



V. SANKAR AIYAR & CO.
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Members of Zuari Management Services Limited

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Zuari Management Services Limited ("the Company"), which comprise the balance sheet as at 31st March, 2021, the statement of profit and loss (including Other Comprehensive Income), statement of changes in equity, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the 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 financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2021, its loss, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) 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 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 opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our 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 and Those Charged with Governance for the 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 financial statements that give a true and fair view of the financial position, financial performance including other comprehensive Income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company



and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors 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 Responsibility for the Audit of Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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.

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, and on the basis of such checks of the books and records



of the Company as we considered appropriate and according to the information and explanations given to us, we give in the "Annexure A" a statement on the matters specified in the paragraphs 3 and 4 of the said 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 Other Comprehensive Income), the statement of changes in equity and the cash flow statement dealt with by this report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
- (e) On the basis of written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".
- (g) In respect of statement under Section 197(16) of the Act, we state that no remuneration has been paid by the company to its directors.
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i) The Company does not have any pending litigations which would impact its financial position.
 - ii) The Company did not have any long-term contracts including derivative contracts during the year and therefore the question of making provisions for material losses on such contracts does not arise.
 - iii) There were no amounts, which were required to be transferred during the year to the Investor Education and Protection Fund by the Company.

For V. Sankar Aiyar & Co.
Chartered Accountants
ICAI Firm Regn. No. 109208W

Karthik Srinivasan

Karthik Srinivasan
Partner
Membership No. 514998
UDIN: 21514998AAAAFF4569

Place: New Delhi
Dated: 12-05-2021



“Annexure A” referred to in the Independent Auditors’ report to the shareholders of Zuari Management Services Limited on the accounts for the year ended 31st March, 2021.

- i
 - a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) The management has physically verified most of the fixed assets at the year end, the frequency of which, in our opinion, is reasonable. No material discrepancies were noticed on such verification.
 - c) The Company does not have any immovable properties.
- ii The Company does not carry any inventories. Therefore, the provisions of clause 3(ii) is not applicable.
- iii The Company has not granted any loans during the year, secured or unsecured, to companies, firms, limited liability partnerships or other parties required to be covered in the register maintained under section 189 of the Act. Therefore, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable.
- iv In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- v The Company has not accepted deposits during the year from the public within the provisions of section 73 or any other provisions of the Companies Act, 2013 and the Rules framed there under.
- vi The Central Government has not prescribed maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013 in respect of Company’s activities.
- vii
 - a) According to the records of the Company, the Company has been generally regular in depositing undisputed statutory dues including provident fund, employees’ state insurance, income-tax, goods and service tax, and any other statutory dues with the appropriate authorities. There were no arrears of undisputed statutory dues as at 31st March, 2021, which were outstanding for a period of more than six months from the date they became payable.
 - b) There are no disputed dues which have remained unpaid as on 31st March, 2021 on account of Income- tax, sales-tax, value added tax, goods and service tax.
- viii On the basis of the verification of records and information and explanations given to us, the Company has not defaulted in repayment of dues to debenture holders. The Company has not taken any loans or borrowings from a financial institution, bank or government in the books of accounts at any time during the year.
- ix The Company did not raise any money by way of initial / further public offer (including debt instruments). Further, fresh term loans taken during the year have been used for the purposes for which those are raised.
- x Based on the audit procedure performed and the representation obtained from the management, we report that no case of fraud by the Company or by its officers or employees on the Company has been noticed or reported during the year under audit.
- xi According to the information and explanations given to us, the Company has not paid or provided any managerial remuneration within the meaning of section 197 of the Act. Therefore, the provisions of clause 3(xii) of the Order are not applicable.
- xii The Company is not a Nidhi Company. Therefore, the provisions of clause 3(xii) of the Order are not applicable.
- xiii According to the information and explanations given to us and the representation obtained from the management,



the Company has complied with section 188 of the Act in respect of transactions with related parties. The Company is not required to form Audit Committee under section 177 of the Act, Therefore, the provisions of clause 3(xiii) with respect to section 177 of the Order are not applicable.

- xiv During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures. Therefore, the provisions of clause 3(xiv) of the Order are not applicable.
- xv According to the information and explanations given to us and the representation obtained from the management, the Company has not entered into any non-cash transactions with directors or persons connected with him. Therefore, the provisions of clause 3(xv) of the Order are not applicable.
- xvi In our opinion and according to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

Place: New Delhi
Dated: 12-05-2021

For V. Sankar Aiyar & Co.
Chartered Accountants
ICAI Firm Regn. No. 109208W

Karthik Srinivasan

Karthik Srinivasan
Partner
Membership No. 514998
UDIN: 21514998AAAAFF4569



“Annexure B” referred to in the Independent Auditors’ report to the shareholders of Zuari Management Services Limited on the accounts for the year ended 31st March, 2021.

We have audited the internal financial controls over financial reporting of the Company as of March 31, 2021 in conjunction with our audit of the 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 (the “Guidance Note”) 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 Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s 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 system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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



Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 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.

Place: New Delhi
Dated: 12-05-2021

For V. Sankar Aiyar & Co.
Chartered Accountants
ICAI Firm Regn. No. 109208W

Karthik Srinivasan

Karthik Srinivasan
Partner
Membership No. 514998
UDIN: 21514998AAAAFF4569



ZUARI MANAGEMENT SERVICES LIMITED
Balance Sheet as at 31 March 2021

(Amount in Rupees)

Particulars		Notes	As at 31-Mar-21	As at 31-Mar-20
I. ASSETS				
(1) Non-current assets				
(a)	Property, Plant and Equipment	3	2,50,822	2,73,768
(b)	Other Intangible Assets	4	25,316	92,309
(c)	Financial Assets			
(i)	Investments	5	46,56,44,465	34,61,72,631
(ii)	Loans	6	1,29,50,00,000	48,00,00,000
(iii)	Others	7	15,000	15,000
(d)	Non Current Tax Assets		1,50,91,119	1,64,17,972
	TOTAL		1,77,60,26,722	84,29,71,680
(2) Current assets				
(a)	Financial Assets			
(i)	Trade receivables	8	1,81,75,463	63,16,546
(ii)	Cash and cash equivalents	9	1,69,44,974	2,44,85,475
(iii)	Loans	10	-	10,50,00,000
(iv)	Others	11	5,48,74,564	1,43,56,677
(b)	Other current assets	12	56,989	56,989
	TOTAL		9,00,51,990	15,02,15,687
	GRAND TOTAL		1,86,60,78,712	99,31,87,367
II. EQUITY AND LIABILITIES				
Equity				
(a)	Equity Share capital	13	5,00,000	5,00,000
(b)	Other Equity	14	21,89,62,446	12,14,60,534
	TOTAL		21,94,62,446	12,19,60,534
LIABILITIES				
(1) Non-current liabilities				
(a)	Financial Liabilities			
	Borrowings	15	1,28,81,10,777	48,00,00,000
(b)	Provisions	16	1,00,09,890	1,03,54,691
	TOTAL		1,29,81,20,667	49,03,54,691
(2) Current liabilities				
(a)	Financial Liabilities			
(i)	Borrowings	17	19,78,95,890	14,45,04,000
(ii)	Trade payables	18		
	Due to micro and small enterprises		-	-
	Due to other than micro and small enterprises		1,45,77,499	3,92,75,756
(iii)	Other financial liabilities	19	10,92,68,478	17,71,10,306
(b)	Other current liabilities	20	2,01,50,596	1,11,64,548
(c)	Provisions	21	66,03,136	88,17,532
	TOTAL		34,84,95,599	38,08,72,142
	GRAND TOTAL		1,86,60,78,712	99,31,87,367

Significant accounting policies 1-2

Other notes forming part of the financial statements 31-44

As per our report of even date
For V. Sankar Aiyar & Co.
Chartered Accountants
FRN 109208 W

Karthik Srinivasan

Karthik Srinivasan
Partner
M No.514998

Place: New Delhi
Date:12/05/2021

For and on behalf of the Board

Nitin Katak

(Nitin Katak)
Director
DIN: 08029847

Naveen Kapoor

(Naveen Kapoor)
Director
DIN: 01680157

Date: 12 /05/2021



ZUARI MANAGEMENT SERVICES LIMITED
Statement of Profit and Loss for the year ended 31 March 2021

(Amount in Rupees)

Particulars	Notes	For the year ended 31 March 2021	For the year ended 31 March 2020
I REVENUE			
Revenue From Operations	22	19,12,10,222	18,68,86,435
Other Income	23	15,82,35,750	5,73,26,114
Total		34,94,45,972	24,42,12,549
II EXPENSES			
Employee Benefits Expense	24	17,98,58,845	18,43,94,786
Finance Costs	25	18,20,34,233	8,49,55,824
Depreciation and amortization expense	26	1,97,565	1,50,189
Other Expenses	27	1,13,92,641	1,11,85,501
Total		37,34,83,284	28,06,86,300
III Profit/(Loss) before tax and exceptional items (I-II)		(2,40,37,312)	(3,64,73,751)
IV Exceptional items	28	(2,85,78,363)	-
V Profit/(Loss) before tax (III-IV)		(5,26,15,675)	(3,64,73,751)
VI Tax expense:	29		
Current Tax		-	-
Previous Year Tax		-	25,40,601
Deferred Tax		-	-
VII Profit (Loss) for the period (V-VI)		(5,26,15,675)	(3,90,14,352)
VIII Other Comprehensive Income		15,01,17,587	(62,90,09,659)
A Items that will be reclassified to profit or loss		-	-
B Items that will not be reclassified to profit or loss			
Re-measurement gains (losses) on defined benefit plans		20,67,390	7,75,057
Net (loss)/gain on FVTOCI equity securities		14,80,50,197	(62,97,84,716)
IX Total Comprehensive Income for the year (VII+VIII)		9,75,01,912	(66,80,24,011)
X Earnings per equity share:	30		
(1) Basic		(1,052.31)	(780.29)
(2) Diluted		(1,052.31)	(780.29)

Significant accounting policies 1-2
Other notes forming part of the financial statements 31-44

As per our report of even date

For V. Sankar Aiyar & Co.
Chartered Accountants
FRN 109208 W

Karthik Srinivasan

Karthik Srinivasan
Partner
M No.514998

Place: New Delhi
Date:12/05/2021

For and on behalf of the Board

Nitin Kantak

(Nitin Kantak)
Director
DIN: 08029847

Naveen Kapoor

(Naveen Kapoor)
Director
DIN: 01680157

Date: 12 /05/2021



ZUARI MANAGEMENT SERVICES LIMITED
Statement Of Changes In Equity for the year ended 31 March 2021

a. Equity share capital

(Amount in Rupees)

Particulars	Amount
Balance at March 31, 2019	5,00,000
Changes in equity share capital during the year	-
Balance at March 31, 2020	5,00,000
Changes in equity share capital during the year	-
Balance at March 31, 2021	5,00,000

b. Other equity

Particulars	Reserves and Surplus	OCI*	Total
	Retained earnings	Equity instruments through OCI	
Balance at the end of the reporting period March 31, 2019	(2,34,46,657)	81,29,31,202	78,94,84,545
Total comprehensive income for the FY 2019-20	(3,90,14,352)	(62,97,84,716)	(66,87,99,068)
Remeasurement of post employment benefits obligation, net of tax	7,75,057	-	7,75,057
Balance at the end of the reporting period March 31, 2020	(6,16,85,952)	18,31,46,486	12,14,60,534
Total comprehensive income for the FY 2020-21	(5,26,15,675)	14,80,50,197	9,54,34,522
Remeasurement of post employment benefits obligation, net of tax	20,67,390	-	20,67,390
Balance at the end of the reporting period 31 March 2021	(11,22,34,236)	33,11,96,683	21,89,62,446

*Other Comprehensive Income-Items not be reclassified to profit and loss
Refer Note No.14

As per our report of even date
For V. Sankar Aiyar & Co.
Chartered Accountants
FRN 109208 W

Karthik Srinivasan

Karthik Srinivasan
Partner
M No.514998

Place: New Delhi
Date: 12/5/2021

For and on behalf of the Board

(Nitin Katak)

(Nitin Katak)
Director
DIN: 08029847

(Naveen Kapoor)

(Naveen Kapoor)
Director
DIN: 01680157



ZUARI MANAGEMENT SERVICES LIMITED
Statement of Cash Flows for the year ended 31 March 2021

(Amount in Rupees)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit/(Loss) before tax & exceptional items.	(2,40,37,312)	(3,64,73,751)
<u>Adjustment for :</u>		
Depreciation	1,97,565	1,50,189
Interest Income	(15,76,78,635)	(5,71,42,178)
Interest Expense	18,20,34,233	8,49,55,824
Actuarial Gain/ Loss through OCI	20,67,390	7,75,057
Operating Profit/(Loss) before working Capital Changes	25,83,241	(77,34,859)
<u>Adjustment for changes in :</u>		
(Decrease)/Increase in Provisions	(25,59,197)	22,97,646
(Decrease)/Increase in Trade payables	(2,46,98,257)	15,11,143
(Decrease)/Increase in Other Current Liabilities	98,33,904	4,86,859
(Increase)/ Decrease in Other current Assets	9,815	(6,799)
(Increase)/Decrease in Trade Receivables	(1,18,58,917)	1,29,30,032
Net Cash from Operating Activities before Income Tax	(2,66,89,411)	94,84,022
Direct taxes paid (net of refund)	13,26,853	(71,45,250)
Net cash from operating activities	(2,53,62,558)	23,38,772
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets (including intangible assets)	(1,07,626)	(1,85,980)
Loan Given during the year	(82,30,00,000)	(51,00,00,000)
Loan Given received back	11,30,00,000	-
Interest Income	11,71,50,933	4,28,24,729
Net cash used in Investing activities	(59,29,56,693)	(46,73,61,251)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Loans taken during the year	1,60,64,75,000	78,42,62,904
Repayment of Long-term Borrowings	(90,31,57,000)	(24,66,00,000)
Interest Expense	(9,25,39,250)	(6,85,45,518)
Net cash used in financing activities	61,07,78,750	46,91,17,386
Net Changes in Cash and Cash equivalents during the year	(75,40,501)	40,94,907
Cash and Cash equivalents at the beginning of the year	2,44,85,475	2,03,90,568
Cash and Cash equivalents at the end of the year	1,69,44,974	2,44,85,475
Net Increase/(Decrease)	(75,40,501)	40,94,907

As per our report of even date

For V. Sankar Aiyar & Co.
Chartered Accountants
FRN 109208 W

Karthik Srinivasan

Karthik Srinivasan
Partner
M No.514998

Place: New Delhi
Date:12/05/2021

For and on behalf of the Board

Nitin Kantak

(Nitin Kantak)
Director
DIN: 08029847

Naveen Kapoor

(Naveen Kapoor)
Director
DIN: 01680157

Date: 12 /05/2021



ZUARI MANAGEMENT SERVICES LIMITED
Notes forming part of the financial statements as at 31 March 2021

(Amount in Rupees)

3 Property, Plant and Equipment

Particulars	Computers	Office Equipment	Total
Cost			
At 31 March 2019	4,11,766	5,85,330	9,97,096
Additions	1,85,980	-	1,85,980
At 31 March 2020	5,97,746	5,85,330	11,83,076
Additions	1,07,626	-	1,07,626
At 31 March 2021	7,05,372	5,85,330	12,90,702
Accumulated Depreciation			
At 31 March 2019	3,56,418	4,69,878	8,26,296
Charge for the year	57,914	25,098	83,012
At 31 March 2020	4,14,332	4,94,976	9,09,308
Charge for the year	1,07,883	22,689	1,30,572
At 31 March 2021	5,22,215	5,17,665	10,39,880
Net Block			
At 31 March 2020	1,83,414	90,354	2,73,768
At 31 March 2021	1,83,157	67,665	2,50,822

4 Intangible assets

Particulars	Software	Total
Cost		
At 31 March 2019	2,85,704	2,85,704
Additions	-	-
At 31 March 2020	2,85,704	2,85,704
Additions	-	-
At 31 March 2021	2,85,704	2,85,704
Accumulated Depreciation		
At 31 March 2019	1,26,218	1,26,218
Charge for the year	67,177	67,177
At 31 March 2020	1,93,395	1,93,395
Charge for the year	66,993	66,993
At 31 March 2021	2,60,388	2,60,388
Net Block		
At 31 March 2020	92,309	92,309
At 31 March 2021	25,316	25,316

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ZUARI MANAGEMENT SERVICES LIMITED
Notes forming part of the financial statements as at 31 March 2021

(Amount in Rupees)

Particulars	As at 31-03-2021	As at 31-03-2020
5 Financial assets		
Investment in fellow subsidiary		
Unquoted: Indian Furniture Products Limited # 24,91,071 (31 March 2020 - 24,91,071) Equity Shares of Rs.10/- each, fully paid up	39,71,637	3,25,50,000
	39,71,637	3,25,50,000
Investment - Associate		
Investments at fair value through OCI:		
Quoted: Zuari Agro Chemicals Limited 50,78,909 (31 March 2020 - 50,78,909) Equity shares of Rs.10/- each fully paid up*	46,16,72,828	31,36,22,631
	46,16,72,828	31,36,22,631
Total	46,56,44,465	34,61,72,631
Aggregate book value of quoted investments	46,16,72,828	31,36,22,631
Aggregate market value of quoted investments	46,16,72,828	31,36,22,631
Aggregate value of unquoted investments	39,71,637	3,25,50,000
#Cost of investment made in Indian Furniture Products Limited is written down By Rs. 2,85,78,363, based on the internal assessment of diminution in value of investment by the Company's Management. *Note: Includes 45,00,000 fully paid up equity shares pledged with Cuprum Bagrodia Limited against loan taken.		
6 Loans (Non- Current)		
<i>(Unsecured and considered good)</i>		
Loans to Bodies Corporates		
Texmaco Rail & Engineering Limited # (Carry rate of interest of 13.5% p.a. and is due for receipt between April 2022 and May 2022)	36,00,00,000	-
Zuari Agro Chemicals Limited -Related Party # (Carry rate of interest of 15% p.a. and is due for receipt between Jan 2023 and Oct 2023)	93,50,00,000	48,00,00,000
	1,29,50,00,000	48,00,00,000
# The Inter Corporate deposits are pledged with the debenture holders of the Company to fulfill the collateral requirements.Refer Note 13		
7 Other Financial assets (Non-Current)		
<i>(Unsecured and considered good)</i>		
Security Deposits	15,000	15,000
	15,000	15,000
8 Trade receivables		
<i>(Unsecured and considered good)</i>		
Trade receivables - others	1,81,75,463	63,16,546
	1,81,75,463	63,16,546
9 Cash and Cash Equivalent		
Bank Balances:		
-in Current Accounts	1,69,44,974	2,44,85,475
	1,69,44,974	2,44,85,475
10 Loans (Current)		
<i>(Unsecured and considered good)</i>		
Loans to Bodies Corporates		
Texmaco Infrastructure & Holding Limited	-	2,00,00,000
Indian Furniture Product Limited	-	1,00,00,000
Simon India Limited	-	7,50,00,000
	-	10,50,00,000



ZUARI MANAGEMENT SERVICES LIMITED
Notes forming part of the financial statements as at 31 March 2021

(Amount in Rupees)

Particulars	As at 31-03-2021	As at 31-03-2020
11 Other Financial assets		
<i>(Unsecured and considered good)</i>		
Interest Accrued on Loans	5,48,45,151	1,43,17,449
Others	29,413	39,228
	5,48,74,564	1,43,56,677
12 Other current assets		
<i>(Unsecured and considered good)</i>		
GST credit receivable	56,989	56,989
	56,989	56,989
13 Share Capital		
Authorized:		
50000 (31 March 2020 - 50,000) Equity Shares of Rs. 10/- each	5,00,000	5,00,000
Issued shares :		
50000 (31 March 2020 - 50,000) Equity Shares of Rs. 10/- each	5,00,000	5,00,000
Subscribed and fully paid-up shares :		
50000 (31 March 2020 - 50,000) Equity Shares of Rs. 10/- each	5,00,000	5,00,000
	5,00,000	5,00,000
 (a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year/period:		
Equity Shares		
At the beginning of the year		
-In Numbers	50,000	50,000
- in Rupees	5,00,000	5,00,000
Outstanding at the end of the year		
-In Numbers	50,000	50,000
- in Rupees	5,00,000	5,00,000
 (b) Terms / rights attached to Equity Shares		
The Company has issued only one class of shares referred to as equity share having a par value of Rs 10/- per share ranking pari-passu.		
 (c) Shares held by holding company		
Zuari Global Limited		
-In Numbers	50,000	50,000
- In % of holding	100	100
 (d) Details of shareholders holding more than 5% shares in the Company		
Equity shares of Rs. 10 each fully paid		
Zuari Global Limited		
-In Numbers	50,000	50,000
- In % of holding	100	100
 (e) The entire paid up capital is held by Zuari Global Limited, the Holding Company & its nominees.		
14 Other Equity		
Retained Earnings		
Balance as per last financial statements	(6,16,85,952)	(2,34,46,657)
Net profit for the year	(5,26,15,675)	(3,90,14,352)
Add: Items of other comprehensive income recognised directly in retained earnings		
- Remeasurement of post employment benefits obligation, net of tax	20,67,390	7,75,057
Net surplus in the statement of profit and loss	(11,22,34,237)	(6,16,85,952)



ZUARI MANAGEMENT SERVICES LIMITED
Notes forming part of the financial statements as at 31 March 2021

(Amount in Rupees)

Particulars	As at 31-03-2021	As at 31-03-2020
FVTOCI Reserve		
Balance Bought Forward from Last Year's Account	18,31,46,486	81,29,31,202
Add/ Less: Movement during the year	14,80,50,197	(62,97,84,716)
Balance carried forward to next year	<u>33,11,96,683</u>	<u>18,31,46,486</u>
Total	<u><u>21,89,62,446</u></u>	<u><u>12,14,60,534</u></u>

Note: As per the requirements of Rule 18(7) of Companies (Share Capital and Debentures) Rules, 2014, the company is required to create a debenture redemption reserve out of the profits of the company available for payment of dividend. In the absence of profit, no debenture redemption reserve has been created.

15 Borrowings (Non Current)

Secured		
12% Redeemable Non- Convertible Debentures		
- 65 Nos. @ Rs.100,00,000 each #	64,95,88,777	-
Unsecured		
Other Loans		
From Bodies Corporate		
Zuari Global Limited		
(Carry rate of interest of 15% p.a. and is due for repayment between Jan 2023 and Oct 2023)	63,85,22,000	64,07,00,000
Less: current maturities of non-current borrowings	-	(16,07,00,000)
	<u>1,28,81,10,777</u>	<u>48,00,00,000</u>

#Secured, unrated and unlisted Redeemable Non-Convertible Debentures ('NCDs') aggregating to Rs.65,00,00,000, comprising of 65 debentures of Rs. 1,00,00,000 each, bearing interest rate of 12.00% p.a. were issued by the Company during the year and is redeemable on 29 April 2022. The carrying value of the NCDs after adjustment of processing fees (Rs. 4,11,223) is Rs.64,95,88,777 (31 March 2020: Nil)

The NCDs are secured by way of hypothecation of on all present and future rights, title, interests, claims and demands of the company over following loans & advances of the company:

1. Loan amount of Rs.48,00,00,000 given to Zuari Agro Chemicals Limited bearing coupon rate of 15% and due to be received on 14 January 2023.
2. Loan amount of Rs.10,00,00,000 given to Texmaco Rail & Engineering Limited bearing coupon rate of 13.5% and due to be received on 30 April 2022.
3. Loan amount of Rs.10,00,00,000 given to Texmaco Rail & Engineering Limited bearing coupon rate of 13.5% and due to be received on 6 May 2022.
4. Loan amount of Rs.16,00,00,000 given to Texmaco Rail & Engineering Limited bearing coupon rate of 13.5% and due to be received on 12 May 2022.

The asset cover of the aforementioned NCDs is more than hundred percentage of the principal outstanding as on 31 March 2021.

16 Provisions (Non-Current)

-Gratuity	62,05,997	55,74,260
-Sick Leave	6,74,017	11,27,083
-Privilege Leave	31,29,876	36,53,348
	<u>1,00,09,890</u>	<u>1,03,54,691</u>

17 Borrowings (Current)

Secured		
Other Loans		
From Bodies Corporate		
Shine Star Build Cap Private Limited	-	14,45,04,000
Cuprum Bagrodia Limited *	19,78,95,890	-
	<u>19,78,95,890</u>	<u>14,45,04,000</u>

* Secured by pledge of 45,00,000 fully paid up equity shares of Zuari Agro Chemicals Limited. Net of processing fee of Rs. 21,04,110 .It carries rate of interest of 13% p.a. and is due for repayment in Dec 2021)



ZUARI MANAGEMENT SERVICES LIMITED
Notes forming part of the financial statements as at 31 March 2021

(Amount in Rupees)

Particulars	As at 31-03-2021	As at 31-03-2020
18 Trade payables (at amortised cost)		
Due to micro and small enterprises (Refer Note 32)**	-	-
Due to other than micro and small enterprises	1,45,77,499	3,92,75,756
	<u>1,45,77,499</u>	<u>3,92,75,756</u>
<p>** The Company has not received any information from parties regarding their registration under Micro, Small and Medium Enterprises (Development) Act, 2006. In the circumstances, disclosures relating to amount remaining unpaid as at the year end together with interest, if any, payable under the Act are not ascertainable.</p>		
19 Other Financial Liabilities		
Current maturities of long term borrowings	-	16,07,00,000
Interest Accrued on borrowings	10,84,20,622	1,64,10,306
Other Payable	8,47,856	-
	<u>10,92,68,478</u>	<u>17,71,10,306</u>
20 Other Current Liabilities		
Statutory dues payable		
- GST Payable	57,10,170	53,62,027
- Provident Fund Payable	31,61,068	26,19,043
- ESIC Payable	4,45,888	4,57,093
- TDS Liabilities	1,08,33,470	27,26,385
	<u>2,01,50,596</u>	<u>1,11,64,548</u>
21 Provisions (Current)		
Provision for employee benefits		
-Gratuity	9,670	1,36,326
-Sick Leave	1,21,189	1,65,553
Variable Pay	-	9,79,940
Bonus Payable	60,15,116	63,49,432
-Privilege Leave	4,57,161	11,86,281
	<u>66,03,136</u>	<u>88,17,532</u>

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ZUARI MANAGEMENT SERVICES LIMITED
Notes forming part of the financial statements as at 31 March 2021

(Amount in Rupees)

Particulars	Year Ended 31-03-2021	Year Ended 31-03-2020
22 Revenue From Operations		
Manpower Services Income	18,70,62,292	18,41,43,642
Manpower Hiring Charges	-	6,28,868
Management Consulting Services/Payroll processing charges	41,47,930	21,13,925
	19,12,10,222	18,68,86,435
23 Other income		
Interest income on IT Refund	4,74,601	1,83,936
Gain on Sale of Mutual Fund	82,514	-
Interest Income	15,76,78,635	5,71,42,178
	15,82,35,750	5,73,26,114
24 Employee Benefits Expense		
Salaries, wages and bonus	15,84,59,559	16,34,48,496
Contribution to provident & other funds	1,81,64,751	1,75,57,066
Gratuity	31,57,492	33,01,879
Staff welfare	77,043	87,345
	17,98,58,845	18,43,94,786
25 Finance Costs		
Interest on inter corporate deposit	7,85,52,827	5,22,99,693
Interest on Loan	3,11,12,341	3,26,56,131
Interest on Non-Convertible Debenture	7,23,69,065	-
	18,20,34,233	8,49,55,824
26 Depreciation and amortization expense		
Depreciation of property, plant and equipment	1,30,572	83,012
Amortisation of intangible assets	66,993	67,177
	1,97,565	1,50,189
27 Other expenses		
Consultancy	96,49,792	96,57,818
Legal & Professional Charges	8,45,762	2,41,288
ROC Charges & Filing Fees	3,400	24,271
Payment to Auditors (Refer detail below)	4,55,000	4,15,000
Travelling & conveyance	61,015	2,30,974
Vehicle Maintenance	1,60,000	3,89,503
Communication	16,270	29,856
Interest on delayed payments of statutory dues	80,615	71,139
Miscellaneous expenses	1,20,787	1,25,652
	1,13,92,641	1,11,85,501
Payments to the Auditors as		
Audit Fees	2,60,000	2,60,000
Quarterly Review Fees	75,000	75,000
Tax Audit Fees (includes for 2 years)	80,000	40,000
Certification & Other matters	40,000	40,000
	4,55,000	4,15,000

28 Exceptional items

Pertains to write down of cost of investment made in Indian Furniture Products Limited By Rs. 2,85,78,363, based on the internal assessment of diminution in value of investment by the Company's Management.



ZUARI MANAGEMENT SERVICES LIMITED
Notes forming part of the financial statements as at 31 March 2021

(Amount in Rupees)

Particulars	As at	As at
	31 March 2021	31 March 2020
29 Income tax expense		
Accounting loss	(5,26,15,675)	(3,90,14,352)
Applicable tax rate	26%	26%
Expected tax expense	(1,36,80,076)	(1,01,43,732)
Deferred taxes not recognized on unused tax losses (refer note (ii) below)	(1,36,80,076)	(1,01,43,732)
Actual tax expense	-	-

Note:Deferred tax

The Company has not recognized deferred tax asset on deductible temporary differences and unused tax losses in absence of reasonable certainty and availability of sufficient future taxable profits against which such difference and losses shall be utilized.

The amounts of deductible temporary differences and unused tax losses on which no deferred tax assets are recognised amounted to:

	As at 31 March 2021		As at 31 March 2020	
	Gross amount	Unrecognized tax effect	Gross amount	Unrecognized tax effect
Deductible temporary differences				
Book/ Tax WDV difference	2,99,278	77,812	2,72,103	70,747
Provision for Leave Encashment / Gratuity	1,05,97,910	27,55,457	1,18,42,851	30,79,141
Unused tax losses	14,43,25,820	3,75,24,713	10,84,42,564	2,81,95,067
Total	15,52,23,008	4,03,57,982	12,05,57,517	3,13,44,955

30 Earnings Per Share (EPS)

Basic and Diluted EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the parent 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:

Particulars	As at	As at
	31 March 2021	31 March 2020
Net Profit / (Loss) after current and deferred tax (Rs)	(5,26,15,675)	(3,90,14,352)
Weighted Average number of equity shares used for computing Earning	50,000	50,000
Earning Per Share (Basic and Diluted) (Rs)	(1,052.31)	(780.29)
Face value per share (Rs)	10	10

31 Leases

The Company does not have short term leases and variable lease payment arrangements.

32 Capital management

The Company's objectives for managing capital comprise safeguarding the business as a going concern, creating value for stakeholders and supporting the development of the Company. In particular, the Company seeks to maintain an adequate capitalization that enables it to achieve a satisfactory return for shareholders, ensure access to external sources of financing, in part by maintaining an adequate rating and reducing cost of capital. In this context, the Company manages its capital structure and adjusts that structure when changes in economic conditions so require.



The management constantly monitors and reviews the debt to equity ratio. As part of this review, the management considers the cost of capital and risks associated with each class of capital requirements and maintenance of adequate liquidity buffer.

The position on reporting date is summarized in the following table:

Particulars	As at	As at
	31 March 2021	31 March 2020
Long term borrowings (excluding current maturities of long-term borrowings)	1,28,81,10,777	48,00,00,000
Current maturities of long-term borrowings	-	16,07,00,000
Short term borrowings	19,78,95,890	14,45,04,000
Total Debt (a)	1,48,60,06,667	78,52,04,000
Less: Cash & Cash equivalents	1,69,44,974	2,44,85,475
Total Net Debt (b)	1,46,90,61,693	76,07,18,525
Total Equity (c)	21,94,62,446	12,19,60,534
Debt to Equity ratio (a/c)	6.77	6.44
Gearing Ratio (b/(b+c))	87%	86%

33 Financial risk management objectives and policies

The Company's principal financial liabilities, comprise loans and borrowings and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include investments, loans and short-term deposits that are derived directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's management oversees the management of these risks. The Company's financial risk activities are governed by appropriate policies and procedures and financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

(a) 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 equity price risk. Financial instruments affected by market risk include loans and investments. The Company is not exposed to currency risk as it has not foreign currency transactions and inventory price risk as it does not have any inventory. For interest risk and equity price risk, refer below:

(i) 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. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

Interest rate risk exposure:

Below is the overall exposure of the Company's to interest rate risk:

Type of Exposure	As at	As at
	31 March 2021	31 March 2020
Variable rate borrowings (including current maturities of long term borrowings)	63,85,22,000	64,07,00,000
Fixed rate borrowings	64,95,88,777	-
Total borrowings	1,28,81,10,777	64,07,00,000

Interest rate sensitivity:

The Company manages its interest rate risk by having a portfolio of fixed or floating rate loans and borrowings.

Particulars	+/(-) in basis points	2020-21	2019-20
	+50	30,00,685	-
	-50	(30,00,685)	-

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.



(ii) **Equity Price Risk**

The Company is exposed to equity securities price risk arises from quoted investments held by the company and classified in the balance sheet at fair value through OCI. Having regard to the nature of securities, intrinsic worth, intent and long term nature of investment in securities, fluctuation in their prices are considered acceptable and do not warrant any management estimation.

(b) **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 loan and advances) and from its financing activities, including deposits with banks and financial institutions and other financial instruments.

Credit risk exposure:

Type of Exposure	As at	
	31 March 2021	31 March 2020
Investment in quoted equity Instruments	46,16,72,828	31,36,22,631
Investment in unquoted equity Instruments	39,71,637	3,25,50,000
Security deposits	15,000	15,000
Trade Receivable	1,81,75,463	63,16,546
Cash and cash equivalents	1,69,44,974	2,44,85,475
Loans	1,29,50,00,000	58,50,00,000
Other financial assets	5,48,74,564	1,43,56,677
	1,85,06,54,466	97,63,46,329

Note:

The Company exercises banking with reputed banks. Therefore, risk in respect to cash and cash equivalents is considered negligible. However, Company is exposed to risk for loans and advances given to body corporates, interest accrued thereon and investment a subsidiary. Others are considered to insignificant.

(c) **Liquidity risk**

The Company monitors its risk of shortage of funds using a liquidity planning tool.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and shareholders fund. Approximately 19.99% of the Company's debt will mature in less than one year at 31 March 2021 (31 March 2020: 42.92%) based on the carrying value of borrowings reflected in the financial statements.

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

	Up to 1 year	1 to 5 years	> 5 years	Total
As at 31 March 2021				
Borrowings				
Non current (including current maturities of long term borrowings)	-	1,28,81,10,777	-	1,28,81,10,777
Current	30,63,16,512	-	-	30,63,16,512
Trade payables & Other Payables	1,54,25,355	-	-	1,54,25,355
	32,17,41,867	1,28,81,10,777	-	1,60,98,52,643
As at 31 March 2021				
Borrowings				
Non current (including current maturities of long term borrowings)	16,07,00,000	48,00,00,000	-	64,07,00,000
Current	16,09,14,306	-	-	16,09,14,306
Trade payables & Other Payables	3,92,75,756	-	-	3,92,75,756
	36,08,90,062	48,00,00,000	-	84,08,90,062

Collateral against borrowings

The Company has pledged Loans & Advances acquired by the Company from proceeds of the long term facility enjoyed by the Company from Zuari Agro Chemicals Limited and Texmaco Rail & Engineering Limited. Refer note 13 on borrowings for more information.



ZUARI MANAGEMENT SERVICES LIMITED

Notes forming part of the financial statements as at 31 March 2021

(Amount in Rupees)

34 Fair value measurements

Financial instruments by category

Particulars	Fair value Hierarchy	As at 31 March 2021			As at 31 March 2020		
		FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
Financial assets							
Investment in quoted equity Instruments	Level-1	-	46,16,72,828	-	-	31,36,22,631	-
Investment in unquoted equity Instruments	Level-3	39,71,637	-	-	3,25,50,000	-	-
Security deposits		-	-	15,000	-	-	15,000
Trade Receivable		-	-	1,81,75,463	-	-	63,16,546
Cash and cash equivalents		-	-	1,69,44,974	-	-	2,44,85,475
Loans		-	-	1,29,50,00,000	-	-	58,50,00,000
Other financial assets		-	-	5,48,74,564	-	-	1,43,56,677
Total financial assets		39,71,637	46,16,72,828	1,38,50,10,001	3,25,50,000	31,36,22,631	63,01,73,698
Financial liabilities							
Borrowings	Level-3	-	-	1,48,60,06,667	-	-	62,45,04,000
Trade payables		-	-	1,45,77,499	-	-	3,92,75,756
Other financial liabilities		-	-	10,92,68,478	-	-	17,71,10,306
Total financial liabilities		-	-	1,60,98,52,644	-	-	84,08,90,062

Financial value hierarchy

Financial assets and financial liabilities measured at fair value in the balance sheet are grouped into three levels of a fair value hierarchy. The three Levels are defined based in the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability

Notes:

- a) There were not any financial assets or liabilities measured at fair values using level 1 or level 2 inputs.
- b) There were not any non - recurring fair value measurements as at 31 March 2020 and 31 March 2021.

- c) 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.
- d) The fair values of the quoted equity shares are based on price quotations at the reporting date.

Financial instruments measured at amortised cost :

- e) The management assessed that carrying value of financial assets and financial liabilities, carried at amortized cost, are approximately equal to their fair values at respective balance sheet dates and do not significantly vary from the respective amounts in the balance sheets.

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ZUARI MANAGEMENT SERVICES LIMITED
Notes forming part of the financial statements as at 31 March 2021

(Amount in Rupees)

35 Related party disclosures as per Ind AS 24:

A. List of related party identified by the management

Holding Company	Zuari Global Limited (ZGL) (100%) Zuari Finserv Private Limited (ZFPL)
Fellow Subsidiaries	Simon India Limited (SIL) Govind Sugar Mills Limited (GSML) Indian Furniture Products Limited (IFPL)
Joint venture of Group	Forte Furniture Products India Private Limited Zuari Agro Chemicals Limited (ZACL)
Associate of Group	Paradeep Phosphates Limited (PPL) Mangalore Chemicals and Fertilisers Limited

B. Transactions carried out with related parties in the ordinary course of business:

S.no.	Transaction details	Year ended 31 March 2021	Year ended 31st March 2020
1	Service Charges Incurred -Zuari Finserv Limited.	1,52,902	1,89,553
2	Receipts of Inter Corporate Deposits / Loan -Zuari Global Limited.	69,09,75,000	72,98,00,000
3	Repayment of Inter Corporate Deposits / Loan -Zuari Global Limited.	69,31,53,000	8,91,00,000
4	Management Consultancy Expense -Zuari Agro Chemicals Limited.	40,00,000	-
5	Interest expense -Zuari Global Limited.	7,85,52,827	5,22,99,693
6	Inter Corporate Deposits / Loan Given -Simon India Limited. -Zuari Agro Chemicals Limited. -Indian Furniture Products Limited	- 45,50,00,000 80,00,000	2,00,00,000 48,00,00,000 1,00,00,000
7	Inter Corporate Deposits / Loan Refund -Simon India Limited -Indian Furniture Products Limited	7,50,00,000 1,80,00,000	2,00,00,000 -
8	Interest Income -Simon India Limited -Zuari Agro Chemicals Limited -Indian Furniture Products Limited	55,75,685 10,47,45,141 7,33,562	1,26,70,343 4,11,87,945 9,04,109
9	Manpower Services Income -Zuari Agro Chemicals Limited -Mangalore Chemicals and Fertilisers Limited -Paradeep Phosphate Limited -Forte Furniture Products India Private Limited -Govind Sugar Mills Limited -Simon India Limited	9,68,46,921 1,22,03,923 4,46,04,978 33,72,703 78,31,848 1,11,930	9,20,22,235 1,24,40,623 4,15,87,783 8,41,942 42,39,998 1,13,925



Closing Balances

S.no.	Name of the Company	Dr./Cr. r.	As at 31 March 2021	Dr./Cr.	As at 31 March 2020
1	-Zuari Global Limited (ICD)	Cr.	63,85,22,000	Cr.	64,07,00,000
2	-Zuari Global Limited (Interest Payable)	Cr.	4,18,05,417	Cr.	1,60,67,415
3	-Zuari Finserv Pvt Ltd (Trade Payable)	Cr.	1,245	Cr.	2,76,455
4	-Simon India Limited (ICD)	Dr.	-	Dr.	7,50,00,000
5	-Simon India Limited (Interest Receivable)	Dr.	-	Dr.	1,13,61,948
	-Simon India Limited(Trade Receivable)	Dr.	3,29,536		-
6	-Indian Furniture Products Limited (ICD)	Dr.	-	Dr.	1,00,00,000
7	-Indian Furniture Products Limited (Interest Receivable)	Dr.	-	Dr.	8,13,698
8	-Zuari Agro Chemicals Limited (ICD)	Dr.	93,50,00,000	Dr.	48,00,00,000
9	-Zuari Agro Chemicals Limited (Interest Receivable)	Dr.	1,43,24,069	Cr.	49,990
10	-Zuari Agro Chemicals Limited(Trade Receivable)	Dr.	91,31,744		-
11	-Paradeep Phosphate Limited (Trade Receivable)	Dr.	43,49,878		-
12	-Forte Furniture Products India Pvt Limited (Trade Receivable)	Dr.	13,86,799		-
13	-Gobind Sugar Mill Limited(Trade Receivable)	Dr.	7,56,332	Cr.	2,19,35,912

36 Dues to micro and small enterprises pursuant to section 22 of the Micro, Small and Medium Enterprises Development Act (MSMED), 2006 :

Particulars	As at 31 March 2021	As at 31 March 2020
Principal amount remaining unpaid	-	-
Interest accrued and due thereon remaining unpaid	-	-
Interest paid by the company in terms of service 16 of MSMED Act 2006, along with the amount of the payment made to the suppliers and service providers beyond the appointed day during the year	-	-
Interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year), but without adding the interest specified under MSMED Act , 2006.	-	-
Interest accrued and remaining unpaid as at the end of the year	-	-
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.	-	-

37 Segment information

The management of the Company does not separately reviews the different sources of revenues for the Company. Therefore, there are not any reportable segments of the Company as per management of the Company.

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ZUARI MANAGEMENT SERVICES LIMITED
Notes forming part of the financial statements as at 31 March 2021

(Amount in Rupees)

38 Employee benefits

The Company has obtained valuation report from Actuary. The following data is given from report of the Actuary.

(i) Economic Assumptions:

Particulars	2020-21		2019-20	
a) Discount Rate	6.80%		6.85%	
b) Future salary increase	8% for first 2 years & 6.50% thereafter		8% for first 2 years & 6.50% thereafter	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020

(ii) Changes in the present value of the defined benefit obligation:

	Gratuity		Earned Leave		Sick Leave	
a) Present value of obligation as at the beginning of the period	57,10,586	31,83,764	48,39,629	50,39,831	12,92,636	11,74,723
b) Interest cost	3,91,175	2,46,742	3,31,515	3,90,587	88,546	91,041
c) Current service cost	27,66,317	30,55,137	17,98,437	27,17,547	3,86,046	7,25,242
d) Acquisition adjustment	85,779	-	1,07,116	-	34,430	-
e) Benefits paid	(6,70,800)	-	(3,62,339)	-	-	-
f) Actuarial (gain)/loss on obligation	(20,67,390)	(7,75,057)	(31,27,321)	(33,08,336)	(10,06,452)	(6,98,370)
Present value of obligation as at the end of closing period	62,15,667	57,10,586	35,87,037	48,39,629	7,95,206	12,92,636

(iii) Expenses recognized in statement of profit and loss account:

	Gratuity		Earned Leave		Sick Leave	
a) Current service cost	27,66,317	30,55,137	17,98,437	27,17,547	3,86,046	7,25,242
b) Interest cost	3,91,175	2,46,742	3,31,515	3,90,587	88,546	91,041
c) Remeasurements	-	-	(31,27,321)	(33,08,336)	(10,06,452)	(6,98,370)
Expenses recognized in the statement of profit & loss	31,57,492	33,01,879	(9,97,369)	(2,00,202)	(5,31,860)	1,17,913

(iv) Remeasurements:

	Gratuity		Earned Leave		Sick Leave	
Actuarial (Gain)/Loss on arising from Change in Demographic Assumption	-	2,855	-	-	-	-
Actuarial (gains)/losses arising from changes in financial assumptions	28,891	(47,083)	-	-	-	-
Actuarial (gains)/losses arising from experience adjustments	(20,96,281)	(7,30,829)	-	-	-	-
Components of defined benefit costs recognised in OCI	(20,67,390)	(7,75,057)	-	-	-	-

(v) Sensitivity Analysis

	Gratuity		Earned Leave		Sick Leave	
Decrease in Defined benefit obligation due to .5% increase in discount rate	(3,00,682)	(2,54,831)	(3,28,704)	(4,20,406)	(72,641)	(1,02,569)
Increase in Defined benefit obligation due to .5% decrease in discount rate	3,24,955	2,75,210	3,08,362	3,54,009	68,135	87,021
Increase in Defined benefit obligation due to .5% increase in Expected Salary Escalation rate	3,23,678	2,74,273	3,06,988	3,52,533	67,838	87,021
Decrease in Defined benefit obligation due to .5% decrease in Expected Salary Escalation rate	(3,02,303)	(2,56,333)	(3,30,270)	(4,22,446)	(73,005)	(1,02,569)



ZUARI MANAGEMENT SERVICES LIMITED

Notes forming part of the financial statements as at 31 March 2021

Details of Defined Contribution Plan in respect of the Company:		
	2020-21	2019-20
Contribution to Provident Fund	1,39,39,501	1,28,94,963
Total	1,39,39,501	1,28,94,963

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Going Concern Assumption

The Company has incurred significant losses in the current year and previous years and has accumulated losses of Rs. 11,22,34,237 (PY Rs. 6,16,85,952) (excluding OCI) as at the year end. Also, the company has given certain loans to various group companies, which are considered good and recoverable. Having regard to the fact that the net worth of the Company is eroded, the ability of the Company to continue as a going concern is dependent on the improvement of Company's future operations and continued support from the Holding Company. The Holding Company has confirmed to provide such financial support as the need arises.

The accounts do not include any adjustment relating to valuation and classification that might be necessary should the Company be unable to continue as a going concern.

40 Commitments and contingencies

Claims against the company, not acknowledged as debts - INR Nil (Previous year - Nil).

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During the year, the Company's operations were impacted for a certain period as a consequence of complete lockdown imposed by Central and State Government authorities in India considering public health and safety due to COVID-19 pandemic. However the impact assessment of COVID19 will be a continuing process given the uncertainties associated with its nature and duration. As per the current assessment, the Company expects to recover the carrying amount of inventory, trade receivables and other assets.

42 Note on Recoverability of Gratuity/ Bonus/ Leave

The Company has made appropriate provision for gratuity/ bonus/ leave for all the employees who have been outsourced to various companies. Recovery (revenue) would be recognised in the books as and when the right to receive the payment is established and there is no uncertainty regarding the amount.

43 Details of Loans given, Investments made and Guarantee given covered under section 186(4) of the Companies Act, 2013:

Name of Loanee	As at	Loan Given	Loan Repaid	As at	Purpose
	31 March 2020			31 March 2021	
Zuari Agro Chemicals Limited	48,00,00,000	45,50,00,000	-	93,50,00,000	General Corporate purpose
Indian Furniture Product Limited	1,00,00,000	80,00,000	1,80,00,000	-	General Corporate purpose
Simon India Limited	7,50,00,000	-	7,50,00,000	-	General Corporate purpose

44 Previous year figures have been re-grouped wherever necessary to correspond to current year figures.

As per our report of even date

For V. Sankar Aiyar & Co.
Chartered Accountants
FRN 109208 W

Karthik Srinivasan

Karthik Srinivasan
Partner
M No.514998

Place: New Delhi

Date: 12/5/2021

For and on behalf of the Board

(Nitin Katak)

(Nitin Katak)
Director
DIN: 08029847

(Naveen Kapoor)

(Naveen Kapoor)
Director
DIN: 01680157

Date: 12 /05/2021



ZUARI MANAGEMENT SERVICES LIMITED

Notes forming part of the financial statements as at 31 March 2021

1. Corporate information

The stand-alone financial statements of "Zuari Management Services Limited" ("the Company" or "ZMSL") are for the year ended 31st March 2021. The Company is a public company domiciled in India and is incorporated on December 6, 2006 under the provisions of the Companies Act 1956. Address of registered office of the Company is Jai Kissan Bhawan, Goa - 403726. The Company is engaged in the business of management consultancy, manpower outsourcing and related services. The stand-alone financial statements were approved for issue in accordance with a resolution of the Board of directors on 12th May 2021.

2. Significant Accounting Policies

2.1 Basis of Preparation of Accounts

The 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 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

These are separate financial statement of the Company and the company has availed exemption from preparing consolidated financial statements (CFS) in accordance with section 129(3) of the Companies Act 2013 read with paragraph 4(a) of IND AS 110 i.e. Consolidated Financial Statement. Zuari Global Limited (ZGL) which is 100% holding company has prepared its CFS as per IND AS and is available for public use.

The stand-alone financial statements have been prepared on a historical cost basis, except for the certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

2.2 Basis of classification of Current and Non-Current

Assets and Liabilities in the balance sheet have been classified as either current or non-current.

An asset has been classified as current if

- it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle; or
- it is held primarily for the purpose of being traded; or
- it is expected to be realized within twelve months after the reporting date; or
- 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

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

All other liabilities have been classified as non-current.

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.

2.3 Fair Value Measurement

The Company measures certain financial instruments 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.

2.4 Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are recognized when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events.



ZUARI MANAGEMENT SERVICES LIMITED

Notes forming part of the financial statements as at 31 March 2021

Provisions are not recognized for future operating losses. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material. Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset. However, this asset may not exceed the amount of the related provision. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingent liabilities

In those cases, where the possible outflow of economic resources as a result of present obligations is considered not probable or where the amount of the obligation cannot be determined reliably, no liability is recognized.

Contingent assets

Possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets.

2.5 Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the related disclosures.

Significant management judgements

The following are significant management judgements in applying the accounting policies of the Company that have the most significant effect on the financial statements.

Recognition of deferred tax assets – The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilized.

Contingent liabilities – At each balance sheet date basis the management judgment, changes in facts and legal aspects, the Group assesses the requirement of provisions against the outstanding warranties and guarantees. However the actual future outcome may be different from this judgement.

Significant estimates

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be different.

Impairment of financial assets – At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding receivables and advances.

Fair value measurements – Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument.

2.6 Property, plant and equipment

All the items of the property, plant and equipment are stated as per cost model i.e. cost of acquisition less accumulated depreciation and impairment. All significant costs incidental to the acquisition of assets are capitalized.

Recognition:

The costs including subsequent costs of an item of property, plant and equipment is recognized as an asset if, and only if:

- it is probable that future economic benefits associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.



ZUARI MANAGEMENT SERVICES LIMITED

Notes forming part of the financial statements as at 31 March 2021

All other expenses including day to day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss in the period when such expenses are incurred.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each reporting period and adjusted prospectively, if appropriate.

2.7 Depreciation, estimated useful life and residual life

The company is providing depreciation in line with the requirements of part C of schedule II of Companies Act 2013. The company follows straight line method of depreciation. In respect of additions to property, plant and equipment, depreciation is calculated on pro-rata basis from the date on which asset is put to use. Useful life used for different asset classes is as follows:

Sr. No.	Assets Class	Useful Life
1	Furniture and fixture	10 Years
2	Computers and software	3 Years
3	Office Equipments	5 Years

2.8 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangibles representing computer software are amortized using the straight-line method over their estimated useful lives of three years.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed 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 de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

2.9 Impairment of tangible and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets of a "Cash Generating Unit" (CGU) to determine whether there is any indication that those assets have suffered an impairment loss. Individual assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.



ZUARI MANAGEMENT SERVICES LIMITED
Notes forming part of the financial statements as at 31 March 2021

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount. The increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the statement of profit and loss.

2.10 Revenue Recognition

Income from services rendered is recognised when completed or based on agreements with parties. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements.

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

Dividend income is accounted for, when right to receive the payment is established.

2.11 Staff Benefits

Regular contributions towards government provident fund, family pension are charged to revenue. Provisions for gratuity and leave encashment are made on basis of actuarial valuation of projected unit credit method made at the year end of each financial year.

Re-measurements

Re-measurements gains and losses arising from experience adjustment and changes in actuarial assumptions are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

2.12 Income Tax

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

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

Deferred tax is provided using the balance sheet 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 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 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, the carry forward of unused tax credits and unused tax losses can be utilised.

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 assets and deferred tax liabilities are offset if a legally enforceable right exists to set off, current tax assets against current tax liabilities and the deferred taxes relate to the income tax levied by the same taxation authority.



ZUARI MANAGEMENT SERVICES LIMITED
Notes forming part of the financial statements as at 31 March 2021

2.13 Cash and Cash Equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

2.14 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 other costs incurred in connection with the arrangement of borrowing.

2.15 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.

2.16 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

i) Initial Recognition and Measurements

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.

ii) Subsequent Measurement

Debt Instruments

a) Debt instruments at amortised cost

A 'financial asset' is measured at the amortised cost using the Effective Interest Rate (EIR) method 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.

b) 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.

c) Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.



ZUARI MANAGEMENT SERVICES LIMITED

Notes forming part of the financial statements as at 31 March 2021

Equity Instruments

Investment in subsidiary is accounted for at cost in standalone financial statements. Investment in associates is accounted for at fair value through OCI. All equity investments 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.

iii) Derecognition

The Company derecognizes a financial asset when the contractual right to the cash flow from the financial asset end or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109.

B. Financial Liabilities

i) Initial recognition and measurement

All financial liabilities are recognised initially at fair value and fees of recurring nature are directly recognized in profit or loss as finance cost. The Company's financial liabilities include trade and other payables.

ii) Subsequent measurement

Financial Liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to short maturity of these instruments.

iii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired or it transfers the financial liability and the transfer qualifies for derecognition under Ind AS 109.

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.

2.17 Recent accounting pronouncement

Recent Accounting Developments Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1st April, 2021. MCA issued notifications dated 24th March, 2021 to amend Schedule III to the Companies Act, 2013 to enhance the disclosures required to be made by the Company in its financial statements. These amendments are applicable to the Company for the financial year starting 1st April, 2021.

2.18 Rounding of amounts

All amount disclosed in the financial statements and notes have been rounded off to the nearest rupees as per the requirement of schedule III, unless otherwise stated.

