



**V. SANKAR AIYAR & CO.**  
CHARTERED ACCOUNTANTS

Satyam Cinema Complex, Ranjit Nagar Community Centre, New Delhi – 110 008  
Flat No. | 202, 203 | Tel. (011) 25702691, 25704639, 43702919  
& 301 | Tel. (011) 25705232, 45150845  
E-mail : [newdelhi@vsa.co.in](mailto:newdelhi@vsa.co.in)

**INDEPENDENT AUDITOR'S REPORT**

**To the Members of Zuari Management Services Ltd.**

**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 31<sup>st</sup> March, 2020, the statement of profit and loss, 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 31<sup>st</sup> March, 2020, its loss, 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, 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, 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 31<sup>st</sup> March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2020 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 has disclosed the impact of pending litigations on its financial position in its financial statements;
  - 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: 20514998AAAADT8226

Place: New Delhi  
Dated: 16-June-2020



**"Annexure A" referred to in the Independent Auditors' report to the shareholders of Zuari Management Services Limited on the accounts for the year ended 31<sup>st</sup> March, 2020.**

- 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 31<sup>st</sup> March, 2020, 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 31<sup>st</sup> March, 2020 on account of Income- tax, sales-tax, value added tax, goods and service tax.
- viii The Company has not taken any loans or borrowings from a financial institution, bank, government or debenture holder. Therefore, the question of default in repayment of such dues does not arise.
- 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: 16-June-2020

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

*Karthik Srinivasan*

Karthik Srinivasan  
Partner  
Membership No. 514998  
UDIN: 20514998AAAADT8226



**"Annexure B" referred to in the Independent Auditors' report to the shareholders of Zuari Management Services Limited on the accounts for the year ended 31<sup>st</sup> March, 2020.**

We have audited the internal financial controls over financial reporting of the Company as of March 31, 2020 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, 2020, 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: 16-June-2020

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

*Karthik Srinivasan*

**Karthik Srinivasan  
Partner  
Membership No. 514998  
UDIN: 20514998AAAADT8226**



**ZUARI MANAGEMENT SERVICES LIMITED**  
**Balance Sheet as at 31 March 2020**

Particulars		Notes	As at 31-Mar-20	As at 31-Mar-19
<b>I. ASSETS</b>				
(1)	<b>Non-current assets</b>			
(a)	Property, Plant and Equipment	3	2,73,768	1,70,800
(b)	Other Intangible Assets	4	92,309	1,59,486
(c)	Financial Assets			
(i)	Investments	5	34,61,72,631	97,59,57,347
(ii)	Loans	6	48,00,15,000	15,000
(d)	Non Current Tax Assets		1,64,17,972	1,18,13,324
<b>TOTAL</b>			<b>84,29,71,680</b>	<b>98,81,15,957</b>
(2)	<b>Current assets</b>			
(a)	Financial Assets			
(i)	Trade receivables	7	63,16,546	1,92,46,578
(ii)	Cash and cash equivalents	8	2,44,85,475	2,03,90,568
(iii)	Loans	6	10,50,00,000	7,50,00,000
(iv)	Others	9	1,43,56,677	32,428
(b)	Other current assets	10	56,989	56,989
<b>TOTAL</b>			<b>15,02,15,687</b>	<b>11,47,26,564</b>
<b>GRAND TOTAL</b>			<b>99,31,87,367</b>	<b>1,10,28,42,520</b>
<b>II. EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
(a)	Equity Share capital	11	5,00,000	5,00,000
(b)	Other Equity	12	12,14,60,534	78,94,84,545
<b>TOTAL</b>			<b>12,19,60,534</b>	<b>78,99,84,545</b>
<b>LIABILITIES</b>				
(1)	<b>Non-current liabilities</b>			
(a)	Financial Liabilities			
	Borrowings	13	48,00,00,000	-
(b)	Provisions	14	1,03,54,691	82,81,315
<b>TOTAL</b>			<b>49,03,54,691</b>	<b>82,81,315</b>
(2)	<b>Current liabilities</b>			
(a)	<b>Financial Liabilities</b>			
(i)	Borrowings	13	14,45,04,000	24,75,41,096
(ii)	Trade payables	15	-	-
	Due to micro and small enterprises		-	-
	Due to other than micro and small enterprises		3,92,75,756	3,77,64,613
(iii)	Other financial liabilities	16	17,71,10,306	-
(b)	Other current liabilities	17	1,11,64,548	1,06,77,689
(c)	Provisions	18	88,17,532	85,93,262
<b>TOTAL</b>			<b>38,08,72,142</b>	<b>30,45,76,660</b>
<b>GRAND TOTAL</b>			<b>99,31,87,367</b>	<b>1,10,28,42,520</b>

Significant accounting policies 1

Other notes forming part of the financial statements 2

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: 16/06/2020

For and on behalf of the Board

*(Vijay Kathuria)*  
(Vijay Kathuria)  
Director  
DIN: 00338125

*(Nitin Kantak)*  
(Nitin Kantak)  
Director  
DIN: 08029847

Date: 16/06/2020





**ZUARI MANAGEMENT SERVICES LIMITED**  
**Statement of Profit and Loss for the year ended 31 March 2020**

Particulars	Notes	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>I REVENUE</b>			
Revenue From Operations	19	18,68,86,435	18,37,99,744
Other Income	20	5,73,26,114	1,03,253
<b>Total</b>		<b>24,42,12,549</b>	<b>18,39,02,997</b>
<b>II EXPENSES</b>			
Employee Benefits Expense	21	18,43,94,786	15,28,02,363
Finance Costs	22	8,49,55,824	1,51,92,522
Depreciation and amortization expense	23	1,50,189	98,047
Other Expenses	24	1,11,85,501	5,49,66,812
<b>Total</b>		<b>28,06,86,300</b>	<b>22,30,59,744</b>
<b>III Profit before tax (I-II)</b>		<b>(3,64,73,751)</b>	<b>(3,91,56,747)</b>
<b>IV Tax expense:</b>			
Current Tax		-	-
Previous Year Tax		25,40,601	-
Deferred Tax		-	-
<b>V Profit (Loss) for the period (III-IV)</b>		<b>(3,90,14,352)</b>	<b>(3,91,56,747)</b>
<b>VI Other Comprehensive Income</b>		<b>(62,90,09,659)</b>	<b>(1,50,42,98,935)</b>
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		7,75,057	3,27,856
Net (loss)/gain on FVTOCI equity securities		(62,97,84,716)	(1,50,46,26,791)
<b>VII Total Comprehensive Income for the year (V + VI)</b>		<b>(66,80,24,011)</b>	<b>(1,54,34,55,682)</b>
(Comprising Profit (Loss) and Other Comprehensive Income for the year)			
<b>VIII Earnings per equity share:</b>	<b>2.8</b>		
(1) Basic		(780.29)	(783.13)
(2) Diluted		(780.29)	(783.13)

**Significant accounting policies** 1  
**Other notes forming part of the financial statements** 2

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

For and on behalf of the Board

*(Vijay Kathuria)*

(Vijay Kathuria)

Director

DIN: 00338125

*(Nitin Kantak)*

(Nitin Kantak)

Director

DIN: 08029847

Place: New Delhi

Date: 16/6/2020

Date: 16/06/2020



ZUARI MANAGEMENT SERVICES LIMITED

STATEMENT OF CHANGES IN EQUITY  
for the year ended 31 March 2020

a. Equity share capital

Particulars	Amount
Balance at March 31, 2018	5,00,000
Changes in equity share capital during the year	-
Balance at March 31, 2019	5,00,000
Changes in equity share capital during the year	-
Balance at March 31, 2020	5,00,000

b. Other equity

Particulars	Reserves and Surplus	Other Comprehensive Income-Items not be reclassified to profit and loss	Total
	Retained earnings	Equity instruments through OCI	
Balance at the end of the reporting period March 31, 2018	1,53,82,234	2,31,75,57,993	2,33,29,40,227
Total comprehensive income for the FY 2018-19	(3,91,56,747)	(1,50,46,26,791)	(1,54,37,83,538)
Remeasurement of post employment benefits obligation, net of tax	3,27,856	-	3,27,856
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 31 March 2020	(6,16,85,952)	18,31,46,486	12,14,60,534

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: 16/6/2020

For and on behalf of the Board

*(Vijay Kathuria)*  
(Vijay Kathuria)  
Director  
DIN: 00338125

*(Nitin Kantak)*  
(Nitin Kantak)  
Director  
DIN: 08029847

Date: 16/06/2020





**ZUARI MANAGEMENT SERVICES LIMITED**  
**Statement of Cash Flows for the year ended 31 March 2020**  
**(Amount in Rupees, except otherwise stated)**

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net Profit/(Loss) before tax & exceptional items.	(3,64,73,751)	(3,91,36,199)
<u>Adjustment for :</u>		
Depreciation	1,50,189	98,047
Interest Income	(5,71,42,178)	(1,03,253)
Interest Expense	8,49,55,824	1,51,71,974
Actuarial Gain/ Loss through OCI	7,75,057	3,27,856
Operating Profit/(Loss) before working Capital Changes	<u>(77,34,859)</u>	<u>(2,36,41,575)</u>
<u>Adjustment for changes in :</u>		
(Decrease)/Increase in Provisions	22,97,646	1,52,18,958
(Decrease)/Increase in Trade payables	15,11,143	3,32,71,278
(Decrease)/Increase in Other Current Liabilities	4,86,859	32,83,836
(Increase)/ Decrease In Other current Assets	(6,799)	11,63,408
(Increase)/Decrease in Trade Receivables	1,29,30,032	89,97,338
<b>Net Cash from Operating Activities before Income Tax</b>	<u>94,84,022</u>	<u>3,82,93,242</u>
Direct taxes paid (net of refund)	<u>(71,45,250)</u>	<u>(69,73,434)</u>
<b>Net cash from operating activities</b>	<u><b>23,38,772</b></u>	<u><b>3,13,19,808</b></u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of Fixed Assets (including intangible assets)	(1,85,980)	(2,63,980)
Loan Given (Net)	(51,00,00,000)	(7,50,00,000)
Interest Income	4,28,24,729	1,03,253
<b>Net cash used in Investing activities</b>	<u><b>(46,73,61,251)</b></u>	<u><b>(7,51,60,727)</b></u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Loans taken during the year	78,42,62,904	24,75,41,096
Repayment of Long-term Borrowings	(24,66,00,000)	(17,82,45,000)
Interest Expense	(6,85,45,518)	(1,51,92,522)
<b>Net cash used in financing activities</b>	<u><b>46,91,17,386</b></u>	<u><b>5,41,03,574</b></u>
<b>Net Changes in Cash and Cash equivalents during the year</b>	<u><b>40,94,907</b></u>	<u><b>1,02,62,655</b></u>
Cash and Cash equivalents at the beginning of the year	2,03,90,568	1,01,27,912
Cash and Cash equivalents at the end of the year	<u>2,44,85,475</u>	<u>2,03,90,568</u>
<b>Net Increase/(Decrease)</b>	<u><b>40,94,907</b></u>	<u><b>1,02,62,655</b></u>

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: 16/6/2020

For and on behalf of the Board

*(Vijay Kathuria)*  
(Vijay Kathuria)  
Director  
DIN: 00338125

*(Nitin Kantak)*  
(Nitin Kantak)  
Director  
DIN: 08029847

Date: 16/06/2020



2 Other notes forming part of accounts

2.1 - Corporate Information

The stand-alone financial statements of "Zuari Management Services Limited" ("the Company" or "ZMSL") are for the year ended 31 March 2020. 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 16th June 2020.

2.2 Employee benefits

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

(i) Economic Assumptions:

Particulars	2019-20	2018-19
Discount Rate	6.85%	7.75%
Future salary increase	8% for first 2 years & 6.50% thereafter	9% for first 2 years & 7.50% thereafter

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

	Gratuity		Earned Leave		Sick Leave	
	31-03-2020	31-03-2019	31-03-2020	31-03-2019	31-03-2020	31-03-2019
Present value of obligation as at the beginning of the period						
a) Interest cost	31,83,764	8,29,784	50,39,831	5,41,760	11,74,723	2,84,075
b) Current service cost	2,46,742	64,308	3,90,587	41,986	91,041	22,016
c) Past service cost	30,55,137	23,97,642	27,17,547	42,56,302	7,25,242	9,11,762
d) Benefits paid	-	2,19,886	-	3,92,965	-	71,619
e) Actuarial (gain)/loss on obligation	(7,75,057)	(3,27,856)	(33,08,336)	(1,02,034)	(6,98,370)	(1,14,749)
f) Present value of obligation as at the end of closing period	57,10,586	31,83,764	48,39,629	50,39,831	12,92,636	11,74,723

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

	Gratuity		Earned Leave		Sick Leave	
	31-03-2020	31-03-2019	31-03-2020	31-03-2019	31-03-2020	31-03-2019
a) Current service cost	30,55,137	26,17,528	27,17,547	46,49,267	7,25,242	9,83,381
b) Interest cost	2,46,742	64,308	3,90,587	41,986	91,041	22,016
c) Remeasurements	-	-	(33,08,336)	(1,02,034)	(6,98,370)	(1,14,749)
Expenses recognized in the statement of profit & loss	33,01,879	26,81,836	(2,00,202)	45,89,219	1,17,913	8,90,648

(iv) Remeasurements:

	Gratuity		Earned Leave		Sick Leave	
	31-03-2020	31-03-2019	31-03-2020	31-03-2019	31-03-2020	31-03-2019
a) Actuarial (Gain)/Loss on arising from change in Demographic Assumption	2,855	-	-	-	-	-
b) Actuarial (gains)/losses arising from changes in financial assumptions	(47,083)	(7,423)	-	-	-	-
c) Actuarial (gains)/losses arising from experience adjustments	(7,30,829)	(3,20,433)	-	-	-	-
Components of defined benefit costs recognised in other comprehensive income	(7,75,057)	(3,27,856)	-	-	-	-

(v) Sensitivity Analysis

	Gratuity		Earned Leave		Sick Leave	
	31-03-2020	31-03-2019	31-03-2020	31-03-2019	31-03-2020	31-03-2019
a) Decrease in Defined benefit obligation due to .5% increase in discount rate	(2,54,831)	(1,62,539)	(4,20,406)	(4,52,254)	(1,02,569)	(94,024)
b) Increase in Defined benefit obligation due to .5% decrease in discount rate	2,75,210	1,75,699	3,54,009	4,71,489	87,021	98,218
c) Increase in Defined benefit obligation due to .5% increase in Expected Salary Escalation rate	2,74,273	1,74,948	3,52,533	4,69,258	(1,02,569)	94,024
d) Decrease in Defined benefit obligation due to .5% decrease in Expected Salary Escalation rate	(2,56,333)	(1,63,337)	(4,22,446)	(4,54,291)	87,021	(98,218)



**ZUARI MANAGEMENT SERVICES LIMITED**  
Notes to Accounts as at 31 March 2020

Details of Defined Contribution Plan in respect of the Company:

	2019-20	2018-19
Contribution to Provident Fund	1,28,94,963	73,80,835
<b>Total</b>	<b>1,28,94,963</b>	<b>73,80,835</b>

**2.3 Deferred tax (Liability)/Assets as at 31.03.2020 consists of**

Particulars	31-03-2020	31.03.2019
Book/ Tax WDV difference	70,747	72,610
Provision for Leave Encashment/ Gratuity	30,79,141	24,43,563
Carry Forward Tax Loss	2,81,95,067	1,95,48,619
<b>Net Deferred Tax (Liability)/Asset for the year</b>	<b>3,13,44,955</b>	<b>2,20,64,792</b>

The net deferred tax asset has not been considered as a matter of prudence.

**2.4 Going Concern Assumption**

The Company has incurred significant losses in the current year and previous years and has accumulated losses of Rs 591.45 lacs (PY Rs 234.46 lacs) (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.

**2.5 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.

**2.6 Related Party Transactions**

Related party transactions are as per Annexure - A

**2.7 Fair value Hierarchy**

Fair value of Investment in shares of Zuari Agro Chemicals Limited has been done with reference to quoted market price (Level 1) and difference has been taken to OCI. All other financial assets and liabilities have been measured at amortised cost.

All the financial assets and liabilities of the company are current in nature, except following:

- Investment in shares
- Borrowing from Holding company and Loan to ZAEL of Rs 4800 lacs, which is maturing in 2022-23.

**2.8 Earnings Per Share**

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.

Particulars	31-03-2020	31-03-2019
Net Profit / (Loss) after current and deferred tax	(3,90,14,352)	(3,91,56,747)
Weighted Average number of equity shares used for	50,000	50,000
Earning Per Share (Basic and Diluted) (Rs)	(780.29)	(783.13)
Face value per share (Rs)	10	10

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

Particulars	31-03-2020	31-03-2019	Purpose
Loan to Zuari Agro Chemicals Ltd.	48,00,00,000	-	General Corporate purpose
Loan to Texmaco Infrastructure & Holding Ltd.	2,00,00,000	-	General Corporate purpose
Loan to Indian Furniture Product Ltd.	1,00,00,000	-	General Corporate purpose
Loan to Simon India Ltd	2,00,00,000	7,50,00,000	General Corporate purpose

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



**ZUARI MANAGEMENT SERVICES LIMITED****3. Property, Plant and Equipment**

	Computers	Office Equipments	Total
<b>Cost</b>			
<b>At 31 March 2018</b>	3,48,766	5,85,330	9,34,096
Additions	63,000	-	63,000
<b>At 31 March 2019</b>	4,11,766	5,85,330	9,97,096
Additions	1,85,980	-	1,85,980
<b>At 31 March 2020</b>	5,97,746	5,85,330	11,83,076
<b>Accumulated Depreciation</b>			
<b>At 31 March 2018</b>	3,48,766	4,22,677	7,71,443
Charge for the year	7,652	47,201	54,853
<b>At 31 March 2019</b>	3,56,418	4,69,878	8,26,296
Charge for the year	57,914	25,098	83,012
<b>At 31 March 2020</b>	4,14,332	4,94,976	9,09,308
<b>Net Block</b>			
<b>At 31 March 2019</b>	<b>55,348</b>	<b>1,15,452</b>	<b>1,70,800</b>
<b>At 31 March 2020</b>	<b>1,83,414</b>	<b>90,354</b>	<b>2,73,768</b>





**ZUARI MANAGEMENT SERVICES LIMITED****4. Intangible assets**

	<b>Software</b>	<b>Total</b>
<b>Cost</b>		
<b>At 31 March 2018</b>	84,724	84,724
Additions	2,00,980	2,00,980
<b>At 31 March 2019</b>	2,85,704	2,85,704
Additions	-	-
<b>At 31 March 2020</b>	2,85,704	2,85,704
<b>Accumuated Depreciation</b>		
<b>At 31 March 2018</b>	83,024	83,024
Charge for the year	43,194	43,194
<b>At 31 March 2019</b>	1,26,218	1,26,218
Charge for the year	67,177	67,177
<b>At 31 March 2020</b>	1,93,395	1,93,395
<b>Net Block</b>		
<b>At 31 March 2019</b>	<b>1,59,486</b>	<b>1,59,486</b>
<b>At 31 March 2020</b>	<b>92,309</b>	<b>92,309</b>



**ZUARI MANAGEMENT SERVICES LIMITED**

Notes forming part of the financial statements as at 31 March 2020

(Amount in Rupees)	31-03-2020	31-03-2019
<b>5. Financial assets</b>		
<b>Investment in fellow subsidiary</b>		<b>Non current</b>
Unquoted: Indian Furniture Products Limited 24,91,071 (31 March 2019 - 24,91,071) Equity Shares of Rs.10/- each, fully paid up	3,25,50,000	3,25,50,000
	<b>3,25,50,000</b>	<b>3,25,50,000</b>
<b>Investment - Associate</b>		
<b>Investments at fair value through OCI:</b>		
Quoted: Zuari Agro Chemicals Limited 50,78,909 (31 March 2019 - 50,78,909) Equity shares of Rs.10/- each fully paid up*	31,36,22,631	94,34,07,347
	<b>31,36,22,631</b>	<b>94,34,07,347</b>
	<b>34,61,72,631</b>	<b>97,59,57,347</b>
Aggregate book value of quoted investments	31,36,22,631	94,34,07,347
Aggregate market value of quoted investments	31,36,22,631	94,34,07,347
Aggregate value of unquoted investments	3,25,50,000	3,25,50,000
*Note: Includes 5075000 shares pledged with Shine Star Build Cap Private Limited (SSBCPL) for loan taken.		
<b>6. Loans (at amortised cost)</b>		
<b>Loans</b>		<b>Non Current</b>
Security Deposits		
Unsecured, Considered Good	15,000	15,000
<b>Inter Corporate Deposits - Related Party</b>		
Zuari Agro Chemicals Ltd	48,00,00,000	-
	<b>48,00,15,000</b>	<b>15,000</b>
<b>Loans (at amortised cost)</b>		
<b>Loans</b>		<b>Current</b>
<b>Inter Corporate Deposits - Related Party</b>		
Texmaco Infrastructure & Holding Ltd	2,00,00,000	-
Indian Furniture Product Ltd	1,00,00,000	-
Simon India Ltd	7,50,00,000	7,50,00,000
	<b>10,50,00,000</b>	<b>7,50,00,000</b>
<b>7. Trade receivables</b>		
Unsecured- considered good		
Trade receivables - others	63,16,546	1,92,46,578
	<b>63,16,546</b>	<b>1,92,46,578</b>
<b>8. Cash and Cash Equivalent</b>		
<b>Bank Balances:</b>		
-in Current Accounts	2,44,85,475	2,03,90,568
	<b>2,44,85,475</b>	<b>2,03,90,568</b>
<b>9. Other Financial assets</b>		
Interest Accrued on Loans	1,43,17,449	-
Others	39,228	32,428
	<b>1,43,56,677</b>	<b>32,428</b>
<b>10. Other current assets</b>		
GST credit receivable	56,989	56,989
	<b>56,989</b>	<b>56,989</b>





**ZUARI MANAGEMENT SERVICES LIMITED**

Notes forming part of the financial statements as at 31 March 2020

(Amount in Rupees)	31-03-2020	31-03-2019
<b>11. Share Capital</b>		
Authorized:		
50000 (31 March 2019 - 50,000) Equity Shares of Rs. 10/- each	5,00,000	5,00,000
Issued shares :		
50000 (31 March 2019 - 50,000) Equity Shares of Rs. 10/- each	5,00,000	5,00,000
Subscribed and fully paid-up shares :		
50000 (31 March 2019 - 50,000) Equity Shares of Rs. 10/- each	5,00,000	5,00,000
	<b>5,00,000</b>	<b>5,00,000</b>

(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 &amp; its nominees.

**12. Other Equity****Retained Earnings**

Balance as per last financial statements	(2,34,46,657)	1,53,82,234
Net profit for the year	(3,90,14,352)	(3,91,56,747)
Add: Items of other comprehensive income recognised directly in retained earnings		
- Remeasurement of post employment benefits obligation, net of tax	7,75,057	3,27,856
Net surplus in the statement of profit and loss	<b>(6,16,85,952)</b>	<b>(2,34,46,657)</b>

**FVTOCI Reserve**

Balance Bought Forward from Last Year's Account	81,29,31,202	2,31,75,57,993
Add/ Less: Movement during the year	(62,97,84,716)	(1,50,46,26,791)
Balance carried forward to next year	<b>18,31,46,486</b>	<b>81,29,31,202</b>

**Total**

<b>12,14,60,534</b>	<b>78,94,84,545</b>
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**ZUARI MANAGEMENT SERVICES LIMITED**

Notes forming part of the financial statements as at 31 March 2020

(Amount in Rupees)

**13. Borrowings (at amortised cost)**

31-03-2020

31-03-2019

**Non Current**

**UNSECURED LOANS**

Corporate Deposits - Related Party  
Zuari Global Limited

48,00,00,000	-
<b>48,00,00,000</b>	<b>-</b>

**Current Maturities**

**UNSECURED LOANS**

Corporate Deposits - Related Party  
Zuari Global Limited

16,07,00,000	-
<b>16,07,00,000</b>	<b>-</b>

**Current**

**SECURED LOANS**

Shine Star Build Cap Pvt Ltd  
(secured by pledge of 50/5000 shares of Zuari Agro Chemicals Limited)

14,45,04,000	24,75,41,096
<b>14,45,04,000</b>	<b>24,75,41,096</b>

**14. Provisions (Non-Current)**

-Gratuity  
-Sick Leave  
-Privilege Leave

**Non - current**

55,74,260	30,67,014
11,27,083	10,29,569
36,53,348	41,84,732
<b>1,03,54,691</b>	<b>82,81,315</b>

**15. Trade payables (at amortised cost)**

Due to micro and small enterprises  
Due to other than micro and small enterprises

-	-
3,92,75,756	3,77,64,613
<b>3,92,75,756</b>	<b>3,77,64,613</b>

\* 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.

**16. Other Financial Liabilities**

Current maturities of long term borrowings  
Interest Accrued on borrowings

**Current**

16,07,00,000	-
1,64,10,306	-
<b>17,71,10,306</b>	<b>-</b>

**17. Other Current Liabilities**

Statutory dues payable

- GST Payable  
- Provident Fund Payable  
- ESIC Payable  
-TDS Liabilities

53,62,027	39,79,121
26,19,043	17,96,261
4,57,093	6,84,629
27,26,385	42,17,678
<b>1,11,64,548</b>	<b>1,06,77,689</b>

**18. Provisions (Current)**

Provision for employee benefits

-Gratuity  
-Sick Leave  
Variable Pay  
Bonus Payable  
-Privilege Leave

1,36,326	1,16,750
1,65,553	1,45,154
9,79,940	11,27,688
63,49,432	63,48,571
11,86,281	8,55,099
<b>88,17,532</b>	<b>85,93,262</b>





**ZUARI MANAGEMENT SERVICES LIMITED**

Notes forming part of the financial statements as at 31 March 2020

(Amount in Rupees)

	31-03-2020	31-03-2019
	Year Ended 31-03-2020	Year Ended 31-03-2019
<b>19. Revenue From Operations</b>		
Manpower Services Income	18,41,43,642	14,03,23,040
Manpower Hiring Charges	6,28,868	24,83,484
Management Consulting Services/Payroll processing charges	21,13,925	4,09,93,220
	<b>18,68,86,435</b>	<b>18,37,99,744</b>
<b>20. Other income</b>		
Interest income on IT Refund	1,83,936	-
Interest Income	5,71,42,178	1,03,253
	<b>5,73,26,114</b>	<b>1,03,253</b>
<b>21. Employee Benefits Expense</b>		
Salaries, wages and bonus	16,34,48,496	13,75,29,948
Contribution to provident & other funds	1,75,57,066	1,24,63,812
Gratuity	33,01,879	26,81,836
Staff welfare	87,345	1,26,767
	<b>18,43,94,786</b>	<b>15,28,02,363</b>
<b>22. Finance Costs</b>		
Interest on Inter corporate deposit	5,22,99,693	1,48,53,481
Interest on Loan	3,26,56,131	3,39,041
	<b>8,49,55,824</b>	<b>1,51,92,522</b>
<b>23. Depreciation and amortization expense</b>		
Depreciation of property, plant and equipment	83,012	54,853
Amortisation of intangible assets	67,177	43,194
	<b>1,50,189</b>	<b>98,047</b>
<b>24. Other expenses</b>		
Consultancy	96,57,818	5,36,00,000
Legal & Professional Charges	2,81,288	3,35,275
ROC Charges & Filing Fees	24,271	1,662
Payment to Auditors (Refer detail below)	3,75,000	2,80,000
Travelling & conveyance	2,30,974	67,390
Vehicle Maintenance	3,89,503	3,12,010
Communication	29,856	15,502
Interest on delayed payments of statutory dues	71,139	53,382
Miscellaneous expenses	1,25,652	3,01,591
	<b>1,11,85,501</b>	<b>5,49,66,812</b>
Payments to the Auditors as		
Audit Fees	2,60,000	2,00,000
Quarterly Review Fees	75,000	-
Tax Audit Fees	40,000	80,000
	<b>3,75,000</b>	<b>2,80,000</b>



**ZUARI MANAGEMENT SERVICES Ltd.**

**A. List or related party identified by the management**

**Annexure - A**

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

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

S.no.	Transaction details	Year ended 31 March 2020	Year ended 31st March 2019
<b>1</b>	<b>Service Charges Incurred</b>		
	-Zuari Finserv Private Ltd.	1,89,553	85,546
<b>2</b>	<b>Receipts of Inter Corporate Deposits / Loan</b>		
	-Zuari Global Ltd.	72,98,00,000	2,17,50,000
<b>3</b>	<b>Repayment of Inter Corporate Deposits / Loan</b>		
	-Zuari Global Ltd.	8,91,00,000	19,99,95,000
<b>4</b>	<b>Management Consultancy Expense</b>		
	-Gobind Sugar Mills Ltd.	-	4,40,00,000
<b>5</b>	<b>Interest expense</b>		
	-Zuari Global Ltd.	5,22,99,693	1,48,53,481
<b>6</b>	<b>Inter Corporate Deposits / Loan Given</b>		
	-Simon India Ltd.	2,00,00,000	7,50,00,000
	-Zuari Agro Chemicals Ltd.	48,00,00,000	-
	-Indian Furniture Products Ltd.	1,00,00,000	-
<b>7</b>	<b>Inter Corporate Deposits / Loan Refund</b>		
	-Simon India Ltd.	2,00,00,000	-
<b>8</b>	<b>Interest Income</b>		
	-Simon India Ltd.	1,26,70,343	1,03,253
	-Zuari Agro Chemicals Ltd.	4,11,87,945	-
	-Indian Furniture Products Ltd.	9,04,109	-
<b>9</b>	<b>Manpower Services Income</b>		
	-Zuari Agro Chemicals Ltd.	9,20,22,235	7,03,66,118
	-Mangalore Chemicals and Fertilisers Ltd.	1,24,40,623	1,09,11,884
	-Paradeep Phosphate Ltd.	4,15,87,783	3,79,97,743
	-Forte Furniture Products India Pvt Ltd.	8,41,942	-
	-Govind Sugar Mills Ltd.	42,39,998	-
	-Simon India Ltd.	1,13,925	-
<b>10</b>	<b>Payment made on our behalf:</b>		
	-Zuari Global Ltd.	-	8,87,085
<b>11</b>	<b>Reimbursement of Expense</b>		
	-Zuari Global Ltd.	-	75,000

**Closing Balances**

S.no.	Name of the Company	As at 31 March 2020		As at 31 Mar 2019	
		Dr./Cr.	Amount Rs.	Dr./Cr.	Amount Rs.
1	-Zuari Global Ltd. (ICD)	Cr.	64,07,00,000		-
2	-Zuari Global Ltd. (Interest Payable)	Cr.	1,60,67,415		-
3	-Zuari Finserv Pvt Ltd	Cr.	2,76,455	Cr.	71,356
4	-Simon India Ltd. (ICD)	Dr.	7,50,00,000	Dr.	7,50,00,000
5	-Simon India Ltd.	Dr.	1,13,61,948		-
6	-Indian Furniture Products Ltd. (ICD)	Dr.	1,00,00,000		-
7	-Indian Furniture Products Ltd.	Dr.	8,13,698		-
8	-Zuari Agro Chemicals Ltd. (ICD)	Dr.	48,00,00,000		-
9	-Zuari Agro Chemicals Ltd.	Cr.	49,990	Dr.	73,15,390
10	-Paradeep Phosphate Ltd.		-	Dr.	39,08,961
11	-Mangalore Chemicals and Fertilisers Ltd		-	Dr.	10,77,795
12	-Gobind Sugar Mill Ltd.	Cr.	2,19,35,912	Cr.	2,26,80,000





## **ZUARI MANAGEMENT SERVICES LIMITED**

**Notes to financial statements for the year ended 31 March, 2020**

### **1. SIGNIFICANT ACCOUNTING POLICIES.**

#### **1.1 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).

#### **1.2 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.

#### **1.3 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.





## **ZUARI MANAGEMENT SERVICES LIMITED**

### **Notes to financial statements for the year ended 31 March, 2020**

#### **1.4 Estimates and assumptions**

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amount reported in the financial statements and notes thereto. Difference between the actual results and estimates are recognized in the period in which the results are known or materialized. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances that are beyond the control of the company. Such changes are reflected in the assumptions when they occur.

#### **1.3 Provisions, Contingent Liabilities and Contingent Assets**

The Company creates a provision when there is a present obligation as a result of past event that probably requires an outflow of resources and reliable estimates can be made of the amount of obligation. A disclosure of contingent liability is made when there is possible obligation or a present obligation that will probably not require outflow of resources or where a reliable estimate of the obligation cannot be made. Contingent assets are not recognized but disclosed in the financial statements, where economic inflow is probable.

#### **1.4 Fixed Assets**

Fixed assets are stated as per cost model i.e. cost of acquisition less accumulated depreciation/amortisation and impairment. All significant costs incidental to the acquisition of assets are capitalized.

##### **Recognition:**

The cost of an item of property, plant and equipment is recognised as an asset if, and only if:

(a) it is probable that future economic benefits associated with the item will flow to the entity; and

(b) the cost of the item can be measured reliably.

Subsequent expenditure related to item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on the existing fixed assets, including day to day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss in the year when such expenses are incurred.

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

#### **1.5 Depreciation on tangible fixed assets**

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 Fixed Assets, 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:





## **ZUARI MANAGEMENT SERVICES LIMITED**

**Notes to financial statements for the year ended 31 March, 2020**

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

### **1.6 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.

### **1.7 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.

### **1.8 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.





## **ZUARI MANAGEMENT SERVICES LIMITED**

### **Notes to financial statements for the year ended 31 March, 2020**

#### **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.

#### **1.9 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.

#### **1.10 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.

#### **1.11 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.





## **ZUARI MANAGEMENT SERVICES LIMITED**

### **Notes to financial statements for the year ended 31 March, 2020**

#### **1.12 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.

#### **1.13 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 to financial statements for the year ended 31 March, 2020**

### **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.

