is not required to be disclosed.

Revenue from single customer i.e. Government of India amounted to INR 1,20,024.01 lakhs (31 March 2020: INR 97,438.48 lakhs) arising from sales in the fertilizers segment, including discontinued operations of INR 1,20,024.01 lakhs (31 March 2020: INR 96,038.17 lakhs (Refer Note 27)).

36. Fair Values#

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

(INR in lakhs)

	Carrying value		Fair value	
	***31 March 2021**	***31 March 2020**	***31 March 2021**	***31 March 2020**
Financial assets				
Investments:				
Investment in quoted equity share at FVTOCI	2,029.64	968.03	2,029.64	968.03
Investment in unquoted equity share at FVTOCI	692.64	660.96	692.64	660.96
Others:				
Loans and advances to related parties and interest thereon	279.20	260.07	279.20	260.07
Employee loans and interest thereon	45.88	57.93	45.88	57.93
Security deposits	290.66	354.04	290.66	354.04
Foreign exchange forward covers	2.37	-	2.37	-
Claims receivable	-	150.53	-	150.53
Other financial assets	37,802.71	41,029.51	37,802.71	41,029.51
	41,143.10	**43,481.07**	**41,143.10**	**43,481.06**
Financial Liabilities				
Borrowings:				
Long-term borrowings	72,901.12	74,755.01	72,901.12	74,755.01
Short-term borrowings	92,108.40	1,05,626.82	92,108.40	1,05,626.82
Others:				
Foreign exchange forward covers	135.25	-	135.25	-
Payable towards voluntary retirement scheme	8.43	51.18	8.43	51.18
Other financial liabilities	26,981.93	24,957.91	26,981.93	24,957.91
Total financial liabilities	**1,92,135.13**	**2,05,390.92**	**1,92,135.13**	**2,05,390.92**

The management assessed that cash and cash equivalents, trade receivables and trade payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

Borrowings are primarily Indian domestic long-term rupee loans wherein interest rates are linked to benchmark rates (Marginal Cost of Lending Rates/ Prime Lending Rates) of respective lenders. These benchmark rates are determined based on cost of funds of the lenders, as well as, market rates. The benchmark rates are periodically revised by the lenders to reflect prevalent market conditions. Accordingly, effective cost of debt for Borrowings at any point of time is in line with the prevalent market rates. Due to these reasons, management is of the opinion that they can achieve refinancing, if required, at similar cost of debt, as current effective interest rates. Hence, the discounting rate for calculating the fair value of Borrowings has been taken in line with the current cost of debt.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

#includes amount related to discontinued operations (Refer Note 27)

The following methods and assumptions were used to estimate the fair values:

(i) Derivative financial instruments - The fair value of forward foreign exchange contracts is determined using the forward exchange rates at the balance sheet date. The fair value of foreign currency option contracts is determined using the Black Scholes valuation model. The derivatives are entered into with the banks counterparties with investment grade credit ratings.

(ii) Security deposits / Employee loans - The fair value of security deposits / employee loans approximates the carrying value and hence, the valuation technique and inputs have not been given.

(iii) The fair values of the unquoted equity shares have been estimated using a DCF model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

(iv) The fair values of the remaining FVTOCI financial assets are derived from quoted market prices in active markets.

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis are as shown below:

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
As on 31 March 2021				
Investment in Unquoted equity share of Indian Potash Limited	DCF Method	WACC and Long-Term Growth Rate (LTGR)	WACC 13.31% & LTGR 4%	Increase in WACC and decrease in LTGR by 0.50% would result in decrease in fair value by INR 59.04 lakhs and Decrease in WACC and increase in LTGR by 0.50% would result in increase in fair value by INR 51.84 lakhs respectively.
As on 31 March 2020				
Investment in Unquoted equity share of Indian Potash Limited	DCF Method	WACC and Long-Term Growth Rate (LTGR)	WACC 13.79% & LTGR 4%	Increase in WACC and decrease in LTGR by 0.50% would result in decrease in fair value by INR 53.28 lakhs and Decrease in WACC and increase in LTGR by 0.50% would result in increase in fair value by INR 59.04 lakhs respectively.

Reconciliation of fair value measurement of unquoted equity shares classified as FVTOCI assets: (INR in lakhs)

As at 1 April 2019	**1,153.44**
Remeasurement loss recognised in OCI	(492.48)
Purchases	-
Sales	-
As at 31 March 2020	**660.96**
Remeasurement gain recognised in OCI	31.68
Purchases	-
Sales	-
As at 31 March 2021	**692.64**

37. Fair value measurements

(i) Financial instruments by category

(INR in lakhs)

	*31 March 2021			*31 March 2020		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
Financial assets						
Investments-						
Investment in quoted equity share at FVTOCI	-	2,029.64	-	-	968.03	-
Investment in unquoted equity share at FVTOCI	-	692.64	-	-	660.96	-
Loans and interest thereon	-	-	325.08	-	-	318.00
Security deposits	-	-	290.66	-	-	354.04
Trade receivables	-	-	37,587.87	-	-	82,104.92
Cash and cash equivalents	-	-	5,625.78	-	-	5,191.97
Bank balances other than above	-	-	13,171.15	-	-	4,085.25
Foreign exchange forward covers	2.37	-	-	-	-	-
Other financial assets	-	-	37,802.71	-	-	41,180.04
Total Financial assets	**2.37**	**2,722.28**	**94,803.25**	**-**	**1,628.99**	**1,33,234.22**
Financial liabilities						
Borrowings	-	-	1,65,009.52	-	-	1,80,381.83
Trade payables	-	-	1,34,712.58	-	-	1,39,777.53
Foreign exchange forward covers	135.25	-	-	-	-	-
Payable for capital goods	-	-	-	-	-	1,036.22
Others	-	-	26,990.36	-	-	23,972.87
Total Financial liabilities	**135.25**	**-**	**3,26,712.46**	**-**	**-**	**3,45,168.45**

Notes to the Standalone Financial Statements for the year ended 31 March 2021

(ii) Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2021: (INR in lakhs)

Particulars	Date of Valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:					
Investment in quoted equity share at FVTOCI	31 March 2021	2,029.64	2,029.64	-	-
Investment in unquoted equity share at FVTOCI	31 March 2021	692.64	-	-	692.64
Assets for which fair values are disclosed					
Loans and advances to related parties and interest thereon	31 March 2021	279.20	-	279.20	-
Employee loans and interest thereon	31 March 2021	45.88	-	45.88	-
Security deposits	31 March 2021	290.66	-	290.66	-
Foreign exchange forward covers	31 March 2021	2.37	-	2.37	-
Claims receivable	31 March 2021	-	-	-	-
Packing scheme incentive grant receivable	31 March 2021	-	-	-	-
Other financial assets	31 March 2021	37,802.71	-	37,802.71	-

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

Quantitative disclosures fair value measurement hierarchy for liabilities as at 31 March 2021: (INR in lakhs)

Particulars	Date of Valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Liabilities for which fair values are disclosed					
Long term borrowings	31 March 2021	72,901.12	-	72,901.12	-
Short term borrowings	31 March 2021	92,108.40	-	92,108.40	-
Payable towards voluntary retirement scheme	31 March 2021	8.43	-	8.43	-
Other financial liabilities	31 March 2021	26,981.93	-	26,981.93	-

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

Quantitative disclosures, fair value measurement hierarchy for assets as at 31 March 2020: (INR in lakhs)

Particulars	Date of Valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:					
Investment in quoted equity share at FVTOCI	31 March 2020	968.03	968.03	-	-
Investment in unquoted equity share at FVTOCI	31 March 2020	660.96	-	-	660.96
Assets for which fair values are disclosed					
Loans and advances to related parties and interest thereon	31 March 2020	260.07	-	260.07	-
Employee loans and interest thereon	31 March 2020	57.93	-	57.93	-
Security deposits	31 March 2020	354.04	-	354.04	-
Foreign exchange forward covers	31 March 2020	-	-	-	-
Claims receivable	31 March 2020	150.53	-	150.53	-
Packing scheme incentive grant receivable	31 March 2020	-	-	-	-
Other financial assets	31 March 2020	41,029.51	-	41,029.51	-

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

Quantitative disclosures fair value measurement hierarchy for liabilities as at 31 March 2020: (INR in lakhs)

Particulars	Date of Valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Liabilities measured at fair value					
Foreign exchange forward covers	31 March 2020	-	-	-	-
Liabilities for which fair values are disclosed					
Long-term borrowings	31 March 2020	74,755.01	-	74,755.01	-
Short-term borrowings	31 March 2020	1,05,626.82	-	1,05,626.82	-
Payable towards voluntary retirement scheme	31 March 2020	51.18	-	51.18	-
Other financial liabilities	31 March 2020	24,957.91	-	24,957.91	-

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

#includes amount related to discontinued operations (Refer Note 27)

38. Financial risk management objectives and policies

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations. The Company also holds investments and enters into derivative transactions. The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks.

The Company's risk management is carried out by a treasury department under policies approved by the Board of directors of the Company. The treasury department identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The Board of directors (Committee of Directors for Banking and Finance) provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as commodity risk. Financial instruments affected by market risk include borrowings, investments and derivative financial instruments.

The sensitivity analysis in the following sections relate to the position as at 31 March 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.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

(INR in lakhs)

Particulars	Increase/ decrease in basis points	Effect on profit before tax
For the year ended 31 March 2021		
INR Borrowings	+50	(473.18)
INR Borrowings	-50	473.18
For the year ended 31 March 2020		
INR Borrowings	+50	(592.36)
INR Borrowings	-50	592.36

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

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b) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company uses foreign exchange forward contracts to manage its transaction exposures. The foreign exchange forward contracts are not designated as cash flow hedges and are entered into for periods consistent with foreign currency exposure of the underlying transactions, generally from one to 7 months.

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in exchange rates of various currencies with INR, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives.

For the year ended 31 March 2021 (INR in lakhs)

Particulars	Change in foreign currency rate	Effect on profit before tax
USD	+5%	(1,389.30)
	-5%	1,389.30

For the year ended 31 March 2020 (INR in lakhs)

Particulars	Change in foreign currency rate	Effect on profit before tax
USD	+5%	(1,330.37)
	-5%	1,330.37

c) Commodity price risk

(i) The Company's operating activities require the ongoing purchase of natural gas. Natural gas being an international commodity is subject to price fluctuation on account of the change in the crude oil prices, demand supply pattern of natural gas and exchange rate fluctuations. The Company is not affected by the price volatility of the natural gas as under the Urea pricing formula the cost of natural gas is pass through if the consumption of natural gas is with in the permissible norm for manufacturing of Urea.

(ii) The Company deals in purchase of imported fertilisers (i.e. DAP and MOP), which are imported by the Company and sold in the domestic market. The import prices of these goods are governed by international prices. There is a price and material availability risk, which may not be in line to meet the domestic market requirement. The risk is also with domestic manufacturers whose costing is based on majorly imported raw materials and small value-add. However, a dynamic alignment of procurement to sales and constant review of market conditions and competitors costing help in mitigating the impact.

(iii) The Company also deals in purchase of imported raw materials (i.e. P2O5, Ammonia, Potash and Urea), which are imported by the Company and used in the manufacturing of NPK. The import prices of these materials are governed by international prices. There is a price and material availability risk.

Equity price risk

The Company's listed and non-listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to unlisted equity securities at fair value was INR 692.64 lakhs (31 March 2020: INR 660.96 lakhs). Sensitivity analyses of these investments have been provided in Note 37.

At the reporting date, the exposure to listed equity securities at fair value was INR 2,029.64 lakhs (31 March 2020: INR 968.03 lakhs). A decrease of 5% on the BSE market price could have an impact of approximately INR 101.48 lakhs (31 March 2020: INR 48.40 lakhs) on the OCI or equity attributable to the Company. An increase of 5% in the value of the listed securities would also impact OCI and equity. These changes would not have an effect on profit or loss.

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

a) Trade receivables

The Company receivables can be classified into two categories, one is from the customers into the market and second one is from the Government in the form of subsidy. As far as Government portion of receivables are concerned, credit risk is nil. For market receivables from the customers, the Company extends credit to customers in normal course of business. The Company considers factors such as credit track record in the market and past dealings for extension of credit to customer. The Company monitors the payment track record of the customer. Outstanding customer receivables are regularly monitored. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and operate in largely independent markets. The Company has also taken security deposits from its customers, which mitigate the credit risk to some extent. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 9. The Company holds collateral as security for many of its customers. At 31 March 2021, 15.38% (31 March 2020: 14.01%) of the Company's trade receivables are covered by collateral security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several geographical areas and are having long-term business relationship with the Company.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The Company adjusts the receipts from customer on first in first out basis. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than five years and are not subject to enforcement activity. Security collaterals obtained by the Company resulted in a decrease in the ECL of INR 239.50 lakhs as at 31 March 2021 (31 March 2020: INR 457.53 lakhs). During the year ended 31 March 2020, the Company had performed certain key steps for recoverability of trade receivables including but not limited to reconciliation with its customers, filing of legal cases with customers, recoverability assessment of aged receivables and etc. Basis these steps taken by the management, the Company is carrying provision of INR 4,346.37 lakhs (31 March 2020: INR 5,448.87 lakhs) based on their best estimate.

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

(INR in lakhs)

	Contract Asset	**<1 Yr**	**1-2 Yr**	**2-3 Yr**	**3-4 Yr**	**4-5 Yr**	**>5 Yr**	**Grand Total**
	ECL Rate	**0.01%**	**2.92%**	**4.00%**	**14.86%**	**54.45%**	**100.00%**	
31 March 2021	Estimated total gross carrying amount at default	3,528.68	1,958.30	1,624.29	2,808.90	1,093.18	1,226.57	**12,239.92**
	ECL- simplified approach	0.38	57.11	64.91	417.51	595.20	1,226.57	**2,361.68**
	Net carrying amount	**3,528.30**	**1,901.19**	**1,559.38**	**2,391.39**	**497.98**	**-**	**9,878.24**
31 March 2020	**ECL Rate**	**0.40%**	**0.99%**	**3.71%**	**18.32%**	**20.53%**	**100.00%**	
	Estimated total gross carrying amount at default	6,511.47	6,496.86	2,161.78	2,351.79	2,514.55	1,420.97	**21,457.42**
	ECL- simplified approach	26.25	64.09	80.24	430.87	516.31	1,420.97	**2,538.74**
	Net carrying amount	**6,485.22**	**6,432.77**	**2,081.54**	**1,920.92**	**1,998.23**	**-**	**18,918.67**

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

(INR in lakhs)

	Trade receivables	**Loans**	**Other financial assets**	**Other advances**	**Total**
Provision as at 1 April 2019:	**1,818.74**	**1,393.54**	**1,755.68**	**1,484.25**	**6,452.21**
Add: Provision made during the year	10,440.31	-	-	1,813.32	12,253.63
Less: Provision utilized during the year	(4,271.44)	(590.92)	(1,681.40)	(39.29)	(6,583.05)
Provision as at 31 March 2020:	**7,987.61**	**802.62**	**74.28**	**3,258.28**	**12,122.79**
Add: Provision made during the year	2,207.48	-	-	-	2,207.48
Less: Provision utilized/reversed during the year	(3,487.04)	(1.00)	-	(45.89)	(3,533.93)
Less: Transferred to discontinued operations (Refer Note 27)	(4,756.70)	-	-	-	(4,756.70)
Provision as at 31 March 2021:	**1,951.35**	**801.62**	**74.28**	**3,212.39**	**6,039.64**

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

	Amount (INR in lakhs)
Impairment allowance as on 1 April 2019:	**11,779.36**
Add: Provision made during the year	-
Less: Provision utilized during the year	-
Impairment allowance as on 31 March 2020:	**11,779.36**
Add: Provision made during the year	164.11
Less: Provision reversed during the year	-
Impairment allowance as on 31 March 2021:	**11,943.47**

Notes to the Standalone Financial Statements for the year ended 31 March 2021

b) Financial instruments and cash deposits

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

Liquidity risk

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

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

(INR in lakhs)

	Less than 1 Year	1-3 Years	3-5 years	> 5 years	Total
Year ended 31 March 2021					
Borrowings	1,05,111.68	58,479.95	-	-	1,63,591.63
Lease Liabilities	216.45	376.67	410.13	2,325.29	3,328.54
Other financial liabilities	26,990.36	-	-	-	26,990.36
Trade and other payables	1,34,712.58	-	-	-	1,34,712.58
Foreign exchange forward covers	135.25				135.25
	2,67,166.32	**58,856.62**	**410.13**	**2,325.29**	**3,28,758.36**
Year ended 31 March 2020					
Borrowings	1,51,467.34	19,587.49	7,850.00	-	1,78,904.83
Lease Liabilities	210.54	400.98	392.78	2,534.79	3,539.09
Other financial liabilities	24,985.89	23.20	-	-	25,009.09
Trade and other payables	1,39,777.53	-	-	-	1,39,777.53
	3,16,441.30	**20,011.67**	**8,242.78**	**2,534.79**	**3,47,230.54**

#includes amount related to discontinued operations (Refer Note 27)

39. Capital management#

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents.

(INR in lakhs)

	*31 March 2021	*31 March 2020
Total Borrowings (Refer Note 12A and Note 12B)	1,65,009.52	1,80,381.83
Trade payables (Refer Note 13)	1,34,712.58	1,39,777.53
Other payables (Refer Note 14)	27,125.61	25,009.09
Less: Cash and cash equivalents (Refer Note 10)	(5,625.78)	(5,191.97)
Net debts	**3,21,221.93**	**3,39,976.48**
Total Equity	(10,862.89)	11,702.93
Capital and net debt	**3,10,359.04**	**3,51,679.41**
Gearing ratio (%)	**103.50%**	**96.67%**

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements.

No changes were made in the objectives, policies or processes for managing capital during the year ended 31 March 2021 and ended 31 March 2020.

The Company has various covenants to be complied in respect of its borrowings. The primary covenants are total outstanding liabilities to tangible net worth ratio, debt service coverage ratio, interest coverage ratio, fixed assets coverage ratio, current ratio, debt to EBITDA ratio, current assets to current liabilities ratio and total debt to equity ratio. Following are the non-compliances for debt covenants for borrowings from:

Lender Name	Covenants breached	Consequences of breach	Management assessment
HDFC Limited	Total outstanding liabilities to tangible net worth ratio, debt service coverage ratio, interest coverage ratio	The Company shall pay default interest of 2% per annum over and above the applicable interest rate for each of the above event till such time such default / non-compliance is cured to the Lender's satisfaction	There is breach of certain covenants since year ended March 31, 2019 for which the lender had not charged any penal interest on such breach of covenants and had not withdrawn the facility. The Company has accounted for provision of penal interest following the conservative approach. Due to breach of covenant, non-current portion of term loans from bank has been classified as current in the financial statement and is disclosed under current maturity of long-term borrowing under other financial liabilities following the principles of Ind AS 1 "Presentation of Financial Statements".
Aditya Birla Finance Limited	Debt to EBITDA ratio, fixed asset coverage ratio, total debt to equity, total debt and contingent liability to equity, debt service coverage ratio	Any breach in financial covenants shall attract a penalty of 1% per annum till time such breach is cured.	There is breach of certain covenants since year ended March 31, 2019 for which the lender had not charged any penal interest on such breach of covenants and had not withdrawn the facility. The Company has accounted for provision of penal interest following the conservative approach. Due to breach of covenant, non-current portion of term loans from bank has been classified as current in the financial statement and is disclosed under current maturity of long-term borrowing under other financial liabilities following the principles of Ind AS 1 "Presentation of Financial Statements".
Rabo Bank	Total outstanding liabilities to tangible net worth ratio, debt service coverage ratio, interest coverage ratio, fixed assets coverage ratio. Also paid up equity of USD 30 million had to be infused by the Company within 180 days of the execution of the loan which is in process till 31 March 2021	Bank reserves the right to discontinue the facility and charge 2% per annum being penal interest from the date of default till the date breach is corrected.	There is breach of certain covenants since year ended March 31, 2019 for which the lender had not charged any penal interest on such breach of covenants and had not withdrawn the facility. The Company has accounted for provision of penal interest following the conservative approach. Due to breach of covenant, non-current portion of term loans from bank has been classified as current in the financial statement and is disclosed under current maturity of long-term borrowing under other financial liabilities following the principles of Ind AS 1 "Presentation of Financial Statements".

[#]includes amount and disclosure related to discontinued operations (Refer Note 27)

Notes to the Standalone Financial Statements for the year ended 31 March 2021

40. Disclosure required under Section 186 (4) of the Companies Act, 2013

(i) Included in loans, the particulars of which are disclosed in below as required by Sec 186(4) of the Companies Act, 2013:

S. No.	Name of the Borrower	Rate of Interest	Secured/ Unsecured	Due Date	Purpose	31 March 2021	31 March 2020
1	Adventz Trading DMCC	13.25%	Unsecured	6 years from the date of disbursement	General business purpose	192.08	198.79

For further details of loans, Refer Note 6B.

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

41. In earlier years, based on the circulars received for revision in uniform freight relating to secondary freight and direct road movement, the Company has accrued additional freight subsidy income of INR 3,043.72 lakhs relating to Urea and INR 2,910.62 lakhs for Phosphoric and Potassic Fertilisers.

Out of the above, the Company has raised and submitted bills for additional freight subsidy of INR 392.44 lakhs (upto 31 March 2020: INR 2,370.09 lakhs) relating to Urea and INR 2,129.75 lakhs (upto 31 March 2020: INR Nil) for Phosphoric and Potassic Fertilisers.

As the proforma/format for raising the bills for the additional freight subsidy is recently notified, the Company is in process of raising the balance bills and bills amounting to INR 2,411.80 lakhs (31 March 2020: INR 3,511.14 lakhs) is still pending for collection. The Company is hopeful to realize the above entire amount of INR 2,411.80 lakhs (31 March 2020: INR 3,511.14 lakhs).

42. Based on Department of Fertilizers (DoF) notification no. 12012/3/2010 - FPP dated 2 April 2014, the Company has accrued subsidy income of INR 10,894.62 lakhs for the period from 1 April 2014 to 31 March 2020 (upto 31 March 2020: INR 10,894.62 lakhs) towards reimbursement of additional fixed cost at the rate of INR 350 per MT and special compensation of INR 150 per MT to urea units which had completed 30 years and converted to gas. During the year ending 31 March 2020, DoF issued circular F.No.12012/2/2010-FPP dated 30 March 2020 for smooth implementation of provisions of Modified NPS III.

During the year ending 31 March 2021, based on above mentioned circular, the Company has submitted bills and received the accrued subsidy income from April 2014 to March 2018 of INR 7,786.69 lakhs. Pursuant to the circular issued by DoF, from April 2018 onwards, DoF has revised the rates of retention price and included this additional fixed cost and special compensation as part of retention price. The Company has submitted and received INR 3,107.93 lakhs additional fixed cost and special compensation as part of revised retention price.

43. The Company is carrying receivable of INR Nil (31 March 2020: INR Nil) on account of claim raised on a product supplier for loss suffered on purchase of material which did not meet the specified standards. The Company had entered into a Memorandum of Understanding (MoU) with the supplier subsequent to 31 March 2019 for purchase of material and the supplier has agreed to give rebates for adverse market conditions during an earlier period. Accordingly, the Company had reviewed the cash flows from the supplier towards recovery of the amount and has discounted the long term portion of the inflows. Consequently, considering the situation at that point of time, the Company had booked an impairment loss of INR Nil (31 March 2020: INR 1,394.13 lakhs) on the receivable in the statement of profit and loss.

44. The Company is carrying a receivable of INR 1,949.03 lakhs (31 March 2020: INR 1,949.03 lakhs) for the period February 2013 and March 2013 on account of accrual of subsidy income at higher rate in comparison to rate at which subsidy is granted. However, as per the office memorandum dated 16 April 2018 issued by the Department of Fertilizer (DOF), the Government has ex-post facto approved the subsidy paid on specific quantity of P&K fertilizer received in the relevant district during February 2013 and March 2013 months in different year since 2012-13 at the rates fixed for the next financial year which were lower than the rate approved by cabinet/CCEA for that year. The Company has represented to the Department of Fertilizer that the material moved in February 2013 and March 2013 was part of the approved movement plan of January 2013 and hence Nutrient Based Subsidy rates of 2013 should be applicable. The Company had filed writ petition at Hon'ble High Court of Delhi (DHC) against Department of Fertilizer to recover this amount. Pursuant to the court order, the Court hearing was granted by DoF to present its claims and also submitted written representations.

DoF vide their order dated 29 September 2019 had rejected the representation and submissions by the Company. The Company has filed writ petition to the higher authority against the order passed by DoF. On 3 March 2021 DHC has issued notice in the writ petition and has directed DoF to file its reply within four weeks, and the Company has been directed to file its rejoinder within two weeks thereafter. Matter is next listed on 28 July 2021. Based on the legal assessment done by the Company, it is hopeful to realize the aforesaid amount, hence, no provision has been made in the accounts.

45. The Company was planning to set up a Phosphatic fertilizer plant in Ras-Al-Khaimah (RAK) in United Arab Emirates in collaboration with Ras-Al-Khaimah Maritime City Free Zone Authority and had incurred an expenditure on feasibility study and related expenditure amounting to INR 3,212.39 lakhs in earlier years which was disclosed as recoverable. The Company had provided for the investment in the rock phosphate mining project through MCAP. The Company had also claimed recovery of expenses incurred on RAK project in its claim as this project was envisaged with the view of backward integration. Based on order passed by ICC, the Company's claim for reimbursement of expenses incurred on RAK project was dismissed. In view of above, the Company had decided not to proceed further on RAK project, thereby, the Company had provided INR Nil (upto 31 March 2020: INR 3,212.39 lakhs) during the current year.

46. During the financial year 2013-14, the Company had sold part of freehold land to Zuari Global Limited at a consideration of INR 16,359.32 lakhs. The possession of the said parcel of land was handed over on 28 March 2014; however the transfer of title is under progress. The Company had received full consideration from the buyer in the financial year 2013-14.

Notes to the Standalone Financial Statements for the year ended 31 March 2021

47. In terms of demerger of fertilizer undertaking from Zuari Global Limited in an earlier year, the land records of some of the land parcels are in the process of being mutated in the name of the Company.

48. Zuari Global Limited (ZGL) had demerged its fertilizer undertaking to the Company with effect from 1 July 2011. ZGL has during an earlier year, based on Hon'ble High Court order on demerger of fertilizer undertaking, identified amount of income tax paid under protest pertaining to fertilizer undertaking demerged into the Company.

The Company has exchanged letter of mutual understanding with ZGL wherein the Company has paid such amount of income tax paid under protest. During the financial year ended on 31 March 2017, the Company had paid INR 2,533.85 lakhs to ZGL on this account pending completion of final assessment/litigation in respect of such financial years, out of which, for the year ended 31 March 2019, ZGL has received a favourable order of INR 825.50 lakhs in respect of fertilizer undertaking for the assessment year 2008-09, 2009-10, 2010-11 and 2011-12. During the current year, consequent to receipt of favourable order for assessment year 2012-13, claim of fertiliser undertaking of INR 1,186.20 lakhs is no more recoverable from ZGL. The Company is hopeful to realize the above entire amount of INR 522.15 lakhs (31 March 2020: INR 1,708.35 lakhs).

49. Managerial remuneration paid to the erstwhile managing director (up to 31 July 2020) for the financial year 2020-21 was in excess of limits prescribed under Section 197 read with Schedule V of the Companies Act, 2013 by INR 7.13 lakhs. The Company proposes to seek approval of the shareholders at the ensuing Annual General Meeting for waiver of such excess remuneration paid, pursuant to Section 197(10) of the Companies Act, 2013. With effect from 3 September 2020, the Company has appointed an executive director in the category of a whole-time director by a special resolution at its annual general meeting. The remuneration paid to such executive director is in compliance of Schedule V of the Companies Act, 2013.

During the year ended 31 March 2020 due to loan repayment defaults during the previous year, a remuneration of INR 81.00 lakhs paid to its then managing director in accordance with ordinary resolution but not without prior approval from banks/financial institutions and approval of the shareholders by a special resolution as per provisions of Section 197 of Companies Act, 2013 (Act) read with Schedule V, has been recognized as recoverable from the managing director as at year end. As per Section 197(10) of the Act, the Company proposes to seek approval of shareholders by way of special resolution for waiver of recovery of remuneration paid to the then managing director, after obtaining prior approvals from the banks/ financial institutions for which Company has initiated the process.

50. The Company has assessed the impact of COVID-19 and concluded that there is no material impact on the operations of the Company and no material adjustment is required at this stage in the standalone financial statements for the year ended 31 March 2021. However, the Company will continue to monitor the impact which is a continuing process, given the uncertainties with its nature and duration of COVID-19 and the impact may be different from the estimates considered while preparing these standalone financials statements.

51. During the year ended 31 March 2020, the Company had recorded demurrage charges and ship or pay charges of INR 7,995.09 lakhs in cost of raw material consumed. Further, basis review of recoverability for certain assets including but not limited to intangibles, trade receivables, advances and other assets, impairment of INR 14,826.41 lakhs had been recorded in other expenses in the statement of profit and loss.

52. The Company is engaged in the manufacture, distribution, import and sale of Urea, DAP and various grades of NPK fertilizers under the "Jai Kisaan" brand for more than 5 decades. In Q4 of FY19 and Q1 of FY20, due to significant delays in receipt of Government Subsidies, drought like situation in key marketing areas led to deterioration of the Company's liquidity position along-with elongation of the working capital cycle and also a built up of high-priced inventory. The Company was unable to pass on the increase in the prices of the raw materials to the farmers which contributed to operating losses, cash flow mismatch and reduced financial flexibility leading to the Company having a net current liability position of INR 155,674.15 lakhs as at 31 March 2021 (INR 150,627.37 lakhs as at 31 March 2020) before considering the effect of the business transfer agreement as explained in Note 27.i. These factors adversely impacted Company's cash flows, debt position, recall of borrowings by certain lenders, downgrading of rating to ICRA D and prolonged shutdown of its plants for different periods during the earlier periods.

With optimal working capital liquidation / realization and in agreement with lenders on the resolution plan, the Company had cleared all the overdues with Banks / Financial Institutions and have reduced its borrowings and all debt accounts are standard with the lenders. All these helped the Company upgrading its credit ratings to ICRA B stable in April 2020 which though shifted to Credit rating ICRA B placed under watch in July 2020.

During the year, Ammonia and Urea plant operated at normal levels except for a temporary period when plants operated at lower load due to disruption in bagging operations due to COVID-19 pandemic. Further, operations of NPK A plant were intermittently closed during the year and at NPK B plant operations resumed from the end of October 2020, which was primarily due to non-availability of raw materials.

The above factors/events indicate that there is a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. As described in Note 27.i., the Company has entered into a Business Transfer Agreement with a group company (PPL) for transfer of its fertilizer plant at Goa and associated businesses of the Company as a going concern on a slump sale basis and against which an advance equivalent to 30% of the consideration has been approved by the Board of PPL to be paid to the Company after adjusting amount receivable from the Company. The Company is also undertaking various steps to continue operations at its fertilizer plant and discussions with lenders for funding as required based on available credit limits. A combination thereof and resultant future cash flow projections, the management of Company believes that the Company will be able to realise its assets and discharge its liabilities and material uncertainty on the Company's ability to continue as a going concern will be addressed.

53. The Company has received a requisition under Section 100(2) of the Companies Act, 2013 from a group of shareholders holding 10.69% of shares, requesting the Board to call for an Extraordinary General Meeting (EGM) to discuss matters including proceeding against the two BTAs as mentioned in Note 27 above, i.e. the Business Transfer Agreement (BTA) dated 1 March 2021 to transfer its fertilizer plant at Goa and its associated businesses to Paradeep Phosphates Limited and BTA dated 31 March 2020 to transfer its assets and liabilities of its retail, speciality nutrient business (SPN) & allied, crop protection & care business (CPC), seeds and blended businesses to Zuari Farmhub Limited (ZFL) with effect from 31 March 2020, on a going concern basis under a slump sale. The Board has decided to hold EGM on 23 June 2021. Further, subsequent to the year end, the Company has also

Notes to the Standalone Financial Statements for the year ended 31 March 2021

been intimated by the same group of shareholders proposing to file a petition in National Company Law Tribunal (NCLT) including for cancellation of these business transfer agreements for which the Company based on the legal opinion obtained believes that the petition, if filed, would not be tenable and does not have any impact on the BTAs.

54. In June 2018, the Company initiated arbitration proceedings against Mitsubishi Corporation, Japan (Mitsubishi) and MCA Phosphates Pte Ltd. (MCAP) for resolution of disputes under the Shareholders' Agreement dated 20 December 2011. In the previous period, basis the Arbitral Tribunal award & ICC Court of Arbitration (ICC) final order passed on 7 May 2020 and stipulation agreement signed between the Company and Mitsubishi on 27 March 2020, the Company has assessed the fair value of its investment in rock mining project and accordingly, recognized an impairment loss of INR 11,779.36 lakhs in the financial year ended 31 March 2019. Further, the Company also concluded that the Company would cease to consolidate MCAP as Joint Venture in accordance with Ind AS 28 "Investments in Associates and Joint Ventures" using equity method of consolidation.

As per ICC final order, during the current year, the Company has transferred to Mitsubishi 21,690,000 shares of MCAP valued at USD 0.01 per share. Also, since the Company and Mitsubishi owed each other USD 216,900, the amounts were set off and no money was exchanged between the Company and Mitsubishi as per the Arbitral award.

55. (a) United Breweries Limited, KingFisher Finvest India Limited, McDowell Holdings Limited instituted arbitration proceedings against the Company and its erstwhile subsidiary, Zuari Fertilizer and Chemicals Limited (now merged with the Company) alleging breach of the Shareholders Agreement (SHA) dated 12 May 2014 executed between the parties. The arbitration was instituted before the former Chief Justice of India. The Award was passed on 8 May 2017 wherein the Arbitrator has held that the SHA cannot be specifically enforced. The claims raised by the Claimants stand dismissed and the arbitrator has ordered to pay to the Company a sum of INR 75.00 lakhs. The Award has been challenged by the Claimants before the High Court of Bombay at Mumbai and the matter has been disposed in favour of the Company.

(b) Mangalore Chemicals and Fertilizers Limited (MCFL), a subsidiary Company, in an earlier year had engaged an independent firm to carry out forensic review of certain transactions relating to investment in preference shares of Bangalore Beverages Limited and advances to United Breweries (Holdings) Limited, which indicated that these transactions may have involved irregularities. These investment of INR 20,000.00 lakhs and advances of INR 1,668.20 lakhs aggregating to INR 21,668.20 lakhs were fully provided for during the year ended March 31, 2016.

Zuari Fertilisers and Chemicals Limited, the holding company (now merged with the Company) had filed a petition before the National Company Law Tribunal, Bengaluru ("NCLT") to claim accountability of erstwhile promoter group for the aforesaid irregularities. On 19 August 2019 the aforesaid petition has been withdrawn and accordingly this matter has been disposed of by the NCLT.

56. The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective. Based on a preliminary assessment, the entity believes the impact of the change will not be significant.

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

per **Vishal Sharma**
Partner
Membership Number : 096766

Place of Signature: Faridabad
Date: 28 May 2021

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

Nitin M. Kantak
Executive Director
DIN: 08029847

N. Suresh Krishnan
Director
DIN: 00021965

Raj Kumar Gupta
Chief Financial Officer

Vijayamahantesh Khannur
Company Secretary
Membership Number : A19257

Date: 28 May 2021

INDEPENDENT AUDITOR'S REPORT

To the Members of Zuari Agro Chemicals Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Zuari Agro Chemicals Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its joint venture comprising of the consolidated Balance Sheet as at March 31, 2021, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries and joint venture, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its joint venture as at March 31, 2021, their consolidated loss including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 54 in the accompanying consolidated financial statements, which states that in addition to net current liability position as at March 31, 2021, there are events or conditions which indicate that a material uncertainty exists that may cast significant doubt on Holding Company's ability to continue as a going concern. It also describes the mitigating factors considered by the management in its assessment, in view of which the accompanying consolidated financial statements have been prepared under the going concern assumption.

Our opinion is not qualified in respect of this matter.

Emphasis of Matters

a. We draw attention to Note 48 of the accompanying consolidated financial statements, which describes the management's assessment of the impact of the uncertainties related to outbreak of COVID-19 on the future business operations of the Group.

b. We draw attention to Note 43 of the accompanying consolidated financial statements, wherein the Holding Company is carrying a receivable of INR 1,949.03 lakhs in relation to the subsidy income accrued during the year ended March 31, 2013. Based on the legal opinion obtained by the Holding Company, the management believes that the amount is fully recoverable from the department of fertilizers. Pending settlement of the differential subsidy amount as more fully explained in note, the Holding Company has not made any provision in this regard in the accompanying consolidated financial statements.

c. We draw attention to Note 7 of the accompanying consolidated financial statements, regarding Goods and Services Tax ('GST') credit on input services recognized by the Holding Company, which the management has assessed to recover based on the legal opinion obtained by the Holding Company. The Holding Company has also filed a writ petition in the High Court of Bombay at Goa.

d. We draw attention to Note 18, which states that in case of a Subsidiary Company (MCFL), MCFL has recognized urea subsidy income of INR 2,914.00 lakhs considering that benchmarking of its cost of production of urea using Naptha with that of gas based urea manufacturing units is arbitrary and for which the MCFL has filed a writ petition against the Department of Fertilizers before the Hon'ble High Court of Delhi. Based on legal opinion obtained, the management of MCFL believes that the criteria for recognition of subsidy revenue is met.

Our opinion is not modified in respect of above matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Key audit matters	How our audit addressed the key audit matter
Impact of government policies/notifications on recognition of concession income and their recoverability (as described in 9 and 18 of the consolidated financial statements)	
The Group recognises concession (subsidy) income receivable from the Department of Fertilizers, Government of India as per the New Pricing Scheme for Urea and as per Nutrient Based Subsidy Policy for Phosphatic and Potassic (P&K) fertilizers at the time of sale of goods to its customers. During the current year, the Group has recognised concession income of INR 223,084.26 lakhs and as at March 31, 2021, the Group has receivables of INR 64,513.95 lakhs relating to concession income. We focused on this area because recognition of concession income and assessment of its recoverability is subject to significant judgement of interpretation of various notifications from the Department of Fertilizers. The area of judgement includes certainty around the satisfaction of conditions specified in the notifications and policies, collections and provisions thereof, likelihood of variation in the related computation rates and basis for determination of accruals of concession income. Accordingly, this matter has been determined to be a key audit matter in our audit of the consolidated financial statements.	Our audit procedures included the following: ▪ Read the relevant notifications and policies issued by Department of Fertilizers to ascertain the recognition of concession income, adjustments thereto recognised pursuant to changes in the rates and basis for determination of concession income. ▪ Obtained an understanding of the process and tested the design and operating effectiveness of controls as established by management in recognition and assessment of the recoverability of the concession income. ▪ Evaluated the management's assessment regarding compliance with the relevant conditions as specified in the notifications and policies and collections of concession income. ▪ Tested the ageing analysis and assessed the information used by the management to determine the recoverability of the concession income by considering collections against historical trends. ▪ Assessed the related disclosure in consolidated financial statements.
Discontinued Operations and Asset held for sale in relation to Sale of its Fertilizer Plant at Goa to Paradeep Phosphates Ltd. (PPL), subsidiary of Holding Company's Joint Venture (as described in Note 27 of the consolidated financial statements)	
During the current year, the Holding Company has entered into a Business Transfer Agreement (BTA) for the sale of Company's fertilizer plant at Goa and associated businesses of the Company to PPL as a going concern, on a slump sale basis for an agreed enterprise value of INR 205,225.44 lakhs and for entering into necessary Business Transfer Agreement with PPL. As at March 31, 2021, the Holding Company has presented the operations of its Fertilizer plant as "Discontinued Operations" and its related assets as "Assets held for sale" and liabilities as "Liabilities directly associated with the assets held for sale" in accordance with Ind AS 105 (Non-current Assets Held for Sale and Discontinued. Operations). We focused on this area considering that this was a significant event during the year. Accordingly, this matter has been determined to be a key audit matter in our audit of the consolidated financial statements.	Our audit procedures included the following: ▪ Evaluated the design and tested the operating effectiveness of the controls over the accounting of this transaction. ▪ Obtained the management's valuation report for the sale consideration and compared the same with the carrying value of the underlying assets. ▪ We gained an understanding of the BTA. Our focus was on understanding the contractual terms associated with the sale of Fertilizer plant at Goa and its associated businesses, which define the assets and liabilities to be transferred and, in particular, any liabilities or obligations retained or created. ▪ Reviewed the accounting treatment for the said transaction. ▪ Checked the related computation for disclosures of discontinued operation and held for sale and evaluated that they have been appropriately separated from continuing operations. ▪ Assessed the adequacy of the related disclosures in the consolidated financial statements.

Key audit matters	How our audit addressed the key audit matter
Estimates with respect to recognition of deferred tax assets on unused tax losses (as described in Note 17 of the consolidated financial statements)	
As at March 31, 2021, the Holding Company has recognized deferred tax assets of INR 6,741.16 lakhs in the consolidated financial statements. Deferred tax assets are recognized on unabsorbed tax losses when it is probable that taxable profit will be available against which such tax losses can be utilized. The Holding Company's ability to recognize deferred tax assets on unabsorbed tax losses is assessed by the management at the end of each reporting period, taking into account forecasts of future taxable profits and the assumptions on which such projections are determined by the management. Given the degree of estimation based on the projection of future taxable profits, management's decision to create deferred tax assets on unabsorbed tax losses has been identified to be a key audit matter.	Our audit procedures included the following: ▪ Gained an understanding of the deferred tax assessment process and assessed the design and tested the operating effectiveness of controls over recognition of deferred tax. ▪ Discussed and evaluated management's assumptions and estimates like projected revenue growth, margins, etc. in relation to the probability of generating future taxable income to support the utilization of deferred tax on unabsorbed tax losses with reference to forecast taxable income and performed sensitivity analysis. ▪ Tested the arithmetical accuracy of the model. ▪ Assessed the related disclosures in respect of the deferred tax assets in the consolidated financial statements.

Other Information

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

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

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

Responsibilities of Management for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its joint venture in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group and of its joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and of its joint venture and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its joint venture are responsible for assessing the ability of the Group and of its joint venture to continue as a going concern (refer Note 54 of the accompanying consolidated financial statements), disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group and of its joint venture are also responsible for overseeing the financial reporting process of the Group and of its joint venture.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its joint venture to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements (refer our note on Material Uncertainty Related to Going Concern above) or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its joint venture to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the financial year ended March 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

(a) We did not audit the financial statements and other financial information, in respect of two subsidiaries, whose financial statements include total assets of INR 21,564.25 lakhs as at March 31, 2021, and total revenues of INR 29,636.04 and net cash inflows of INR 1,852.07 lakhs for the year ended on that date. These financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. The consolidated financial statements also include the Group's share of net profit of INR 8,986.51 lakhs for the year ended March 31, 2021, as considered in the consolidated financial statements, in respect of one joint venture, whose financial statements, other financial information have been audited by other auditor and whose report have been furnished to us by the Management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and joint venture, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and joint venture, is based solely on the report of such other auditor.

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

Our opinion above on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries and joint venture, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

(a) We and the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

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

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

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

(f) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2021 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies and joint venture, none of the directors of the Group's companies and its joint venture, incorporated in India, is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;

(g) With respect to the adequacy and the operating effectiveness of the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiary companies and its joint venture, incorporated in India, refer to our separate Report in **"Annexure 2"** to this report;

(h) In our opinion, the managerial remuneration for the year ended March 31, 2021 in relation to the Managing Director of the Holding Company has been paid in excess of the limits provided in provisions of section 197 read with Schedule V to the Act by INR 7.13 lakhs which is subject to approval of shareholders by a special resolution as explained in Note 47 of the consolidated financial statements.

Further, as explained in Note 47 of the consolidated financial statements, managerial remuneration for the year ended March 31, 2020 in relation to the Managing Director of the Holding Company was paid in excess of the limits provided in provisions of section 197 read with Schedule V to the Act by INR 81.00 lakhs without obtaining requisite approvals from the banks/financial institutions and which was subject to shareholders approval by a special resolution and pending which the Holding Company recognised a recoverable of INR 81.00 lakhs from the Managing Director as at March 31, 2020. The requisite approvals from the banks/financial institutions and shareholders is yet to be obtained.

(i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries and joint venture, as noted in the 'Other matter' paragraph:

i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group and its joint venture in its consolidated financial statements – Refer Note 32 to the consolidated financial statements;

ii. The Group and its joint venture did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2021;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiaries and joint venture, incorporated in India during the year ended March 31, 2021.

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

per **Vishal Sharma**
Partner
Membership Number: 096766
UDIN: 21096766AAAAKV3943

Place of Signature: Faridabad
Date: May 28, 2021

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

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

In conjunction with our audit of the consolidated financial statements of Zuari Agro Chemicals Limited (hereinafter referred to as the "Holding Company") as of and for the year ended March 31, 2021, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), and joint venture, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the companies included in the Group and joint venture, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both, issued by 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 with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

Meaning of Internal Financial Controls with reference to Consolidated Financial Statements

A company's internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to Consolidated Financial Statements

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

Opinion

In our opinion, the Group and joint venture, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements of the Holding Company, in so far as it relates to one subsidiary and one joint venture, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiary and joint venture incorporated in India.

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

per **Vishal Sharma**
Partner
Membership Number: 096766
UDIN: 21096766AAAAKV3943

Place of Signature: Faridabad
Date: May 28, 2021

Consolidated Balance Sheet as at 31 March 2021

(Amount in INR lakhs, unless otherwise stated)

	Notes	As at 31 March 2021	As at 31 March 2020
Assets			
Non-current assets			
Property, plant and equipment	3	1,31,325.90	1,73,985.98
Capital work-in-progress	3	7,826.17	16,766.22
Investment property	4	362.29	362.29
Intangible assets	5	11,445.68	11,900.28
Intangible assets under development	5	-	-
Investment in joint ventures	5A	92,439.34	83,737.00
Financial assets			
(i) Investments	6A	2,722.28	1,793.10
(ii) Loans	6B	915.18	1,557.50
(iii) Others	6C	57.28	57.31
Deferred tax asset (net)	17	6,741.16	6,741.16
Other non-current assets	7	12,317.35	9,061.44
Income tax assets (net)	17A	1,116.34	4,762.23
		2,67,268.97	**3,10,724.51**
Current assets			
Inventories	8	22,156.02	54,864.58
Financial assets			
(i) Investments	6A	0.10	0.10
(ii) Trade receivables	9	45,392.77	2,21,932.12
(iii) Cash and cash equivalents	10	42,732.30	26,504.15
(iv) Bank balances other than (iii) above	10.1	18,160.93	5,855.23
(v) Loans	6B	11.39	126.81
(vi) Others	6C	2,190.32	8,678.69
Other current assets	7	10,008.66	27,558.70
		1,40,652.49	**3,45,520.38**
Assets held for sale	8A	1,29,266.49	5.18
		2,69,918.98	**3,45,525.56**
Total assets		**5,37,187.95**	**6,56,250.07**
Equity and liabilities			
Equity			
Equity share capital	11	4,205.80	4,205.80
Other equity	11A	15,413.44	29,913.06
Equity attributable to equity holders of the parent company		**19,619.24**	**34,118.86**
Non-controlling interests		44,258.40	41,422.68
Total equity		**63,877.64**	**75,541.54**

Consolidated Balance Sheet as at 31 March 2021

(Amount in INR lakhs, unless otherwise stated)

	Notes	As at 31 March 2021	As at 31 March 2020
Non-current liabilities			
Financial liabilities			
(i) Borrowings	**12A**	59,444.88	56,563.22
(ii) Others	**14**	100.76	298.86
Deferred tax liabilities (net)	**17**	2,787.70	869.20
Other non-current liabilities	**15**	51.17	164.31
Provisions	**16**	1,763.85	1,504.24
		64,148.36	**59,399.83**
Current liabilities			
Financial liabilities			
(i) Borrowings	**12B**	85,371.61	2,26,804.60
(ii) Trade payables	**13**		
a) total outstanding dues of micro enterprises and small enterprises		1,267.62	780.63
b) total outstanding dues of creditors other than micro enterprises and small enterprises		39,566.86	1,95,860.66
(iii) Others	**14**	54,296.63	85,830.16
Liabilities for current tax (net)	**17B**	195.28	-
Other current liabilities	**15**	2,422.70	8,274.58
Provisions	**16**	1,129.68	3,758.07
		1,84,250.38	**5,21,308.70**
Liabilities directly associated with the assets held for sale	**8A**	2,24,911.57	**-**
Total liabilities		**4,73,310.31**	**5,80,708.53**
Total equity and liabilities		**5,37,187.95**	**6,56,250.07**
Summary of significant accounting policies	**2**		

The accompanying notes are an integral part of the Consolidated Financial Statements

As per our report of even date
For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm's Registration No. 301003E/E300005

per **Vishal Sharma**
Partner
Membership Number : 096766

Place of Signature: Faridabad
Date: 28 May 2021

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

Nitin M. Kantak
Executive Director
DIN: 08029847

N. Suresh Krishnan
Director
DIN: 00021965

Raj Kumar Gupta
Chief Financial Officer

Vijayamahantesh Khannur
Company Secretary
Membership Number : A19257

Date: 28 May 2021

Consolidated Statement of Profit and Loss for the year ended 31 March 2021

(Amount in INR lakhs, unless otherwise stated)

		Notes	For the year ended 31 March 2021	For the year ended 31 March 2020
Continuing Operations				
I	**Revenue**			
	Revenue from operations	18	2,40,374.49	3,04,205.31
	Other income	19	6,245.14	4,279.22
	Total income (I)		**2,46,619.63**	**3,08,484.53**
II	**Expenses**			
	Cost of raw material and components consumed	20	1,11,017.28	1,54,326.51
	Purchases of traded goods	21	41,231.45	29,395.44
	Changes in inventories of finished goods, traded goods and work in progress	22	2,468.48	28,297.49
	Employee benefits expense	23	9,809.13	9,933.22
	Finance costs	24	20,044.70	27,816.49
	Depreciation and amortization expense	25	6,796.35	6,779.13
	Other expenses	26	55,273.13	69,160.46
	Total expense (II)		**2,46,640.52**	**3,25,708.74**
III	**(Loss) before share of profit of joint venture and tax (I - II)**		**(20.89)**	**(17,224.21)**
IV	Add: Share of profit of joint venture		8,673.85	8,218.25
V	**Profit/(loss) before tax (III - IV)**		**8,652.96**	**(9,005.96)**
VI	**Tax expense:**			
	(1) Current tax	17	1,955.00	1,614.61
	(2) Deferred tax charge	17	1,891.21	19,406.71
	Income tax expense		**3,846.21**	**21,021.32**
VII	**Profit/(loss) for the year from continuing operations (V - VI)**		**4,806.75**	**(30,027.28)**
Discontinued operations				
VIII	(Loss) before tax for the year from discontinued operations	27	(17,431.31)	(64,596.40)
IX	Tax Income/(expense) of discontinued operations	17	-	(17,369.48)
X	**(Loss) for the year from discontinued operations (VIII - IX)**		**(17,431.31)**	**(47,226.92)**
XI	**(Loss) for the year (VII + X)**		**(12,624.56)**	**(77,254.20)**
XII	**Other comprehensive Income/(loss)**	11B	**1,233.09**	**(1,065.60)**
	A. Items that will not be reclassified to profit or loss			
	Re-measurement gains on defined benefit plans		131.09	40.46
	Income tax effect	17	(27.26)	(12.35)
	Net income/(loss) on equity Instruments through other comprehensive Income		1,093.29	(1,750.92)
	Income tax effect	17	-	781.77
	Share of other comprehensive income of joint venture (net of tax)		28.49	(121.68)
	B. Items that will be reclassified to profit or loss			
	Exchange differences on translation of foreign operations		7.48	(2.88)
XIII	**Total comprehensive (loss) for the year, net of tax (XI + XII)**		**(11,391.47)**	**(78,319.80)**
	Profit/(loss) for the year			
	Attributed to:			
	Equity holders of the parent		(15,709.38)	(80,222.00)
	Non controlling interest		3,084.82	2,967.80
	Comprehensive income/(loss) for the year			
	Attributed to:			
	Equity holders of the parent		1,209.76	(1,072.73)
	Non controlling interest		23.33	7.13
	Total comprehensive income/(loss) for the year			
	Attributed to:			
	Equity holders of the parent		(14,499.62)	(81,294.73)
	Non controlling interest		3,108.15	2,974.93
XIV	Earnings/(loss) per equity share: (nominal value of share INR 10/- (31 March 2020 -INR 10/-))	28B		
	(1) Basic and diluted from continuing operations		4.10	(78.45)
	(2) Basic and diluted from discontinued operations		(41.45)	(112.28)
	(3) Basic and diluted from continuing and discontinued operations		(37.35)	(190.73)
Summary of significant accounting policies		2		

The accompanying notes are an integral part of the Consolidated Financial Statements

As per our report of even date
For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm's Registration No. 301003E/E300005

per **Vishal Sharma**
Partner
Membership Number : 096766

Place of Signature: Faridabad
Date: 28 May 2021

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

Nitin M. Kantak
Executive Director
DIN: 08029847

N. Suresh Krishnan
Director
DIN: 00021965

Raj Kumar Gupta
Chief Financial Officer

Vijayamahantesh Khannur
Company Secretary
Membership Number: A19257

Date: 28 May 2021

Consolidated Statement of Cash Flows for the year ended 31 March 2021

(Amount in INR lakhs, unless otherwise stated)

		For the year ended 31 March 2021	For the year ended 31 March 2020
A	**Cash flow from operating activities:**		
	Profit/(loss) before tax from continuing operations	8,652.96	(9,005.96)
	(Loss) before tax from Discontinued operations	(17,431.31)	(64,596.40)
	Share of (profit) of a joint venture	(8,673.85)	(8,218.25)
	Adjustments to reconcile profit/(loss) before tax to net cash flows:		
	Depreciation of property, plant and equipment	10,271.75	10,265.75
	Amortisation of intangible assets	439.69	795.85
	Loss/(profit) on disposal of property, plant and equipment (net)	(404.13)	280.82
	Excess provision/unclaimed liabilities/unclaimed balances written back	(1,107.01)	(1,245.94)
	Bad debts, claims and advances written off	1,881.10	4,668.31
	Provision for doubtful debts, claims and advances	1,785.38	13,566.85
	Subsidy claims written off	188.48	156.59
	Incentive under packing scheme incentive	(17.06)	(17.05)
	Deferred service income	(30.34)	126.41
	Unrealized foreign exchange fluctuation loss	231.24	3,399.09
	Interest expense	36,706.38	47,575.28
	Interest income	(1,967.93)	(1,328.63)
	Dividend income	(3.60)	(2.16)
	Operating profit/(loss) before working capital adjustments	**30,521.75**	**(3,579.44)**
	Working capital adjustments:		
	(Decrease)/increase in provisions	(331.25)	171.17
	(Decrease)/increase in trade payables and other liabilities	(27,178.25)	(12,335.38)
	(Increase)/decrease in trade receivables	1,36,978.42	1,56,774.26
	(Increase) /decrease in Inventories	10,479.22	1,21,663.47
	(Increase)/decrease in other assets and financial assets	(726.33)	2,589.26
	(Increase)/decrease in loans and advances	476.83	(920.96)
		1,19,698.64	**2,67,941.82**
		1,50,220.39	**2,64,362.38**
	Less: Income tax paid (net of refunds)	1,886.17	(832.05)
	Net cash flow from operating activities (A)*	**1,52,106.56**	**2,63,530.33**
B	**Cash flow from investing activities:**		
	Purchase of property, plant and equipment, including intangible assets, capital work in progress and capital advances	(7,995.58)	(8,580.99)
	Proceeds from sale of property, plant and equipment	805.67	659.40
	Proceeds from sale of non-current investments	164.11	-
	Investment in bank deposits (having original maturity of more than 3 months)	(12,367.65)	(2,038.03)
	Interest received	2,310.93	6,110.45
	Dividend received	3.60	2,249.86
	Net cash flow (used in) investing activities (B)	**(17,078.92)**	**(1,599.41)**
C	**Cash flow from financing activities:**		
	Proceeds from long term borrowings	12,512.34	27,865.11
	(Repayment) of long term borrowings**	(29,005.69)	(46,212.03)
	(Repayment) of lease Liability	(821.73)	(1,505.41)
	Proceeds from short term borrowings	21,524.77	24,932.09
	(Repayment) of short term borrowings	(89,411.97)	(2,04,698.97)
	Dividend paid on equity shares	(272.58)	(544.87)
	Tax on equity dividend paid	-	(112.00)
	Interest paid	(33,324.63)	(40,139.73)
	Net cash flow (used in) in financing activities (C)	**(1,18,799.49)**	**(2,40,415.81)**

Consolidated Statement of Cash Flows for the year ended 31 March 2021

(Amount in INR lakhs, unless otherwise stated)

		For the year ended 31 March 2021	For the year ended 31 March 2020
D	**Net increase/(decrease) in cash and cash equivalents (A + B + C)**	**16,228.15**	**21,515.11**
	Cash and cash equivalents at the beginning of the year	26,504.15	4,989.04
	Cash and cash equivalents at the end of the year (Refer Note 10)	**42,732.30**	**26,504.15**
	Cash and cash equivalents	**31 March 2021**	**31 March 2020**
	Balances with banks:		
	- on current accounts	6,177.74	6,687.34
	- on cash credit accounts	3,327.24	360.14
	- Deposits with original maturity of less than 3 months	33,225.62	19,451.56
	Cash on hand	1.70	5.11
	Cash and cash equivalents	**42,732.30**	**26,504.15**

Changes in liabilities arising from financing activities :

	1 April 2020	Cash flows**	Discontinued operations (Refer Note 27)	Non cash changes***	31 March 2021
Long term borrowings (Refer Note 12A and Note 14)	1,00,592.81	(8,774.25)	(76.33)	129.50	91,871.73
Short term borrowings (Refer Note 12B)	2,26,804.60	(67,887.20)	(72,608.40)	(937.39)	85,371.61
Lease liabilities (Refer Note 12A and Note 14)	9,410.84	(821.73)	(1,417.90)	2,239.63	9,410.84
Total liabilities from financing activities	**3,36,808.25**	**(77,483.17)**	**(74,102.63)**	**1,431.74**	**1,86,654.19**

	1 April 2019	Cash flows**	Discontinued operations (Refer Note 27)	Non cash changes***	31 March 2020
Long term borrowings (Refer Note 12A and Note 14)	1,16,909.66	(18,346.92)	-	2,030.07	1,00,592.81
Short term borrowings (Refer Note 12B)	4,06,570.98	(1,79,766.88)	-	0.50	2,26,804.60
Lease liabilities (Refer Note 12A and Note 14)	8,644.14	(1,505.41)	-	2,272.11	9,410.84
Total liabilities from financing activities	**5,32,124.78**	**(1,99,619.21)**	**-**	**4,302.68**	**3,36,808.25**

*Cash flow from operating activities for the 31 March 2021 is after considering corporate social responsibility expenditure of INR 189.46 lakhs (31 March 2020: INR 143.52 lakhs)

**Includes repayments of principal and interest (excluding repayment of long term borrowings of INR 7,719.10 lakhs classified as current though repayable beyond 12 months)

***includes exchange differences on borrowings, lease additions and interest accretion for lease liabilities.

Summary of significant accounting policies 2

The accompanying notes are an integral part of the Consolidated Financial Statements

As per our report of even date
For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm's Registration No. 301003E/E300005

per **Vishal Sharma**
Partner
Membership Number : 096766

Place of Signature: Faridabad
Date: 28 May 2021

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

Nitin M. Kantak
Executive Director
DIN: 08029847

N. Suresh Krishnan
Director
DIN: 00021965

Raj Kumar Gupta
Chief Financial Officer

Vijayamahantesh Khannur
Company Secretary
Membership Number : A19257

Date: 28 May 2021

Consolidated Statement of changes in equity for the year ended 31 March 2021

(Amount in INR lakhs, unless otherwise stated)

(a) Equity Share Capital

	31 March 2021		31 March 2020	
Equity shares of INR 10 each issued, subscribed and fully paid	**No. of shares**	**Amount**	**No. of shares**	**Amount**
At 1 April	4,20,58,006	4,205.80	4,20,58,006	4,205.80
At 31 March	4,20,58,006	4,205.80	4,20,58,006	4,205.80

(b) Other equity

	Reserves and Surplus (Refer Note 11A)				OCI		Total other equity	Non - controlling Interests	Total equity
	Business Restructuring Reserve	Capital Reserves	Surplus / (deficit) in the statement of profit and loss	General reserve	Foreign Currency Translation Reserve	Equity instruments through Other Comprehensive Income			
As at 1 April 2020	**65,404.84**	**57,927.16**	**(95,662.95)**	**6,150.00**	**21.99**	**(3,927.98)**	**29,913.06**	**41,422.68**	**71,335.72**
Profit/(loss) for the year	-	-	(15,709.38)	-	-	-	(15,709.38)	3,084.82	**(12,624.56)**
Other comprehensive income (Refer Note 11B)	-	-	108.99	-	7.48	1,093.29	1,209.76	23.33	**1,233.11**
Total comprehensive income / (loss) for the year	**-**	**-**	**(15,600.39)**	**-**	**7.48**	**1,093.29**	**(14,499.62)**	**3,108.15**	**(11,391.45)**
Cash dividends	-	-	-	-	-	-	-	(272.43)	**(272.43)**
As at 31 March 2021	**65,404.84**	**57,927.16**	**(1,11,263.33)**	**6,150.00**	**29.47**	**(2,834.69)**	**15,413.44**	**44,258.40**	**59,671.84**

For the year ended 31 March 2020:

	Reserves and surplus (Refer Note 11A)				OCI		Total other equity	Non Controlling Interest	Total equity
	Business Restructuring Reserve	Capital Reserves	Surplus / (deficit) in the statement of profit and loss	General reserve	Foreign Currency Translation Reserve	Equity instruments through Other Comprehensive Income			
As at 1 April 2019	**65,404.84**	**57,667.51**	**(16,409.45)**	**6,150.00**	**1,154.92**	**(2,958.83)**	**1,11,008.99**	**39,955.19**	**150,964.17**
Adjustment on Reclassification of Joint Venture to Financial assets	**-**	**-**	1,069.20	**-**	(1,130.05)	**-**	(60.85)	**-**	**(60.85)**
Profit/(loss) for the year	-	-	(80,222.00)	-	-	-	(80,222.00)	2,967.80	**(77,254.20)**
Other comprehensive income/ (loss) (Refer Note 11B)	-	-	(100.70)	-	(2.88)	(969.15)	(1,072.73)	7.13	**(1,065.60)**
Total comprehensive income/ (loss) for the year	**-**	**-**	**(79,253.50)**	**-**	**(1,132.93)**	**(969.15)**	**(81,355.58)**	**2,974.93**	**(78,380.66)**
Acquisition of non-controlling interests (Refer Note 11A)	**-**	259.65	**-**	**-**	**-**	**-**	259.65	**(850.57)**	**(590.92)**
Cash dividends	-	-	-	-	-	-	-	(544.87)	**(544.87)**
Dividend distribution tax (DDT) (Refer Note 28)	-	-	-	-	-	-	-	(112.00)	**(112.00)**
As at 31 March 2020	**65,404.84**	**57,927.16**	**(95,662.95)**	**6,150.00**	**21.99**	**(3,927.98)**	**29,913.06**	**41,422.68**	**71,335.72**

Summary of significant accounting policies **2**

The accompanying notes are an integral part of the Consolidated Financial Statements

As per our report of even date
For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm's Registration No. 301003E/E300005

per **Vishal Sharma**
Partner
Membership Number : 096766

Place of Signature: Faridabad
Date: 28 May 2021

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

Nitin M. Kantak
Executive Director
DIN: 08029847

N. Suresh Krishnan
Director
DIN: 00021965

Raj Kumar Gupta
Chief Financial Officer

Vijayamahantesh Khannur
Company Secretary
Membership Number : A19257

Date: 28 May 2021

Notes to the Consolidated Financial Statements for the year ended 31 March 2021

1. Corporate Information

The Consolidated Financial Statements comprises financial statements of "Zuari Agro Chemicals Limited" ("the Parent Company" or "ZACL") and its subsidiaries (collectively, the Group) and its joint ventures for the year ended 31 March 2021.

The Parent Company is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. Its shares are listed on two recognized stock exchanges in India. The registered office of the Parent Company is located at Jai Kisaan Bhawan, Zuarinagar, Goa – 403 726. Please refer Note 27 for "Discontinued Operations".

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

These Consolidated Financial Statements were approved for issue in accordance with a resolution of the Board of Directors of the Parent Company in their meeting held on 28 May 2021.

2.A. Summary of Significant Accounting Policies

i) Basis of Preparation

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

The Consolidated Financial Statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value-

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

The Consolidated Financial Statements of the Group are presented in Indian Rupee (INR) and all values are rounded to the nearest lakhs (INR 00,000), except when otherwise indicated.

ii) Basis of consolidation

The Consolidated Financial Statements comprise the financial statements of the Parent Company and its subsidiaries as at 31 March 2021. Control is achieved when the Group has power over the investee, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the Consolidated Financial Statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the Consolidated Financial Statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the Parent Company, i.e., year ended on 31 March.

Consolidation procedure:

a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the Parent Company with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognized in the Consolidated Financial Statements at the acquisition date.

b) Offset (eliminate) the carrying amount of the Parent's investment in each subsidiary and the Parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognized in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the Consolidated Financial Statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. However, the non-controlling interests have been restricted to zero on the transition date i.e. 1 April 2015 using the exemption provided by the Ind AS 101 and the accumulated losses attributable to the non-controlling interest holders in excess of their equity on the transition date, in the absence of the contractual obligation on the non-controlling interest holders, the same has been accounted for by the Parent Company.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

iii) Business combinations and goodwill

In accordance with Ind AS 101 provisions related to first time adoption, the Group has elected to apply Ind AS accounting for business combinations prospectively from 1 April 2015. As such, Indian GAAP balances relating to business combinations entered into before that date, including goodwill, have been carried forward with minimal adjustment.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured on the basis of indicated below:

- Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit prorata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed off, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Notes to the Consolidated Financial Statements for the year ended 31 March 2021

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

iv) Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries.

The Group's investment in its associate and joint ventures are accounted for using the equity method from the date on which it becomes an associate or a joint venture. On acquisition of the investment, any difference between the cost of the investment and the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted for as follows:

a) Goodwill relating to an associate or a joint venture is included in the carrying amount of the investment. Amortisation of that goodwill is not permitted.

b) Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is recognised directly in equity as capital reserve in the period in which the investment is acquired.

The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit and loss includes the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

If an entity's share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture (which includes any long term interest that, in substance, form part of the Group's net investment in the associate or joint venture), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. If the associate or joint venture subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit and loss.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

v) Basis of classification of Current and Non-Current

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

An asset has been classified as current if

a) it is expected to be realized in, or is intended for sale or consumption in, the Group's normal operating cycle; or

b) it is held primarily for the purpose of being traded; or

c) it is expected to be realized within twelve months after the reporting date; or

d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

All other assets have been classified as non-current.

A liability has been classified as current when

a) it is expected to be settled in the Group's normal operating cycle; or

b) it is held primarily for the purpose of being traded; or

c) it is due to be settled within twelve months after the reporting date; or

d) the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities have been classified as non-current.

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

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

vi) Foreign Currency Translation

a) **Functional and presentation currency**

Items included in the Consolidated Financial Statements of the Group are measured using the currency of the primary economic environment in which the Group operates ('the functional currency'). The Consolidated Financial Statements are presented in Indian Rupee (INR), which is Group's functional and presentation currency.

b) **Initial recognition**

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

c) **Conversion**

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

d) **Exchange differences**

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

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

e) **Translation of a foreign operation**

On consolidation, the assets and liabilities of foreign operations are translated into INR at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the Group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising in the acquisition/business combination of a foreign operation on or after 1 April 2015 and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Any goodwill or fair value adjustments arising in business combinations/acquisitions, which occurred before the date of transition to Ind AS (1 April 2015), are treated as assets and liabilities of the entity rather than as assets and liabilities of the foreign operation. Therefore, those assets and liabilities are non-monetary items which are already expressed in the functional currency of the Parent and no further translation differences occur.

Cumulative currency translation differences for all foreign operations are deemed to be zero at the date of transition, viz., 1 April 2015. Gain or loss on a subsequent

Notes to the Consolidated Financial Statements for the year ended 31 March 2021

disposal of any foreign operation excludes translation differences that arose before the date of transition but includes only translation differences arising after the transition date.

vii) Derivative financial instruments

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to statement of profit and loss.

viii) Fair value measurement

The Group measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Consolidated Financial Statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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

External valuers are involved for valuation of significant assets, and significant liabilities, if any.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management, in conjunction with the Group's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable. For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

ix) Non-current assets classified as held for sale

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

For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale classification is regarded met only when the 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 Group treats sale of the asset to be highly probable when:

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

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

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

x) Property, plant and equipment

On transition to Ind AS i.e. 1 April 2015, the Group has elected to continue with the carrying value of all of its property, plant and equipment (PPE) recognised as at 1 April 2015 measured as per the Indian GAAP and use that carrying value as the deemed cost of the PPE.

PPE are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, including import duties and non-refundable purchase taxes, borrowing costs if recognition criteria are met and any directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of PPE is added to its book value only if it increases the future benefits from the existing PPE beyond its previously assessed standard of performance. Such cost includes the cost of replacing part of the plant and equipment. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Items of stores and spares that meet the definition of PPE are capitalized at cost. Otherwise, such items are classified as inventories.

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

xi) Depreciation on property, plant and equipment

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

Useful lives estimated by the management (years)	
Factory buildings	30 years
Other buildings (RCC structures)	60 years
Other buildings (other than RCC structures)	30 years
Plant and equipment (Continuous process plant)	25 years
Plant and equipment (Others)	15 years
Furniture and fixtures	10 years
Roads and Culverts	3 to 30 years
Office equipment	3 to 6 years
Vehicles	8 and 10 years
Railway Siding	15 years

(a) In case of the Group Company, the useful lives of components of certain plant and equipment are estimated as 5 to 20 years. These lives are lower than those indicated in Schedule II.

(b) In case of the Parent Company, the management has estimated, supported by independent assessment

Notes to the Consolidated Financial Statements for the year ended 31 March 2021

by professionals, the useful lives of the following classes of assets -

i. The useful lives of certain plant and equipment having net block of INR 188.05 lakhs are estimated as 30 to 40 years. These lives are higher than those indicated in schedule II.

ii. The useful lives of certain buildings having net block of INR 684.73 lakhs are estimated as 15 years. These lives are lower than those indicated in schedule II.

(c) Insurance/capital/critical stores and spares are depreciated over the remaining useful life of related plant and equipment or useful life of insurance/capital/critical spares, whichever is lower.

(d) Property, plant and equipment whose value is less than INR 5,000/- are depreciated fully in the year of purchase.

The residual values, useful lives and method of depreciation of property, plant and equipment are reviewed at each financial year and adjusted prospectively, if any.

xii) Intangible Assets

On transition to Ind AS, the Group has elected to continue with the carrying value of all of intangible assets recognised as at 1 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets with finite lives are amortised on a straight line basis over the estimated useful economic life.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

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

The following are the acquired intangible assets:

Software

Management of the Group assessed the useful life of software as finite and cost of software is amortized over their estimated useful life of three years on straight-line basis.

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

All expenses incurred on research and development activities are expensed as incurred by the Group since these do not meet the recognition criteria as listed above.

Goodwill (pursuant to the scheme of amalgamation)

Goodwill, which arose pursuant to the scheme of amalgamation of Zuari Speciality Fertilisers Limited (ZSFL) with the Parent Company, has got merged with the Parent Company. Pursuant to business transfer agreement (BTA) executed on 31 March 2020 between the Parent Company and Zuari FarmHub Limited (ZFL), said goodwill has been transferred to ZFL (Refer Note No 53).

xiii) Investment Property

The Group has elected to continue with the carrying value for all of its investment property as recognized in its previous GAAP Consolidated Financial Statements as deemed cost at the transition date, viz., 1 April 2015.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The cost includes the cost of replacing parts and borrowing costs for long term construction projects if the recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognized in profit or loss as incurred.

Investment properties are derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of de-recognition.

xiv) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available, and if no such transactions can be identified an appropriate valuation model is used.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's CGU's to which the individual assets are allocated. These budgets and forecast calculations are generally cover a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit and loss.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life. An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill are not reversed in future periods.

xv) Leases

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

Group as a lessee

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

a) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

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

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

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

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b) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

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

c) Short term leases and leases of low-value assets

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

Group as a lessor

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

During the year ended 31 March 2020, The Group applies, for the first time, Ind AS 116 Leases retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the date of initial application.

The nature and effect of these changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in April 2019, but do not have an impact on the Consolidated Financial Statements of the Group. The Group has not early adopted any standards or amendments that have been issued but are not yet effective.

Ind AS 116:

Ind AS 116 Leases was notified by MCA on 30 March 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under Ind AS 116 is substantially unchanged from accounting under Ind AS 17. Lessors will continue to classify all leases using the same classification principle as in Ind AS 17 and distinguish between two types of leases: operating and finance leases.

The Group adopted Ind AS 116 using the modified retrospective method of adoption with the date of initial application of 1 April 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. Accordingly, comparatives for the year ended 31 March 2019 have not be retrospectively adjusted. The Group elected to apply the standard to contracts that were previously identified as leases applying Ind AS 17. The Group also elected to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value.

a. Nature of the effect of adoption of Ind AS 116

The Group has lease contracts for various guest house, retail outlets and land. Before the adoption of Ind AS 116, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group; otherwise it was classified as an operating lease. Finance leases were capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognised as finance costs) and reduction of the lease liability. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in the statement of profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under Prepayments and Trade and other payables, respectively.

Upon adoption of Ind AS 116, the Group applied a single recognition and measurement approach for all leases that it is the lessee, except for short term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Group.

Leases previously classified as finance leases

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under Ind AS 17). The requirements of Ind AS 116 was applied to these leases from 1 April 2019.

Leases previously accounted for as operating leases

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short term leases exemptions to leases with lease term that ends within 12 months at the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease

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b. Amounts recognised in the statement of financial position and profit or loss

Set out below, are the carrying amounts of the Parent Company's right-of-use assets and lease liabilities and the movements during the period:

(INR in lakhs)

	Right-of-use assets			Lease Liabilities	Retained earnings
	Land	Building	Total		
As at 1 April 2019	**-**	**-**	**-**	**-**	**-**
Transition impact on account of adoption of Ind AS 116 "Leases" (Refer Note 3)	1,178.77	5,450.17	6,628.94	6,628.94*	-
Reclassified on account of adoption of Ind AS 116 "Leases" (Refer Note 3)	857.34	-	857.34	-	-
Additions	-	1,565.90	1,565.90	1,597.86	-
Disposal	(46.21)	(437.82)	(484.03)	(498.51)	-
Depreciation expense**	(100.37)	(847.51)	(947.88)	-	(947.88)
Interest expense	-	-	-	726.64	(726.64)
Payments	-	-	-	(1,225.00)	1,225.00
Discontinued operations (Refer Note 27)	(63.21)	(5,380.26)	(5,443.47)	(5,752.93)	-
As at 31 March 2020	**1,826.32**	**350.48**	**2,176.80**	**(1,477.00)**	**(449.52)**

**Depreciation for the year includes depreciation of INR 752.11 lakhs related to discontinued operations (refer Note 27).

*Discounted operating lease commitment based on weighted average incremental borrowing rate of 10.70% excluding the commitments relating to short term leases of INR 7.74 lakhs.

The Parent Company recognised rent expense from short term leases of INR 7.74 lakhs for the twelve months ended 31 March 2020.

Cash flow from operating activities increased by INR 1,225.00 lakhs with corresponding decrease in cash flow from financing activities.

xvi) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a) **Financial assets**

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

Debt Instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. For the purposes of subsequent measurement, debt instruments are classified in three categories:

- Debt instruments at amortised cost;
- Debt instruments at fair value through other comprehensive income (FVTOCI);
- Debt instruments at fair value through profit or loss (FVTPL).

Debt instruments at amortised cost

A debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent sole payments of principal and interest (SPPI).

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Group recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to the statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortised cost or as FVTOCI, is classified as at FVTPL. In addition, the Group may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

Equity Instruments

Investments in subsidiaries are subsequently measured at cost.

For the purposes of subsequent measurement of other equity instruments classification is made into below two categories:

- Equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Equity investments other than investments in subsidiaries are measured at fair value. The Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable. Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to statement of profit and loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Parent Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses (ECL) associated with its assets carried at amortised cost and FVTOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk since initial recognition.

For trade receivables only, the Group applies the simplified approach permitted by Ind AS 109 'Financial Instruments', which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Group categorizes them into Stage 1, Stage 2 and Stage 3, as described below:

Stage 1: When financial assets are first recognized, the Group recognizes an allowance based on 12 months ECLs. Stage 1 financial assets also include facilities where the credit risk has improved and the financial assets has been reclassified from Stage 2.

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Stage 2: When a financial assets has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the financial assets has been reclassified from Stage 3.

Stage 3: Financial assets considered credit-impaired. The Group records an allowance for the LTECLs.

b) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss (FVTPL) include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with Ind AS 109 Financial instruments and the amount initially recognised less cumulative amortisation, where appropriate. The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

xvii) Cash and Cash equivalents

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

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

xviii) Dividend to equity holders of the Parent Company

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

xix) Inventories

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

The Cost is determined as follows:

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

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

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

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

xx) Borrowing Costs

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

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

xxi) Revenue from contract with customer

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

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

Sale of goods

Revenue from sale of product is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the product. The normal credit term is 15 to 120 days upon delivery.

Revenue from sale of goods, including concession in respect of Urea, DAP, MOP and Complex Fertilizers receivable from the Government of India under the New Pricing Scheme/Concession Scheme, is recognized when the significant risk and rewards of ownership of the goods have passed to the customers, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

Concessions in respect of Urea as notified under the New Pricing Scheme is recognized with adjustments for escalation/de-escalation in the prices of inputs and other adjustments as estimated by the management in accordance with the known policy parameters in this regard.

Subsidy for Phosphatic and Potassic (P&K) fertilisers are recognized as per rates notified by the Government of India in accordance with Nutrient Based Subsidy Policy from time to time.

Uniform freight subsidy on Urea, Complex fertilisers, Imported DAP and MOP has been accounted for in accordance with the parameters and notified rates.

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

i) Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of goods provide customers with a right of return and volume rebates. The rights of return and volume rebates give rise to variable consideration.

(a) Rights of return

Certain contracts provide a customer with a right to return the goods within a specified period. The Group uses the expected value

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method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in Ind AS 115 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Group recognises a refund liability. A right of return asset (and corresponding adjustment to change in inventory) is also recognised for the right to recover products from a customer.

(b) Volume rebates

The Group provides volume rebates to certain customers once the quantity of goods purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the Group applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The Group then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates.

ii) Significant financing component

Occasionally, the Group receives short term advances from its customers. Using the practical expedient in Ind AS 115, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in paragraph xvi) financial instruments – initial recognition and subsequent measurement.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Assets and liabilities arising from rights of return

Right of return assets

Right of return asset represents the Group's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Group updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

Refund liabilities

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

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

Insurance claims

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

Interest income

For all debt instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

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

Dividend

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

xxii) Retirement and other employee benefits

a) **Provident Fund**

Retirement benefits in the form of Provident Fund in respect of fertilizer unit in Goa of the Parent Company is a defined benefit obligation and is provided on the basis of actuarial valuation of projected unit credit method made at the end of each financial year. The difference between the actuarial valuation of the provident fund of employees at the year end and the balance of own managed fund is provided for as liability in the books in terms of the provisions under Employee Provident Fund and Miscellaneous Provisions Act, 1952. Any excess of plan assets over projected benefit obligation is ignored as such surplus is distributed to the beneficiaries of the trust.

Retirement benefits in the form of Provident Fund in case of a subsidiary and other units of the Parent Company is a defined contribution scheme. The Group recognizes contribution payable to the fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

b) **Superannuation and Contributory Pension Fund**

The Parent Company has approved Superannuation Fund and Contributory Pension Fund whereas one subsidiary company have only approved Superannuation Fund, which are defined contribution schemes. Retirement benefit in the form of Superannuation Fund and Contributory Pension Fund are defined contribution scheme. The Group has no obligation, other than the contribution payable to the Superannuation Fund and Contributory Pension Fund to Life Insurance Corporation of India (LIC) against the insurance policy taken with them. The Group recognizes contribution payable to the Superannuation Fund and Contributory Pension Fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

c) **Gratuity**

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

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

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income and such re-measurement gain/(loss) are not reclassified to the statement of profit and loss in the subsequent periods. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

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d) **Post-Retirement Medical Benefit**

In respect of the Parent Company post-retirement medical benefit is a defined benefit obligation which is provided for based on actuarial valuation on projected unit credit method made at the end of each financial year. Remeasurement, comprising of actuarial gains and losses, are recognised in the period in which they occur, directly in statement of profit & loss.

e) **Leave Encashment**

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. Remeasurement, comprising of actuarial gains and losses, are recognised in the period in which they occur, directly in statement of profit and loss.

The Group treats accumulated leave expected to be carried forward beyond twelve months as long term employee benefit for measurement purpose. Such long term compensated absences are provided for based on actuarial valuation using the projected unit credit method at the year end. The Group presents the leave as a current liability in the balance sheet; to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where Group has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

f) **Pension Fund**

In respect of the Parent Company, retirement benefit in the form of family pension fund and National Pension Scheme are defined contribution scheme. The Parent Company has no obligation, other than the contribution payable to the pension fund. The Parent Company recognizes contribution payable to the pension fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefits expense in the statement of profit and loss.

g) **Voluntary Retirement Scheme**

Compensation to employees under the voluntary retirement scheme of the Parent Company is computed on the basis of number of employees exercising the retirement option under the scheme.

h) **Short term employee benefits**

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

xxiii) Taxes

Current Income Tax and Deferred Tax

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

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

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

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

- When the deferred tax liability arises from an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;

- In respect of taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

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

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

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

In case of subsidiary Company, minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss a current tax for the year. The deferred tax asset is recognised for MAT credit available only to the extent that it is probable the subsidiary company will pay normal income tax during the specified year, i.e., the year for which MAT credit is allowed to be carried forward. In the year in which the subsidiary company recognizes MAT credit as an asset, it is created by way of credit to the statement of profit and loss and shown as part of deferred tax asset. The subsidiary company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period.

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

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

xxiv) Earnings per share

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

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

xxv) Government grants and subsidies

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

When the grant or subsidy relates to an expenses item, it is recognized as income over the periods necessary to

Notes to the Consolidated Financial Statements for the year ended 31 March 2021

match them on a systematic basis to the costs, which it is intended to compensate.

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

xxvi) Provisions

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

In case of seeds division, the Parent Company makes an estimation of probable sales return out of the sales booked during the financial year, considering the terms and condition of the sale and past tendency of such sales return. A provision is made for loss on account of such estimated sales return which is approximate to the amount of profit originally booked on such sale.

xxvii) Segment Reporting Policies

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. Chief Operating Decision Maker review the performance of the Group according to the nature of products manufactured, traded and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the locations of customers.

Segment accounting policies

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the Consolidated Financial Statements of the Group as a whole.

2.B. Significant accounting judgements, estimates and assumptions

The preparation of the Group's Consolidated 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 – Group as lessee**

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

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

b) **Defined benefit plans**

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

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

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases are based on the expected future inflation rates. Further details about the defined benefit obligations are given in Note 31.

c) **Provision for expected credit losses of trade receivables**

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and coverage by deposits or others instruments).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 37.

d) **Fair value measurement of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where ever possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer Note 37 for further disclosures.

e) **Useful life of Property, plant and equipment**

The management estimates the useful life and residual value of property, plant and equipment based on technical evaluation. These assumptions are reviewed at each reporting date.

f) **Impairment of non-financial assets**

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow (DCF) model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill recognised by the Group.

g) **Revenue from contracts with customers**

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

Determining method to estimate variable consideration and assessing the constraint

Certain contracts for the sale of goods include a right of return and volume rebates that give rise to variable consideration. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

The Group determined that the expected value method is the appropriate method to use in estimating the variable consideration for the sale of goods with rights of return, given the large number of customer contracts that have similar characteristics. In estimating the variable consideration for the sale of goods with volume rebates, the Group determined that using a combination of the most likely amount method and expected value method is appropriate. The selected method that better predicts the amount of variable consideration was primarily driven by the number of volume thresholds contained in the contract. The most likely amount method is used for those contracts with a single volume threshold, while the expected value method is used for contracts with more than one volume threshold.

Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

Estimating variable consideration for returns and volume rebates

The Group estimates variable considerations to be included in the transaction price for the sale of goods with rights of return and volume rebates.

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

Notes to the Consolidated Financial Statements for the year ended 31 March 2021

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

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

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

h) **Taxes**

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

i) **Leases - Estimating the incremental borrowing rate**

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

2.C. Changes in accounting policies and disclosures

New and amended standards

(i) **Amendments to Ind AS 116: Covid-19-Related Rent Concessions.**

The amendments provide relief to lessees from applying Ind AS 116 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under Ind AS 116, if the change were not a lease modification.

The amendments are applicable for annual reporting periods beginning on or after the 1 April 2020. In case, a lessee has not yet approved the financial statements for issue before the issuance of this amendment, then the same may be applied for annual reporting periods beginning on or after the 1 April 2019. This amendment had no impact on the consolidated financial statements of the Group.

(ii) **Amendments to Ind AS 103 *Business Combinations***

The amendment to Ind AS 103 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs.

This amendment had no impact on the financial statements of the Group.

(iii) **Amendments to Ind AS 1 and Ind AS 8: Definition of Material**

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group.

These amendments are applicable prospectively for annual periods beginning on or after the 1 April 2020. The amendments to the definition of material are not expected to have a significant impact on the Group financial statements.

(iv) **Amendments to and Ind AS 109: Interest Rate Benchmark Reform**

The amendments to Ind AS 109 *Financial Instruments: Recognition and Measurement* provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the Consolidated financial statements of the Group as it does not have any interest rate hedge relationships.

2.D. Standards issued but not yet effective

There are no standards or amendments issued on or before 31 March 2021 but not yet effective, which may have any material impact on the Consolidated Financial Statements of the Group.

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Notes to the Consolidated Financial Statements for the year ended 31 March 2021

3. Property, plant and equipment

(INR in lakhs)

	Freehold land (Refer Note 45B and Note i below)	Leasehold land (Refer Note ii below)	Buildings	Railway siding	Plant and equipment	Furniture and fixtures	Office equipment	Vehicles	Right-to-use building	Right-to-use land (Refer Note ii below)	Total	Capital work in progress
Cost												
As at 1 April 2019	**64,192.08**	**882.79**	**13,930.59**	**1,036.20**	**1,15,014.41**	**1,410.33**	**1,569.19**	**1,188.77**	**-**	**-**	**1,99,224.36**	**15,723.32**
Transition impact on account of adoption of Ind AS 116 "Leases" (Refer Note 2.a.xv)	-	-	-	-	-	-	-	-	5,475.43	3,168.71	**8,644.14**	**-**
Additions	17.70	-	145.06	57.96	3,128.61	210.29	358.67	139.06	1,797.01	-	5,854.36	4,929.12
Borrowing costs	-	-	-	-	-	-	-	-	-	-	-	667.77
Assets classified as held for sale (Refer Note 8A)	5.18	-	-	-	-	-	-	-	-	-	5.18	-
Reclassified on account of adoption of Ind AS 116 "Lease" (Refer Note 2.a.xv and Note vi below)	-	(882.79)	-	-	-	-	-	-	-	882.79	-	-
Disposals	50.03	-	8.80	1.53	789.11	9.34	4.17	79.08	469.15	75.62	1,486.83	4,186.82
As at 31 March 2020	**64,154.57**	**-**	**14,066.85**	**1,092.63**	**1,17,353.91**	**1,611.28**	**1,923.69**	**1,248.75**	**6,803.29**	**3,975.88**	**2,12,230.85**	**17,133.39**
Additions	-	-	146.44	29.94	4,861.22	46.66	19.70	-	426.33	-	5,530.29	7,534.56
Borrowing costs	-	-	-	-	13.00	-	-	-	-	-	13.00	770.43
Assets classified as held for sale (Refer Note 8A)	0.15	-	-	-	-	-	-	-	-	-	0.15	-
Disposals	-	-	1.39	-	1,519.11	165.82	61.03	136.93	20.43	-	1,904.71	4,721.07
Discontinued operations (Refer Note 27)	30.96	-	2,633.17	542.54	51,529.84	252.45	1,061.03	472.19	-	1,103.15	57,625.33	12,891.14
As at 31 March 2021	**64,123.46**	**-**	**11,578.73**	**580.03**	**69,179.18**	**1,239.67**	**821.33**	**639.63**	**7,209.19**	**2,872.73**	**1,58,243.95**	**7,826.17**
Depreciation and Impairment												
As at 1 April 2019	**-**	**25.46**	**1,764.21**	**335.34**	**24,534.95**	**547.14**	**859.73**	**426.89**	**-**	**-**	**28,493.72**	**367.17**
Charge for the year*	-	-	481.39	78.52	8,050.93	165.33	236.65	175.75	880.28	196.90	10,265.75	**-**
Reclassified on account of adoption of Ind AS 116 "Lease"(Refer Note 2.a.xv and Note vi below)	-	(25.46)	-	-	-	-	-	-	-	25.46	-	**-**
Disposals	-	-	2.28	0.71	396.25	9.00	3.87	41.75	31.33	29.41	514.60	-
As at 31 March 2020	**-**	**-**	**2,243.32**	**413.15**	**32,189.63**	**703.47**	**1,092.51**	**560.89**	**848.95**	**192.95**	**38,244.87**	**367.17**
Charge for the year*	-	-	452.20	74.29	8,111.80	137.96	239.62	163.91	928.89	163.39	10,272.06	-
Disposals	-	-	1.24	-	1,275.44	59.56	61.27	103.79	6.87	-	1,508.17	-
Discontinued operations (Refer Note 27)	-	-	236.06	217.24	18,461.47	170.65	657.04	220.10	-	128.15	20,090.71	367.17
As at 31 March 2021	**-**	**-**	**2,458.22**	**270.20**	**20,564.52**	**611.22**	**613.82**	**400.91**	**1,770.97**	**228.19**	**26,918.05**	**-**
Net book value												
As at 31 March 2021	**64,123.46**	**-**	**9,120.51**	**309.83**	**48,614.66**	**628.45**	**207.51**	**238.72**	**5,438.22**	**2,644.54**	**1,31,325.90**	**7,826.17**
As at 31 March 2020	**64,154.57**	**-**	**11,823.53**	**679.48**	**85,164.28**	**907.81**	**831.18**	**687.86**	**5,954.34**	**3,782.93**	**1,73,985.98**	**16,766.22**
As at 1 April 2019	**64,192.08**	**857.33**	**12,166.38**	**700.86**	**90,479.46**	**863.19**	**709.46**	**761.88**	**-**	**-**	**1,70,730.64**	**15,356.15**

*includes INR 3,827.73 lakhs (31 March 2020: INR 4,188.77 lakhs) related to discontinued operations (Refer Note 27).

For Property, plant and equipment existing as on 1 April 2015, i.e., its date of transition to Ind AS, the Group has used Indian GAAP carrying value of the assets as deemed costs.

i. This includes freehold land of INR 6,817.79 lakhs (31 March 2020: INR 6,817.79 lakhs) in respect of a subsidiary company acquired by the Parent Company in a past business combination. The said land is fair valued as per the principles of Ind AS 103 and an addition of INR 57,246.18 lakhs, on account of fair valuation, was booked in the year of acquisition of the subsidiary as a part of purchase price allocation.

ii. This includes, in respect of Parent Company, land of INR 396.00 lakhs (31 March 2020: INR 396.00 lakhs) wherein lease cum sale agreement is for a year of 10 years. Lesser shall sell the property at the end of the lease year or extended year, if any.

iii. Assets pledged as security for borrowings: Refer Note 12 for information on property, plant and equipment pledged as security against borrowings.

iv. Building includes self constructed building with net book value of INR 4,034.45 lakhs (31 March 2020: INR 4,153.91 lakhs) on leasehold land.

v. Contractual obligations: Refer to Note 32 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

vi. During the year ended 31 March 2020, the net block of lease hold land of INR 857.33 lakhs (Gross block - INR 882.79 lakhs and accumulated depreciation - INR 25.46 lakhs) has been reclassified to "Right of Use" assets on account of adoption of Ind AS 116 "Leases".

vi. Capitalised Expenditure

Borrowing Costs

Plant and equipment include INR 13.00 lakhs (31 March 2020: INR Nil lakhs) towards borrowing costs capitalised during the year. The rate used to determine the amount of borrowing costs eligible for capitalisation was 9.16% p.a. (31 March 2020: 10.00% - 10.64%), which is the effective interest rate of the specific borrowing.

(INR in lakhs)

	31 March 2021	31 March 2020
Balance brought down	2,600.95	1,933.18
Interest expenses	770.43	667.77
Sub-Total	**3,371.38**	**2,600.95**
Less: Allocated to Property, plant and equipment	13.00	-
Less : Transferred to discontinued operations (Refer Note 27)	1,675.15	-
Balance carried over (included in Capital work-in-progress)	**1,683.23**	**2,600.95**

vii. Capital work-in-progress

In case of the Parent Company, Capital work-in-progress comprises of expenditure for revamping of ammonia urea plant and other plant and machinery in the course of construction, which has been transferred to discontinued operations (Refer Note 27). In case of a Subsidiary Company, it comprises of expenditure in respect of energy saving project.

viii. Impairment of Capital work-in-progress

In case of the Parent Company, during the year ended on 31 March 2019, the impairment loss of INR 367.17 lakhs represented the write-down value of Capital work-in-progress related to Jetty project due to non viability of the project in foreseeable future as internally assessed by the management and the same had been charged off to statement of profit and loss.

4. Investment property

(INR in lakhs)

Opening balance at 1 April 2019	**362.29**
Additions (subsequent expenditure)	**-**
Closing balance at 31 March 2020	**362.29**
Additions (subsequent expenditure)	-
Closing balance at 31 March 2021	**362.29**
Depreciation	
Opening balance at 1 April 2019	-
Depreciation for the year	-
Closing balance at 31 March 2020	**-**
Depreciation for the year	-
Closing balance at 31 March 2021	**-**
Net book value	
As at 31 March 2021	**362.29**
As at 31 March 2020	**362.29**
As at 1 April 2019	**362.29**

For investment property existing as on 1 April 2015, i.e., its date of transition to Ind AS, the Parent Company has used Indian GAAP carrying value of the assets as deemed costs.

(INR in lakhs)

Information regarding income and expenditure of Investment property	31 March 2021	31 March 2020
Rental income derived from investment properties	Nil	Nil
Direct operating expenses (including repairs and maintenance) arising from investment property that generating rental income	Nil	Nil
Direct operating expenses (including repairs and maintenance) arising from investment property that did not generate rental income	Nil	Nil
Profit arising from investment properties before depreciation and indirect expenses	Nil	Nil
Less – Depreciation	Nil	Nil
Profit arising from investment properties before indirect expenses	Nil	Nil

Investment property consist of freehold land owned by the Parent Company.

The Parent Company obtains independent valuations for its investment properties at least annually. The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available, the Parent Company considers information from a variety of sources including :-

Notes to the Consolidated Financial Statements for the year ended 31 March 2021

1. Current prices in an active market of properties of different nature or recent prices of similar properties in less active market adjusted to reflect those differences.
2. Discounted cash flow projections based on reliable estimates of future cash flows.
3. Capitalised income projections based upon a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

As at 31 March 2021 and 31 March 2020, the fair values of the investment properties are INR 521.00 lakhs and INR 409.00 lakhs respectively. These valuations are based on valuations performed by an accredited independent valuer, who is specialist in valuing these types of investment properties. A valuation model in accordance with that recommended by the International Valuation Standards Committee has been applied. The valuation is done based on current prices in active market of properties of different nature.

Details of key inputs used in the valuation of investment properties are as below:

Property description: Land situated in the Pannagudi & Karaikal Village, Tamil Nadu

Significant unobservable Inputs	Inputs 31 March 2021	Inputs 31 March 2020
Land area	24.8 acre	24.8 acre
Prevailing market rate (per acre)	INR 18 lakhs/acre	INR 18 lakhs/acre
Guidelines rates obtained from register office	INR 2.68 lakhs/acre	INR 2.68 lakhs/acre
Assessed/adopted rate for valuation	INR 21.00 lakhs/acre	INR 16.50 lakhs/acre

Reconciliation of fair value:	(INR in lakhs)
Opening balance as at 1 April 2019	**409.00**
Fair value difference	-
Purchases	-
Closing balance as at 31 March 2020	**409.00**
Fair value difference	112.00
Purchases	-
Closing balance as at 31 March 2021	**521.00**

The Parent Company has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

5. Intangible Assets

(INR in lakhs)

	Software	Goodwill (Pursuant to the scheme of amalgamation)*	BT Cotton (Internally generated)	Bajra (Externally generated)	Goodwill (Pursuant to the scheme of amalgamation)**	Trademark^	Total	Intangible assets under development
Cost								
As at 1 April 2019	**739.23**	**403.60**	**15.32**	**8.27**	**1,533.53**	**11,405.00**	**14,104.95**	**39.03**
Additions	242.78	-	-	-	-	-	242.78	90.22
Disposals	2.17	-	15.32	8.27	-	-	25.76	129.25
As at 31 March 2020	**979.84**	**403.60**	**-**	**-**	**1,533.53**	**11,405.00**	**14,321.97**	**-**
Additions	78.29	40.00	-	-	-	-	118.29	66.06
Disposals	193.15	-	-	-	-	-	193.15	62.52
Discontinued operations (Refer Note 27)	477.74	-	-	-	-	-	477.74	3.54
As at 31 March 2021	**387.24**	**443.60**	**-**	**-**	**1,533.53**	**11,405.00**	**13,769.37**	**-**
Amortization								
As at 1 April 2019	**494.60**	**28.83**	**15.32**	**8.27**	**-**	**1,104.58**	**1,651.60**	**-**
Charge for the year*	135.95	374.77	-	-	-	285.13	795.85	-
Disposals	2.17	-	15.32	8.27	-	-	25.76	-
As at 31 March 2020	**628.38**	**403.60**	**-**	**-**	**-**	**1,389.71**	**2,421.69**	**-**
Charge for the year*	146.14	8.42	-	-	-	285.13	439.69	-
Disposals	193.15	-	-	-	-	-	193.15	-
Discontinued operations (Refer Note 27)	344.54	-	-	-	-	-	344.54	-

Notes to the Consolidated Financial Statements for the year ended 31 March 2021

	Software	Goodwill (Pursuant to the scheme of amalgamation)*	BT Cotton (Internally generated)	Bajra (Externally generated)	Goodwill (Pursuant to the scheme of amalgamation)**	Trademark^	Total	Intangible assets under development
As at 31 March 2021	**236.83**	**412.02**	**-**	**-**	**-**	**1,674.84**	**2,323.69**	**-**
Net book value								
As at 31 March 2021	**150.41**	**31.58**	**-**	**-**	**1,533.53**	**9,730.16**	**11,445.68**	**-**
As at 31 March 2020	**351.46**	**-**	**-**	**-**	**1,533.53**	**10,015.29**	**11,900.28**	**-**
As at 1 April 2019	**244.63**	**374.77**	**-**	**-**	**1,533.53**	**10,300.42**	**12,453.35**	**39.03**

*amortisation for the year includes INR 87.69 lakhs (31 March 2020: INR 93.70 lakhs) related to discontinued operations (Refer Note 27).

For Intangible assets existing as on 1 April 2015, i.e., its date of transition to Ind AS, the Group has used Indian GAAP carrying value of the assets as deemed costs

*Pertains to goodwill acquired through amalgamation of Greentech Seeds International Private Limited with the erstwhile subsidiary company (i.e. Zuari Agri Sciences Limited), which got merged with the Company, pursuant to the scheme of amalgamation approved by the High Court of Bombay at Panaji (Goa) in an earlier year. As per the order of the High Court of Bombay at Panaji (Goa), Goodwill needs to be amortized over a period of twenty years, without having regard to the Accounting Standard, subject to available surplus for the year before amortization of goodwill. The Parent Company had amortized the said goodwill on account of sale of seeds licenses during the year ended 31 March 2020.

**Goodwill, which arose pursuant to the scheme of amalgamation of Zuari Speciality Fertilisers Limited (ZSFL) with the Parent Company. Pursuant to business transfer agreement (BTA) executed on 31 March 2020 between the Parent Company and Zuari Farmhub Limited (ZFL), said goodwill has been transferred to ZFL in previous year (Refer Note 52).

Software and intangible asset under development consists of cost of ERP licenses and development cost.

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

5A. Investment in joint ventures

(INR in lakhs)

	Non-Current			
	31 March 2021		31 March 2020	
Investments in unquoted equity instruments				
Investment in joint ventures				
17,98,16,228 (31 March 2020: 17,98,16,228) Equity shares of INR 10/- each fully paid-up of Zuari Maroc Phosphates Private Limited	83,737.00		77,888.13	
Less: Distribution of dividend during the year	-		(2,247.70)	
Add: Share of OCI for the year	28.49		(121.68)	
Add: Share of profit for the year	8,673.85	92,439.34	8,218.25	83,737.00
Nil (31 March 2020: Nil) Equity shares of USD 1.00/- each fully paid up of MCA Phosphate Pte Limited (Refer Note 51)	-		224.95	
Less: Reversal of OCI Adjustment (Refer Note 51)	-		(1,130.05)	
Add: Reversal of share of profit (Refer Note 51)	-		1,069.21	
Less: Reclassification of investment to financial assets (Refer Note 51)	-	-	(164.11)	-
Total		**92,439.34**		**83,737.00**

6. Financial assets

6A. Investments

(INR in lakhs)

	Non-Current		Current	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Investments in equity instruments carried at fair value through other comprehensive income (FVTOCI)				
Quoted equity instruments				
3,22,67,741 (31 March 2020: 3,22,67,741) Equity shares of INR 1/- each fully paid-up of Nagarjuna Fertilisers and Chemicals Limited	2,029.64	968.03	-	-
Unquoted equity instruments				
1,44,000 (31 March 2020: 1,44,000) Equity shares of INR 10/- each fully paid-up of Indian Potash Limited (Refer Note (a) below)	692.64	660.96	-	-

Notes to the Consolidated Financial Statements for the year ended 31 March 2021

	Non-Current		Current	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Nil (31 March 2020: 2,16,90,000) Equity shares of USD 1.00/- each fully paid-up of MCA Phosphate Pte Limited (Refer Note 51)	-	164.11	-	-
Investments in unquoted preference shares				
Investments at fair value through profit or loss				
Bangalore Beverages Limited (2,00,000 (31 March 2020: 2,00,000) redeemable cumulative preference shares of INR 1/- each with coupon rate of 10% p.a. repayable after 20 years) (Refer Note 49)	20,000.00	20,000.00	-	-
Less: Provision for diminution in the value of investment	(20,000.00)	(20,000.00)	-	-
Investment in mutual fund				
22.199 units (31 March 2020: 22.199 units) of Aditya Birla Sun Life Low Duration Fund - Growth-Regular Plan	-	-	0.10	0.10
Total	**2,722.28**	**1,793.10**	**0.10**	**0.10**
Aggregate value of quoted investments	2,029.64	968.03	0.10	0.10
Aggregate value of unquoted investments	692.64	825.07	-	-
Total	**2,722.28**	**1,793.10**	**0.10**	**0.10**
Aggregate amount of impairment in value of investments (Refer Note 49)	20,000.00	20,000.00	-	-
Market Value of quoted Investments	**2,029.64**	**968.03**	**0.10**	**0.10**

(a) The management has assessed fair value of the investment in unquoted shares of Indian Potash Limited based on valuation report of an independent valuer. For detail of method and assumptions used for the valuation, Refer Note 35.

(b) Investments at fair value through OCI (fully paid) reflect investment in quoted and unquoted equity securities. These equity shares are designated as fair value through other comprehensive income (FVTOCI) as they are not held for trading purpose. Thus, disclosing their fair value fluctuation in profit and loss will not reflect the purpose of holding. The Group has not transferred any gain or loss within equity in the current or previous year. Refer Note 35 for determination of their fair values.

6B. Loans

(INR in lakhs)

	Non-Current		Current	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Security deposits				
Unsecured, considered good				
- with related parties (Refer Note 33)	-	29.33	-	-
- with others	912.90	1,475.41	10.30	51.78
Loans and advances				
Unsecured, considered good				
Loans and advances	-	-	-	64.55
Other loans and advances				
Secured, considered good				
Loans to employees	0.22	18.38	0.32	3.39
Interest accrued on loans to employees	-	2.76	-	-
Unsecured, considered good				
Loans to employees	0.10	14.07	0.27	5.51
Interest accrued on loans to employees	1.96	17.55	0.50	1.58
Credit impaired				
Inter corporate deposits (Refer Note i below)	-	-	568.13	568.13
Interest accrued on inter corporate deposits (Refer Note i below)	-	-	233.49	234.49
Less: Inter corporate deposits and interest thereon-credit impaired	-	-	(801.62)	(802.62)
Total	**915.18**	**1,557.50**	**11.39**	**126.81**

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

Loans are non-derivative financial assets which generate a fixed or variable interest income for the Group and are measured at amortised cost. The carrying value may be affected by changes in the credit risk of the counterparties.

i. While confirming the balance due from McDowell's Holdings Limited (MHL), aggregating to INR 2,332.97 lakhs, they have sought to adjust a sum of INR 939.43 lakhs said to be due to them from one of the subsidiaries i.e. Mangalore Chemicals and Fertilisers Limited (MCFL). During the year ended 31 March 2018, the Parent Company has made a provision for the net recoverable amount from MHL of INR 1,393.54 lakhs and has charged off the same to the statement of profit and loss as exceptional items. During the year ended March 2019, the Parent Company had received INR 939.43 lakhs from MCFL. The Parent Company has filed an application under the insolvency and bankruptcy code before NCLT at Bangalore against MHL for recovery of the remaining principal amount along with the interest. MHL has filed its objections to the petition. In the meantime and pending the outcome of the petition, MHL has approached the Parent Company to settle the pending dispute. During the year ended 31 March 2020, a settlement agreement dated 17 June 2019 was entered into between the Parent Company, MHL and MCFL. Vide this settlement agreement, MHL has given the shareholding rights of 1,185,151 shares of MCFL for INR 590.92 lakhs to the Parent Company against the amount outstanding as part settlement. Accordingly, the Parent Company had recognised an income of INR 590.92 lakhs in the year ended 31 March 2020. Pursuant to the settlement agreement, the application before the NCLT has been withdrawn. During the year ended 31 March 2021, MHL has requested for extension of time to clear the outstanding along with interest and the Parent Company has agreed to extend the period for further six months. Vide this extension request, MHL has paid INR 1.00 lakh to the Parent Company against the amount outstanding.

6C. Other financial assets

(INR in lakhs)

	Non-Current		Current	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Derivative instruments at fair value through profit or loss				
Derivatives not designated as hedges				
Foreign exchange forward covers	14.83	20.36	24.76	1,643.12
Other financial assets (Unsecured, considered good)				
Non-current bank balances	8.75	3.25	-	-
Claim receivable (Refer Note i below)	-	-	-	150.52
Receivables from Gas Pool Operator	-	-	1,472.70	5,604.59
Rebate/discount receivable from suppliers	-	-	420.83	681.41
Interest receivable from customers				
- from related parties (Refer Note 33)	-	-	-	254.80
- from others	-	-	100.71	229.39
Interest receivable on bank deposits			113.91	57.45
Packing scheme incentive grant receivable (Refer Note 56)	33.70	33.70	57.41	57.41
Other financial assets (Unsecured, credit impaired)				
Accrued service income	-	-	74.28	74.28
Less: Credit impaired	-	-	(74.28)	(74.28)
Total	**57.28**	**57.31**	**2,190.32**	**8,678.69**

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

Derivative instruments at fair value through profit or loss reflect the positive change in fair value of those foreign exchange forward contracts that are not designated in hedge relationships, but are, nevertheless, intended to reduce the level of foreign currency risk for expected sales and purchases.

i. In earlier years, the Parent Company had paid INR 1,171.00 lakhs to Gas Authority of India Limited (GAIL) towards Take or Pay obligation for the year 2014 against a demand of INR 5,293.00 lakhs. In terms of Contract with GAIL, this Take or Pay amount could be utilized for future Gas supplies, till that time the amount was shown under Claim receivable. During the year ended 31 March 2019, the Parent Company had made provision for INR 371.19 lakhs against the above claims basis the best possible estimate of recovery at that point of time. During the month of June 2020, the Parent Company had signed an indenture agreement whereby it had agreed to forfeit the right to receive make-up gas against lump-sum payment of INR 1,020.48 lakhs, including the provision made earlier, towards settlement of Take or Pay obligation for contract year 2014 and balance amount of INR 150.52 lakhs had been considered good. During the year ended 31 March 2021, the receivable of INR 150.52 lakhs had been adjusted with outstanding balance of GAIL included in trade payables.

Break-up of financial assets carried at amortised cost

(INR in lakhs)

	Non-Current		Current	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Loans (Refer Note 6B)	915.18	1,557.50	11.39	126.81
Trade receivables (Refer Note 9)	-	-	45,392.77	2,21,932.12
Cash and cash equivalents (Refer Note 10)	-	-	42,732.30	26,504.15
Other bank balances (Refer Note 10.1)	-	-	18,160.93	5,855.23
Other financial assets (Refer Note 6C)	57.28	57.31	2,190.32	8,678.69
Total financial assets carried at amortised cost	**972.46**	**1,614.81**	**1,08,487.71**	**2,63,097.00**

Notes to the Consolidated Financial Statements for the year ended 31 March 2021

7. Other assets

(INR in lakhs)

	Non-Current		Current	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Unsecured, considered good, except where otherwise stated				
Capital advances				
- to related parties (Refer Note 33 and Note 46)	3,496.57	3,686.23	-	-
- to others (Refer Note (a) below)	8,353.29	5,044.50	-	-
Advances (other than capital advances)				
- related parties, considered good (Refer Note 33 and Note 47)	-	-	81.00	81.50
- others, considered good (Refer Note 44)	5.71	-	1,944.13	1,781.98
- others, considered doubtful (Refer Note 44 and Note 49)	4,880.59	4,880.59	18.76	64.65
	4,886.30	**4,880.59**	**2,043.90**	**1,928.13**
Less: provision for doubtful advances	(4,880.59)	(4,880.59)	(18.76)	(64.65)
	5.71	**-**	**2,025.14**	**1,863.48**
Balances with statutory authorities				
- considered good	-	-	4,873.01	9,079.67
- considered doubtful	-	-	1,192.26	1,372.43
	-	**-**	**6,065.27**	**10,452.10**
Less: Balances with statutory authorities-considered doubtful	-	-	(1,192.26)	(1,372.43)
	-	**-**	**4,873.01**	**9,079.67**
Advance to employees	-	-	16.03	55.73
Refund receivable Goods and Service Tax (Refer Note (a) and (b) below)	-		1,706.47	14,722.59
Prepaid expenses	461.78	330.71	1,388.01	1,837.23
	461.78	**330.71**	**3,110.51**	**16,615.55**
Total	**12,317.35**	**9,061.44**	**10,008.66**	**27,558.70**

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

(a) The Parent Company had given an advance of INR 4,029.44 lakhs in June 2010 to Karnataka Industrial Area Development Board (KIADB) for allotment of land for setting up of 1.20 Million TPA urea plant in Belgaum district. KIADB failed to acquire the land and after continuous discussion with KIADB for two years, the Parent Company had come out of the project. KIADB had refunded INR 3,425.02 lakhs and retained INR 604.42 lakhs which was to be adjusted in case the Parent Company seek some other land in Karnataka. Based on the details of land subsequently provided by the KIADB, the Parent Company has requested to allot 12 acres land at Belapu industrial estate and adjust the retained amount by KIADB to the cost of the new land. However, KIADB has not yet agreed for the adjustment. Management had filed the writ petition in the Hon'ble High Court of Karnataka at Bengaluru against the State of Karnataka - Industries and Commerce Department and KIADB for not allotting land to the Parent Company for setting up Fertilizer Project in Belapu Industrial Area, Udupi District, Karnataka and illegally withholding a sum of INR 604.42 lakhs. The Hon'ble High Court vide judgement dated 16 September 2019 disposed of the matter and directed the KIADB to consider the application of the Parent Company for the allotment of Land within a period of six weeks from the date of receipt of certified copy of order. Pursuant to the court order, the Parent Company issued a letter to KIADB requesting them to allot alternate land. KIADB vide their order dated 18 November 2019 has refused to adjust the forfeited amount against allotment of land in Belapu. Subsequently, the Parent Company has filed a writ petition with Hon'ble High Court of Karnataka at Bangalore on 10 February 2020 challenging the KIADB order dated 18 November 2019. The Petition is not yet listed for hearing.

Based on previous judgement and legal opinion obtained by the management for this matter, the management is hopeful to get the above amount adjusted against allotment of land or refund of the same.

(b) In case of Parent Company, vide notification number 26/2018 dated 13 June 2018, the Government has amended the definition of "Net Input Tax Credit (ITC)" for the purpose of GST refund on account of inverted duty structure with effect from 1 July 2017 to include ITC availed only on inputs which excludes input services. The management has contested this amendment (both retrospective and prospective) at different levels of authorities including but not limited to filing a writ petition in the Hon'ble High Court of Bombay at Goa in this regard. Basis legal view obtained, the management believes that the refund/utilisation in respect of tax paid on input services would be available and that no liability including interest, if any, would arise from the same. Consequently, the Parent Company has carried forward an amount of INR 9,797.66 lakhs (31 March 2020: INR 8,286.84 lakhs) as amount recoverable towards this matter. The balance pertaining to fertilizer plant at Goa has been transferred as part of discontinue operations (Refer Note 27).

(c) In case of a Subsidiary Company, the Subsidiary Company had claimed and received refund of GST input tax credit on input services of INR 1,206.29 lakhs till 17 April 2018 and has further recognized such input tax credit of INR 7,332.27 lakhs for subsequent period till 31 March 2021. The Subsidiary Company has utilized INR 7,108.99 lakhs based on a tax advice obtained in this regard. Based on a tax opinion and considering such credit is available for utilization, the management is confident of utilization/refund of aforesaid balance input tax credit.

Notes to the Consolidated Financial Statements for the year ended 31 March 2021

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

(INR in lakhs)

	31 March 2021	31 March 2020
Raw materials [includes material in transit: INR 2,304.28 lakhs (31 March 2020: INR 56.81 lakhs)]	8,932.64	21,560.43
Work-in-progress	135.02	1,301.80
Finished goods	3,933.60	15,212.17
Traded goods [includes material in transit: INR 35.58 lakhs and material lying with others: INR Nil] [31 March 2020: includes material in transit: INR 219.58 lakhs and material lying with others: INR 244.82 lakhs]	5,285.72	6,745.68
Stores and spares [includes material in transit: INR 40.14 lakhs (31 March 2020: INR 25.89 lakhs)]	3,869.04	10,044.50
Total	**22,156.02**	**54,864.58**

During the year ended 31 March 2021: INR 33.83 lakhs (31 March 2020: INR 170.85 lakhs) was recognised as an expense for inventories carried at net realisable value.

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

8A. Assets held for sale/liabilities directly associated with the assets held for sale

(INR in lakhs)

	31 March 2021	31 March 2020
(a) Assets held for sale		
- Land at Sancoale Goa (31 March 2020: land at Chillamatur)*	0.15	5.18
- Discontinued Operations (Refer Note 27)	1,29,266.34	
	1,29,266.49	**5.18**
(b) Liabilities directly associated with discontinued operations		
- Discontinued Operations (Refer Note 27)	2,24,911.57	-
Total	**2,24,911.57**	**-**

*During the year ended 31 March 2021, the Parent Company had executed agreement for sale of land at Sancoale, Goa on 29 June 2020. The sale of the asset is expected to be executed within 12 months. Accordingly, the said land has been classified from property, plant and equipment to Assets classified as held for sale. During the year ended 31 March 2020, the Parent Company had executed agreement for sale of land at Chillamatur on 21 August 2019. The deed of absolute sale of land was made and executed on 30 December 2020.

Assets classified as held for sale during the reporting period are measured at lower of its carrying amount and fair value less cost to sell at the time of reclassification. Fair value of the assets were determined using the market approach.

9. Trade receivables (at amortized cost)

(INR in lakhs)

	31 March 2021	31 March 2020
Trade receivables - related parties (Refer Note 33)	-	148.69
Trade receivables - others	45,392.77	2,21,783.43
Total	**45,392.77**	**2,21,932.12**

Break-up for security details:

(INR in lakhs)

	31 March 2021	31 March 2020
From Related Parties (Refer Note 33)		
Secured, considered good	-	0.50
Unsecured, considered good	-	148.19
From Others		
Secured, considered good	2,164.82	5,927.82
Unsecured, considered good [including subsidy receivable from government of INR 64,513.95 lakhs (31 March 2020: INR 179,376.73 lakhs), transferred to discontinued operations INR 32,056.00 lakhs (31 March 2020: INR Nil)]	43,227.95	2,15,855.61
Trade receivables - credit impaired	3,934.65	9,508.05
Total	**49,327.42**	**2,31,440.17**
Less : Trade receivables - credit impaired	(3,934.65)	(9,508.05)
Total	**45,392.77**	**2,21,932.12**

No trade or other receivable are due from directors or other officers of the Group either severally or jointly with any other person, other than those mentioned in Note 47. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

Notes to the Consolidated Financial Statements for the year ended 31 March 2021

For terms and conditions relating to related party receivables, refer Note 33.

Trade receivables from dealers are non-interest bearing during the normal credit years and are generally on terms of 15 to 120 days.

Assets pledged as Security for borrowings: Refer Note 12 for information on trade receivables pledged as security against borrowing.

10. Cash and cash equivalents

(INR in lakhs)

	31 March 2021	31 March 2020
Balances with banks:		
- on current accounts	6,177.74	6,687.34
- on cash credit accounts	3,327.24	360.14
- Deposits with original maturity of less than 3 months	33,225.62	19,451.56
Cash on hand	1.70	5.11
Total	**42,732.30**	**26,504.15**

10.1. Other bank balances

(INR in lakhs)

	31 March 2021	31 March 2020
Other Bank Balances :		
- on Unpaid dividend accounts (repatriation restricted)*	158.11	214.56
Deposits with original maturity for more than 3 months but less than 12 months	3,400.00	-
Margin money deposits**	14,602.82	5,640.67
Total	**18,160.93**	**5,855.23**

*The Group can utilise these balances only towards settlement of the respective unpaid dividend.

**Margin money deposits are provided as margin for letter of credits and as interest service coverage reserve for long term borrowings. The same are restricted for use till settlement of corresponding liability.

11. Share capital

(INR in lakhs)

	31 March 2021	31 March 2020
Authorised share capital		
12,25,00,000 (31 March 2020: 12,25,00,000) Equity Shares of INR 10/- each	12,250.00	12,250.00
3,45,00,000 (31 March 2020: 3,45,00,000) Preference Shares of INR 10/- each	3,450.00	3,450.00
	15,700.00	**15,700.00**
Issued and subscribed share capital*		
4,20,58,006 (31 March 2020: 4,20,58,006) Equity Shares of INR 10/- each fully paid	**4,205.80**	**4,205.80**

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

Equity shares	31 March 2021		31 March 2020	
	In Numbers	INR in lakhs	In Numbers	INR in lakhs
At the beginning of the year	4,20,58,006	4,205.80	4,20,58,006	4,205.80
Issued during the year	-	-	-	-
Outstanding at the end of the year	**4,20,58,006**	**4,205.80**	**4,20,58,006**	**4,205.80**

b. Terms/Rights attached to equity shares

The Parent Company has only one class of equity shares having a par value of INR 10 per share. Each share holder of equity shares is entitled to one vote per share. The Parent Company declares and pays dividends in Indian rupees. The dividend proposed by Board of Directors is subject to the approval of shareholders in the Annual General Meeting.

In the event of liquidation of the Parent Company, the holders of equity shares will be entitled to receive remaining assets of the Parent Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Details of shareholders holding more than 5% of equity shares in the Parent Company

Name of Shareholder	31 March 2021		31 March 2020	
	No. of shares held	% Holding in class	No. of shares held	% Holding in class
Zuari Global Limited	84,11,601	20.00	84,11,601	20.00
Globalware Trading and Holdings Limited	74,91,750	17.81	74,91,750	17.81
Zuari Management Services Limited	50,78,909	12.08	50,78,909	12.08
Texmaco Infrastructure & Holdings Limited	30,00,125	7.13	30,00,125	7.13

As per records of the Parent Company including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above share holding represents both legal and beneficial ownership of shares.

*Pursuant to the Scheme of Arrangement and Demerger ("the Scheme") between the Parent company (Zuari Agro Chemicals Limited) and Zuari Global Limited, the Parent company had issued 29,440,604 equity shares of INR 10/- each aggregating to INR 2,944.06 lakhs to the existing shareholders of Zuari Global Limited in the ratio of 1 fully paid up Equity share of INR 10/- each of Zuari Agro Chemicals Limited during the financial year ending 31 March 2013. Out of the above shares issued pursuant to the Scheme, 8,051 (31 March 2020: 8,051) Equity Shares entitlements have been kept in abeyance pursuant to Section 206A of the Companies Act, 1956 in accordance with instructions from the Special Court (Trial of Offences relating to Transactions in Securities) Act, 1992 and in respect of shareholders who could not exercise their rights in view of disputes, mistakes, discrepancy in holdings, etc.

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

11A. Other equity

(INR in lakhs)

	31 March 2021	31 March 2020
Business Restructuring Reserve		
Balance as per last financial statements	65,404.84	65,404.84
Add: Received during the year	-	-
Closing balance	**65,404.84**	**65,404.84**
Capital Reserve		
Balance as per the last financial statements	57,927.16	57,667.51
Add: Amount transferred on consolidation (Refer Note below)	-	259.65
Closing balance	**57,927.16**	**57,927.16**
General Reserve		
Balance as per last financial statements	6,150.00	6,150.00
Add: Received during the year	-	-
Closing balance	**6,150.00**	**6,150.00**
(Deficit) in the statement of profit and loss		
Balance as per last financial statements	(95,662.95)	(16,409.45)
Adjustment on Reclassification of Joint Venture to financial assets (Refer Note 51)	-	1,069.20
(Loss) for the year	(15,709.38)	(80,222.00)
Other comprehensive gain/(loss)	108.99	(100.70)
Net (Deficit) in the statement of profit and loss	**(1,11,263.34)**	**(95,662.95)**
Foreign Currency Translation Reserve		
Balance as per last financial statements	21.99	1,154.92
Adjustment on Reclassification of Joint Venture to financial assets (Refer Note 51)	-	(1,130.05)
Add: Movement during the year	7.48	(2.88)
Closing balance	**29.47**	**21.99**
Equity instruments through Other Comprehensive Income		
Balance as per last financial statements	(3,927.98)	(2,958.83)
Add: Movement during the year	1,093.29	(969.15)
Closing balance	**(2,834.69)**	**(3,927.98)**
Total reserves and surplus	**15,413.44**	**29,913.06**

Nature and purpose of reserves

Business Restructuring Reserve

In the finance year 2012-13, Pursuant to the Scheme of Arrangement and Demerger ("The Scheme") between Zuari Industries Limited (now known as Zuari Global Limited) and Zuari Holdings Limited (now known as Zuari Agro Chemicals Limited) the Parent Company, approved by the Hon'ble High Court of Bombay at Goa, on 2 March 2012, all the assets and liabilities pertaining to fertilizer undertaking as on 1 July 2011 of Zuari Industries Limited (now known as Zuari Global Limited) had been transferred to the Parent Company at their book values and accordingly the surplus of assets

Notes to the Consolidated Financial Statements for the year ended 31 March 2021

over the liabilities of the fertiliser undertaking so demerged, resulted in creation of Business Restructuring Reserve of INR 65,404.84 lakhs in terms of the Order of the Hon'ble High Court of Bombay at Goa which was filled with the Registrar of Company on 21 March 2012. The said reserve be treated as free reserve and be restricted and not utilised for declaration of dividend by the Parent Company.

Capital Reserve

Capital reserve includes INR 35,300.77 lakhs as excess of parent company's share in joint venture entity viz. Zuari Maroc Phosphates Private Limited over its investment on date of transition to Ind AS. Also, includes INR 22,366.74 lakhs as bargain purchase on acquisition of subsidiary.

During the year ended 31 March 2020, capital reserve of INR 259.65 lakhs was created, pursuant to a settlement agreement dated 17 June 2019 which was entered into between Parent Company, McDowells Holdings Limited (MHL) and Mangalore Chemicals and Fertilisers Limited (MCFL), on account of part settlement of dues receivable by Parent Company from MHL. As per the terms of the aforesaid agreement, MHL has transferred its share holding rights of 11,85,151 equity shares of MCFL (subsidiary company), in favour of the Parent Company, accordingly the share holding of Parent Company has increased by 1% in shareholding in MCFL.

General Reserve

Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid-up capital of the Company for that year, then the total dividend distribution is less than the total distributable results for that year. Consequent to introduction of Companies Act, 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.

Surplus / (Deficit) in the statement of profit and loss

Surplus in the statement of profit and loss represents the profits/(losses) generated by the Group that are not distributed to the shareholder and are re-invested in the Group.

Foreign Currency Translation Reserve

Exchange differences arising on translation of the foreign operations are recognised in other comprehensive income as described in accounting policy and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed-off.

Equity instruments through Other Comprehensive Income

The Group has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVOCI equity investments reserve within equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

11B. Components of other comprehensive income (OCI):

The disaggregation of changes to OCI by each type of reserve in equity is shown below:

During the year ended 31 March 2021 (INR in lakhs)

	Foreign Currency Translation Reserve	Equity instruments through Other Comprehensive Income	Surplus / (deficit) in the statement of profit and loss	Non controlling interest
Re-measurement gain on defined benefit plans	-	-	95.23	35.86
Income tax effect	-	-	(14.73)	(12.53)
Net income on equity instruments through other comprehensive income	-	1,093.29	-	-
Income tax effect		-		
Share of OCI of joint ventures (net of tax)	-	-	28.49	-
Exchange differences on translation of foreign operations	7.48	-	-	-
	7.48	**1,093.29**	**108.99**	**23.33**

During the year ended 31 March 2020 (INR in lakhs)

	Foreign Currency Translation Reserve	Equity instruments through Other Comprehensive Income	Surplus / (deficit) in the statement of profit and loss	Non controlling interest
Re-measurement gain/(loss) on defined benefit plans	-	-	29.50	10.96
Income tax effect	-	-	(8.52)	(3.83)
Net (loss) on equity instruments through other comprehensive income	-	(1,750.92)	-	-
Income tax effect	-	781.77	-	-
Share of OCI of joint ventures (net of tax)	-	-	(121.68)	-
Exchange differences on translation of foreign operations	(2.88)	-	-	-
	(2.88)	**(969.15)**	**(100.70)**	**7.13**

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12A. Borrowings

(INR in lakhs)

Non-current borrowings (at amortised cost)	31 March 2021	31 March 2020
Term Loans		
From Banks		
Secured		
Indian Rupee loans (Refer Note 1 below)**	26,339.57	38,530.91
Foreign currency loans (Refer Note 2 below)	1,092.45	2,113.51
Vehicle loans (Refer Note 4 below)	50.14	323.98
Unsecured		
Foreign Currency loans (Refer Note 3 below)	676.56	977.20
From financial Institutions		
Secured		
Indian Rupee loans (Refer Note 5 below)	24,272.64	31,297.21
From Others		
Unsecured		
Lease liabilities (Refer Note 7 below)	7,855.71	9,410.84
Intercorporate Deposits (Refer Note 6 below and Note 33)	39,440.37	27,350.00
Total	**99,727.44**	**1,10,003.65**
Less: Amount disclosed under "Other current financials liabilities"		
- Current maturities of long term borrowings (Refer Note 14)	(39,749.23)	(52,865.80)
- Current maturities of lease liabilities (Refer Note 14)	(533.33)	(574.63)
Total	**59,444.88**	**56,563.22**

1 (a) In case of Parent Company, Indian Rupee term loan from a Bank of INR Nil (including current maturities: INR Nil) [31 March 2020: INR 3,121.53 lakhs (including current maturities: INR 3,121.53 lakhs)] carries interest rate ranging from 9.15% p.a. - 9.50% p.a. (31 March 2020: 9.50% p.a. - 10.20% p.a.) The loan was repayable in 14 quarterly instalments starting from September 2017 with the last instalment was due on December 2020 and the same was paid in October 2020. The loan was secured by first pari passu charge by way of mortgage on immoveable assets of Goa Fertilizer Plant (Fixed Assets Coverage Ratio 1.5 times) and first pari passu charge by way of hypothecation on moveable fixed assets of Goa Fertilizer Plant (Fixed Assets Coverage Ratio 1.5 times).

(b) In case of Parent Company, Indian Rupee loan of INR Nil from a Bank (including current maturities of INR Nil) [31 March 2020: INR 74.09 lakhs (including current maturities: INR 74.09 lakhs)], secured by exclusive charge by way of mortgage of plot situated at Plot No. K/2/5 & K/2/6, Add/MIDC Mahad, Raigad District, Maharashtra and proposed construction thereon and exclusive charge by way of hypothecation of Plant and Machinery and other moveable assets (existing and proposed). The loan carried interest rate of 11.40% p.a. (31 March 2020: 11.40% p.a.) and was repayable in 24 quarterly instalments commencing from December 2014 with the last instalment was due on June 2020.

(c) In case of Parent Company, Indian Rupee term loan from a Bank of INR 3,353.51 lakhs (including current maturities of INR 3,353.51 lakhs) [31 March 2020: INR 4,840.25 lakhs (including current maturities of INR 4,840.25 lakhs)] carries interest rate ranging from 6.45% p.a. - 8.80% p.a. (31 March 2020: 8.80% p.a. - 10.66% p.a.). The loan is repayable in 15 equal quarterly instalments starting from November 2019 with the last instalment due on May 2023. The loan is secured by first charge on the immovable properties of continued and discontinued operations situated at Goa over survey number 111/1, 128/7, 132/7, 133/1, 149/1, 162/1, 164/1, 167/1 and 168/1 ranking pari-passu with the other loan lenders and any other security available to the other working capital term loan lenders.

(d) In case of Parent Company, Indian Rupee term loan from a Bank of INR 1,437.08 lakhs (including current maturities of INR 1,437.08 lakhs) [31 March 2020: INR 2,074.20 lakhs (including current maturities of INR 2,074.20 lakhs)] carries interest rate ranging from 6.45% p.a. - 8.80% p.a. (31 March 2020: 8.80% p.a. - 10.66% p.a.). The loan is repayable in 15 equal quarterly instalments starting from December 2019 with the last instalment due on June 2023. The loan is secured by first charge on the immovable properties of continued and discontinued operations situated at Goa over survey number 111/1, 128/7, 132/7, 133/1, 149/1, 162/1, 164/1, 167/1 and 168/1 ranking pari-passu with the other loan lenders and any other security available to the other working capital term loan lenders.

(e) In case of Parent Company, Indian Rupee term loan from a Bank of INR 658.62 lakhs (including current maturities of INR 658.62 lakhs) [31 March 2020: INR 950.62 lakhs (including current maturities of INR 950.62 lakhs)] carries interest rate ranging from 6.45% p.a. - 8.80% p.a. (31 March 2020: 8.80% p.a. - 10.66% p.a.). The loan is repayable in 15 equal quarterly instalments starting from December 2019 with the last instalment due on June 2023. The loan is secured by first charge on the immovable properties of continued and discontinued operations situated at Goa over survey number 111/1, 128/7, 132/7, 133/1, 149/1, 162/1, 164/1, 167/1 and 168/1 ranking pari passu with the other loan lenders and any other security available to the other working capital term loan lenders.

(f) In case of Parent Company, Indian Rupee term loan from a Bank of INR 2,335.04 lakhs (including current maturities of INR 2,335.04 lakhs) [31 March 2020: INR 3,370.28 lakhs (including current maturities of INR 3,370.28 lakhs)] carries interest rate ranging from 6.45% p.a. - 8.80% p.a. (31 March 2020: 8.80% p.a. - 10.66% p.a.). The loan is repayable in 15 equal quarterly instalments starting from January 2020 with the last instalment due on June 2023. The loan is secured by first charge on the immovable properties of continued and discontinued

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operations situated at Goa over survey number 111/1, 128/7, 132/7, 133/1, 149/1, 162/1, 164/1, 167/1 and 168/1 ranking pari passu with the other loan lenders and any other security available to the other working capital term loan lenders.

(g) In case of a subsidiary, Indian Rupee term loan from a bank of INR 5,974.18 lakhs (including current maturities of INR 1,993.38 lakhs) [31 March 2020: INR 7,954.74 lakhs (including current maturities of INR 1,990.58 lakhs)] carries interest in the range of 11.10% p.a. to 11.50% p.a. [31 March 2020 :11.15% p.a. to 12.00% p.a.]. The loan is repayable in 20 equal quarterly instalments starting from June 2019 with the last instalment due on March 2024. The loan is secured by first pari-pasu charge on all movable and immovable fixed assets (alongwith working capital lenders), other than fixed assets exclusively charged to other lenders.

(h) In case of a subsidiary, Indian Rupee term loan from a bank of INR 9,106.77 lakhs (including current maturities of INR 3,192.58 lakhs) [31 March 2020: 11,686.42 lakhs (including current maturities of INR 2,591.19 lakhs)] carries interest in the range of 6.06% p.a. to 7.08% p.a. [31 March 2020 : 8.00% p.a. to 10.15% p.a.]. The loan is repayable in 15 quarterly instalments starting from December 2019 with the last instalment due on February 2024. The loan is secured by first pari-passu first charge over all movable and immovable fixed assets including plant and machinery of the Subsidiary Company (excluding assets exclusively charged to other banks) and first pari-passu with any other security provided to any other lender including working capital lenders.

(i) In case of a subsidiary, Indian Rupee term loan from a bank of INR 3,474.37 lakhs (including current maturities of INR 994.09 lakhs) [31 March 2020: INR 4,458.78 lakhs (including current maturities of INR 992.14 lakhs)] carries interest in the range of 9.35% p.a. to 10.20% p.a. [31 March 2020 : 10.20% p.a. to 10.85% p.a.] The loan is repayable in 20 quarterly instalments starting from June 2019 with the last instalment due on March 2024. The loan is secured by first pari-pasu charge on all movable and immovable fixed assets, both present and future (other than fixed assets exclusively charged to other lenders) and second pari-passu charge on all current assets, both present and future.

2. In case of a subsidiary, Foreign currency loan from a bank of INR 1,092.45 lakhs (including current maturities of INR 1,092.45 lakhs) [31 March 2020: INR 2,113.51 lakhs (including current maturities of INR 1,062.73 lakhs)] carries interest of 2.60% p.a. [31 March 2020 : 11.24% p.a.]. The loan is repayable in 14 equal instalments starting from April 2015 with the last instalment due on October 2021. The loan is secured by hypothecation of assets purchased out of said loan and guarantee issued by Finnvera, the state owned export credit agency of Finland.

3. In case of a subsidiary, Foreign currency loan from a bank of INR 676.56 lakhs (including current maturities of INR 338.98 lakhs) [31 March 2020: INR 977.20 lakhs (including current maturities of INR 326.42 lakhs)] carries fixed interest of 11.80% p.a. [31 March 2020 : 11.80% p.a.]. The loan is repayable in 14 equal instalments staring from August 2016 with the last instalment due on February 2023. The loan is secured by guarantee issued by Eksport Kredit Fonden plc (EKF), the state owned export credit agency of Denmark.

4 (a) In case of Parent Company, vehicle loans from a Bank of INR 76.33 lakhs (including current maturities: INR 69.25 lakhs) [31 March 2020: INR 199.84 lakhs (including current maturities: INR 112.33 lakhs)] carry interest rate ranging from 8.38% p.a. - 10.65% p.a. (31 March 2020: 8.38% p.a. - 10.65% p.a.). The loans are repayable in 48 equal monthly instalments starting from February 2017 with the last instalment due on April 2023. The loans are secured by way of hypothecation of respective motor vehicles of the Parent Company. This loan has been transferred as part of business transfer agreement (BTA) (Refer Note 27).

(b) In case of subsidiary, vehicle loans from a bank of INR 34.43 lakhs (including current maturities of INR 31.27 lakhs) [31 March 2020: INR 86.43 lakhs (including current maturities of INR 40.68 lakhs)] carry interest at 8.36% p.a. [31 March 2020 : 8.36% p.a.] The loan is repayable in 30 to 48 monthly instalments starting from October 2017 with the last instalment due on June 2022 and is secured by first pari-passu charge on fixed assets financed by the said term loans.

(c) In case of a subsidiary, vehicle loan from bank of INR 15.71 lakhs (including current maturities INR 15.71 lakhs) [31 March 2020: INR 37.71 lakhs (including current maturities: INR 21.55 lakhs)] carry interest rate of 6.50% p.a. (31 March 2020: 6.50% p.a) The loan is repayable in 48 monthly instalments. The loan is secured by way of first pari-passu charge on the fixed assets financed by the said term loan of the subsidiary company.

5 (a) In case of Parent Company, Indian rupee loan of INR 13,817.37 lakhs from a financial institution (including current maturities of INR 13,817.37 lakhs) [31 March 2020: INR 18,479.25 lakhs (including current maturities: INR 18,479.25 lakhs)] carries interest rate of 11.70% p.a. (31 March 2020: 11.70% p.a.). The loan is repayable in 12 equal quarterly instalments starting from May 2020 with the last instalment due on May 2023. The loan is secured by first pari passu charge by way of equitable mortgage of specific immovable assets of the Parent Company with a minimum fixed asset cover of 1.25 times (unencumbered land parcel at Goa), pledge of shares of its subsidiary, Mangalore Chemicals and Fertilisers Limited ("MCFL"), with a minimum share security cover of 1.00 time.

(b) * In case of Parent Company, Indian Rupee term loan from a financial institution of INR 10,455.27 lakhs (including current maturities of INR 10,455.27 lakhs) (31 March 2020: INR 12,817.96 lakhs (including current maturities of INR 12,817.96 lakhs)) carries interest rate ranging from 12.00% p.a. - 15.00% p.a. (31 March 2020: 10.70% p.a. - 15.00% p.a.) The loan is repayable in 16 equal quarterly instalments starting from December 2019 with the last instalment due on September 2023. The loan is secured by exclusive charge over land (including structures) with minimum cover of 1.5 times and demand promissory note.

6. In case of Parent Company, Inter-corporate deposit of INR 39,350.00 lakhs (31 March 2020: INR 27,350.00 lakhs) carries interest rate of 15.00% (31 March 2020: 12.00% p.a). The loan is repayable after 36 months from the date of disbursement.

*Aditya Birla Finance Limited ("ABFL") vide a letter dated 24 May 2019 recalled the rupee term loan facility extended by ABFL to the Parent Company, aggregating to an amount of INR 15,000.00 lakhs of which INR 14,110.00 lakhs (net of margin money) were outstanding as on date of the letter (outstanding as on 31 March 2021: INR 10,415.44 lakhs (net of margin money)).

Accordingly, the outstanding amounts for loan facilities obtained from these lenders has been treated as current and are disclosed under current maturity of long term borrowing under other financial liabilities following the principles of Ind AS 1 "Presentation of Financial Statements" and the terms of the loans payable were not renegotiated, before the financial statements were approved for issue.

**Due to breach of covenant, non-current portion of long term loans from bank is classified as current in the financial statement and disclosed under current maturity of long term borrowing under other financial liabilities following the principles of Ind AS 1 "Presentation of Financial Statements" and the terms of the loans payable were not renegotiated, before the financial statements were approved for issue.

7. In respect of Group, set out below are the carrying amounts of lease liabilities and the movements during the year: (INR in lakhs)

	31 March 2021	31 March 2020
Opening	**9,410.84**	-
Transition impact on account of adoption of Ind AS 116 "Leases" (Refer Note 3)	-	8,644.14
Additions	1.89	1,813.17
Disposal	(4.19)	(498.51)
Accretion of interest	369.87	957.75
Payments	(504.79)	(1,505.71)
Transferred to discontinued operations (Refer Note 27)	(1,417.91)	-
Closing	**7,855.71**	**9,410.84**
Current	533.33	574.63
Non-current	7,322.38	8,836.21

The maturity analysis of lease liabilities are disclosed in Note 37.

The effective interest rate for lease liabilities is 10% - 10.70%, with maturity between 2021-2048.

12B. Borrowings

(INR in lakhs)

Current Borrowings	31 March 2021	31 March 2020
Secured*		
From Banks		
Cash credit (including working capital demand loans)		
(The rate of interest on cash credit varies between banks ranging from 8.80% - 16.85% p.a. (31 March 2020: 10.15% - 15.40% p.a) and are repayable on demand. The rate of interest on working capital demand loans varies between 8.75% - 14.85% p.a. (31 March 2020: 9.45% p.a.- 14.00% p.a.) and are repayable over a year of 30 to 365 days)	694.96	72,803.06
Buyers/Suppliers credit		
(The rate of Interest on buyers/ suppliers credit varies between 0.87% to 3.45% p.a (31 March 2020: 2.48% p.a - 4.21% p.a) and are repayable over a year of 69 - 298 days) (USD 53.50 million) (31 March 2020: USD 60.97 million)	39,116.43	46,132.34
Short term loans		
(6.15% p.a. (31 March 2020: 6.15% - 8.20% p.a.) (including 6.15% p.a. (31 March 2020: 6.15% - 8.20% p.a.) paid directly by Government of India to the bank) secured against subsidy receivable of equal amount from Government of India, Ministry of Chemicals and Fertilizer under Special Banking Arrangement)	-	30,074.21
Bills discounted		
(Local bills discounted with banks repayable over a year of 180 days at the rate varies between 4.50% - 11.69% p.a. (31 March 2020: 7.25% - 11.69% p.a) against Letter of Credit issued by another bank having securities as disclosed below)	24,961.90	53,307.90
Short term loans		
(Short term loan from Bank at the rate of Nil (31 March 2020: 12.00% p.a.) repaid during the year) (Refer Note (c) below)	-	11,581.61
From Financial Institutions		
Short term loans (Refer Note (d) below)	3,500.00	-
Unsecured		
Others - short term loan (Refer Note (f) below)	1,098.32	2,905.48
From Others		
Inter corporate deposits		
(The rate of interest is 9.25% - 14.00% p.a. (31 March 2020: 9.25% p.a.) and is repayable over a period of 180 - 365 days)	16,000.00	10,000.00
Total	**85,371.61**	**2,26,804.60**

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Below disclosures includes loans transferred to discontinued operations (Refer Note 27)

*(a) In respect of the Parent Company, Cash credit (including working capital demand loans) of INR 62,578.27 lakhs (31 March 2020: INR 72,744.43 lakhs), Suppliers credit of INR 2,530.13 lakhs (31 March 2020: INR Nil) and Bill discounting of INR 7,500.00 lakhs (31 March 2020: INR 4,500.00 lakhs) are secured by the first charge by way of hypothecation on the current assets (excluding assets against which specific loans have been availed), both present and future, wherever situated pertaining to the fertilizer division of the Parent Company and the Parent Company's fertilizer division's present and future book debts outstanding, moneys receivable, claims, bills, contracts, engagements, rights and assets excluding some subsidy receivable amount exclusively charged to certain banks and first pari-passu charge by way of mortgage on specific land parcels situated at Zuarinagar, Goa.

(b) Short term loans of INR Nil (31 March 2020: INR 30,074.21 lakhs) are secured against subsidy receivable of equal amount from Government of India, Ministry of Chemicals and Fertilizer under Special Banking Arrangement.

(c) In respect of the Parent Company, Indian Rupee loan from a Bank of INR Nil (31 March 2020: INR 11,581.61 lakhs) carried interest rate of 12.00% p.a. The loan was repayable in 7 equal instalments starting from April 2020 with the last instalment due on October 2020. The loan was secured by exclusive charge 90 acre-unencumbered land situated at Goa providing minimum security cover of 1.00 times, Subservient charge on current assets and moveable fixed assets of the Parent Company, both present and future and pledge on shares of Chambal Fertilisers and Chemicals Limited ("CFCL") held by Zuari Global Limited with a minimum value of INR 28,800.00 lakhs.

(d) In respect of the Parent Company, Short-term loan of INR 3,500 lakhs (31 March 2020: INR Nil) carries interest rate of 16.25% p.a. The loan is repayable in next twelve months starting from December 2020. The loan is secured by pledge of shares of its subsidiary, Mangalore Chemicals and Fertilisers Limited ("MCFL"), with a minimum share security cover of 2.25 times.

(e) In respect of a subsidiary, buyers credit facilities of INR 13,921.92 lakhs (31 March 2020: 8,199.50 lakhs), suppliers credit of INR 25,194.51 lakhs (31 March 2020: 37,932.84 lakhs), bill discounting of INR 24,961.90 lakhs (31 March 2020: INR 48,807.90 lakhs), cash credit (including demand loans) of INR 694.96 lakhs (31 March 2020: INR 58.63 lakhs) are secured by first pari-passu charge on all current assets (both present and future) and property, plant and equipment of the Subsidiary Company, excluding assets which are exclusively charged to other lenders.

(f) In respect of a subsidiary, a purchase card facility of INR 1,098.32 lakhs (31 March 2020: INR 2,905.48 lakhs) has been availed from a Bank. The facility carries interest in the range of 7.99% - 9.28% p.a. (31 March 2020 : 9.28% - 9.60% p.a.) and repayable over a maturity period of 45 to 120 days.

Note on devolvement and non-payment of current and non-current borrowing: In respect of Parent Company ,for the period starting from 1 April 2019 to 31 March 2020, following are the devolvement on account of non-payment of letter of credits, buyers credit, suppliers credit, term loan and bill discounted and the terms of the loans payable were not renegotiated, before the financial statements were approved for issue:

Bank	Amount not paid on due date (1 April 2020 to 31 March 2020)	Amount outstanding as on 31 March 2020
State Bank of India	20,365.62	-
Bank of Baroda	17,836.46	-
Canara Bank	15,077.54	-
Corporation Bank	24,973.56	-
IDBI Bank Limited	11,500.00	-
Axis Bank Limited	13,124.48	-
ICICI Bank Limited	17,953.25	-
HDFC Bank Limited	17,411.68	-
Ratnakar Bank Limited	13,041.67	-
Yes Bank Limited	19,786.46	-
Indusind Bank Limited	5,000.00	
Rabo Bank	373.33	-

13. Trade payables

(INR in lakhs)

	Non-Current		Current	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Trade payables				
- Outstanding dues to related parties (Refer Note 33)	-	-	859.99	34,864.89
- Outstanding dues to micro and small enterprises (Refer Note 29)	-	-	1,267.62	780.63
- Outstanding dues to others	-	-	38,706.87	1,60,995.77
Total	**-**	**-**	**40,834.48**	**1,96,641.29**

14. Other financial liabilities

(INR in lakhs)

	Non-Current		Current	
	31 March 2021	**31 March 2020**	**31 March 2021**	**31 March 2020**
Financial liabilities at fair value through profit or loss				
Derivatives not designated as hedges				
Foreign exchange forward covers	100.76	275.66	1,073.34	212.67
Total financial liabilities at fair value through profit or loss (a)	**100.76**	**275.66**	**1,073.34**	**212.67**
Other financial liabilities at amortised cost				
Current maturities of long term borrowings (Refer Note 12A)	-	-	39,749.23	52,865.80
Current maturities of lease liabilities (Refer Note 12A)	-	-	533.33	574.63
Trade deposits - dealers and others				
- from related parties (Refer Note 33)	-	-	-	0.50
- from others	-	-	5,223.61	15,079.39
Other deposits (earnest money)	-	-	600.00	-
Employee benefits payable	-	-	1,599.96	2,246.50
Payable towards capital goods*	-	-	1,898.72	1,407.31
Interest accrued but not due on borrowings (Refer Note 33)	-	-	2,785.57	2,609.27
Other interest payable**	-	-	8.52	10,060.38
Unclaimed dividends	-	-	158.10	214.56
Payable towards voluntary retirement scheme	-	23.20	8.43	27.98
Other dues	-	-	657.82	531.17
Total other financial liabilities at amortised cost (b)	**-**	**23.20**	**53,223.29**	**85,617.49**
Total other financial liabilities (a+b)	**100.76**	**298.86**	**54,296.63**	**85,830.16**

* Including INR Nil (31 March 2020: INR 9.52 lakhs) outstanding due to Micro and Small Enterprises (Refer Note 29).

** - Including INR Nil (31 March 2020: INR 279.07 lakhs) outstanding due to Micro and Small Enterprises (Refer Note 29).

- Includes INR Nil (31 March 2020: INR 4,335.74 lakhs) payable to related party on account of overdue interest (Refer Note 33).

Foreign exchange forward contracts

While the Group entered into other foreign exchange forward contracts with the intention of reducing the foreign exchange risk of expected sales and purchases, these other contracts are not designated in hedge relationships and are measured at fair value through profit or loss.

Terms and conditions of the above financial liabilities

Trade payables are normally non-interest bearing. For maturity profile of trade payables and other financial liabilities, Refer Note 37.

For terms and conditions relating to related party payables, Refer Note 33.

For explanations on the Group's credit risk management processes, Refer Note 37.

Break-up of financial liabilities carried at amortised cost

(INR in lakhs)

	Non-Current		Current	
	31 March 2021	**31 March 2020**	**31 March 2021**	**31 March 2020**
Non-current borrowings (Refer Note 12A)	59,444.88	56,563.22	40,282.55	53,440.43
Current borrowings (Refer Note 12B)	-	-	85,371.61	2,26,804.60
Trade payables (Refer Note 13)	-	-	40,834.48	1,96,641.29
Other financial liabilities (Refer Note 14)	100.76	298.86	14,014.07	32,389.73
Total financial liabilities carried at amortised cost	**59,545.64**	**56,862.08**	**1,80,502.71**	**5,09,276.05**

Notes to the Consolidated Financial Statements for the year ended 31 March 2021

15. Other Liabilities

(INR in lakhs)

	Non-Current		Current	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Statutory Liabilities	-	-	780.62	827.39
Contract Liabilities - Advances received from customers	-	-	1,125.02	7,399.79
Deferred income (Refer Note 56)	51.17	164.31	17.06	47.40
Other advances	-	-	500.00	-
Total	**51.17**	**164.31**	**2,422.70**	**8,274.58**

Revenue recognized from amounts included in contract liabilities at the beginning of the year is INR 5,544.19 lakhs (31 March 2020: INR 13,724.22 lakhs) (includes revenue recognized of INR 2,384.89 lakhs (31 March 2020: INR 12,418.60 lakhs) for discontinued operations (Refer Note 27))

Deferred income (Refer Note 56)

(INR in lakhs)

	31 March 2021	31 March 2020
Opening	**211.71**	**102.34**
Deferred during the year	-	151.70
Released to the statement of profit and loss	(47.40)	(42.33)
Transferred on account of business transfer agreement (Refer Note 27)	(96.08)	-
Closing	**68.23**	**211.71**

16. Provisions

(INR in lakhs)

	Non-Current		Current	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Provision for employee benefits				
Gratuity (Refer Note 31)	1,414.12	1,447.40	59.82	523.68
Provision for post retirement medical benefit (Refer Note 31)	57.46	56.84	6.38	6.59
Leave encashment (unfunded)	292.27	-	1,063.48	3,227.80
Total	**1,763.85**	**1,504.24**	**1,129.68**	**3,758.07**

17. Income Tax

The major components of income tax expense for the year ended 31 March 2021 and 31 March 2020 are:

Profit or loss section

(INR in lakhs)

	31 March 2021	31 March 2020
Current income tax:		
Current income tax charge	1,955.00	1,614.61
Adjustment of tax relating to earlier years	-	-
	1,955.00	**1,614.61**
Deferred tax:		
MAT Credit reversal in respect of earlier years	-	1,298.77
Adjustments in respect of deferred tax of earlier years	56.14	(2,628.78)
Relating to origination and reversal of temporary differences	1,835.07	3,367.24
	1,891.21	**2,037.23**
Income tax expense reported in the statement of profit or loss	**3,846.21**	**3,651.84**

OCI section

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

(INR in lakhs)

	31 March 2021	31 March 2020
Net loss/(gain) on remeasurements of defined benefit plans	(131.09)	(40.46)
Deferred tax charged/(credit) to OCI	27.26	12.35
Net (gain)/loss on equity instruments through Other Comprehensive Income	(1,093.29)	1,750.92
Deferred tax charged/(credit) to OCI	-	(781.77)

Notes to the Consolidated Financial Statements for the year ended 31 March 2021

Reconciliation of tax expense and the accounting profit multiplied by domestic tax rate for 31 March 2021 and 31 March 2020

(INR in lakhs)

	31 March 2021	31 March 2020
Accounting (loss) before Income tax	(8,778.35)	(73,602.36)
Income tax rate	25.168%	25.168%
At statutory income tax rate	(2,209.33)	(18,524.24)
Adjustment in respect of tax related to earlier years	56.14	(2,628.78)
Tax impact of Share of profit of joint ventures	(2,183.04)	(2,068.37)
Reversal of capital gain on slump sale	-	17,437.22
Tax effect of income that are not taxable in determining taxable profit:		
Dividend Income	-	131.61
Others Adjustments	(4.98)	(7.06)
Impact of profit on non-tax jurisdiction	83.79	125.01
Non-deductible expenses for tax purposes:		
Interest on Micro and Small Enterprises	10.31	21.59
Disallowance under Section 14A	-	187.01
Impact of adoption of Section 115BAA*	-	9,265.75
Impact of change in tax rate for future period*	0.73	(2,056.87)
Reversal of unabsorbed depreciation	-	149.92
Unrecognized deferred tax asset	7,154.19	-
Effect of higher tax rates in case of a subsidiary company	1,075.82	738.74
Others adjustments	(137.41)	880.31
Income tax (income)/expense reported in the statement of profit and loss	**3,846.21**	**3,651.84**
Income tax expense reported in the statement of profit and loss	3,846.21	21,021.32
Income tax attributable to a discontinued operations (Refer Note 27)	-	(17,369.48)
Income tax (income)/expense reported in the statement of profit and loss	**3,846.21**	**3,651.84**

Deferred tax:

(INR in lakhs)

	As at 31 March 2019	Provided during the year	As at 31 March 2020	Provided during the year	As at 31 March 2021
Deferred tax liability:					
Property, plant and equipment impact of difference between tax depreciation and depreciation/ amortisation charged for the financial reporting	23,580.84	(6,854.01)	16,726.83	(733.35)	15,993.48
Mark to market (MTM) forward contract	1,757.75	(1,757.75)	-	-	-
Others	114.43	(35.46)	78.97	(46.77)	32.20
Total deferred tax liability (A)	**25,453.02**	**(8,647.22)**	**16,805.80**	**(780.12)**	**16,025.68**
Deferred tax assets:					
Provision for doubtful debts and advances	974.35	1,640.77	2,615.12	116.50	2,731.62
MAT credit entitlement	8,793.94	(482.34)	8,311.60	(2,629.36)	5,682.24
Expenses allowable in Income tax on payment basis and deposition of Statutory dues	2,838.22	(1,367.84)	1,470.38	(128.58)	1,341.80
Brought forward losses and unabsorbed depreciation	19,104.20	(14,481.40)	4,622.80	-	4,622.80
Impairment of non-current investment		3,695.00	3,695.00	-	3,695.00
Others	882.08	1,080.78	1,962.86	(57.15)	1,905.68

Notes to the Consolidated Financial Statements for the year ended 31 March 2021

	As at 31 March 2019	Provided during the year	As at 31 March 2020	Provided during the year	As at 31 March 2021
Total deferred tax assets (B)	**32,592.79**	**(9,915.03)**	**22,677.76**	**(2,698.59)**	**19,979.14**
Deferred Tax Asset (B - A)	**7,139.77**	**(1,267.81)**	**5,871.95**	**(1,918.47)**	**3,953.46**
Disclosed in the Financial Statements					
Deferred Tax Assets	9,208.20		6,741.16		6,741.16
Deferred Tax Liabilities	(1,337.85)		(869.20)		(2,787.70)

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

*During the year ended 31 March 2020, the Parent Company had made reassessment regarding recognition criteria in relation to deferred tax asset and tax balances on the basis of future profitability projections and manner/period of utilization thereof including restructuring exercises being considered by the management along with paying Income Tax at reduced rates as per the provisions/conditions defined in the new Section 115BAA in the Income Tax Act, 1961, inserted vide the Taxation Laws (Amendment) Ordinance 2019. Consequentially, the Parent Company had recognised deferred tax assets on brought forward losses and unabsorbed depreciation and reversed the balance of MAT credit entitlement and deferred tax assets on brought forward losses under Section 35AD of Income Tax Act, 1961, which shall not be available for set off under the provisions of Section 115BAA of the Income Tax Act, 1961. In case of Subsidiary Company, during the year ended 31 March 2020, assessment had been performed regarding utilization of Minimum Alternate Tax (MAT) on the basis of future profitability projections. Further, the management also assessed it to be probable that post utilization of MAT, the Subsidiary Company will be exercising option to pay Income Tax at reduced rates as per the provisions/conditions defined in the new Section 115BAA in the Income Tax Act, 1961, inserted vide the Taxation Laws (Amendment) Ordinance 2019 and consequently, tax credit had been recorded in the financial statements for the year ended 31 March 2020.

The Parent Company has till date recognised INR 4,622.80 lakhs (31 March 2020: INR 21,300.47 lakhs) as deferred tax assets on unabsorbed depreciation and carried forward tax loss, which the management based on the future profitability projections is confident that there would be sufficient taxable profits/gains in future which will enable the Parent Company to utilize the above deferred tax assets.

Deferred tax on unabsorbed business losses and unrecognised capital losses including but not limited to indexation of capital assets have not been recognised to the extent there are no tax planning opportunities or other evidence of recoverability for the same in the next future.

The temporary differences associated with investments in subsidiaries and joint venture, for which a deferred tax liability has not been recognised. The Group has determined that undistributed profits of its subsidiaries and joint venture will not be distributed in the foreseeable future, until it obtains the consent from the Parent Company and all the joint venture partners respectively.

17A. Income tax assets (net) (INR In lakhs)

	31 March 2021	31 March 2020
Income tax assets- related parties (Refer Note 33 and Note 46)	522.15	1,708.35
Income tax assets- others (net)	594.19	3,053.88
	1,116.34	**4,762.23**

17B. Liabilities for current tax (net) (INR In lakhs)

	31 March 2021	31 March 2020
Income tax Liabilities- others (net)	195.28	-
	195.28	**-**

18. Revenue from operations

(INR in lakhs)

	31 March 2021	31 March 2020
Revenue from contracts with customers		
Sale of products		
Finished products	1,80,808.26	2,34,821.26
Traded products	58,920.34	68,858.22
Other operating revenues		
Rendering of Services	500.20	252.51
Scrap sales	145.70	273.32
Revenue from operations	**2,40,374.50**	**3,04,205.31**

(INR in lakhs)

	31 March 2021	31 March 2020
Timing of revenue recognition		
Goods transferred to the customers at a point in time	2,40,220.93	3,04,081.57
Service rendered at a point in time	153.57	123.74
Total revenue from contracts with customers	**2,40,374.50**	**3,04,205.31**

(INR in lakhs)

	31 March 2021	31 March 2020
Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price		
Revenue as per contracted price	**2,47,100.64**	**3,15,358.80**
Adjustments		
Discount	(6,395.04)	(10,752.56)
Others	(331.10)	(400.93)
Revenue from contract with customers	**2,40,374.50**	**3,04,205.31**

Performance obligation (includes disclosure in relation to discontinued operations (Refer Note 27))

The Group recognises revenue from sale of goods at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods. The performance obligation is satisfied upon delivery of the goods and payment is generally due within 15 to 120 days from delivery.

The Group also recognises the subsidy income receivable from the Government of India as per New Pricing Scheme for Urea and as per Nutrient Based Subsidy Policy for Phosphatic and Potassic (P&K) fertilisers at the time of sale of goods to its customers. The Direct Benefit Transfer (DBT) Scheme entails 100% payment of subsidy to the Group on the basis of actual sales by the retailer to the beneficiary, however the performance obligation of the Group is satisfied upon delivery of the goods to its customer.

The Group does not have any other performance obligation in respect of its supply of goods to the customers.

a. (i) Sales of Finished Products and Traded Products include Government subsidies of INR 2,23,084.26 lakhs (31 March 2020: INR 2,40,491.92 lakhs). Subsidies include INR 2,471.93 lakhs (31 March 2020: INR 1,053.65 lakhs) (including INR 1,856.06 lakhs; 31 March 2020: INR 1,053.65 lakhs, disclosed in Note a (ii) below) in respect of earlier years, notified during the year.

(ii) A subsidiary recognises Urea concession income from the Government of India (GOI) based on estimates and changes, if any, are recognised in the year of finalisation of the prices by the GOI under the scheme. Accordingly, revenue for the year ended March 31, 2021 include additional urea concession income of INR 1,856.06 lakhs (31 March 2020: INR 1,053.65 lakhs) relating to immediately proceeding financial year recognised on finalization of escalation/de-escalation claims. The urea concession income for the year ended 31 March 2021 have been recognized based on estimates and are pending finalisation by the GOI.

b. Subsidy for Urea has been accounted based on notified concession price under New Urea Policy, 2015 and other adjustments as estimated in accordance with known policy parameters in this regard. W.e.f. 1 October 2020, the Group has accounted Urea subsidy based on the revised energy norms under New Urea Policy 2015.

c. Government of India has notified the pooling of Gas in Fertiliser (Urea) sector effective from June 2015. As per the notification domestic gas is pooled with Re-gasified Liquefied Natural Gas (RLNG) to provide natural Gas at uniform delivered price to all Natural Gas Grid connected Urea manufacturing plants.

d. The subsidy on Phosphatic and Potassic fertilizers has been accounted for as per concession price notified by the Government of India under Nutrient Based Subsidy Policy, from time to time.

e. In respect of a Subsidiary Company, the Subsidiary Company has during the current year recognised urea subsidy income of INR 2,914.00 lakhs without benchmarking its cost of production using naphtha with that of gas-based urea manufacturing units recently converted to natural gas, as notified by the Department of Fertilizers for subsidy income computation. The Subsidiary Company has filed writ petition against the Department of Fertilizers [DoF] before the Hon'ble High Court of Delhi [DHC] against this matter. The management based on legal opinion and considering the fact that the energy cost is always a pass through in subsidy computation, believes that artificial benchmarking is arbitrary and discriminatory and is confident of realisation of the aforesaid subsidy income.

f. In respect of a Subsidiary Company, the energy norms applicable for Naphtha based manufacturing units announced by the Department of Fertilizers [DoF] for the period commencing 1 April 2020 were lower than those effective till 31 March 2020. The Subsidiary Company, considering the fact that urea subsidy income based on previous year's higher energy norms was extended to gas based urea manufacturing units till 30 September 2020 and not to the Naphtha based manufacturing units and based on legal advice, had taken a view that a similar extension should also be granted to it as it is discriminatory. The Subsidiary Company filed a writ petition before the Hon'ble High Court of Delhi [DHC] for this matter. Based on the above, management estimated the subsidy income and based on legal advice obtained, the Subsidiary Company recognised urea subsidy income of INR 2,686.00 lakhs (including INR 2,624.00 lakhs till 30 September 2020) which was included in revenue from operations in the nine month period ended 31 December 2020, based on the higher energy norms effective till 31 March 2020. During the quarter ended 31 December 2020, the DoF evaluated the matter pursuant to the directions of the DHC and passed an order dated 17 November 2020 rejecting the request of the Subsidiary Company, for which the Subsidiary Company on 19 November 2020 sought time to submit its amended petition to bring on record the order of the DoF.

Notes to the Consolidated Financial Statements for the year ended 31 March 2021

During the quarter ended 31 March 2021, the Subsidiary Company filed an interim application for amending the earlier writ so as to include the DoF order of 17 November 2020 and rebuttals thereof. A fresh writ was also filed to comprehensively include all issues including the DoF order. The DHC has taken note of the same and has ordered dismissal of the earlier writ filed by the Subsidiary Company and to pursue with the fresh writ. The DoF was directed to file counter affidavit and the Subsidiary Company to file a rejoinder thereafter and the matter would be taken up on 28 July 2021 for hearing. The Subsidiary Company continues to litigate this matter considering that it's discriminatory to the Subsidiary Company.

Basis the above, and the uncertainty over eventual realisation of the subsidy income arising due to the DoF order, management reassessed the recognition of subsidy income and derecognised the subsidy income of INR 2,686.00 lakhs recognised in the nine months ended 31 December 2020, from the revenue from operations of the quarter ended 31 March 2021.

19. Other income

(INR in lakhs)

	31 March 2021	31 March 2020
Interest Income on		
Bank deposits	1,276.92	1,168.84
Income tax refund	688.27	157.11
Dividend Income on		
Dividend income on non-current investments	3.60	2.16
Other non-operating income		
Profit on sale of property, plant and equipment (net)	734.82	434.63
Excess provision/unclaimed liabilities/unclaimed balances written back	2,313.46	872.36
Incentive under packing scheme incentive (Refer Note 56)	17.05	17.05
Insurance Claims	31.88	187.85
Miscellaneous income	1,179.14	1,439.22
Total	**6,245.14**	**4,279.22**

Total interest income (calculated using the effective interest method) for financial assets that are not at fair value through profit or loss.

(INR in lakhs)

	31 March 2021	31 March 2020
In relation to Financial assets classified at amortised cost	1,276.92	1,168.84
Total	**1,276.92**	**1,168.84**

20. Cost of raw materials and components consumed

(INR in lakhs)

	31 March 2021	31 March 2020
Inventory at the beginning of the year	11,400.51	19,827.06
Add : Purchases	1,08,549.41	1,46,422.14
	1,19,949.92	**1,66,249.20**
Less: Transferred to trading stock	-	(522.18)
Less: Inventory at the end of the year	(8,932.64)	(11,400.51)
Cost of raw materials and components consumed	**1,11,017.28**	**1,54,326.51**

21. Purchase of traded goods

(INR in lakhs)

	31 March 2021	31 March 2020
Traded goods purchase details		
Imported Di-ammonium phosphate (IDAP)	-	4,779.64
Imported Muriate of potash (IMOP)	4,111.07	7,547.70
Speciality fertilisers	-	2,497.19
Complex fertilisers	5,832.46	3,231.09
Pesticides	-	7,313.34
Others	31,287.92	2,845.79
Add: Transfer from materials purchased	-	1,180.69
Cost of traded goods purchased	**41,231.45**	**29,395.44**

Notes to the Consolidated Financial Statements for the year ended 31 March 2021

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

(INR in lakhs)

	31 March 2021	31 March 2020
Inventories at the end of the year		
Finished goods	3,933.60	3,205.04
Traded goods	5,285.72	5,245.84
Work-in-progress	135.02	83.28
	9,354.34	**8,534.16**
Inventories at the beginning of the year		
Finished goods	6,361.51	14,904.23
Traded goods	5,378.03	21,019.91
Work-in-progress	83.28	907.51
	11,822.82	**36,831.65**
	2,468.48	**28,297.49**

23. Employee benefits expense

(INR in lakhs)

	31 March 2021	31 March 2020
Salaries, wages and bonus	8,391.06	8,545.61
Contribution to provident and other funds	695.57	631.84
Post-retirement medical benefit (Refer Note 31)	4.34	5.02
Gratuity expense (Refer Note 31)	228.19	283.66
Staff welfare expenses	489.98	467.09
Total	**9,809.12**	**9,933.22**

24. Finance costs

(INR in lakhs)

	31 March 2021	31 March 2020
Interest expense	17,288.57	24,310.94
Interest on income tax	106.00	30.14
Exchange difference to the extent considered as an adjustment to borrowing cost	1,098.19	2,757.65
Other borrowing cost	1,551.94	717.76
Total	**20,044.70**	**27,816.49**

Total interest expense (calculated using the effective interest method) for financial liabilities that are not at fair value through profit or loss

(INR in lakhs)

	31 March 2021	31 March 2020
In relation to Financial liabilities classified at amortised cost	17,288.57	24,310.94
Total	**17,288.57**	**24,310.94**

25. Depreciation and amortization expense

(INR in lakhs)

	31 March 2021	31 March 2020
Depreciation of property, plant and equipment (Refer Note 3)	6,444.33	6,076.98
Amortisation of intangible assets (Refer Note 5)	352.00	702.15
Total	**6,796.33**	**6,779.13**

Notes to the Consolidated Financial Statements for the year ended 31 March 2021

26. Other expenses

(INR in lakhs)

	31 March 2021	31 March 2020
Stores and spares consumed	1,059.47	931.19
Power, fuel and water	25,482.41	29,794.19
Bagging and other contracting charges	990.70	1,188.43
Outward freight and handling	12,779.28	16,479.14
Rent	624.32	703.45
Rates and taxes	81.58	71.09
Insurance	723.90	983.12
Repairs and maintenance		
Plant & machinery	2,895.21	2,564.78
Buildings	268.77	331.61
Others	667.61	601.84
Provision for doubtful receivable/advances	1,452.49	3,866.44
Bad debts written off	1,881.10	-
Research and development expenses	32.16	0.11
Foreign exchange variation (net)	-	3,691.35
Loss on disposal of property, plant and equipment (net)	314.04	115.45
Donation	23.18	6.17
CSR expenditure (Refer details below)	189.46	143.52
Miscellaneous expenses*	5,807.49	7,688.58
Total	**55,273.17**	**69,160.46**
***Payments to statutory auditors (includes disclosure in relation to discontinued operations (Refer Note 27))**		
As statutory auditors		
Audit fees	81.10	78.45
Tax audit fee	10.00	9.00
Limited review fees	31.50	31.50
In other capacity		
Other services (includes certification fees and right issue)	84.00	188.22
Reimbursement of expenses	5.54	25.77
Total	**212.14**	**332.94**
CSR Expenditure:		
Gross amount required to be spent by the Group during the year (under Section 135 of the Companies Act, 2013)	131.67	104.30
Amount spent during the year (other than on construction/acquisition of any asset)	189.46	143.52
Amount spent during the year (on construction/acquisition of any asset)	-	-
Amount yet to be spent/paid	-	-
Total	**189.46**	**143.52**

Notes to the Consolidated Financial Statements for the year ended 31 March 2021

27. Discontinued operations

Pursuant to board approval dated 22 February 2021, the Parent Company entered into a Business Transfer Agreement (BTA) dated 1 March 2021 with Paradeep Phosphates Ltd (PPL), subsidiary of Zuari Maroc Phosphates Private Limited (ZMPPL), a joint venture company (the Parent Company and OCP S.A. hold 50% each of the total equity capital of ZMPPL and ZMPPL holds 80.45% of the share capital of PPL) to transfer its fertilizer plant at Goa and associated businesses as going concern on a slump sale basis for an agreed enterprise value of INR 2,05,225.44 lakhs (converted basis the enterprise value of USD 280 million as per the BTA).

The effect of the transfer will be reflected in the financial information/statements of the period in which the deal is consummated post receipt of all requisite regulatory approvals. The long stop date as per the BTA is 30 June 2021 however, it is expected to be consummated in the second quarter of financial year 2021-22.

Subsequent to the year end, the Parent Company's shareholders have approved this transaction vide ordinary and special resolution as per the requirement of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 and Companies Act, 2013 through Postal Ballot on 7th April, 2021.

(a) The results of discontinued operations for the year are presented below: (INR in lakhs)

	31 March 2021	31 March 2020
Revenue		
Revenue from operations	2,16,887.13	1,96,237.24
Other income	2,610.12	705.98
Total income (I)	**2,19,497.25**	**1,96,943.22**
Cost of raw material and components consumed	1,53,481.39	87,275.07
Purchases of traded goods	129.32	5,710.14
Changes in inventories of finished goods, traded goods and work in progress	2,797.94	73,075.62
Employee benefits expense	6,753.40	7,589.11
Finance costs	19,145.49	25,645.57
Depreciation and amortization expense (Refer Note 3)	3,915.42	4,282.47
Other expenses	50,705.60	57,961.64
Total expense (II)	**2,36,928.56**	**2,61,539.62**
(Loss) before tax (I-II)	**(17,431.31)**	**(64,596.40)**
Tax expense		
Current tax	-	-
Deferred tax charge/(credit)	-	17,369.48
Income tax expense/(credit)	**-**	**17,369.48**
(Loss) after tax	**(17,431.31)**	**(47,226.92)**

(b) The major classes of assets and liabilities as at 31 March 2021 are as follows: (INR in lakhs)

	March 31, 2021
Assets	
Property, plant and equipment and intangible assets (including capital work in progress)	50,187.69
Non-current financial assets	257.14
Other non-current assets	66.26
Inventories	22,227.52
Trade receivalbes (Including subsidy of INR 32,056.00 lakhs)	37,587.08
Other current financial assets	2,693.16
Other current assets	16,247.49
Assets held for sale (I)	**1,29,266.34**

Notes to the Consolidated Financial Statements for the year ended 31 March 2021

	March 31, 2021
Liabilities	
Non-current financial liabilites	1,353.35
Other non-current liabilites	65.74
Current borrowings	72,608.40
Trade payables	1,25,834.93
Other current liabilities	23,142.73
Current provisions	1,906.42
Liabilities directly associated with assets held for sale (II)	**2,24,911.57**
Net assets (I-II)	**(95,645.23)**

(c) The net cash flows are as follows:* (INR in lakhs)

	31 March 2021	31 March 2020
Operating	55,782.23	1,88,159.41
Investing	(1,133.18)	(1,923.83)
Financing	(54,649.05)	(1,86,235.58)
Net cash flow	**-**	**-**

* net cash flow is before eliminations.

28. Distributions made and proposed

	31 March 2021	31 March 2020
Cash dividends on equity shares declared and paid:		
Final equity dividends: INR 0.50 per equity share (31 March 2020: INR 1.00 per equity share)	272.43	544.87
Dividend distribution tax on equity dividend	-	112.00
	272.43	**656.87**
Proposed dividends on equity shares:		
Proposed equity dividends: INR 1 per equity share (31 March 2020: INR 0.50 per equity share)	544.87	272.43
Dividend distribution tax on proposed equity dividend	-	-
	544.87	**272.43**

Proposed dividend on equity shares are subject to approval at the annual general meeting and are not recognized as a liability as at 31 March.

28B. Earnings Per Share (EPS)

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

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

Profit/(Loss) attributable to equity holders of the Parent Company:	**31 March 2021**	**31 March 2020**
Continuing operations (INR in lakhs) (a)	1,721.93	(32,995.08)
Discontinued operations (INR in lakhs) (b)	(17,431.31)	(47,226.92)
(Loss) attributable to equity holders of the Parent Company (INR in lakhs) (c=a+b)	(15,709.38)	(80,222.00)
Weighted average number of shares used in computing earnings per share	4,20,58,006	4,20,58,006
Basic and diluted from continuing operations (in INR)	4.10	(78.45)
Basic and diluted from discontinued operations (in INR)	(41.45)	(112.28)
Basic and diluted from continuing and discontinued operations (in INR)	(37.35)	(190.73)
Face value per share (in INR)	10.00	10.00

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29. Dues to Micro, Small and Medium Enterprises#

The Group has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act is as follows:

	31 March 2021	31 March 2020
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	1,446.36	790.15
- Interest due on above	41.75	85.81
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	320.82	279.07
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	40.94	85.81

#also includes disclosure in relation to discontinued operation (Refer Note 27)

30. Group Information

Information about subsidiaries

The consolidated financial statements of the Group includes subsidiaries and joint ventures, listed in the table below:

Name of Subsidiary Company	Country of Incorporation	Ownership Interest (%)	
		31 March 2021	31 March 2020
Mangalore Chemicals and Fertilizers Limited	India	54.03%	54.03%
Zuari Farmhub Limited	India	100.00%	100.00%
Adventz Trading DMCC	United Arab Emirates	100.00%	100.00%

Name of Joint Ventures	Country of Incorporation	Ownership Interest (%)	
		31 March 2021	31 March 2020
Zuari Maroc Phosphates Private Limited (ZMPPL) (including its 80.45% subsidiary - Paradeep Phosphates Limited)	India	50.00%	50.00%

30A. Material partly-owned subsidiary

Financial information of subsidiaries that have material non-controlling interests is provided below:

Proportion of equity interest held by non-controlling interests:

Name	Country of incorporation and operation	31 March 2021	31 March 2020
Mangalore Chemicals and Fertilisers Limited	India	45.97%	45.97%

Information regarding non-controlling interest (INR in lakhs)

	31 March 2021	31 March 2020
Accumulated balances of material non-controlling interest:	44,258.40	41,422.68
Total Comprehensive Income allocated to material non-controlling interest:	3,108.15	2,974.93
Dividend distributed and paid to non-controlling interest:	272.43	544.87

Notes to the Consolidated Financial Statements for the year ended 31 March 2021

The summarised financial information of the subsidiary is provided below. This information is based on amounts before inter-company eliminations.

Summarised statement of profit and loss for the year ended: (INR in lakhs)

	31 March 2021	31 March 2020
Revenue from operations	2,14,402.82	2,71,084.42
Other Income	2,669.96	2,321.72
Cost of raw material and components consumed	1,11,017.28	1,40,030.22
Purchases of traded goods	24,664.27	22,602.71
Change in inventories of finished goods, work-in-progress and traded goods	1,311.94	22,056.77
Employee benefit expenses	6,797.58	7,086.26
Finance costs	7,682.92	11,147.69
Depreciation and amortization expense	5,031.22	4,537.36
Other expenses	50,011.51	58,901.31
Profit before tax	**10,556.06**	**7,043.82**
Income tax	3,846.21	588.50
Profit for the year	**6,709.85**	**6,455.32**
Other Comprehensive income/(loss) for the year	50.75	15.50
Total comprehensive income	**6,760.60**	**6,470.82**
Attributable to non-controlling interests	3,108.15	2,974.93
Dividends paid to non-controlling interests	272.43	544.87

Summarised balance sheet as at: (INR in lakhs)

	31 March 2021	31 March 2020
Inventories and cash and cash equivalents	53,379.28	45,910.79
Property, plant and equipment, other non-current financial assets and other non-current assets	76,503.06	71,082.52
Trade Receivable, other financial assets and other current assets	69,810.95	1,63,316.26
Trade and other payable	(54,177.78)	(79,646.95)
Non-current liabilities	(1,313.67)	(1,689.41)
Interest-bearing loans and borrowing and deferred tax liabilities (non-current)	(83,475.56)	(1,44,414.96)
Total equity	**60,726.28**	**54,558.25**
Attributable to:		
Non-controlling interest *	44,258.40	41,422.68

*Includes impact of fair valuation at the time of acquisition of controlling stake in May 2015.

Summarised cash flow information for the year ended: (INR in lakhs)

	31 March 2021	31 March 2020
Operating	96,203.27	62,865.87
Investing	(12,060.33)	(6,463.52)
Financing	(70,201.32)	(39,267.67)
Net increase in cash and cash equivalents	**13,941.62**	**17,134.68**

30B. Material wholly-owned subsidiary

Name	Country of incorporation and operation	31 March 2021	31 March 2020
Zuari Farmhub Limited	India	100.00%	100.00%

The summarised financial information of the subsidiary is provided below. This information is based on amounts before inter - company eliminations.

Summarised statement of profit and loss for the year ended: (INR in lakhs)

	31 March 2021	31 March 2020
Revenue from operations	29,289.41	161.06
Other Income	154.78	-
Purchases of traded goods	25,128.16	-
Change in inventories of finished goods, work-in-progress and traded goods	162.87	131.16
Employee benefit expenses	2,088.63	29.30
Finance costs	528.30	-
Depreciation and amortization expense	1,075.58	0.71
Other expenses	2,643.21	56.35
(Loss) before tax	**(2,182.56)**	**(56.46)**
Income tax	-	-
(Loss) for the year	**(2,182.56)**	**(56.46)**
Other Comprehensive income/ (loss) for the year	-	-
Total comprehensive (loss)	**(2,182.56)**	**(56.46)**

Summarised balance sheet as at: INR in lakhs

	31 March 2021	31 March 2020
Inventories and cash and cash equivalents	6,063.47	4,372.80
Property, plant and equipment, other non-current financial assets and other non-current assets	12,006.54	12,737.28
Trade Receivable, other financial assets and other current assets	3,093.11	4,242.33
Trade and other payable	(9,056.74)	(7,185.49)
Non-current liabilities	(35,496.88)	(35,247.62)
Interest-bearing loans and borrowing and deferred tax liabilities (non-current)	(23,747.20)	(23,874.44)
Total equity	**(47,137.70)**	**(44,955.14)**

Summarised cash flow information for the year ended: INR in lakhs

	31 March 2021	31 March 2020
Operating	2,851.85	29,753.86
Investing	(871.75)	(78,624.36)
Financing	(127.24)	48,871.50
Net increase/(decrease) in cash and cash equivalents	**1,852.86**	**1.00**

30C. Interest in Joint Ventures

a) Zuari Maroc Phosphate Private Limited

The Group has a 50% interest in Zuari Maroc Phosphate Private Limited, a joint venture engaged in the business as an investment company and to acquire and hold and otherwise deal in shares, stocks, debentures. The Group's interest in Zuari Maroc Phosphates Private Limited is accounted for using the equity method in the consolidated financial statements.

Summarised financial information of the joint venture, based on its Ind AS financial statements, and reconciliation with the carrying amount of the investment in consolidated financial statements are set out below:

Summarised balance sheet as at: (INR in lakhs)

	31 March 2021	31 March 2020
Current assets, including cash and cash equivalents: INR 9,155.54 lakhs (31 March 2020: INR 431.89 lakhs)	2,94,502.04	3,61,189.00
Non-current assets, including advance tax: INR 1,253.62 lakhs (31 March 2020: INR 2,157.26 lakhs)	1,84,538.97	1,76,576.33

Notes to the Consolidated Financial Statements for the year ended 31 March 2021

(INR in lakhs)

	31 March 2021	31 March 2020
Current liabilities	(2,36,952.14)	(3,21,860.91)
Non controlling Interest	(35,724.17)	(31,345.88)
Non-current liabilities, including borrowing: INR 11,341.13 lakhs (31 March 2020: INR 13,942.24 lakhs)	(22,627.40)	(18,851.22)
Equity	**1,83,737.30**	**1,65,707.32**
Proportion of the Group's ownership	50%	50%
Proportionate value of the Group's ownership	91,868.65	82,853.66
Add: DDT liability provided in consolidation	923.82	923.82
Less: Elimination of unrealised profit on closing inventory	(353.13)	(40.49)
Carrying amount of the investment in consolidation	**92,439.34**	**83,736.99**
Dividend received	-	2,247.70

Summarised statement of profit and loss for the year ended: (INR in lakhs)

	31 March 2021	31 March 2020
Revenue from operations	5,16,473.35	4,19,286.45
Other income	1,957.18	3,575.90
Cost of raw material and components consumed	(2,26,512.43)	(2,21,014.06)
Purchases of traded goods	(1,38,020.07)	(47,540.83)
Changes in inventories of finished goods, traded goods and work in progress	(22,583.41)	(25,857.41)
Depreciation and amortization expense	(8,332.81)	(7,247.59)
Finance costs	(11,145.46)	(19,179.49)
Employee benefits expense	(13,919.00)	(13,192.79)
Other expense	(61,232.14)	(65,732.56)
Profit before share of loss from associate and tax	**36,685.21**	**23,097.62**
Share of loss from associate	(19.50)	(82.82)
Profit before tax	**36,665.71**	**23,014.80**
Income tax expense	(14,328.25)	(2,720.29)
Profit for the year	**22,337.46**	**20,294.51**
Other comprehensive (loss) / income	70.81	(302.49)
Total comprehensive income for the year	**22,408.27**	**19,992.02**
Share of non controlling interest in total comprehensive income	4,378.29	3,717.92
Total comprehensive income	**18,029.98**	**16,274.10**
Proportion of the Group's ownership	50%	50%
Group's share of total comprehensive income for the year before profit elimination	**9,014.99**	**8,137.05**
Less: Elimination of unrealised profit on closing inventory	(312.65)	(40.49)
Group's share of total comprehensive income for the year	**8,702.34**	**8,096.56**
Contingent Liabilities and Capital Commitments*		
Claims/demand raised by Government Authorities**		
a. Claims/demand raised by Income Tax Authorities	411.44	467.41
b. Claims/demand raised by Sales Tax Authorities	8,075.54	8,031.61
Other Claims against the Company not acknowledged as debts**	5,158.29	4,962.33
Estimated amount of contracts remaining to be executed on capital account not provided for	7,090.18	5,075.87

* Being share of the Group in the Joint Company.

**Based on discussions with the solicitors/favourable decisions in similar cases/legal opinions taken by the Group, the management believes that the Group has a good chance of success in the above mentioned cases and hence, no provision is considered necessary. The above has been compiled based on the information and records available with the Group.

31. Gratuity and other post-employment benefit plans

(INR in lakhs)

Particulars	31 March 2021	31 March 2020
- Gratuity Plan- Asset/(Liability)*	(1,473.94)	(1,971.08)
- Provident Fund -Asset**	-	85.95
- Post Retirement Medical Benefit Plan - (Liability)	(63.84)	(63.43)
Total	**(1,537.78)**	**(1,948.56)**

*In respect of a foreign subsidiary company, defined benefit obligation of INR 47.76 lakhs (31 March 2020: INR 33.65 lakhs) is not funded.

** Plan assets of INR Nil (31 March 2020: INR 85.95 lakhs) have not been recognised in the financial statements, as the surplus of the trust, is distributable among the beneficiaries of the provident fund trust. The above includes amount contributed by Zuari Global Limited (related party of the Parent Company).

a) Gratuity

Gratuity (being administered by a Trust) is computed as 15 days salary, for every completed year of service or part thereof in excess of 6 months and is payable on retirement/termination/resignation. The Gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement/termination/resignation. The Gratuity plan for the Group is a defined benefit scheme where annual contributions as demanded by the insurer are deposited to a Gratuity Trust Fund established to provide gratuity benefits. The Trust has taken an Insurance policy, whereby these contributions are transferred to the insurer. The Group makes provision of such gratuity asset/liability in the books of account on the basis of actuarial valuation carried out by an independent actuary.

b) Provident Fund

As per Ind-AS 19, Employee Benefits, provident funds set up by employers, which requires interest shortfall to be met by the employer, needs to be treated as defined benefit plan. Actuarial valuation of Provident Fund is carried out in accordance with the guidance note issued by Actuary Society of India.

c) Post Retirement Medical Benefit Plan

The Parent Company has a defined benefit post retirement medical benefit plan, for its employees. The Parent Company provides medical benefit to those employees who leave the services of the Parent Company on retirement. As per the plan, retired employee and the spouse will be covered till the age of 85 years and the dependent children till they attain the age of 25 years. In case of death of retired employee, the spouse will be covered till the age of 85 years and the dependent children till they attain the age of 25 years. The plan is not funded by the Parent Company.

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet for the respective plans:

Net employee benefits expense (recognized in Employee Cost) for the year: (INR in lakhs)

Particulars	Gratuity	
	31 March 2021	31 March 2020
Current Service Cost	106.48	141.98
Net Interest Cost	133.14	158.07
Return on plan assets	(11.43)	(16.39)
Total	**228.19**	**283.66**

(INR in lakhs)

Particulars	Post Retirement Medical Benefit Plan	
	31 March 2021	31 March 2020
Net Interest Cost	4.34	5.02
Total	**4.34**	**5.02**

Notes to the Consolidated Financial Statements for the year ended 31 March 2021

Amount recognised in other comprehensive income for the year :

(INR in lakhs)

Particulars	Gratuity	
	31 March 2021	31 March 2020
Actuarial (gain)/loss		
- change in demographic and financial assumptions	32.78	7.02
- experience variance (i.e. Actual experience vs assumptions)	(167.93)	(51.72)
Return on plan assets (excluding amounts included in net interest expense)	4.06	4.24
Total	**(131.09)**	**(40.46)**

(INR in lakhs)

Particulars	Post Retirement Medical Benefit Plan	
	31 March 2021	31 March 2020
Re-measurement (or Actuarial) (gain)/loss arising from :		
- change in demographic assumptions	-	0.03
- change in financial assumptions	0.36	2.95
- experience variance (i.e. Actual experiences assumptions)	(4.28)	(9.21)
Total	**(3.92)**	**(6.23)**

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

Gratuity:

(INR in lakhs)

Particulars	31 March 2021	31 March 2020
Opening defined obligation	**3,853.22**	**4,037.32**
Current service cost	190.19	233.77
Interest cost	248.72	298.68
Re-measurement (or Actuarial) (gain)/loss arising from:		-
- change in demographic assumptions	-	(0.11)
- change in financial assumptions	29.48	10.95
- experience variance (i.e. Actual experiences assumptions)	(50.11)	(46.65)
Benefits paid	(740.73)	(652.67)
Net transfer liability in/(out)	14.96	-
Actuarial (gains)/losses on obligation	(82.07)	(28.07)
Transferred to discontinued operation	(1,524.86)	-
Defined benefit obligation	**1,938.80**	**3,853.22**

Provident Fund:

(INR in lakhs)

Particulars	31 March 2021	31 March 2020
Opening defined obligation	**13,197.47**	**13,003.89**
Current service cost	177.64	248.05
Interest cost	1,054.74	1,079.65
Contributions by Employee/plan participants	606.83	691.69
Benefits Paid out of funds	(2,858.99)	(2,093.74)
Re-measurement (or Actuarial) (gain)/loss arising from :		
- experience variance	108.24	39.96
Settlements/transfer in	160.87	227.97
Transferred to discontinued operation	(12,446.79)	-
Defined benefit obligation	**-**	**13,197.47**

Notes to the Consolidated Financial Statements for the year ended 31 March 2021

Post Retirement Medical Benefit Plan:

(INR in lakhs)

Particulars	31 March 2021	31 March 2020
Opening defined obligation	**63.43**	**64.63**
Interest cost	4.34	5.02
Re-measurement (or Actuarial) (gain)/loss arising from :		
- change in demographic assumptions	-	0.03
- change in financial assumptions	0.36	2.95
- experience variance (i.e. Actual experiences assumptions)	(4.28)	(9.21)
Defined benefit obligation	**63.84**	**63.43**

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

Gratuity:

(INR in lakhs)

Particulars	31 March 2021	31 March 2020
Opening fair value of plan assets	**1,915.80**	**2,201.30**
Interest income	119.77	148.06
Return on plan assets (excluding amounts included in net interest expense) - OCI	65.29	(37.22)
Contribution by Employer	608.50	260.57
Benefits paid	(762.52)	(652.67)
Actuarial gain/(loss)	(4.68)	(4.24)
Service cost (Transfer in/Out)	(6.49)	-
Transferred to discontinued operations	(1,329.26)	-
Closing fair value of plan assets	**606.41**	**1,915.80**

The Group expects to contribute INR 640.39 lakhs (31 March 2020 : INR 785.00 lakhs) to gratuity fund in the next financial year.

Provident Fund:

(INR in lakhs)

Particulars	31 March 2021	31 March 2020
Opening fair value of plan assets	**13,283.42**	**13,224.02**
Interest income	1,129.09	1,147.14
Return on plan assets (excluding amounts included in net interest expense) - OCI	77.39	(152.84)
Employer Contribution	177.64	248.05
Plan participants/Employee contribution	606.83	691.69
Benefits paid	(2,858.99)	(2,093.74)
Settlements /Transfer in	148.85	219.10
Transferred to discontinued operations	(12,564.23)	-
Closing fair value of plan assets	**-**	**13,283.42**

The Parent Company expects to Contribute INR 195.40 lakhs (31 March 2020: INR 545.71 lakhs) to provident fund trust in the next financial year.

Gratuity

(INR in lakhs)

Particulars	31 March 2021	31 March 2020
Investment with insurer (Life Insurance Corporation of India)	605.47	1,915.80

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Provident Fund (Managed Through Trust) (INR in lakhs)

Particulars	31 March 2021	31 March 2020
Equities and related investments	436.29	257.18
Other Government Securities	6,004.36	6,327.05
Other Debt instruments	2,936.63	2,997.11
Others	3,186.95	3,702.08

The overall expected rate of return is determined based on the market prices prevailing at that date, applicable to the year over which the obligation is to be settled. These rates are change different from the actual rate of return during the current year.

Investment pattern in plan assets:

Particulars	Gratuity		Provident fund	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Funds managed by insurance companies	100%	100%	0%	0%
Funds managed by trust	0%	0%	100%	100%

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

Particulars	Gratuity		Provident Fund		Post Retirement Medical Benefit Plan	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Discount rate (in %)	6.75%	6.85%	6.75%	6.85%	6.75%	6.85%
Salary Escalation (in %)	8% for first 2 years and 6.5% thereafter	8% for first 2 years and 6.5% thereafter	-	-	-	-
Mortality rate (Upto Normal Retirement Age)	100%	100%	100%	100%	100% of IALM 2012-14	100% of IALM 2012-14
Mortality rate (Above Normal Retirement Age)	N.A.	N.A.	N.A.	N.A.	90% of LIC 96-98 mod ult.	90% of LIC 96-98 mod ult.
Withdrawal rate (per annum)	1%-3%	1%-3%	1%-3%	1%-3%	-	-

A quantitative sensitivity analysis for significant assumption for the Group is as shown below:

Gratuity Plan (in case of parent company)

Assumptions	31 March 2021		31 March 2021		31 March 2021		31 March 2021	
	Discount rate		Future salary increases		Attrition rate		Mortality rate	
Sensitivity Level	1% increase	1% decrease	1% increase	1% decrease	50% increase of attrition rate	50% decrease of attrition rate	10% increase of mortality rate	10% decrease of mortality rate
	INR in lakhs	INR in lakhs	INR in lakhs	INR in lakhs	INR in lakhs	INR in lakhs	INR in lakhs	INR in lakhs
Defined benefit obligation	(3.09)	3.54	3.50	(3.11)	(0.03)	0.02	(0.00)	(0.00)

Assumptions	31 March 2020		31 March 2020		31 March 2020		31 March 2020	
	Discount rate		Future salary increases		Attrition rate		Mortality rate	
Sensitivity Level	1% increase	1% decrease	1% increase	1% decrease	50% increase of attrition rate	50% decrease of attrition rate	10% increase of mortality rate	10% decrease of mortality rate
	INR in lakhs	INR in lakhs	INR in lakhs	INR in lakhs	INR in lakhs	INR in lakhs	INR in lakhs	INR in lakhs
Defined benefit obligation	(98.65)	116.66	110.15	(95.06)	(2.81)	0.64	(1.94)	1.70

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Gratuity Plan (in case of a subsidiary-Mangalore Chemicals and Fertilizers Limited)

Assumptions	31 March 2021		31 March 2021		31 March 2021		31 March 2021	
	Discount rate		Future salary increases		Attrition rate		Mortality rate	
Sensitivity Level	0.5 % increase	0.5 % decrease	0.5 % increase	0.5 % decrease	0.5 % increase	0.5 % decrease	0.5 % increase	0.5 % decrease
	INR in lakhs	INR in lakhs	INR in lakhs	INR in lakhs	INR in lakhs	INR in lakhs	INR in lakhs	INR in lakhs
Defined benefit obligation	1,601.70	1,721.51	1,721.16	1,601.50	1,660.10	1,658.16	1,659.25	1,659.17

Assumptions	31 March 2020		31 March 2020		31 March 2020		31 March 2020	
	Discount rate		Future salary increases		Attrition rate		Mortality rate	
Sensitivity Level	0.5 % increase	0.5 % decrease	0.5 % increase	0.5 % decrease	0.5 % increase	0.5 % decrease	0.5 % increase	0.5 % decrease
	INR in lakhs	INR in lakhs	INR in lakhs	INR in lakhs	INR in lakhs	INR in lakhs	INR in lakhs	INR in lakhs
Defined benefit obligation	1,794.02	1,919.42	1,919.11	1,793.77	1,855.85	1,852.48	1,854.37	1,854.20

Gratuity Plan (in case of a subsidiary-Zuari Farmhub Limited)

Assumptions	31 March 2021		31 March 2021		31 March 2021		31 March 2021	
	Discount rate		Future salary increases		Attrition rate		Mortality rate	
Sensitivity Level	1% increase	1% decrease	1% increase	1% decrease	50% increase of attrition rate	50% decrease of attrition rate	10% increase of mortality rate	10% decrease of mortality rate
	INR in lakhs	INR in lakhs	INR in lakhs	INR in lakhs	INR in lakhs	INR in lakhs	INR in lakhs	INR in lakhs
Defined benefit obligation	298.13	356.49	354.94	297.91	324.48	325.31	324.92	324.90

Assumptions	31 March 2020		31 March 2020		31 March 2020		31 March 2020	
	Discount rate		Future salary increases		Attrition rate		Mortality rate	
Sensitivity Level	1% increase	1% decrease	1% increase	1% decrease	50% increase of attrition rate	50% decrease of attrition rate	10% increase of mortality rate	10% decrease of mortality rate
	INR in lakhs	INR in lakhs	INR in lakhs	INR in lakhs	INR in lakhs	INR in lakhs	INR in lakhs	INR in lakhs
Defined benefit obligation	205.45	238.54	238.37	205.32	220.21	221.03	220.64	220.63

A quantitative sensitivity analysis for significant assumption for the Group is as shown below:

Provident Fund

Assumptions	31 March 2021	
	Interest Rate Guarantee	
Sensitivity Level	1% increase	1% decrease
	INR in lakhs	INR in lakhs
Defined benefit obligation	602.11	(226.71)

Assumptions	31 March 2020	
	Interest Rate Guarantee	
Sensitivity Level	1% increase	1% decrease
	INR in lakhs	INR in lakhs
Defined benefit obligation	617.21	(118.46)

Notes to the Consolidated Financial Statements for the year ended 31 March 2021

Post Retirement Medical Benefit Plan

Assumptions	31 March 2021		31 March 2021	
	Discount rate		Mortality rate	
Sensitivity Level	1% increase	1% decrease	10% increase of mortality rate	10% decrease of mortality rate
	INR in lakhs	INR in lakhs	INR in lakhs	INR in lakhs
Defined benefit obligation	(3.73)	3.98	(1.78)	1.80

Assumptions	31 March 2020		31 March 2020	
	Discount rate		Mortality rate	
Sensitivity Level	1% increase	1% decrease	10% increase of mortality rate	10% decrease of mortality rate
	INR in lakhs	INR in lakhs	INR in lakhs	INR in lakhs
Defined benefit obligation	(3.71)	3.95	(1.78)	1.79

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

Maturity Profile of Defined benefit obligation:

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

	Gratuity		Post Retirement Medical Benefit Plan	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
	INR in lakhs	INR in lakhs	INR in lakhs	INR in lakhs
Within the next 12 months (next annual reporting period)	316.49	1,014.92	6.38	6.59
Between 1 and 5 years	1,058.25	1,554.07	22.97	23.43
Between 5 and 10 years	443.58	1,160.24	22.50	22.29
Beyond 10 years	2,231.20	3,289.54	25.47	23.92

The average duration of the defined benefit plan obligation at the end of the reporting period is 6-7 years (31 March 2020: 6-7 years).

32. Commitments and Contingencies

A. Contingent liabilities: (INR in lakhs)

		31 March 2021	31 March 2020
I	**Demands/Claims from Government Authorities***		
(A)	**Demands from Income Tax Authorities**		
i)	Demands in respect of assessment year 2012-13 for disallowances mainly on account of loss on sale of fertiliser bonds for which an appeal is pending with ITAT.	1,519.66	-
ii)	Demands in respect of assessment year 2012-13 for disallowances mainly on account of loss on sale of fertiliser bonds for which an appeal is pending with CIT (Appeals).	14.64	14.64
iii)	Demands in respect of assessment year 2013-14 for disallowances u/s 14A on account of expenditure for earning exempt income for which an appeal is pending with ITAT.	320.88	-
iv)	Demands in respect of assessment year 2013-14 for disallowances u/s 14A on account of expenditure for earning exempt income for which an appeal is pending with CIT (Appeals).	46.55	46.55
v)	Demands in respect of assessment year 2014-15 for disallowances u/s 14A on account of expenditure for earning exempt income for which an appeal is pending with ITAT.	292.20	-
vi)	Demands in respect of assessment year 2014-15 for disallowances u/s 14A on account of expenditure for earning exempt income for which an appeal is pending with CIT (Appeals).	78.56	78.57

Notes to the Consolidated Financial Statements for the year ended 31 March 2021

(INR in lakhs)

		31 March 2021	31 March 2020
vii)	Demands in respect of assessment year 2015-16 for disallowances u/s 37 on account of expendtiure incurred before commencement of business for which an appeal is pending with CIT (Appeals)	318.50	318.50
viii)	Demands in respect of assessment year 2016-17 for disallowances u/s 14A on account of expenditure for earning exempt income, depreciation on Goodwill and unrealised exchange loss for which an appeal is pending with CIT (Appeals)	1,505.87	1,505.87
ix)	Demands in respect of assessment year 2017-18 for disallowances u/s 14A on account of expenditure for earning exempt income, depreciation on Goodwill and unrealised exchange loss for which an appeal is pending with CIT (Appeals)	1,433.95	1,433.95
x)	Demand in respect of assessment year 2018-19 for disallowances of depreciation on Goodwill and claim u/s 115JB(2C)	12.95	-
xi)	Disputed income tax liability in respect of a subsidiary company of Assessment Year 2014-15^	358.04	358.04
xii)	Incometax advance to Zuari Global Limited against earlier years demand pertains to Fertiliser Business in relation to Demerger happened in financial year 2011-12	522.16	1,708.36
(B)	**Demands from Sales Tax and Other Authorities**		
i)	Demand Notice from Commercial Tax Department, Maharashtra towards financial year 2011-12	2.87	2.87
ii)	Exparte Order received from Commercial Tax Department, Lucknow, UP for the month of May 2016 to July 2016, September 2016, October 2016 and December 2016	14.34	14.34
iii)	Penalty order received for delay in payment of tax from Commercial Tax Department Lucknow, UP towards financial year 2016-17	9.23	9.23
iv)	Demand notice from Commercial Tax Department, Jaipur towards Excess Input Tax Credit availed for the periods 2011-12 and 2013-14 in respect of Parent Company	32.10	32.10
v)	Demand notice from Commercial Tax Department, Madhya Pradesh towards non-submission of "C Form" for the period 2013-14 of the Parent Company	2.48	2.48
vi)	Demand notice from Commercial Tax Department, Kerala towards Conceded an interstate stock transfer (Out) of taxable items for the period 2009-10 of the Parent Company	-	15.52
vii)	Demand Notice from Commercial Tax Department, Meerut, UP towards financial year 2009-10	52.76	52.76
viii)	Demand Notice from Commercial Tax Department, Meerut, UP towards financial year 2013-14 on account of tax rate difference	16.40	16.40
ix)	Demand Notice from Commercial Tax Department, Telangana towards Short ITC reversal on stock transfers	8.85	8.85
x)	Demand Notice from Commercial Tax Department, Andhra Pradesh towards non-submission of F Form for stock transfers	179.29	-
xi)	Exparte Order received from Commercial Tax Department , UP for the year 2016-17	67.00	-
xii)	Demand Notice from Commercial Tax Department, Maharashtra towards suppression of sale, disallowance of ITC on purchases for the year 2016-17	257.88	-
xiii)	Demand Notice from Commercial Tax Department, Maharashtra towards non-submission of supporting documents for F Form for the year 2016-17	7.62	-
xiv)	Proposition notice issued to levy VAT on subsidy income reported in annual accounts by including subsidy as a part of taxable turnover during the financial year 2015-16 in respect of subsidiary company	-	8,332.29
xv)	Entry tax demand for assessment year 2012-13	-	0.08
xvi)	Demand notice received for Telangana state towards payment of Entry tax financial year 2017-18	-	0.24
xvii)	Demand notice from Authority on Advance Ruling (AAR), Bangalore towards entry tax on DG sets, WHRB and auxiliaries for the period January 2012 to July 2014 in respect of subsidiary company	340.52	351.96
xviii)	Demand Notice from Commercial Tax Department, Goa towards non-registration under Goa Green Cess Act, 2013 as being importer of natural gas#	4,291.34	4,291.34
xix)	Demand notice from CGST, Goa on account of GST refund on services under inverted duty structure from July 2017 to March 2018 towards financial year 2017-18#	2,767.33	2,767.33

Notes to the Consolidated Financial Statements for the year ended 31 March 2021

(INR in lakhs)

		31 March 2021	31 March 2020
xx)	Interest appropriation on Demand raised by CGST, Goa on account of GST refund on services under inverted duty structure from July 2017 to March 2018 towards financial year 2017-18#	756.26	756.26
xxi)	Demand notice from GST department, Gujarat towards recovery of refund issued errorneously for the month of Aug 2017#	492.49	-
xxii)	Disputed customs duty liability under appeal by a subsidiary company before CESTAT	402.70	400.63
xxiii)	Demand notice from Customs department, Mumbai towards non eligibility of exemption under notification no. 04/06-CE dt 1 March 2006 (as amended by notification no. 4/2011-CE dt. 1 March 2011) towards Counter-Vailing Duty (CVD) for the imports at Navasheva port for the period 24 March 2011 to 2 December 2011. Appeal filed with West Zonal Branch of the Customs, Excise and Service Tax Appellate Tribunal at Mumbai for waiver of pre-deposit and penalty#	26.10	26.10
xxiv)	Demand notice from Customs Department, Chennai towards denial of import of MOP at concessional rate of duty for the period 1 April 2001 to 28 February 2006. The Parent Company has filed appeal with South Regional branch of the Customs, Excise and Service Tax Appellate Tribunal at Bangalore for waiver of pre-deposit and stay of impugned order#	284.74	284.74
xxv)	Demand notice from Customs Department, Chennai towards denial of import of MOP at concessional rate of duty for the period 2002-03 and 2003-04. Appeal filed with South Regional branch of the Customs, Excise and Service Tax Appellate Tribunal at Bangalore for waiver of pre-deposit and stay of impugned order#	148.28	148.28
xxvi)	Customs Duty Differential on finalised Bill of Entries-Dharamatar Port-Order by Deputy Commissioner of Customs(P) Alibaug Division#	71.02	71.02
xxvii)	Demand from Directorate of Revenue Intelligence towards wrongful availment of exemption notification based on SEIS scrips#	140.52	-
xxviii)	Demand for non-payment of service tax under reverse charge mechanism on manpower supply services and GTA services for Financial year 2015-16 and 2016-17#	266.11	-
xxix)	Demand for non payment of service tax on filling, weighing & stitching contract and internal transportation service from April 2017 -June 2017#	31.52	-
xxx)	Classification dispute of Outdoor catering service as “Man Power Supply” and demanding service tax thereon for financial year 2014-15 in respect of subsidiary company	9.27	9.27
xxxi)	Service tax payable under Reverse Charge Mechanism on Transportation of Micronutrients classifying them as non-fertilisers for financial year 2013-14, 2014-15 and 2015-16 in respect of subsidiary company	6.22	6.22
xxxii)	Demand for non-payment of R&D Cess on foreign consultancy services for the period April 2015 to June 2017#	277.17	-
xxxiii)	Demand notice from Commissioner of Central Excise towards classification of micronutrients for the period April 2012 to March 2016 in respect of subsidiary company	638.96	638.75
xxxiv)	Demand notice from Commissioner of Central Excise, Mangalore towards considering subsidy as assessable value and accordingly demanding of excise duty for the period March 2011 to September 2012 in respect of subsidiary company	4,700.16	4,700.16
II	**Other claims against the Group not acknowledged as debts***		
i)	Claims against the Group not acknowledged as debts##	359.36	361.44

* Based on discussions with the solicitors/favourable decisions in similar cases/legal opinions taken by the Group, the management does not expect these claims to succeed and hence, no provision there against is considered necessary.

^ In respect of subsidiary company, the income tax matters under appeal include certain deductions claimed by the Subsidiary Company for financial years 2012-13 and 2013-14 which have resulted in tax losses, on which deferred tax assets have been recognized and utilized against taxable profits of following years, which have been disallowed by the income tax authorities and the differential tax liability (deferred tax/regular tax) that may arise is estimated to be INR 3,315.00 lakhs and interest thereon. The Subsidiary Company is contesting aforesaid disallowances and the management, based on independent tax opinions, believes that its position will likely be upheld in the appellate process and accordingly no expense has been accrued in this regard.

amount related to discontinued operations (Refer Note 27)

includes amount related to discontinued operations (Refer Note 27)

Notes to the Consolidated Financial Statements for the year ended 31 March 2021

C. Financial Guarantees: (INR in lakhs)

	31 March 2021	31 March 2020
Aggregate amount of guarantees issued by the banks to various Government Authorities and Others**	648.42	1,584.72

** In respect of Parent Company, bank guarantees of INR 454.92 lakhs (31 March 2020: INR 534 lakhs) are secured by a charge created by way of hypothecation on the current assets, both present and future, wherever situated pertaining to the Parent Company and the Parent Company's present and future book debts outstanding, moneys receivable, claims, bills, contracts, engagements, rights and assets. Bank guarantees Includes amount related to discontinued operation (Refer Note 27).

D. Commitments:

	31 March 2021	31 March 2020
Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances)##	15,471.39	22,075.61

includes amount related to discontinued operations (Refer Note 27)

33. Related party transactions

In accordance with the requirements of Ind AS - 24 'Related Party Disclosures', names of the related parties, related party relationship, transactions and outstanding balances including commitments where control exits and with whom transactions have taken place during reported periods are:

(i) Joint ventures of the Group

1) Zuari Maroc Phosphates Private Limited
2) Paradeep Phosphates Limited – Subsidiary of Zuari Maroc Phosphates Private Limited

(ii) Key management personnel of the Group

1) Mr. Saroj Kumar Poddar – Chairman
2) Mr. Sunil Sethy – Managing Director (upto 31 July 2020)
3) Mr. Nitin M. Kantak – Executive Director (w.e.f. 3 September 2020)
4) Mr. N. Suresh Krishnan – Non-Executive Director
5) Mr. Akshay Poddar – Non-Executive Director
6) Mr. Marco Wadia – Independent Director
7) Mr. Gopal Krishna Pillai – Independent Director (upto 31 March 2020)
8) Mr. J. N. Godbole – Independent Director (upto 17 February 2020)
9) Ms. Kiran Dhingra – Independent Director (upto 31 March 2021)
10) Mr. Dipankar Chatterji – Independent Director (w.e.f. 14 February 2020)
11) Mr. L. M. Chandrasekaran – Independent Director (w.e.f. 27 June 2020)
12) Mr. Sandeep Agrawal – Chief Financial Officer (upto 11 April 2019)
13) Mr. Samrat Sen – Chief Financial Officer (w.e.f. 12 April 2019 upto 14 December 2019)
14) Mr. Raj Kumar Gupta – Chief Financial Officer (w.e.f. 5 February 2020)
15) Mr. R. Y. Patil – Vice President and Company Secretary (upto 31 March 2020)
16) Mr. Vijayamahantesh Khannur, Company Secretary (w.e.f. 1 April 2020)

(iii) Parties having significant influence

1) Zuari Global Limited
2) Indian Furniture Products Limited (IFPL)
3) Forte Furniture Products (India) Private Limited (Joint Venture of Zuari Global Limited)
4) Simon India Limited
5) Zuari Management Services Limited
6) Zuari Infraworld India Limited
7) Zuari Finserv Limited
8) Zuari Investments Limited
9) Gobind Sugar Mills Limited (Subsidiary of Zuari Investments Limited)
10) Zuari Indian Oil Tanking Private Limited (Joint Venture of Zuari Global Limited)

(iv) Details of Post employment benefit plans managed through separate trusts (para 9 (b) (v) of Ind AS 24)

1) Zuari Industries Limited Employee Provident Fund
2) Zuari Industries Limited Senior Staff Superannuation Fund
3) Zuari Industries Limited Non-Management Employees Pension Fund
4) Zuari Industries Limited Gratuity Fund
5) MCF Ltd Employees Gratuity Fund Trust ("MCF Gratuity Trust")
6) MCF Ltd Employees Superannuation Trust ("MCF Superannuation Trust")

Notes to the Consolidated Financial Statements for the year ended 31 March 2021

Following transactions were carried out amongst the related parties in the ordinary course of business for the period ended : (INR in lakhs)

Sr. No.	Transaction details	31 March 2021			31 March 2020		
		Joint Ventures	Enterprises having Significant Influence	Key Management Personnel	Joint Ventures	Enterprises having Significant Influence	Key Management Personnel
1.	**Expenses incurred on their behalf**						
	- Paradeep Phosphates Limited	29.66	-	-	58.95	-	-
	- Gobind Sugar Mills Limited	-	-	-	-	6.34	-
	- Zuari Global Limited	-	1.24	-	-	0.67	-
	- Zuari Indian Oil Tanking Private Limited	-	1.03	-	-	-	-
2.	**Expenses incurred on our behalf**						
	- Paradeep Phosphates Limited	0.90	-	-	-	-	-
3.	**Service charges paid**						
	- Zuari Management Services Limited	-	1,203.28	-	-	1,044.63	-
	- Zuari Finserv Limited	-	10.01	-	-	0.53	-
	- Zuari Global Limited	-	71.25	-	-	-	-
4.	**Other Income**						
	- Paradeep Phosphates Limited	480.58	-	-	283.06	-	-
5.	**Transfer of employee benefits**						
	- Paradeep Phosphates Limited	7.77	-	-	8.84	-	-
	- Zuari Management Services Limited	-	0.19	-	-	-	-
6.	**Purchase of traded goods**						
	- Paradeep Phosphates Limited	3,365.52	-	-	1,751.99	-	-
7.	**Purchase of raw materials**						
	- Paradeep Phosphates Limited	47,123.01	-	-	6,131.46	-	-
8.	**Rebate received on purchase of traded goods**						
	- Paradeep Phosphates Limited	-	-	-	83.20	-	-
9.	**Rebate/Despatch/Dem paid on Sales of traded goods**						
	- Paradeep Phosphates Limited	798.72	-	-	-	-	-
10.	**Rebate received on purchase of Raw Material**						
	- Paradeep Phosphates Limited	1,340.24	-	-	436.29	-	-
11.	**Sale of finished goods**						
	- Gobind Sugar Mills Limited	-	-	-	-	93.15	-
	- Paradeep Phosphates Limited	30,223.87	-	-	9,800.96	-	-
12.	**Purchase of fixed assets**						
	- Indian Furniture Products Limited	-	-	-	-	107.78	-
	- Forte Furniture Products (India) Private Limited	-	-	-	-	0.96	-
13.	**Other expenses**						
	- Indian Furniture Products Limited	-	-	-	-	200.21	-
	- Zuari Global Limited	-	1,186.20	-	-	-	-
14.	**Purchase of interiors**						
	- Indian Furniture Products Limited	-	340.01	-	-	-	-
15.	**Interest paid**						
	- Paradeep Phosphates Limited (net of reversal of INR 1,971.44 lakhs (31 March 2020: INR Nil)	(1,964.59)	-	-	2,730.14	-	-
16.	**Interest income on loan/deposit/trade receivable**						
	- Gobind Sugar Mills Limited (net of reversal of INR Nil (31 March 2020: INR 55.08 lakhs)	-	-	-	-	(55.08)	-
	- Paradeep Phosphates Limited	-	-	-	63.25	-	-

Sr. No.	Transaction details	31 March 2021			31 March 2020		
		Joint Ventures	Enterprises having Significant Influence	Key Management Personnel	Joint Ventures	Enterprises having Significant Influence	Key Management Personnel
17.	**Service income received**						
	- Paradeep Phosphates Limited	-	-	-	162.58	-	-
	- Zuari Global Limited	-	-	-	-	2.50	-
18.	**Inter corporate deposits**						
	- Zuari Global Limited	-	7,450.00	-	-	22,550.00	-
	- Zuari Management Services Limited	-	4,550.00	-	-	4,800.00	-
19.	**Interest paid on Inter corporate deposits**						
	- Zuari Global Limited	-	4,012.01	-	-	1,509.80	-
	- Zuari Management Services Limited	-	1,047.45	-	-	411.88	-
20.	**Rent paid**						
	- Zuari Global Limited	-	50.04	-	-	48.39	-
	- Zuari Infraworld India Limited	-	51.16	-	-	42.94	-
	- Gobind Sugar Mills Limited	-	2.30	-	-	2.40	-
21.	**Advance to Employee**						
	- Mr. Sunil Sethy	-	-	-	-	-	81.00
22.	**Director Deposit**						
	- Zuari Global Limited	-	1.00	-	-	-	-
23.	**Dividend received**						
	- Zuari Maroc Phosphate Private Limited	-	-	-	2,247.70	-	-
24.	**Dividend paid**						
	- Mr. Akshay Poddar	-	-	5.55	-	-	2.51
25.	**Contribution to Gratuity Fund**	-	612.98	-	-	260.57	-
26.	**Contribution to Superannuation Fund**	-	207.87	-	-	243.99	-
27.	**Contribution to Provident Fund (including employees contribution)**	-	613.16	-	-	852.25	-
28.	**Contribution to Contributory Pension Fund (including employees contribution)**	-	71.80	-	-	82.73	-

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 2021, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2020: INR Nil).

Compensation of key management personnel of the Parent Company*

	31 March 2021 (INR in lakhs)	31 March 2020 (INR in lakhs)
Short term employee benefits	598.06	526.51
Retirement benefits	7.48	6.12
Sitting Fee	41.40	48.70
Total compensation paid to key management personnel	**646.94**	**581.33**

* The amount disclosed above are the amounts recognised during the reporting period related to key management personnel. As the liabilities for the gratuity and compensated absences are provided on an actuarial basis for the Group as a whole, the amount pertaining to the key management personnel is not ascertainable and therefore not included above.

includes amount related to discontinued operations (Refer Note 27)

Notes to the Consolidated Financial Statements for the year ended 31 March 2021

Balance Outstanding as on# : (INR in lakhs)

Sr. No.	Transaction details	31 March 2021			31 March 2020		
		Joint Ventures	Enterprises having Significant Influence	Key management personnel	Joint Ventures	Enterprises having Significant Influence	Key management personnel
1.	**Trade payables :**						
	- Zuari Management Services Limited	-	91.29	-	-	-	-
	- Zuari Infraworld India Limited	-	7.29	-	-	-	-
	- Paradeep Phosphates Limited	51,763.95	-	-	34,818.96	-	-
	- Zuari Global Limited	-	89.31	-	-	45.80	-
	- Zuari Finserv Limited	-	11.30	-	-	0.13	-
	- Zuari Investments Limited	-	0.21	-	-	-	-
	- Gobind Sugar Mills Limited	-	1.30	-	-	-	-
2.	**Trade receivable/Other receivable :**						
	- Gobind Sugar Mills Limited	-	145.97	-	-	146.89	-
	- Paradeep Phosphates Limited	-	-	-	1.80	-	-
	- Zuari Management Services Limited	-	-	-	-	0.50	-
3.	**Interest accrued/received on loan/deposit/trade receivable :**						
	- Paradeep Phosphates Limited	-	-	-	254.80	-	-
4.	**Capital advance :**						
	- Zuari Global Limited (Advance for purchase of Land)	-	3,209.13	-	-	3,209.13	-
	- Indian Furniture Products Limited	-	287.44	-	-	477.10	-
5.	**Security deposits given :**						
	- Zuari Infraworld India Limited	-	29.33	-	-	29.33	-
6.	**Advance given for income tax liability :**						
	- Zuari Global Limited	-	522.15	-	-	1,708.35	-
7.	**Advance to Employee:**						
	- Mr. Sunil Sethy	-	-	81.00	-	-	81.00
8.	**Inter corporate deposits:**						
	- Zuari Global Limited	-	30,000.00	-	-	22,550.00	-
	- Zuari Management Services Limited	-	9,350.00	-	-	4,800.00	-
9.	**Trade deposit received :**						
	- Gobind Sugar Mills Limited	-	0.50	-	-	0.50	-
10.	**Interest payable :**						
	- Paradeep Phosphates Limited	2,364.29	-	-	4,335.74	-	-
	- Zuari Global Limited	-	645.08	-	-	-	-
	- Zuari Management Services Limited	-	143.24	-	-	-	-
11.	**Gratuity fund balance :**	-	1,933.86	-	-	1,915.80	-
12.	**Provident fund balance* :**	-	12,564.23	-	-	13,283.42	-

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

#includes amount related to discontinued operations (Refer Note 27)

34. Segment Information:

Information regarding primary segment reporting as per Ind AS-108

The Group is engaged in the business of manufacturing, trading and marketing of seeds, pesticides, chemical fertilizers and fertilizer products which according to the management, is considered as the only business segment.

Accordingly, no separate segmental information has been provided herein.

Geographical Segments

The Group operates in India and therefore caters to the needs of the domestic market. Therefore, there is only one geographical segment and hence, geographical segment information is not required to be disclosed.

Revenue from single customer i.e. Government of India amounted to INR 2,23,084.26 lakhs (31 March 2020: INR 2,40,491.92 lakhs) arising from sales in the fertilizers segment, including discontinued operations of INR 1,20,024.01 lakhs (31 March 2020: INR 96,038.17 lakhs (Refer Note 27)).

Notes to the Consolidated Financial Statements for the year ended 31 March 2021

35. Fair Values

Set out below, is a comparison by class of the carrying amounts and fair value of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

(INR In lakhs)

	Carrying value		Fair value	
	31 March 2021	**31 March 2020**	**31 March 2021**	**31 March 2020**
Financial assets				
Investments:				
Investment in quoted equity share at FVTOCI	2,029.64	968.03	2,029.64	968.03
Investment in unquoted equity share at FVTOCI	692.64	660.96	692.64	660.96
Investment in mutual fund	0.10	0.10	0.10	0.10
Others:				
Loans and advances	-	64.55	-	64.55
Employee loans and interest thereon	3.37	63.24	3.37	63.24
Security deposits	923.20	1,556.52	923.20	1,556.52
Foreign exchange forward covers	39.59	1,663.48	39.59	1,663.48
Claims receivable	-	150.52	-	150.52
Packing scheme incentive grant receivable	91.11	91.11	91.11	91.11
Other financial assets	2,116.90	6,830.89	2,116.90	6,830.89
Total financial assets	**5,896.55**	**12,049.40**	**5,896.55**	**12,049.40**
Financial Liabilities				
Borrowings				
Long term borrowings	99,727.44	1,10,003.65	99,727.44	1,10,003.65
Short term borrowings	85,371.61	2,26,804.60	85,371.61	2,26,804.60
Others:				
Foreign exchange forward covers	1,174.10	488.33	1,174.10	488.33
Payable towards voluntary retirement scheme	8.43	51.18	8.43	51.18
Other financial liabilities	12,932.30	32,149.08	12,932.30	32,149.08
Total financial liabilities	**1,99,213.88**	**3,69,496.84**	**1,99,213.88**	**3,69,496.84**

The management assessed that cash and cash equivalents, trade receivables and trade payables approximate their carrying amounts largely due to the short term maturities of these instruments.

Borrowings are primarily Indian domestic long term rupee loans wherein interest rates are linked to benchmark rates (Marginal Cost of Lending Rates/ Prime Lending Rates) of respective lenders. These benchmark rates are determined based on cost of funds of the lenders, as well as, market rates. The benchmark rates are periodically revised by the lenders to reflect prevalent market conditions. Accordingly, effective cost of debt for Borrowings at any point of time is in line with the prevalent market rates. Due to these reasons, management is of the opinion that they can achieve refinancing, if required, at similar cost of debts, as current effective rates. Hence, the discontinuing rate for calculating the fair value of Borrowings has been taken in line with the current cost of debt.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

The following methods and assumptions were used to estimate the fair values:

(i) Derivative financial instruments - The fair value of forward foreign exchange contracts is determined using the forward exchange rates at the balance sheet date. The fair value of foreign currency option contracts is determined using the Black Scholes valuation model. The derivatives are entered into with the banks counterparties with investment grade credit ratings.

(ii) Security deposits/Employee loans - The fair value of security deposits/employee loans approximates the carrying value and hence, the valuation technique and inputs have not been given.

(iii) The fair values of the unquoted equity shares have been estimated using a DCF model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

(iv) The fair values of the remaining FVTOCI financial assets are derived from quoted market prices in active markets.

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The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis are as shown below:

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
As on 31 March 2021				
Investment in Unquoted equity share of Indian Potash Limited	DCF Method	WACC and Long Term Growth Rate (LTGR)	WACC 13.31% & LTGR 4%	Increase in WACC and decrease in LTGR by 0.50% would result in decrease in fair value by INR 59.04 lakhs and Decrease in WACC and increase in LTGR by 0.50% would result in increase in fair value by INR 51.84 lakhs respectively.
As on 31 March 2020				
Investment in Unquoted equity share of Indian Potash Limited	DCF Method	WACC and Long Term Growth Rate (LTGR)	WACC 13.79% & LTGR 4%	Increase in WACC and decrease in LTGR by 0.50% would result in decrease in fair value by INR 53.28 lakhs and Decrease in WACC and increase in LTGR by 0.50% would result in increase in fair value by INR 59.04 lakhs respectively.

Reconciliation of fair value measurement of unquoted equity shares classified as FVTOCI assets: (INR in lakhs)

As at 1 April 2019	**1,153.44**
Remeasurement loss recognised in OCI	(492.48)
Purchases	-
Sales	-
As at 31 March 2020	**660.96**
Remeasurement gain recognised in OCI	31.68
Purchases	-
Sales	-
As at 31 March 2021	**692.64**

36. Fair value measurements

(i) Financial instruments by category (INR in lakhs)

	31 March 2021			31 March 2020		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
Financial assets						
Investments-						
Investment in quoted equity share at FVTOCI	-	2,029.64	-	-	968.03	-
Investment in unquoted equity share at FVTOCI	-	692.64	-	-	660.96	-
Investment in mutual fund	-	0.10	-	-	0.10	-
Loans and interest thereon	-	-	3.37	-	-	127.79
Security deposits	-	-	923.20	-	-	1,556.52
Trade receivables	-	-	45,392.77	-	-	2,21,932.12
Cash and cash equivalents	-	-	42,732.30	-	-	26,504.15
Bank balances other than above	-	-	18,160.93	-	-	5,855.23
Foreign exchange forward covers	39.59	-	-	1,663.48	-	-
Other financial assets	-	-	2,208.01	-	-	7,072.52
Total Financial assets	**39.59**	**2,722.38**	**1,09,420.58**	**1,663.48**	**1,629.09**	**2,63,048.33**
Financial liabilities						
Borrowings	-	-	1,85,099.05	-	-	3,36,808.25
Trade payables	-	-	40,834.48	-	-	1,96,641.29
Foreign exchange forward covers	1,174.10	-	-	488.33	-	-
Payable for capital goods	-	-	1,898.72	-	-	1,407.31
Others	-	-	11,042.01	-	-	30,792.95
Total Financial liabilities	**1,174.10**	**-**	**2,38,874.26**	**488.33**	**-**	**5,65,649.80**

(ii) Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2021: (INR in lakhs)

	Date of Valuation	Total	Fair value measurement using		
			Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
			(Level 1)	(Level 2)	(Level 3)
Assets measured at fair value:					
Investment in quoted equity share at FVTOCI	31 March 2021	2,029.64	2,029.64		
Investment in unquoted equity share at FVTOCI	31 March 2021	692.64	-	-	692.64
Investment in mutual fund	31 March 2021	0.10	0.10	-	-
Assets for which fair values are disclosed					
Loans and advances	31 March 2021	-	-	-	-
Employee loans and interest thereon	31 March 2021	3.37	-	3.37	-
Security deposits	31 March 2021	923.20	-	923.20	-
Foreign exchange forward covers	31 March 2021	39.59	-	39.59	-
Packing scheme incentive grant receivable	31 March 2021	91.11	-	91.11	-
Other financial assets	31 March 2021	2,116.90	-	2,116.90	-

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

Quantitative disclosures fair value measurement hierarchy for liabilities as at 31 March 2021: (INR in lakhs)

	Date of Valuation	Total	Fair value measurement using		
			Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
			(Level 1)	(Level 2)	(Level 3)
Liabilities measured at fair value					
Foreign exchange forward covers	31 March 2021	1,174.10	-	1,174.10	-
Liabilities for which fair values are disclosed					
Long term borrowings	31 March 2021	99,727.44	-	99,727.44	-
Short term borrowings	31 March 2021	85,371.61	-	85,371.61	-
Payable towards voluntary retirement scheme	31 March 2021	8.43	-	8.43	-
Other financial liabilities	31 March 2021	12,932.30	-	12,932.30	-

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

Quantitative disclosures, fair value measurement hierarchy for assets as at 31 March 2020: (INR in lakhs)

	Date of Valuation	Total	Fair value measurement using		
			Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
			(Level 1)	(Level 2)	(Level 3)
Assets measured at fair value:					
Investment in quoted equity share at FVTOCI	31 March 2020	968.03	968.03	-	-
Investment in unquoted equity share at FVTOCI	31 March 2020	660.96	-	-	660.96
Investment in Mutual Fund	31 March 2020	0.10	0.10	-	-
Assets for which fair values are disclosed					
Loans and advances	31 March 2020	64.55	-	64.55	-
Employee loans and interest thereon	31 March 2020	63.24	-	63.24	-
Security deposits	31 March 2020	1,556.52	-	1,556.52	-
Foreign exchange forward covers	31 March 2020	1,663.48	-	1,663.48	-
Claims receivable	31 March 2020	150.52	-	150.52	-
Packing scheme incentive grant receivable	31 March 2020	91.11	-	91.11	-
Other financial assets	31 March 2020	6,830.89	-	6,830.89	-

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

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Quantitative disclosures fair value measurement hierarchy for liabilities as at 31 March 2020: (INR in lakhs)

	Date of Valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Liabilities measured at fair value					
Foreign exchange forward covers	31 March 2020	488.33	-	488.33	-
Liabilities for which fair values are disclosed					
Long term borrowings	31 March 2020	1,10,003.65	-	1,10,003.65	-
Short term borrowings	31 March 2020	2,26,804.60	-	2,26,804.60	-
Payable towards voluntary retirement scheme	31 March 2020	51.18	-	51.18	-
Other financial liabilities	31 March 2020	32,149.08	-	32,149.08	-

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

37. Financial risk management objectives and policies

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include loans, trade and other receivables and cash and cash equivalents that derive directly from its operations. The Group also holds investments and enters into derivative transactions. The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks.

The Group's risk management is carried out by a treasury department under policies approved by the Board of Directors. The treasury department identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board of Directors (Committee of directors for Banking and Finance) provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as commodity risk. Financial instruments affected by market risk include borrowings, investments and derivative financial instruments.

The sensitivity analysis in the following sections relate to the position as at 31 March 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.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's profit/(loss) before tax is affected through the impact on floating rate borrowings, as follows:

(INR in lakhs)

	Increase/decrease in basis points	Effect on profit/ (loss) before tax
For the period ended 31 March 2021		
INR Borrowings	+50	(710.58)
USD Borrowings	+50	(195.58)
Euro Borrowings	+50	(8.85)
INR Borrowings	-50	710.58
USD Borrowings	-50	195.58
Euro Borrowings	-50	8.85

(INR in lakhs)

	Increase/decrease in basis points	Effect on profit/ (loss) before tax
For the period ended 31 March 2020		
INR Borrowings	+50	(982.99)
USD Borrowings	+50	(230.66)
Euro Borrowings	+50	(15.45)
INR Borrowings	-50	982.99
USD Borrowings	-50	230.66
Euro Borrowings	-50	15.45

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

b) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group uses foreign exchange forward contracts to manage its transaction exposures. The foreign exchange forward contracts are not designated as cash flow hedges and are entered into for periods consistent with foreign currency exposure of the underlying transactions, generally from one to 7 months.

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in exchange rates of various currencies with INR, with all other variables held constant. The impact on the Group's profit/(loss) before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives.

For the period ended 31 March 2021 (INR in lakhs)

	Change in foreign currency rate	Effect on profit before tax
USD	+5%	(2,212.14)
	-5%	2,212.14
GBP	+5%	(5.34)
	-5%	5.34
Euro	+5%	(80.35)
	-5%	80.35

For the period ended 31 March 2020 **(INR in lakhs)**

	Change in foreign currency rate	Effect on profit before tax
USD	+5%	(1,498.12)
	-5%	1,498.12
GBP	+5%	-
	-5%	-
Euro	+5%	(36.84)
	-5%	36.84

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c) Commodity price risk

(i) The Group's operating activities require the ongoing purchase of natural gas. Natural gas being an international commodity is subject to price fluctuation on account of the change in the crude oil prices, demand supply pattern of natural gas and exchange rate fluctuations. The Group is not affected by the price volatility of the natural gas as under the Urea pricing formula the cost of natural gas is pass through if the consumption of natural gas is with in the permissible norm for manufacturing of Urea.

(ii) The Group deals in purchase of imported fertilisers (i.e. DAP and MOP), which are imported by the Group and sold in the domestic market. The import prices of these goods are governed by international prices. There is a price and material availability risk, which may not be in line to meet the domestic market requirement. The risk is also with domestic manufacturers whose costing is based on majorly imported raw materials and small value-add. However, a dynamic alignment of procurement to sales and constant review of market conditions and competitors costing help in mitigating the impact.

(iii) The Group also deals in purchase of imported raw materials (i.e. P2O5, Ammonia, Potash and Urea), which are imported by the Group and used in the manufacturing of NPK. The import prices of these materials are governed by international prices. There is a price and material availability risk.

Equity price risk

The Group's listed and non-listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to unlisted equity securities at fair value was INR 692.64 lakhs (31 March 2020: INR 660.96 lakhs). Sensitivity analyses of these investments have been provided in Note 35.

At the reporting date, the exposure to listed equity securities at fair value was INR 2,029.64 lakhs (31 March 2020: INR 968.03 lakhs). A decrease of 5% on the BSE market price could have an impact of approximately INR 101.48 lakhs (31 March 2020: INR 48.40 lakhs) on the other comprehensive income or equity attributable to the Group. An increase of 5% in the value of the listed securities would also impact other comprehensive income and equity. These changes would not have an effect on profit or loss.

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

a) Trade receivables

The Group receivables can be classified into two categories, one is from the customers into the market and second one is from the Government in the form of subsidy. As far as Government portion of receivables are concerned, credit risk is Nil. For market receivables from the customers, the Group extends credit to customers in normal course of business. The Group considers factors such as credit track record in the market and past dealings for extension of credit to customer. The Group monitors the payment track record of the customer. Outstanding customer receivables are regularly monitored. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and operate in largely independent markets. The Group has also taken security deposits from its customers, which mitigate the credit risk to some extent. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 9. The Group holds collateral as security for many of its customers. In case of Parent Company, at 31 March 2021, 15.38% (31 March 2020: 14.01%) of the Parent Company's trade receivables are covered by collateral security. In case of Subsidiary Company, at 31 March 2021, 11.59% (31 March 2020: 8.62%) of the Subsidiary Company's trade receivables are covered by collateral security. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several geographical areas and are having long term business relationship with the Group.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The Group adjusts the receipts from customer on first in first out basis. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than five years and are not subject to enforcement activity. Security collaterals obtained by the Parent Company resulted in a decrease in the ECL of INR 239.50 lakhs as at 31 March 2021 (31 March 2020: INR 457.53 lakhs). During the year ended 31 March 2020, the Parent Company had performed certain key steps for recoverability of trade receivables including but not limited to reconciliation with its customers, filing of legal cases with customers, recoverability assessment of aged receivables and etc. Basis these steps taken by the management, the Parent Company is carrying provision of INR 4,346.37 lakhs (31 March 2020: INR 5,448.87 lakhs) based on their best estimate.

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

(INR in lakhs)

	Contract Asset	<1 Yr	1-2 Yr	2-3 Yr	3-4 Yr	4-5 Yr	>5 Yr	Grand Total
	ECL Rate	**0.01%**	**2.92%**	**4.00%**	**14.86%**	**54.45%**	**100.00%**	
31 March 2021	Estimated total gross carrying amount at default	3,528.68	1,958.30	1,624.29	2,808.90	1,093.18	1,226.57	**12,239.92**
	ECL- simplified approach	0.38	57.11	64.91	417.51	595.20	1,226.57	**2,361.68**
	Net carrying amount	**3,528.30**	**1,901.18**	**1,559.38**	**2,391.39**	**497.99**	**-**	**9,878.24**
31 March 2020	**ECL Rate**	**0.40%**	**0.99%**	**3.71%**	**18.32%**	**20.53%**	**100.00%**	
	Estimated total gross carrying amount at default	6,511.47	6,496.86	2,161.78	2,351.79	2,514.55	1,420.97	**21,457.42**
	ECL- simplified approach	26.25	64.09	80.24	430.87	516.31	1,420.97	**2,538.74**
	Net carrying amount	**6,485.22**	**6,432.77**	**2,081.54**	**1,920.92**	**1,998.23**	**-**	**18,918.67**

Set out below is the information about the credit risk exposure of the Subsidiary Company's, Mangalore Chemicals and Fertilizers Limited, trade receivables and contract asset using provision matrix:

	Contract Asset	<1 Yr	1-2 Yr	2-3 Yr	3-4 Yr	4-5 Yr	>5 Yr	Grand Total
	ECL Rate	**0.15%**	**3.69%**	**8.23%**	**12.29%**	**26.34%**	**100.00%**	
31 March 2020	Estimated total gross carrying amount at default	25,943.40	1,683.73	1,706.83	929.59	530.24	5.41	**30,799.20**
	ECL- simplified approach	38.08	62.09	140.53	114.28	139.64	5.41	**500.03**
	Net carrying amount	**25,905.32**	**1,621.64**	**1,566.30**	**815.31**	**390.60**	**-**	**30,299.17**

Though the required amount of ECL provision as at 31 March 2021 is lower than the provision as at 31 March 2020, the subsidiary Company, is carrying ECL of INR 500.03 lakhs same as previous year on conservative basis.

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

(INR in lakhs)

	Trade receivables	Loans	Other financial assets	Other advances	Total
Provision as on 1 April 2019:	**2,244.23**	**1,393.54**	**1,755.68**	**4,207.98**	**9,601.43**
Add: Provision made during the period	11,540.86	-		2,130.22	13,671.08
Less: Provision utilized during the period	(4,277.04)	(590.92)	(1,681.40)	(20.53)	(6,569.89)
Provision as on 31 March 2020:	**9,508.05**	**802.62**	**74.28**	**6,317.67**	**16,702.62**
Add: Provision made during the period	5,190.54	**-**	-	**-**	5,190.54
Less: Provision utilized during the period	(6,007.24)	(1.00)	-	(226.06)	(6,234.30)
Less: Transferred to discontinued operations (Refer Note 27)	(4,756.70)	-	-	-	(4,756.70)
Provision as on 31 March 2021:	**3,934.65**	**801.62**	**74.28**	**6,091.61**	**10,902.16**

Notes to the Consolidated Financial Statements for the year ended 31 March 2021

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

	Amount (INR in lakhs)
Impairment allowance as on 1 April 2019:	**11,779.36**
Add: Provision made during the period	-
Less: Provision reversed during the period	-
Impairment allowance as on 31 March 2020:	**11,779.36**
Add: Provision made during the period	164.11
Less: Provision reversed during the period	**-**
Impairment allowance as on 31 March 2021:	**11,943.47**

b) Financial instruments and cash deposits

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

Liquidity risk

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

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

(INR in lakhs)

	Less than 1 Year	1-3 Years	3-5 years	> 5 years	Total
Year ended 31 March 2021					
Borrowings	1,06,047.38	71,195.96	-	-	1,77,243.34
Lease Obligation	567.21	2,293.27	1,737.75	3,257.48	7,855.71
Other financial liabilities	12,940.73	-	-	-	12,940.73
Trade and other payables	40,834.48	-	-	-	40,834.48
Foreign exchange forward covers	1,073.34	100.76	-	-	1,174.10
	1,61,463.14	**73,589.99**	**1,737.75**	**3,257.48**	**2,40,048.36**
Year ended 31 March 2020					
Borrowings	2,79,670.42	33,719.78	14,007.21	-	3,27,397.41
Lease Obligation	574.63	1,945.97	1,808.67	5,081.57	9,410.84
Other financial liabilities	32,177.06	23.20	-	-	32,200.26
Trade and other payables	1,96,641.29	-	-	-	1,96,641.29
Foreign exchange forward covers	212.67	275.66	-	-	488.33
	5,09,276.07	**35,964.61**	**15,815.88**	**5,081.57**	**5,66,138.13**

38. Capital management

For the purpose of the Group's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Group. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors its capital using gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents.

(INR in lakhs)

	31 March 2021	31 March 2020
Total Borrowings (Refer Note 12A and Note 12B)	1,85,099.05	3,36,808.25
Trade payables (Refer Note 13)	40,834.48	1,96,641.29
Other payables (Refer Note 14)	14,114.83	32,688.59
Less: Cash and cash equivalents (Refer Note 10)	(42,732.30)	(26,504.15)
Net debts	**1,97,316.07**	**5,39,633.98**
Total equity	19,619.24	34,118.84
Capital and net debt	**2,16,935.31**	**5,73,752.82**
Gearing ratio (%)	**90.96%**	**94.05%**

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements.

No changes were made in the objectives, policies or processes for managing capital during the year ended 31 March 2021 and 31 March 2020.

The Parent Company has various covenants to be complied in respect of its borrowings. The primary covenants are total outstanding liabilities to tangible net worth ratio, debt service coverage ratio, interest coverage ratio, fixed assets coverage ratio, current ratio, debt to EBITDA ratio, current assets to current liabilities ratio and total debt to equity ratio. Following are the non-compliances for debt covenants for borrowings from:

Lender Name	Covenants breached	Consequences of breach	Management assessment
HDFC Limited	Total outstanding liabilities to tangible net worth ratio, debt service coverage ratio, interest coverage ratio	The Parent Company shall pay default interest of 2% per annum over and above the applicable interest rate for each of the above event till such time such default/non-compliance is cured to the Lender's satisfaction	There is breach of certain covenants since year ended March 31, 2019 for which the lender had not charged any penal interest on such breach of covenants and had not withdrawn the facility. The Parent Company has accounted for provision of penal interest following the conservative approach. Due to breach of covenant, non-current portion of term loans from bank has been classified as current in the financial statement and is disclosed under current maturity of long term borrowing under other financial liabilities following the principles of Ind AS 1 "Presentation of Financial Statements".
Aditya Birla Finance Limited	Debt to EBITDA ratio, fixed asset coverage ratio, total debt to equity, total debt and contingent liability to equity, debt service coverage ratio	Any breach in financial covenants shall attract a penalty of 1% per annum till time such breach is cured	There is breach of certain covenants since year ended March 31, 2019 for which the lender had not charged any penal interest on such breach of covenants and had not withdrawn the facility. The Parent Company has accounted for provision of penal interest following the conservative approach. Due to breach of covenant, non-current portion of term loans from bank has been classified as current in the financial statement and is disclosed under current maturity of long term borrowing under other financial liabilities following the principles of Ind AS 1 "Presentation of Financial Statements".

Notes to the Consolidated Financial Statements for the year ended 31 March 2021

Lender Name	Covenants breached	Consequences of breach	Management assessment
Rabo Bank	Total outstanding liabilities to tangible net worth ratio, debt service coverage ratio, interest coverage ratio, fixed assets coverage ratio. Also paid up equity of USD 30 million had to be infused by the Company within 180 days of the execution of the loan which is in process till 31 March 2021	Bank reserves the right to discontinue the facility and charge 2% per annum being penal interest from the date of default till the date breach is corrected.	There is breach of certain covenants since year ended March 31, 2019 for which the lender had not charged any penal interest on such breach of covenants and had not withdrawn the facility. The Parent Company has accounted for provision of penal interest following the conservative approach. Due to breach of covenant, non-current portion of term loans from bank has been classified as current in the financial statement and is disclosed under current maturity of long term borrowing under other financial liabilities following the principles of Ind AS 1 "Presentation of Financial Statements".

39. Disclosure required under Section 186 (4) of the Companies Act 2013

Included in loans, the particulars of which are disclosed in below as required by Section 186 (4) of the Companies Act, 2013:

(i) For further details of loans, Refer Note 6B.

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

40. In earlier years, based on the circulars received for revision in uniform freight relating to secondary freight and direct road movement, the Parent Company has accrued additional freight subsidy income of INR 3,043.72 lakhs relating to Urea and INR 2,910.62 lakhs for Phosphoric and Potassic Fertilisers.

Out of the above, the Parent Company has raised and submitted bills for additional freight subsidy of INR 392.44 lakhs (upto 31 March 2020: INR 2,370.09 lakhs) relating to Urea and INR 2,129.75 lakhs (upto 31 March 2020: INR Nil) for Phosphoric and Potassic Fertilisers.

As the proforma/format for raising the bills for the additional freight subsidy is recently notified, the Parent Company is in process of raising the balance bills and bills amounting to INR 2,411.80 lakhs (31 March 2020: INR 3,511.14 lakhs) is still pending for collection. The Parent Company is hopeful to realize the above entire amount of INR 2,411.80 lakhs (31 March 2020: INR 3,511.14 lakhs).

41. Based on Department of Fertilizers (DoF) notification no. 12012/3/2010 - FPP dated 2 April 2014, the Parent Company has accrued subsidy income of INR 10,894.62 lakhs for the period from 1 April 2014 to 31 March 2020 (upto 31 March 2020: INR 10,894.62 lakhs) towards reimbursement of additional fixed cost at the rate of INR 350 per MT and special compensation of INR 150 per MT to urea units which had completed 30 years and converted to gas. During the year ending 31 March 2020, DoF issued circular F.No.12012/2/2010-FPP dated 30 March 2020 for smooth implementation of provisions of Modified NPS III.

During the year ending 31 March 2021, based on above mentioned circular, the Parent Company has submitted bills and received the accrued subsidy income from April 2014 to March 2018 of INR 7,786.69 lakhs. Pursuant to the circular issued by DoF, from April 2018 onwards, DoF has revised the rates of retention price and included this additional fixed cost and special compensation as part of retention price. The Parent Company has submitted and received INR 3,107.93 lakhs additional fixed cost and special compensation as part of revised retention price.

42. The Parent Company is carrying receivable of INR Nil (31 March 2020: INR Nil) on account of claim raised on a product supplier for loss suffered on purchase of material which did not meet the specified standards. The Parent Company had entered into a Memorandum of Understanding (MoU) with the supplier subsequent to 31 March 2019 for purchase of material and the supplier has agreed to give rebates for adverse market conditions during an earlier period. Accordingly, the Parent Company had reviewed the cash flows from the supplier towards recovery of the amount and has discounted the long term portion of the inflows. Consequently, considering the situation at that point of time, the Parent Company had booked an impairment loss of INR Nil (31 March 2020: INR 1,394.13 lakhs) on the receivable in the statement of profit and loss.

43. The Parent Company is carrying a receivable of INR 1,949.03 lakhs (31 March 2020: INR 1,949.03 lakhs) for the period February 2013 and March 2013 on account of accrual of subsidy income at higher rate in comparison to rate at which subsidy is granted. However, as per the office memorandum dated 16 April 2018 issued by the Department of Fertilizer (DoF), the Government has ex-post facto approved the subsidy paid on specific quantity of P&K fertilizer received in the relevant district during February 2013 and March 2013 months in different year since 2012-13 at the rates fixed for the next financial year which were lower than the rate approved by cabinet/CCEA for that year. The Parent Company has represented to the Department of Fertilizer that the material moved in February 2013 and March 2013 was part of the approved movement plan of January 2013 and hence Nutrient Based Subsidy rates of 2013 should be applicable. The Parent Company had filed writ petition at Hon'ble High Court of Delhi (DHC) against Department of Fertilizer to recover this amount. Pursuant to the court order, the Court hearing was granted by DoF to present its claims and also submitted written representations.

DoF vide their order dated 29 September 2019 had rejected the representation and submissions by the Parent Company. The Parent Company has filed writ petition to the higher authority against the order passed by DoF. On 3 March 2021 DHC has issued notice in the writ petition and has directed DoF to file its reply within four weeks, and the Parent Company has been directed to file its rejoinder within two weeks thereafter. Matter is next listed on 28 July 2021. Based on the legal assessment done by the Parent Company, it is hopeful to realize the aforesaid amount, hence, no provision has been made in the accounts.

Notes to the Consolidated Financial Statements for the year ended 31 March 2021

44. The Parent Company was planning to set up a Phosphatic fertilizer plant in Ras-Al-Khaimah (RAK) in United Arab Emirates in collaboration with Ras-Al-Khaimah Maritime City Free Zone Authority and had incurred an expenditure on feasibility study and related expenditure amounting to INR 3,212.39 lakhs in earlier years which was disclosed as recoverable. The Parent Company had provided for the investment in the rock phosphate mining project through MCAP. The Parent Company had also claimed recovery of expenses incurred on RAK project in its claim as this project was envisaged with the view of backward integration. Based on order passed by ICC, the Parent Company's claim for reimbursement of expenses incurred on RAK project was dismissed. In view of above, the Parent Company had decided not to proceed further on RAK project, thereby, the Parent Company had provided INR Nil (upto 31 March 2020: INR 3,212.39 lakhs) during the current year.

45A. During the financial year 2013-14, the Parent Company had sold part of freehold land to Zuari Global Limited at a consideration of INR 16,359.32 lakhs. The possession of the said parcel of land was handed over on 28 March 2014; however the transfer of title is under progress. The Parent Company had received full consideration from the buyer in the financial year 2013-14.

45B. In terms of demerger of fertilizer undertaking from Zuari Global Limited in an earlier year, the land records of some of the land parcels are in the process of being mutated in the name of the Parent Company.

46. Zuari Global Limited (ZGL) had demerged its fertilizer undertaking to the Parent Company with effect from 1 July 2011. ZGL has during an earlier year, based on Hon'ble High Court order on demerger of fertilizer undertaking, identified amount of income tax paid under protest pertaining to fertilizer undertaking demerged into the Parent Company.

The Parent Company has exchanged letter of mutual understanding with ZGL wherein the Parent Company has paid such amount of income tax paid under protest. During the financial year ended on 31 March 2017, the Parent Company had paid INR 2,533.85 lakhs to ZGL on this account pending completion of final assessment/litigation in respect of such financial years, out of which, for the year ended 31 March 2019, ZGL has received a favourable order of INR 825.50 lakhs in respect of fertilizer undertaking for the assessment year 2008-09, 2009-10, 2010-11 and 2011-12. During the current year, consequent to receipt of favourable order for assessment year 2012-13, claim of fertiliser undertaking of INR 1,186.20 lakhs is no more recoverable from ZGL. The Parent Company is hopeful to realize the above entire amount of INR 522.15 lakhs (31 March 2020: INR 1,708.35 lakhs).

The Parent Company had also paid INR 3,209.13 lakhs in financial year 2016-17 as advance to Zuari Global Limited for purchase of two pieces of land in Solapur district. Pursuant to business transfer agreement (BTA) executed on 31 March 2020 between the Parent Company and Zuari FarmHub Limited (ZFL), the land parcels has been transferred to ZFL (Refer Note 52). The Subsidiary Company is in the process of getting it registered in name of the Subsidiary Company.

47. Managerial remuneration paid to the erstwhile managing director (up to 31 July 2020) for the financial year 2020-21 was in excess of limits prescribed under Section 197 read with Schedule V of the Companies, Act, 2013 by INR 7.13 lakhs. The Parent Company proposes to seek approval of the shareholders at the ensuing Annual General Meeting for waiver of such excess remuneration paid, pursuant to Section 197(10) of the Companies Act, 2013. With effect from 3 September 2020, the Parent Company has appointed an executive director in the category of a whole-time director by a special resolution at its annual general meeting. The remuneration paid to such executive director is in compliance of Schedule V of the Companies Act 2013.

During the year ended 31 March 2020 due to loan repayment defaults during the previous year, a remuneration of INR 81.00 lakhs paid to its then managing director in accordance with ordinary resolution but not without prior approval from banks/financial institutions and approval of the shareholders by a special resolution as per provisions of Section 197 of Companies Act, 2013 (Act) read with Schedule V, has been recognized as recoverable from the managing director as at year end. As per Section 197(10) of the Act, the Parent Company proposes to seek approval of shareholders by way of special resolution for waiver of recovery of remuneration paid to the then managing director, after obtaining prior approvals from the banks/financial institutions for which Parent Company has initiated the process.

48. The Group has assessed the impact of COVID-19 and concluded that there is no material impact on the operations of the Group and no material adjustment is required at this stage in the consolidated financial statements for the year ended 31 March 2021. However, the Group will continue to monitor the impact which is a continuing process, given the uncertainties with its nature and duration of COVID-19 and the impact may be different from the estimates considered while preparing the these consolidated financials statements.

49. (a) United Breweries Limited, KingFisher Finvest India Limited, McDowell Holdings Limited instituted arbitration proceedings against the Parent Company and its erstwhile subsidiary, Zuari Fertilizer and Chemicals Limited (now merged with the Parent Company) alleging breach of the Share Holders Agreement (SHA) dated 12 May 2014 executed between the parties. The arbitration was instituted before the former Chief Justice of India. The Award was passed on 8 May 2017 wherein the Arbitrator has held that the SHA cannot be specifically enforced. The claims raised by the Claimants stand dismissed and the arbitrator has ordered to pay to the Parent Company a sum of INR 75.00 lakhs. The Award has been challenged by the Claimants before the High Court of Bombay at Mumbai and the matter has been disposed in favour of the Parent Company.

(b) Mangalore Chemicals and Fertilizers Limited (MCFL), a subsidiary Company, in an earlier year had engaged an independent firm to carry out forensic review of certain transactions relating to investment in preference shares of Bangalore Beverages Limited and advances to United Breweries (Holdings) Limited, which indicated that these transactions may have involved irregularities. These investment of INR 20,000.00 lakhs and advances of INR 1,668.20 lakhs aggregating to INR 21,668.20 lakhs were fully provided for during the year ended 31 March 2016.

Zuari Fertilisers and Chemicals Limited, the holding company (now merged with the Parent Company) had filed a petition before the National Company Law Tribunal, Bengaluru ("NCLT") to claim accountability of erstwhile promoter group for the aforesaid irregularities. On 19 August 2019 the aforesaid petition has been withdrawn and accordingly this matter has been disposed of by the NCLT.

Notes to the Consolidated Financial Statements for the year ended 31 March 2021

50. During the year ended 31 March 2020, the Parent Company had recorded demurrage charges and ship or pay charges of INR 7,995.09 lakhs in cost of raw material consumed. Further, basis review of recoverability for certain assets including but not limited to intangibles, trade receivables, advances and other assets, impairment of INR 14,826.41 lakhs had been recorded in other expenses in the statement of profit and loss.

51. In June 2018, the Parent Company initiated arbitration proceedings against Mitsubishi Corporation, Japan (Mitsubishi) and MCA Phosphates Pte Ltd (MCAP) for resolution of disputes under the Shareholders' Agreement dated 20 December 2011. In the previous period, basis the Arbitral Tribunal award & ICC Court of Arbitration (ICC) final order passed on 7 May 2020 and stipulation agreement signed between the Parent Company and Mitsubishi on 27 March 2020, the Parent Company has assessed the fair value of its investment in rock mining project and accordingly, recognized an impairment loss of INR 11,779.36 lakhs in the financial for the year ended 31 March 2019. Further, the Parent Company also concluded that the Parent Company would cease to consolidate MCAP as Joint Venture in accordance with Ind AS 28 "Investments in Associates and Joint Ventures" using equity method of consolidation. Hence, the Parent Company recognized impact in the consolidated financial results for the year ended 31 March 2020 and also carried investment at fair value of USD 0.01 as at 31 March 2020.

As per ICC final order, during the June 2020 quarter, the Parent Company has transferred to Mitsubishi 21,690,000 shares of MCAP valued at USD 0.01 per share. Also, since the Parent Company and Mitsubishi owed each other USD 216,900, the amounts were set off and no money was exchanged between the Parent Company and Mitsubishi as per the Arbitral award.

52. During the year ended 31 March 2020, pursuant to board approval obtained on 5 February 2020 and vide Business Transfer Agreement dated 31 March 2020, the Parent Company has transferred its, assets and liabilities of its retail, speciality nutrient business (SPN) & allied, crop protection and care business (CPC), seeds and blended businesses (farmhub business) to Zuari Farmhub Limited (ZFL), a wholly owned subsidiary, with effect from 31 March 2020 on a going concern basis under a slump sale arrangement at a consideration of INR 78,556.00 lakhs based on a valuation from an independent expert. Consequently, the Parent Company had prepared the consolidated financial statements in accordance with the principles of Ind AS 110 "Consolidated Financial Statements".

As per the above-mentioned Business Transfer Agreement with ZFL, pending certain regulatory licenses, the Parent Company had agreed to provide support services to ZFL at Nil consideration for an intermediate period, initially agreed for three months, which was extended till 31 March 2021.

As per the above-mentioned Business Transfer Agreement with ZFL, the consideration for slump sale of farmhub business to ZFL was settled by issuance of Compulsory Convertible Debentures (CCDs) of ZFL for INR 43,556.00 lakhs and balance of INR 35,000.00 lakhs payable by 31 December 2020. Subsequent to year end, in the board meeting of ZFL held on 27 May 2021, the directors of ZFL have approved issuance of CCDs by way of private placement on a preferential basis against the outstanding payable at the same terms and conditions which were kept for CCDs previously issued for discharging the balance consideration of the slump sale. The Board of Directors of the Parent Company in their meeting held on 28 May 2021 have also approved conversion of the balance consideration receivable in cash into CCDs. The detailed process as per Companies Act, 2013 and rules thereunder shall be complied with by ZFL and the Parent Company being holding company of ZFL.

The Parent Company has entered into a non-binding agreement with a potential investor who has expressed its interest to invest in equity of ZFL to the tune of USD 46.5 million (being 30% of the enterprise value of ZFL) in two tranches and for which a confirmatory due diligence is in advance stages and definitive agreement is expected to be executed in the coming quarters.

53. Statutory Group Information:

Name of the entity in the Group	Net Assets, i.e., total assets minus total liabilities		Share in profit and loss		Share in other comprehensive income/(loss)		Share in total comprehensive income/(loss)	
	As % of consolidated net assets	Amount in INR lakhs	As % of consolidated profit and loss	Amount in INR lakhs	As % of consolidated other comprehensive income	Amount in INR lakhs	As % of consolidated total comprehensive income	Amount in INR lakhs
Parent Company								
Zuari Agro Chemicals Limited								
31 March 2021	(55%)	(10,862.89)	151%	(23,712.19)	95%	1,146.37	156%	(22,565.82)
31 March 2020	34%	11,702.93	24%	(18,926.83)	89%	(956.54)	24%	(19,883.37)
Subsidiary Companies								
Mangalore Chemicals and Fertilizers Limited								
31 March 2021	310%	60,726.28	(43%)	6,709.85	4%	50.75	(47%)	6,760.60
31 March 2020	160%	54,558.25	(8%)	6,455.32	(1%)	15.50	(8%)	6,470.82
Adventz Trading DMCC								
31 March 2021	(3%)	(585.20)	2%	(358.61)	1%	7.48	2%	(351.13)
31 March 2020	(1%)	(234.09)	1%	(496.70)	0%	(2.89)	1%	(499.59)

Notes to the Consolidated Financial Statements for the year ended 31 March 2021

Name of the entity in the Group	Net Assets, i.e., total assets minus total liabilities		Share in profit and loss		Share in other comprehensive income/(loss)		Share in total comprehensive income/(loss)	
	As % of consolidated net assets	Amount in INR lakhs	As % of consolidated profit and loss	Amount in INR lakhs	As % of consolidated other comprehensive income	Amount in INR lakhs	As % of consolidated total comprehensive income	Amount in INR lakhs
Zuari FarmHub Limited								
31 March 2021	(240%)	(47,137.70)	3%	(2,182.56)	0%	-	15%	(2,182.56)
31 March 2020	(132%)	(44,955.14)	0%	(56.46)	0%	-	0%	(56.46)
Non-controlling interests in all subsidiaries								
31 March 2021	226%	44,258.40	(20%)	3,084.82	2%	23.33	(21%)	3,108.15
31 March 2020	121%	41,422.68	4%	(2,967.80)	1%	(7.13)	4%	(2,974.93)
Joint Ventures								
31 March 2021	0%	-	(55%)	8,673.85	2%	28.49	(60%)	8,702.34
31 March 2020	0%	-	(10%)	8,218.25	11%	(121.68)	(10%)	8,096.57
Eliminations and adjustments due to Consolidation								
31 March 2021	(136%)	(26,779.65)	50%	(7,924.54)	-4%	(46.65)	55%	(7,971.19)
31 March 2020	(83%)	(28,375.77)	90%	(72,447.78)	0%	-	89%	(72,447.78)
Total								
31 March 2021	**100%**	**19,619.24**	**100%**	**(15,709.38)**	**100%**	**1,209.76**	**100%**	**(14,499.61)**
31 March 2020	**100%**	**34,118.86**	**100%**	**(80,222.00)**	**100%**	**(1,072.73)**	**100%**	**(81,294.73)**

54. The Parent Company is engaged in the manufacture, distribution, import and sale of Urea, DAP and various grades of NPK fertilizers under the "Jai kisaan" brand for more than 5 decades. In Q4 of FY19 and Q1 of FY20, due to significant delays in receipt of Government Subsidies, drought like situation in key marketing areas led to deterioration of the Parent Company's liquidity position along-with elongation of the working capital cycle and also a built up of high-priced inventory. The Parent Company was unable to pass on the increase in the prices of the raw materials to the farmers which contributed to operating losses, cash flow mismatch and reduced financial flexibility leading to the Parent Company having a net current liability position of INR 1,55,674.15 lakhs as at 31 March 2021 (INR 1,50,627.37 lakhs as at 31 March 2020) before considering the effect of the business transfer agreement as explained in Note 27. These factors adversely impacted Parent Company's cash flows, debt position, recall of borrowings by certain lenders, downgrading of rating to ICRA D and prolonged shutdown of its plants for different periods during the earlier periods.

With optimal working capital liquidation/realization and in agreement with lenders on the resolution plan, the Parent Company had cleared all the overdues with Banks/Financial Institutions and have reduced its borrowings and all debt accounts are standard with the lenders. All these helped the Parent Company upgrading its credit ratings to ICRA B stable in April 2020 which though shifted to Credit rating ICRA B placed under watch in July 2020.

During the year, Ammonia and Urea plant operated at normal levels except for a temporary period when plants operated at lower load due to disruption in bagging operations due to COVID-19 pandemic. Further, operations of NPK A plant were intermittently closed during the year and at NPK B plant operations resumed from the end of October 2020, which was primarily due to non-availability of raw materials.

The above factors/events indicate that there is a material uncertainty that may cast significant doubt on the Parent Company's ability to continue as a going concern. As described in Note 27, the Parent Company has entered into a Business Transfer Agreement with a group company (PPL) for transfer of its fertilizer plant at Goa and associated businesses of the Parent Company as a going concern on a slump sale basis and against which an advance equivalent to 30% of the consideration has been approved by the Board of PPL to be paid to the Parent Company after adjusting amount receivable from the Parent Company. The Parent Company is also undertaking various steps to continue operations at its fertilizer plant and discussions with lenders for funding as required based on available credit limits. A combination thereof and resultant future cash flow projections, the management of Parent Company believes that the Parent Company will be able to realise its assets and discharge its liabilities and material uncertainty on the Parent Company's ability to continue as a going concern will be addressed.

55. The Parent Company has received a requisition under Section 100(2) of the Companies Act, 2013 from a group of shareholders holding 10.69% of shares, requesting the Board to call for an Extraordinary General Meeting (EGM) to discuss matters including proceeding against the two BTAs as mentioned in Note 27 and 53 above, i.e. the Business Transfer Agreement (BTA) dated 1 March 2021 to transfer its fertilizer plant at Goa and its associated businesses to Paradeep Phosphates Limited and BTA dated 31 March 2020 to transfer its assets and liabilities of its retail, speciality

Notes to the Consolidated Financial Statements for the year ended 31 March 2021

nutrient business (SPN) & allied, crop protection & care business (CPC), seeds and blended businesses to Zuari Farmhub Limited (ZFL) with effect from 31 March 2020, on a going concern basis under a slump sale. The Board has decided to hold EGM on 23 June 2021. Further, subsequent to the year end, the Parent Company has also been intimated by the same group of shareholders proposing to file a petition in National Company Law Tribunal (NCLT) including for cancellation of these business transfer agreements for which the Parent Company based on the legal opinion obtained believes that the petition, if filed, would not be tenable and does not have any impact on the BTAs.

56. In case of a subsidiary, the Subsidiary 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 Subsidiary 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 from the project.

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 (31 March 2020: INR 85.28) has been set up as deferred income and is being recognised in the statement of profit and loss on systematic basis over the life of the eligible fixed assets. During the year, INR 17.05 lakhs (31 March 2020: INR 17.05 lakhs) has been credited to the statement of profit and loss.

Incentive in respect of electricity duty exemption is accounted for during the period as a reduction from the electricity charges (i.e. the electricity charges recognised in Note 26 are considered net of electricity duty as per payments made to the electricity board). Pursuant to business transfer agreement (BTA) executed on 31 March 2020 between the Parent Company and Zuari FarmHub Limited (ZFL), the deferred income had been transferred to ZFL (Refer Note 52).

57. The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Group will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective. Based on a preliminary assessment, the entity believes the impact of the change will not be significant.

As per our report of even date
For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm's Registration No. 301003E/E300005

per **Vishal Sharma**
Partner
Membership Number : 096766

Place of Signature: Faridabad
Date: 28 May 2021

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

Nitin M. Kantak
Executive Director
DIN: 08029847

N. Suresh Krishnan
Director
DIN: 00021965

Raj Kumar Gupta
Chief Financial Officer

Vijayamahantesh Khannur
Company Secretary
Membership Number : A19257

Date: 28 May 2021

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