Walker Chandiok & Co LLP
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Independent Auditor's Report

To the Members of Zuari Investments Limited

Report on the Audit of the Financial Statements

Opinion

1. We have audited the accompanying financial statements of Zuari Investments Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs (financial position) of the Company as at 31 March 2020, and its loss (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing 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 ('ICAI') 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.

Emphasis of Matter

4. We draw attention to Note 39 to the accompanying financial statements, which describes that the Company has applied for registration with the Reserve Bank of India (RBI) as 'Non-Deposit taking Systematically Important Core Investment Company' on 25 March 2019. The management of the Company is in the process of corresponding with the RBI for obtaining such registration, however the impact of non-registration is currently not ascertainable but would not be material to the accompanying financial statements. Our opinion is not modified in respect of this matter.

Information other than the Financial Statements and Auditor's Report thereon

5. The Company's Board of Directors is responsible for the other information. Other information 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 in the audit or otherwise appears to be materially misstated.

   If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. Reporting under this section is not applicable as no other information is obtained at the date of this auditor's report.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

6. 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 state of affairs (financial position), profit or loss (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 Ind AS specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

9. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's

report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a

guarantee that an audit conducted in accordance with Standards on Auditing 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.

10. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism 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 Act, we are also responsible for explaining 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.

11. 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.

12. 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

13. Based on our audit, we report that the Company has not paid or provided for any managerial remuneration during the year. Accordingly, reporting under section 197(16) of the Act is not applicable.

14. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central

Government of India in terms of section 143(11) of the Act, we give in the Annexure I, a statement on the matters specified in paragraphs 3 and 4 of the Order.

15. Further to our comments in Annexure I, 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 purpose 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 financial statements dealt with by this report are in agreement with the books of account;

d) in our opinion, the aforesaid financial statements comply with Ind AS specified under section 133 of the Act;

e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of section 164(2) of the Act;

f) we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31 March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 13 June 2020 as per Annexure II expressed an unmodified opinion; and

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

i. the Company does not have any pending litigation which would impact its financial position;

ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2020;

iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2020; and

iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these financial statements. Hence, reporting under this clause is not applicable.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Neeraj Goel

Neeraj Goel
Partner
Membership No.: 099514

UDIN: 20099514AAAADC7137
Place: Gurugram
Date: 22 June 2020

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

Annexure I to the Independent Auditor's Report of even date to the members of Zuari Investments Limited on the financial statements for the year ended 31 March 2020

Annexure I

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

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

(b) The property, plant and equipment have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the property, plant and equipment is reasonable having regard to the size of the Company and the nature of its assets.

(c) The Company does not hold any immovable property (in the nature of 'property, plant and equipment'). Accordingly, the provisions of clause 3(i) (c) of the Order are not applicable.

(ii) The Company does not have any inventory covered by Ind-AS 2. Accordingly, the provisions of clause 3(ii) of the Order are not applicable to the Company.

(iii) The Company has not granted any loan, secured or unsecured to companies, firms Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.

(iv) In our opinion, the Company has not entered into any transaction covered under Sections 185 and 186 of the Act. Accordingly, the provisions of clause 3(iv) of the Order are not applicable.

(v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 and rule framed thereunder. Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.

(vii)(a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

Annexure I to the Independent Auditor's Report of even date to the members of Zuari Investments Limited on the financial statements for the year ended 31 March 2020 (cont'd)

(b) There are no dues in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise and value added tax that have not been deposited with the appropriate authorities on account of any dispute.

(viii) The Company has not defaulted in repayment of loans or borrowings to financial institution during the year. The Company did not have any outstanding debentures or loans or borrowings to a bank or government during the year.

(ix) In our opinion, the Company has applied moneys raised by way of term loans for the purposes for which these were raised. The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments) during the year.

(x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.

(xi) The Company has not paid or provided for any managerial remuneration. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable.

(xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.

(xiii) In our opinion, all transactions with the related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the requisite details have been disclosed in the financial statements etc, as required by the applicable Ind AS.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.

(xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.

(xvi) The Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934, as mentioned in note 39 to the accompanying financial statements. The Company had applied for such registration with Reserve Bank of India (RBI) as 'Non-Deposit taking Systematically Important Core Investment Company' under the aforesaid section vide application dated 25 March 2019. However, such application is under discussion before the competent authority as at the year end.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Neeraj Goel

Neeraj Goel
Partner
Membership No.:099514
UDIN: 20099514AAAADC7137
Place: Gurugram
Date: 22 June 2020

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

Annexure II to the Independent Auditor's Report of even date to the members of Zuari Investments Limited on the financial statements for the year ended 31 March 2020
Annexure II

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

1. In conjunction with our audit of the financial statements of the Company as at and for the year ended 31 March 2020, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Company as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The Company's Board of Directors 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 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 the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act

Auditor's Responsibility

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

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR includes obtaining an understanding of IFCoFR, 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.

5. 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 IFCoFR.

Meaning of Internal Financial Controls over Financial Reporting

6. A Company's IFCoFR 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 IFCoFR include 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

Annexure II to the Independent Auditor's Report of even date to the members of Zuari Investments Limited on the financial statements for the year ended 31 March 2020 (Contd.)

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

7. Because of the inherent limitations of IFCoFR, 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 IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at 31 March 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in Guidance Note issued by the ICAI.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Neeraj Goel

Neeraj Goel
Partner
Membership No. 099514

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

UDIN: 20099514AAAADC7137
Place: Gurugram
Date: 22 June 2020

Zuari Investments Limited
Balance sheet as at 31 March 2020

(All amounts in INR lacs, unless otherwise stated)

Particulars	Notes	As at 31 March 2020	As at 31 March 2019
ASSETS			
Non-current assets			
(a) Property, plant and equipment	4	0.05	0.08
(b) Financial assets			
(i) Investments	5	13732.84	32459.17
(ii) Loans	6	4,642.00	5,842.00
(c) Non-current tax assets (net)	7	155.77	86.96
		18530.66	**38388.21**
Current assets			
(a) Financial assets			
(i) Investments	8	616.00	616.00
(ii) Loans	9	2,400.00	1,200.00
(iii) Cash and cash equivalents	10	32.53	27.97
(iv) Other financial assets	11	1543.67	545.43
(b) Other current assets	12	12.40	5.24
		4,604.60	**2394.64**
TOTAL		**23135.26**	**40782.85**
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity share capital	13	1945.74	1945.74
(b) Other equity	14	4478.44	24120.75
		6424.18	**26066.49**
LIABILITIES			
Non-current liabilities			
Financial liabilities (Borrowings)	15	9505.41	6876.46
		9505.41	**6876.46**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	16	4,725.00	6318.53
(ii) Trade payables	17		
-Total outstanding due of micro enterprises and small enterprises		-	-
-Total outstanding due of creditors other than micro enterprises and small enterprises		6.60	5.43
(iii) Other financial liabilities	18	2349.15	1410.79
(b) Other current liabilities	19	124.92	105.15
		7205.67	**7,839.90**
TOTAL		**23135.26**	**40782.85**

The accompanied notes form an integral part of the financial statements.

As per our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No. 001076N/N500013

Neeraj Goel
Partner
Membership No. 099514

Place : Gurugram
Date : 22 June 2020

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

Vijay Kathuria
(Director)
DIN-00338125

Place : New Delhi
Date : 22 June 2020

Alok Banerjee
(Director)
DIN-01371033

Place : Banglore
Date : 22 June 2020

Mayank Sharma
(Company Secretary)
Membership No. A55646

Place : New Delhi
Date : 22 June 2020

Zuari Investments Limited
Statement of Profit and Loss for the year ended 31 March 2020

(All amounts in INR lacs, unless otherwise stated)

Particulars	Notes	Year ended 31 March 2020	Year ended 31 March 2019
Income			
Revenue from operations		-	-
Other income	21	1,146.40	495.35
Total income		**1,146.40**	**495.35**
Expenses			
Employee benefits expense	22	3.07	2.69
Finance costs	23	2,011.40	977.69
Depreciation expense	24	0.03	0.02
Other expenses	25	903.10	19.52
Total expenses		**2,917.60**	**999.92**
Loss before tax		**(1,771.20)**	**(504.57)**
Tax expense:	20		
Current tax		-	-
Deferred tax		-	-
Loss after tax		**(1,771.20)**	**(504.57)**
Other comprehensive income ('OCI')			
Items that will not be reclassified to profit or loss			
Equity instruments designated at fair value through OCI		(17,871.11)	(5,344.01)
Income tax effect		-	-
Other comprehensive loss for the year		**(17,871.11)**	**(5,344.01)**
Total comprehensive loss for the year		**(19,642.31)**	**(5,848.58)**
Loss per equity share			
(i) Basic		(9.10)	(2.59)
(ii) Diluted		(9.10)	(2.59)

The accompanied notes form an integral part of the financial statements.

As per our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Neeraj Goel
Partner
Membership No. 099514

Place : Gurugram
Date : 22 June 2020

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

Vijay Kathuria
(Director)
DIN-00338125

Place : New Delhi
Date : 22 June 2020

Alok Banerjee
(Director)
DIN-01371033

Place : Banglore
Date : 22 June 2020

Mayank Sharma
(Company Secretary)
Membership No. A55646

Place : New Delhi
Date : 22 June 2020

Zuari Investments Limited
Cash Flow Statement for the year ended 31 March 2020

(All amounts in INR lacs, unless otherwise stated)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
A Cash flow from operating activities		
Loss before tax :	(1,771.20)	(504.57)
Adjustments for:		
Depreciation expense	0.03	0.02
Interest income	(966.96)	(365.08)
Provision for impairment in investment	877.98	-
Gain arising on measuring financial assets at fair value through profit and loss	(23.43)	(20.03)
Finance costs	2,011.40	977.69
Dividend income	(151.17)	(105.69)
Excess provisions written back	(4.62)	(4.55)
Operating loss before working capital changes	**(27.97)**	**(22.21)**
Adjustment for changes in working capital		
-other receivables	(904.03)	(205.84)
-other financial assets	896.87	-
-trade and other payables	(100.76)	270.76
Cash flow generated from/(used in) operations	**(135.89)**	**42.71**
Income taxes paid (net)	(68.81)	(37.93)
Net cash flow generated from/(used in) operating activities	**(204.70)**	**4.78**
B Cash flow from investing activities		
Purchase of property, plant and equipment	-	(0.10)
Proceeds from sale of investments	0.67	60.08
Investment in equity shares and compulsorily convertible preference shares of subsidiary company	-	(1,273.05)
Inter Corporate Deposits (ICDs) given	-	(7,227.00)
Interest received	70.09	365.08
Dividend received	49.80	105.69
Net cash flow generated from/(used in) investing activities	**120.56**	**(7,969.30)**
C Cash flow from financing activities		
Proceeds from non-current borrowings	2,653.12	8,300.00
Repayment of non-current borrowings	(1,579.80)	(223.54)
Proceeds from current borrowings	7,182.50	5,140.00
Payment of current borrowings	(7,220.40)	(4,298.26)
Interest amounts paid	(946.72)	(977.69)
Net cash generated from financing activities	**88.70**	**7,940.51**
Net increase/(decrease) in cash and cash equivalents (A+B+C)	**4.56**	**(24.01)**
Cash and cash equivalents as at the beginning of the year	27.97	51.98
Cash and cash equivalents as at the end of the year	**32.53**	**27.97**

Refer note 10 for break up of cash and cash equivalents.

Notes:

1 The above cash flow statement has been prepared under the **"Indirect Method"** as per Indian Accounting Standard (Ind AS) 7.
2 Figures in brackets indicate cash outflow and without brackets indicate cash inflow.
3 Refer note 16.2 for changes in liabilities arising from financing activities.

As per our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Neeraj Goel
Partner
Membership No. 099514

Place : Gurugram
Date : 22 June 2020

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

Vijay Kathuria
(Director)
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Place : New Delhi
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(Director)
DIN-01371033

Place : Banglore
Date : 22 June 2020

Mayank Sharma
(Company Secretary)
Membership No. A55646

Place : New Delhi
Date : 22 June 2020

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

ZUARI INVESTMENTS LIMITED *

Zuari Investments Limited
Statement of Changes in Equity for the year ended 31 March 2020

(All amounts in INR lacs, unless otherwise stated)

A Equity share capital

Equity shares of INR 10/- each issued, subscribed and fully paid:	Number of shares	Amount
As at 31 March 2018	**1,94,57,364**	**1,945.74**
Changes during the year	-	-
As at 31 March 2019	**1,94,57,364**	**1,945.74**
Changes during the year	-	-
As at 31 March 2020	**1,94,57,364**	**1,945.74**

B Other equity

	Retained earnings	Fair value through OCI - Equity instruments	Total
As at 31 March 2018	**(752.20)**	**30,721.53**	**29,969.33**
Loss for the year	(504.57)	(5,344.01)	**(5,848.58)**
Reclassification of cumulative gains against investments in equity instruments measured at FVTOCI transferred on sale of investments	(828.77)	828.77	-
Total	(1,333.34)	(4,515.24)	(5,848.58)
As at 31 March 2019	**(2,085.54)**	**26,206.29**	**24,120.75**
Loss for the year	(1,771.20)	(17,871.11)	(19,642.31)
Reclassification of cumulative gains against investments in equity instruments measured at FVTOCI transferred on sale of investments	(81.04)	81.04	-
Total	**(1,852.24)**	**(17,790.07)**	**(19,642.31)**
As at 31 March 2020	**(3,937.78)**	**8,416.22**	**4,478.44**

As per our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Neeraj Goel
Partner
Membership No. 099514

Place : Gurugram
Date : 22 June 2020

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

Vijay Kathuria
(Director)
DIN-00338125
Place : New Delhi
Date : 22 June 2020

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(Director)
DIN-01371033
Place : Banglore
Date : 22 June 2020

Mayank Sharma
(Company Secretary)
Membership No. A55646
Place : New Delhi
Date : 22 June 2020

Zuari Investments Limited
Summary of significant accounting policies and other explanatory information's for the year ended 31 March 2020

1. Corporate information

Zuari Investments Limited (the "Company") is a public Company domiciled in India an incorporated under the provisions of the Companies Act, 1956. The Company has applied for registration as Non-Banking Financial Company with Reserve Bank of India (refer note 39 for further details). The Company's principal place of business is Plot No. 2, Zamrudpur Community Centre, Kailash Colony Extension, New Delhi-110048.

2. Application of Indian Accounting Standards

All the Ind AS issued and notified by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) till the financial statements are authorized have been considered while preparing these financial statements.

3. Significant accounting policies

a) Basis of preparation

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 (as amended time to time) notified under section 133 of the Companies Act, 2013 (the "Act").
The financial statements of the Company have been prepared on a historical cost basis, except for certain financial assets measured at fair value.

b) Newly effective standard adopted by the Company (recent accounting pronouncement)

The Company has applied Ind AS 116, Leases, for the first time for their annual reporting period commencing 1 April 2019. The Company had to change its accounting policies as a result of adopting Ind AS 116. The Company adopted the new standard retrospectively but recognized the cumulative effect of initially applying the new standard on 1 April 2019. Refer note 38 for details. The other amendments did not have any impact on the amounts recognized in earlier periods and are not expected to affect the current period.

c) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current and non-current classification.

An **asset** is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period All other assets are classified as non-current.

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A **liability** is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

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

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

d) Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties, if any. The Company recognizes revenue when it transfers control over a product or service to a customer.

To determine whether to recognize revenue, the Company follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

Identifying the performance obligations

Under Ind AS 115, the Company must evaluate the separability of the promised goods or services based on whether they are 'distinct'. A promised good or service is 'distinct' if both:

- the customer benefits from the item either on its own or together with other readily available resources, and
- it is 'separately identifiable' (i.e. the Company does not provide a significant service integrating, modifying or customizing it).

Determining the transaction price

Under Ind AS 115, the Company shall consider the terms of the contract and its customary business practices to determine the transaction price. The transaction price excludes amounts collected on behalf of third parties. The consideration promised include fixed amounts, variable amounts, or both.

Allocating the transaction price to the performance obligations

The transaction price is allocated to the separately identifiable performance obligations on the basis of their standalone selling price. For services that are not provided separately, the standalone selling price is estimated using adjusted market assessment approach.

Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made.

Revenue is recognised either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers.

In the comparative period presented in financial statements, revenue was measured at the fair value of the consideration received or receivable. Revenue from the sale of goods was recognised when the significant risks and rewards of ownership had been transferred to the customer, recovery of the consideration was probable, there was no continuing management involvement with the goods and the amount of revenue could be measured reliably. The company recognizes revenue from the following major sources: -

Rendering of services:

Revenue from rendering of services is recognised on the basis of stage of completion method. Under this
method, revenue is recognised in the accounting periods in which the services are rendered.

Interest income:

For all debt instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR).

Dividends:

Revenue is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

e) Taxes

Income tax comprises of current and deferred tax. It is recognised in Statement of Profit and Loss except to the extent that is related to an item recognised directly in equity or other comprehensive income.

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the country where the Company operates and generates taxable income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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Deferred tax

Deferred tax is provided using the balance sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred income tax liabilities are recognised for all taxable temporary differences. Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.
Deferred income 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 income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

f) Borrowing costs

General and specific borrowing costs directly attributed to the acquisition, construction or production of a qualifying asset are capitalised upto the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

All other borrowing costs are expensed in the period in which they occur or accrue. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

g) 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 recognised 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.

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 year when such expenses are incurred.

An item of property, plant and equipment and any significant part initially recognised is derecognised 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 derecognised.
The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Depreciation, estimated useful life and residual life

Depreciation is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives: -

Particulars	**Life (years)**
Furniture and fixtures	10
Computers and softwares	03
Office equipment	05
Servers	06

The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

h) 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 impairment losses, if any.

Recognition:

The costs of intangible asset is recognised 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.

Intangibles representing computer software are amortized using the straight line method over their estimated useful lives of five 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 each financial year end and adjusted prospectively, if appropriate treating them as changes in accounting estimates. The maintenance expenses on intangible assets with finite lives is recognised in the statement of profit and loss, unless such expenditure forms part of carrying value of an asset and satisfies recognition criteria.

Gains/(losses) arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Assets carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

i) 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.

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 recognised 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 recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit and loss.

j) Leases

As a lessee

As inception of the contract, the Company assesses whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to control the use an asset (the underlying asset) for a period of time in exchange for consideration'.

To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the identified asset throughout the period of use.

The Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.
At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Measurement and recognition of leases as a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.
The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

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The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero, as the case may be.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the balance sheet. Also, the Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

In the comparative period, as a lessee, the lease payments in respect of assets taken on operating lease are charged to the profit or loss on a straight line basis over the period of the lease unless the payments are structured to increase in line with the expected general inflation to compensate the lessor's expected inflationary cost increase.

As a lessor

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

The accounting policies applicable to the Company as a lessor in the comparative period were not different from Ind AS 116. However, when the Company was an intermediate lessor the sub-leases were classified with reference to the underlying asset.

k) Post-employment and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no statutory nor contractual obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

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Gratuity liability being a defined benefit obligation is provided for on the basis of actuarial valuation on projected unit credit method made at the end of each financial year. The gratuity plan of the Company has been funded by policy taken from Life Insurance Corporation of India. Actuarial gains and losses for defined benefit plan are recognized in full in the year in which they occur in the statement of profit and loss.

Measurements, comprising of actuarial gains and losses 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. Acturial gains/losses are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

•The date of the plan amendment or curtailment, and

•The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the consolidated statement of profit and loss:

•Service costs comprising current service costs, past-service costs, gains and losses on curtailments and nonroutine settlements; and

•Net interest expense or income

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. The Company presents the entire leave as current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Actuarial gains and losses are recognized in full in the period in which they occur in the statement of profit and loss.

l) Financial instruments

Financial assets and financial liabilities are recognized when Company becomes a party to the contractual provisions of the instruments.
Financial assets and financial liabilities are initially measured at fair value using best estimates. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in the statement the profit and loss.

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Financial assets:

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Amortized cost

A financial asset shall be measured at amortised cost using effective interest rates if both of the following conditions are met:

- financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including àll fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets at fair value through profit and loss (FVTPL)

Financial assets at FVTPL include financial assets that either do not meet the criteria for amortised cost classification or are equity instruments held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition. All derivative financial instruments also fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements may apply. Assets in this category are measured at fair value with gains or losses recognized in the statement of profit and loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Financial assets at fair value through other comprehensive income (FVTOCI)

On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to the statement of profit and loss on disposal of the investments. The Company has irrevocably adopted to value its equity investments through FVTOCI.
Dividends on these investments in equity instruments are recognised in the statement of profit and loss when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably. Dividends

recognised in the Statement of Profit and Loss are included in the 'Other income' line item.

Financial assets at cost

The Company holds investments in its subsidiaries, which are measured at cost while preparing its separate financial statements.

Impairment of financial asset

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortized cost and financial asset designated as at FVTOCI.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses using the simplified approach permitted under Ind AS 109.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

Financial liabilities:

Financial liabilities are subsequently carried at amortised 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 the short maturity of these instruments.

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in statement of profit and loss when liabilities are derecognised. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance cost in the statement of profit and loss.

Derecognition of financial instruments

The Company derecognises a financial asset when the contractual rights to the cash flows from th financial asset expire or it transfers the financial asset and the transfer qualifies for de-recognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognised from the Company's balance sheet when the obligation specified in the contract is discharged or cancelled or expires.

Fair value of financial instruments

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods

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used to determine fair value include discounted cash flow analysis, available quoted market prices. All methods of assessing fair value result in general approximation of value, and such value may vary from actual realisation on future date.

m) Earnings per share

Basic Earnings per Share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted number of 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 and the weighted average number of shares outstanding during the year are adjusted for the effect of all dilutive potential equity shares.

n) 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.

o) 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. 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.

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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.

p) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.
Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs. Unallocated items include general corporate income and expense items which are not allocated to any business segment. The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole

q) 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.

Classification of leases – The Company enters into leasing arrangements for various assets. The classification of the leasing arrangement as a finance lease or operating lease is based on an assessment of several factors, including, but not limited to, transfer of ownership of leased asset at end of lease term, lessee's option to purchase and estimated certainty of exercise of such option, proportion of lease term to the asset's economic life, proportion of present value of minimum lease payments to fair value of leased asset and extent of specialized nature of the leased asset. The Group has also factored in overall time period of rent agreements to arrive at lease period to recognise rental income on straight line basis.

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.

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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.

Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

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(All amounts in INR lacs, unless otherwise stated)

4 Property, plant and equipment

Particulars	Office equipments
Year ended 31 March 2019	
Gross carrying amount	
Balance as at 1 April 2018	-
Additions	0.10
Disposals/transfers	-
Balance as at 31 March 2019	**0.10**
Accumalated depreciation	
Balance as at 1 April 2018	-
Depreciation during the year	0.02
Disposals/transfers	-
Balance as at 31 March 2019	**0.02**
Net carrying amount	**0.08**
Year ended 31 March 2020	
Gross carrying amount	
Balance as at 1 April 2019	0.10
Additions	-
Disposals/transfers	-
Balance as at 31 March 2020	**0.10**
Accumalated depreciation	
Balance as at 1 April 2019	0.02
Depreciation during the year	0.03
Disposals/transfers	-
Balance as at 31 March 2020	**0.05**
Net carrying amount	**0.05**

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(All amounts in INR lacs, unless otherwise stated)

5 Investments (non-current)

Paticulars		As at 31 March 2020	As at 31 March 2019
Investments in equity instruments (fully paid up)			
Measured at fair value through other comprehensive income			
Quoted			
Texmaco Infrastructure & Holdings Limited [12,810,900 shares (12,810,900 shares) of INR 1/- each]		3,964.97	7,263.78
Texmaco Rail & Engineering Limited [28,963,900 shares (28,963,900 shares) of INR 1/- each]		5,647.96	19,985.09
Chambal Fertilisers & Chemicals Limited [402,840 shares (402,840 shares) of INR 10/- each]		436.88	672.94
Ess Dee Aluminium Limited [Nil shares (14,000 shares) of INR 10/- each]		-	2.28
		10,049.81	27,924.09
Unquoted			
Lionel Edward Limited [19,092 shares(19,092 shares) of INR 100/- each]		56.98	54.48
		56.98	54.48
Measured at cost			
Quoted			
Gobind Sugar Mills Limited ('GSML') [2,913,679 shares (2,171,549 shares) of INR 10/- each] (subsidiary) Note 1, 2 and 3		1,742.89	1,000.76
		1,742.89	1,000.76
Unquoted			
Indian Furniture Products Limited ('IFPL')[7,044,643 shares (7,044,643 shares) of INR 10/- each] (Associate) Note 4		657.50	657.50
Less: Provision for impairment in IFPL Note 4		-437.45	-
New Eros Tradecom Limited ('NETL') [2,049,994 shares (2,094,994 shares) of INR 10/- each] (Associate) Note 5		1,553.88	1,553.88
Less: Provision for impairment in NETL Note 5		-440.53	-
		1,333.40	2,211.38
	(A)	13,183.08	31,190.71
Investments in Compulsorily Convertible Preference Shares ('CCPS') (fully paid up) (unquoted)			
Measured at cost Note 3 and 4			
CCPS of GSML [Nil shares (742,130 shares) of INR 100/-each]			
(Date of allotment- 14 November 2018, Date of conversion- 17 April 2019 and carry no dividend)	(B)	-	742.13
Investments in Non Convertible Redeemable Preference Shares ('NCRPS') (fully paid up) (unquoted)			
Measured at fair value through profit and loss			
7% NCRPS of GSML			
Series-VIII - Date of allotment- 30 June 2014 [81,448 shares (81,448 shares) of INR 10/-each]		3.18	2.72
Series-IX - Date of allotment - 17 June 2014 [2,000,000 shares (2,000,000 shares) of INR 10/-each]		72.14	61.66
Series-X - Date of allotment - 14 January 2015 [2,000,000 shares (2,000,000 shares) of INR 10/-each]		69.36	59.29
Series-XIII -Date of allotment - 5 May 2015 [500,000 shares (500,000 shares) of INR 10/-each]		16.67	14.25
(All above series are redeemable in one single lot after expiry of the 12th year from the date of allotment)	(C)	161.35	137.92
Deemed investment in GSML Note 6	(D)	388.41	388.41
Total (A+B+C+D)		13,732.84	32,459.17
Aggregate book value of quoted investments		10,049.81	27,924.09
Aggregate market value of quoted investments		10,049.81	27,924.09
Aggregate book value of unquoted investments		606.74	1,322.94
Aggregate amount of impairment in value of investments		-	-

Notes:

1) The investments in GSML have been tested for impairment and no impairment exists as of balance sheet date.

2) Investments in GSML, IFPL and NETL, being in nature of equity contribution (as equity shares and CCPS as applicable), the investments are measured at cost in accordance with Ind AS 27 - "Separate Financial Statements".

3) On 17 April 2019, investment in CCPS of GSML, were converted to equity shares of GSML per terms of the arrangement.

4) The Company has investment (equity shares) amounting to INR 657.50 lakhs in IFPL, an associate company which is in the business of distribution and retailing of Furniture and related items. The Company has reassessed the future projections of IFPL and basis the review of current situation and future prospects of furniture business, an impairment loss on investments amounting to INR 437.45 lacs have been recognised in the financial statements for the year ended 31 March 2020.

5) The Company has investment (equity shares) amounting to INR 1,553.88 lacs in NETL, an associate company The Company has reassessed the future projections of NETL and basis the review of current situation and future prospects, an impairment loss on investments amounting to INR 440.53 lacs has been recognised in the financial statements for the year ended 31 March 2020.

6) Difference between the fair value of investment in NCRPS of GSML (the subsidiary company) and its transaction price is recorded as deemed investment in GSML.

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CHANDIOK & CO LLP CHARTERED ACCOUNTANTS

ZUARI INVESTMENTS LIMITED

Particulars		As at 31 March 2020	As at 31 March 2019
6 Loans (non-current)			
Measured at amortised cost			
Loans to related parties (unsecured, considered good[#]		4,642.00	5,842.00
	Total	**4,642.00**	**5,842.00**

The Company has provided the above loan to its subsidiary company - Gobind Sugar Mills limited. The loan being unsecured, carrying interest of 12% p.a. is repayable in 6 half yearly installments commencing from 31 October 2019 amounting to INR 1,200.00 lacs each (last installment being INR 1,227.00 lacs). Refer note 34 for details for loans given to related parties.

Particulars		As at 31 March 2020	As at 31 March 2019
7 Non current tax assets (net)			
Income taxes paid (net of provisions)		155.77	86.96
	Total	**155.77**	**86.96**
8 Investments (current)			
Measured at fair value through profit and loss			
Investments in 6% NCRPS of Adventz Investment Company Private Limited (fully paid up) (unquoted) 660,000 shares (660,000 shares) of INR 100/- each [redeemable on 30 September 2020 (31 March 2019: 30 September 2019]		616.00	616.00
	Total	**616.00**	**616.00**
9 Loans (current)			
Measured at amortised cost			
Loans to related parties (unsecured, considered good)[#]		2,400.00	1,200.00
	Total	**2,400.00**	**1,200.00**

#Refer note 6 for further details.

Particulars		As at 31 March 2020	As at 31 March 2019
10 Cash and cash equivalents			
Balances with banks			
- in currents accounts		32.53	27.97
	Total	**32.53**	**27.97**
11 Other financial assets - current			
Measured at amortised cost			
Interest accrued [$]		1,242.49	345.62
Dividend receivable		101.37	-
Other receivables[$]		199.81	199.81
	Total	**1,543.67**	**545.43**

[$] Refer note 34 for details of receivables from related parties.

Particulars		As at 31 March 2020	As at 31 March 2019
12 Other current assets			
Balances with revenue authorities		12.40	5.24
	Total	**12.40**	**5.24**

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WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

ZUARI INVESTMENTS LIMITED

(All amounts in INR lacs, unless otherwise stated)

13 **Share capital**

Particulars	As at 31 March 2020	As at 31 March 2019
Authorised:		
67,000,000 (P.Y. 67,000,000) Equity Shares of INR 10/- each	6,700.00	6,700.00
Issued shares :		
19,457,364 (P.Y. 19,457,364) Equity shares of INR 10/- each	1,945.74	1,945.74
Subscribed and fully paid-up shares :		
19,457,364 (P.Y. 19,457,364) Equity shares of INR 10/- each	1,945.74	1,945.74
Total	**1,945.74**	**1,945.74**

(i) **Reconciliation of the shares outstanding at the beginning and at the end of the reporting year**

Particulars	As at 31 March 2020		As at 31 March 2019	
	Number of shares	Amount	Number of shares	Amount
Equity shares				
Outstanding at the beginning and at the end of the year	1,94,57,364	1,945.74	1,94,57,364	1,945.74

(ii) **Terms/rights attached to equity shares**

The Company has only one class of equity shares having a par value of INR 10/- per share. Each holder of equity shares is entitled to one vote per share.

(iii) **Shares held by holding company**

Particulars	As at 31 March 2020	As at 31 March 2019
Zuari Global Limited	1,94,57,364	1,94,57,364

(iv) **Details of shareholders holding more than 5% shares in the Company**

Particulars	As at 31 March 2020		As at 31 March 2019	
	Number of shares	% holding	Number of shares	% holding
Zuari Global Limited	1,94,57,364	100	1,94,57,364	100

As per the records of the Company including its register of shareholders/members, the above shareholding represents legal ownerships of shares.

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ZUARI INVESTMENTS LIMITED

WALKER CHANDIOK & CO LLP CHARTERED ACCOUNTANTS

(All amounts in INR lacs, unless otherwise stated)

14 Other equity

Particulars	As at 31 March 2020	As at 31 March 2019
Retained earnings		
Opening balance	(2,085.54)	(752.20)
Loss for the year	(1,771.20)	(504.57)
Reclassification of cumulative (losses)/gains against investments in equity instruments measured at FVTOCI transferred	(81.04)	(828.77)
Closing balance	**(3,937.78)**	**(2,085.54)**
Fair value through OCI- equity instruments		
Opening balance	26,206.29	30,721.53
Movement during the year	(17,871.11)	(5,344.01)
Reclassification of cumulative (gains)/loss against investments in equity instruments measured at FVTOCI transferred	81.04	828.77
Closing balance	**8,416.22**	**26,206.29**
Total	**4,478.44**	**24,120.75**

Nature and purpose:

Retained earnings:

Retained earnings are created from the profit/(loss) of the Company, as adjusted for distributions to owners, transfers to other reserves, etc.

Fair value through OCI- equity instruments

The Company has elected to recognise changes in the fair value of certain investments in equity shares in other comprehensive income.

These are accumulated in Fair value through OCI- equity instruments reserve in OCI within the equity. The Company transfers this reserves to retained earnings when relevant equity investments are derecognised/transferred.

15 Borrowings (non current)

Measured at amortised cost

Secured loan from financial institution	2,289.79	-
Unsecured loans from related parties#	8,415.62	8,076.46
	10,705.41	8,076.46
Less : Current maturities of non-current borrowings	1,200.00	1,200.00
Total	**9,505.41**	**6,876.46**

Refer note 15.1 for details of non-current borrowings

Refer note 16.2 for changes in liabilities arising from financing activities related to non current borrowings.

Refer note 34 for further details of loan from related parties.

ZUARI INVESTMENTS LIMITED

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WALKER CHANDIOK & CO LLP CHARTERED ACCOUNTANTS

(All amounts in INR lacs, unless otherwise stated)

15.1 Details of non-current borrowings

S No.	Nature of loan	Lender	As at 31 March 2020	As at 31 March 2019	Nature of securities	Interest rate	Terms of repayment
1	General corporate purposes from financial institution	Bajaj Finance Limited#	2,289.79	-	Equity shares of Chambal Fertilisers & Chemicals Limited & Zuari Agro Chemicals Limited with a combined security cover of 2.25 times.	12.00%	The term loan has bullet repayment in 24 months. The loan may be renewed at the end of the tenure at the option of lender as per the terms and conditions mutually accepted.
2	Loan from body corporates	Zuari Global Limited	6,576.73	8,076.46	Unsecured	15.00% (P.Y 12.00%)	Repayable in 6 half yearly installments commencing from 31 October 2019 amounting to INR 1,200.00 lacs each (last installment being INR 1,227.00 lacs).
3	Loan from body corporates	Zuari Global Limited	405.63	-		14.00%	Repayable by 31 March 2022.
4	Loan from body corporates	Zuari Insurance Brokers Limited	240.00	-		12.00%	Repayable by 31 March 2022.
5	Loan from body corporates	Simon India Limited	1,193.26	-		14.50% - 17.00%	Repayable by 31 March 2022.

Shares pledged of Zuari Global Limited-holding company of the Company.

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ZUARI INVESTMENTS LIMITED

WALKER CHANDIOK & CO LLP CHARTERED ACCOUNTANTS

(All amounts in INR lacs, unless otherwise stated)

16 Borrowings (current)

Particulars	As at 31 March 2020	As at 31 March 2019
Measured at amortised cost		
Secured loan from body corporates	3,900.00	-
Unsecured loans from related parties[@]	125.00	6,318.53
Unsecured loans from body corporates	700.00	-
Total	**4,725.00**	**6,318.53**

@ Refer note 34 for further details of loan from related parties.

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ZUARI INVESTMENTS LIMITED

WALKER CHANDIOK & CO LLP CHARTERED ACCOUNTANTS

Zuari Investments Limited

Summary of significant accounting policies and other explanatory notes for the year ended 31 March 2020

(All amounts in INR lacs, unless otherwise stated)

16.1 Details of short term borrowings

S No.	Nature of loan	Lender	As at 31 March 2020	As at 31 March 2019	Nature of securities	Interest rate	Terms of repayment
1	Loan from body corporates	NM Finance Investment Consultancy Limited#	1,000.00	-	Equity shares of Chambal Fertilisers & Chemicals Limited of market value of INR 200,000,000 to be returned at the time of repayment of loan.	13.00%	6 months (with renewal options for another 6 months).
2	Loan from body corporates	SKS Fincap Private Limited#	950.00	-	1,350,000 Equity shares of Chambal Fertilisers & Chemicals Limited to provide 2.00 times of security value at all times at initial share price of INR 150 per share.	13.00%	Upto 12 months from the date of disbursement
3	Loan from body corporates	Bhansali Fincom Private Limted#	1,000.00	-	1,200,000 Equity shares of Chambal Fertilisers & Chemicals Limited to provide 2.00 times of security value at all times at initial share price of INR 175 per share.	13.00%	180 days
4	Loan from body corporates	Emergent Global Edu And Services Limited#	475.00	-	690,000 Equity shares of Chambal Fertilisers & Chemicals Limited to provide 2.00 times of security value at all times at initial share price taken as the closing price of the previous day.	14.00%	180 days
5	Loan from body corporates	Northern Exim Private Limited#	475.00	-	720,000 Equity shares of Chambal Fertilisers & Chemicals Limited to provide 2.00 times of security value at all times at initial share price taken as the closing price of the previous day.	14.00%	180 days
6	Loan from body corporates	Zigma Electrical Private Limited	100.00	-	Unsecured	13.00%	122 days
7	Loan from body corporates	Adventz Finance Private Limited	200.00	-		13.50%	Repayable on demand
8	Loan from body corporates	Eastern Ganges Corporation LLP	25.00	-		13.00%	Repayable on demand
9	Loan from body corporates	Garima Developers Private Limited	90.00	-		13.00%	Repayable on demand
10	Loan from body corporates	Garima Investment And Trading Co. Limited	125.00	-		13.00%	Repayable on demand
11	Loan from body corporates	OP Vanyjya Limited	160.00	-		13.00%	Repayable on demand

Walker Chandiok & Co LLP * Chartered Accountants *

Zuari Investments Limited *

(All amounts in INR lacs, unless otherwise stated)

16.1 Details of short term borrowings (cont'd):

S No.	Nature of loan	Lender	As at 31 March 2020	As at 31 March 2019	Nature of securities	Interest rate	Terms of repayment
12	Loan from body corporates	New Eros Tradecom Limited	125.00	-	Unsecured	13.00%	Repayable at 31 March 2021.
13	Loan from body corporates	Zuari Global Limited[$]	-	5,168.53		Nil (P.Y 12.00% - 13.50%)	Repayable at 30 June 2019 or 31 March 2020, whichever earlier.
14	Loan from body corporates	Simon India Limited[$]	-	1,150.00		Nil (P.Y 12.50% - 17.00%)	Repayable at 30 June 2019 or 31 March 2020, whichever earlier.

[#] Shares pledged of Zuari Global Limited-holding company of the Company.

[$] During the current year, the Company has classified outstanding loan balances as non current based on revised payment terms as mutully agreed and disclosed in note 15.1 above.

ZUARI INVESTMENTS LIMITED

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WALKER CHANDIOK & CO LLP CHARTERED ACCOUNTANTS

(All amounts in INR)

16.2 Changes in liabilities arising from financing activities

Particulars	Non-current borrowings	Current borrowings	Interest accrued but not due on borrowings
As at 31 March 2018	-	**5,476.78**	-
Cash adjustments			
Cash inflows	8,300.00	5,140.00	-
Cash outflows	(223.54)	(4,298.25)	-
Interest paid	(477.26)	(500.43)	-
Non cash adjustment			
Interest expense/accruals	477.26	500.43	-
As at 31 March 2019	**8,076.46**	**6,318.53**	-
Cash adjustments			
Cash inflows	2,653.12	7,182.50	-
Cash outflows	(1,579.80)	(7,220.40)	-
Interest paid	(710.13)	(236.59)	-
Non cash adjustments			
Interest expense/accruals	710.13	236.59	1,064.68
Impact of reclassification fom current to non current borrowings [refer note 16.1]	1,555.63	(1,555.63)	-
As at 31 March 2020	**10,705.41**	**4,725.00**	**1,064.68**

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

ZUARI INVESTMENTS LIMITED *

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(All amounts in INR lacs, unless otherwise stated)

17 Trade payables

Paticulars	As at 31 March 2020	As at 31 March 2019
Measured at amortised cost		
Total outstanding due of micro, medium and small enterprises	-	-
Total outstanding due of creditors other than micro, medium and small enterprises	6.60	5.43
Total	**6.60**	**5.43**

18 Other financial liabilities

Measured at amortised cost		
Other payables#	84.47	210.79
Interest accrued but not due on borrowings#	1,064.68	-
Current maturities of long term borrowings	1,200.00	1,200.00
Total	**2,349.15**	**1,410.79**

#Refer note 34 for details of payables to related parties.

19 Other current liabilities

Statutory dues	124.92	105.15
Total	**124.92**	**105.15**

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(All amounts in INR lacs, unless otherwise stated)

20 Income tax expense

Paticulars		Year ended 31 March 2020	Year ended 31 March 2019
Accounting loss		(1,771.20)	(504.57)
Accounting Profit			
Applicable tax rates		25.17%	26.00%
Expected tax expense		(445.81)	(131.19)
Deferred taxes not recognized on unused tax losses (refer note (ii) below)		(445.81)	(131.19)
Actual tax expense	Total	-	-
Tax expense comprises			
Current tax expense		-	-
Deferred tax expense		-	-
	Total	-	-

Note:

(i) The Company elected to exercise the option of reduced income-tax rates permitted under section 115BBA of the Income-tax Act 1961 ("the Act"), as introduced by the Taxation Laws (Amendment) Ordinance, 2019 and has accordinglt adopted lower income tax rates w.e.f year ended 31 March 2020 onwards.

(ii) Deferred tax:

The Company has not recognised deferred tax asset on unused tax losses in absence of reasonable certainty and availability of sufficient future taxable profits against which such unused tax 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 2020		As at 31 March 2019	
	Gross amount	**Unrecognized tax effect**	**Gross amount**	**Unrecognized tax effect**
Deductible temporary differences				
Unused tax losses	10,480.81		8,860.78	
	10,480.81	-	**8,860.78**	-

The unused tax losses for which which no deferred tax assets are recognised representing business losses are as follows:

Year of expiry Financial year ending 31 March	As at 31 March 2020	As at 31 March 2019
2021	12.88	12.88
2022	1,097.08	1,097.08
2023	141.09	141.09
2024	2,028.19	2,028.19
2025	5,182.18	5,182.18
2026	0.48	0.48
2027	398.88	398.88
2028	1,620.03	-
	10,480.81	**8,860.78**

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ZUARI INVESTMENTS LIMITED

WALKER CHANDIOK & CO LLP CHARTERED ACCOUNTANTS

(All amounts in INR lacs, unless otherwise stated)

21 **Other income**

Particulars		As at 31 March 2020	As at 31 March 2019
Interest income on ICDs		966.96	365.08
Dividend income		151.17	105.69
Excess provisions written back		4.62	4.55
Gain on fair value measurement of financial assets		23.43	20.03
Miscellaneous income		0.22	-
	Total	**1,146.40**	**495.35**

22 **Employee benefits expense**

Salaries including bonus		3.07	2.69
	Total	**3.07**	**2.69**

23 **Finance costs**

Interest expense		2,011.40	977.69
	Total	**2,011.40**	**977.69**

^ Refer note 34 for further details.

24 **Depreciation expense**

Depreciation on tangible assets		0.03	0.02
	Total	**0.03**	**0.02**

25 **Other expenses**

Fees and subscriptions		0.23	0.29
Legal and professional		14.99	9.03
Payment to auditors*		5.00	5.68
Rates and taxes		0.11	0.21
Directors sitting fees (refer note 34)		1.10	1.35
Rent (refer note 26)		2.10	2.10
Communication		0.04	0.07
Travelling and conveyance		0.02	0.08
Provision for impairment of investments(refer note 5)		877.98	-
Miscellaneous		1.53	0.71
	Total	**903.10**	**19.52**

*Payment to the auditors:-			
Audit fees		5.00	5.00
Other matters		-	0.68
	Total	5.00	5.68

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WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

ZUARI INVESTMENTS LIMITED *

26 Leases

During the year ended 31 March 2020, the lease expense recognised during the year has been INR 2.10 lacs (31 March 2019: INR 2.10 lacs). Also, refer note 38 for details.

27 Commitments and contingencies

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

28 Earnings per share (EPS)

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

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

Particulars	As at 31 March 2020	As at 31 March 2019
Loss attributable to equity holders of the Company	(1,771.20)	(504.57)
Face value per equity share (INR)	10.00	10.00
Weighted average number of equity shares for basic and diluted earnings per share (No.)	1,94,57,364	1,94,57,364
Loss per share (basic and diluted) (INR)	(9.10)	(2.59)

29 Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the company's capital management is to maximize the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company adjusts dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company's policy is to keep the gearing ratio below 1:1. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents.

Particulars	As at 31 March 2020	As at 31 March 2019
Borrowings	15,430.41	14,394.99
Trade payables	6.60	5.43
Less: Cash and cash equivalents	32.53	27.97
Net debt	**15,404.48**	**14,372.45**
Total capital	**6,424.18**	**26,066.49**
Capital and net debt	**21,828.66**	**40,438.94**
Gearing ratio	**0.71**	**0.36**

No changes were made in the objectives, policies or processes for managing capital during the period ended 31 March 2020.

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

ZUARI INVESTMENTS LIMITED *

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(All amounts in INR lacs, unless otherwise stated)

30 **Fair value measurements**

Financial instruments by category

	As at 31 March 2020			As at 31 March 2019		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
Financial assets						
Investments						
Investments in equity instruments	-	10,106.79	-	-	27,978.57	-
Investments in NCRPS	777.35	-	-	753.92	-	-
Loans	-	-	7,042.00	-	-	7,042.00
Cash and cash equivalents	-	-	32.53	-	-	27.97
Other financial assets	-	-	1,543.67	-	-	545.43
Total financial assets	**777.35**	**10,106.79**	**8,618.20**	**753.92**	**27,978.57**	**7,615.40**
Financial liabilities						
Borrowings (includind current maturities of long term borrowings)	-	-	15,430.41	-	-	14,394.99
Trade payables	-	-	6.60	-	-	5.43
Other financial liabilities	-	-	1,149.00	-	-	210.79
Total financial liabilities	**-**	**-**	**16,586.01**	**-**	**-**	**14,611.21**

The management of the Company has assessed that the carrying amount of the financial assets and financial liabilities measured at amortised cost, are approximately equal to their fair values as at respective balance sheet dates and do not significantly vary from the amounts reported.

The investments in equity shares GSML are measured at cost. Refer note 5 for further details.

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

Quantitative disclosures of fair value measurement hierarchy as at 31 March 2020:

Financial instruments measured at fair value (recurring fair value measurements)	Date of valuation	Total	Level 1	Level 2	Level 3
Financial assets	**As at 31 March 2020**				
Financial investments at FVTPL					
Investment in preference shares		**777.35**	-	616.00	161.35
Financial investments at FVTOCI					
Investments in equity instruments		**10,106.79**	10,049.81	-	56.98

There have been no transfers between Level 1 and Level 2 during the year.

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

Financial instruments measured at fair value (recurring fair value measurements)	Date of valuation	Total	Level 1	Level 2	Level 3
Financial assets	**As at 31 March 2019**				
Financial investments at FVTPL					
Investment in preference shares		**753.92**	-	616.00	137.92
Financial investments at FVTOCI					
Investments in equity instruments		**27,978.57**	27,924.09	-	54.48

There have been no transfers between Level 1 and Level 2 during the year.

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31 Financial risk management objectives and policies

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

The Company is exposed to **market risk, credit risk and liquidity risk.** The Company's senior management oversees the management of these risks. The Company's senior management is supported by a Risk Management committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The risk committee provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

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 and price risk as it has not foreign currency transactions and no market exposures. The Company has fixed term loan facility which is having fixed rate of interest. Therefore, risk of exposure to interest rates is considered insignifcant.

Equity price risk

Applicability

Investment in un-quoted equity shares and preference shares:

The Company's non-listed securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company manages the equity price risk through diversification and by placing limits on individual and total equity and preference share instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Director or Managing Director reviews and approves all long term investment decisions.

Investment in quoted shares:

The Company's listed equity investments carried at FVTOCI are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to listed equity investments at FVTOCI was INR 10,049.81 lacs (previous year: INR 27,924.09 lacs). A decrease of 5% on the NSE market index could have an impact of approximately INR 502.49 lacs (previous year INR 1,396.20 lacs) on the OCI or equity attributable to the Company. The analysis is based on the assumption that the NSE market index and the equity investment moved inline. An increase of 5% in the value of the listed securities would also impact OCI and equity. These changes would not have an effect on profit or loss.

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, stock exchanges and other financial instruments.

Applicability	**31 March 2020**	**31 March 2019**
Cash and cash equivalents	32.53	27.97
Other financial assets	1,543.67	545.43
Loans	7,042.00	7,042.00
	8,618.20	**7,615.40**

(All amounts in INR lacs, unless otherwise stated)

Note:

Loans, balances with banks and cash and cash equivalents.

Credit risk from balances with banks is managed by the Company's senior management in accordance with the Company's policy. Investments of surplus funds are made only with a prior approval from Board of Directors. The Company has provided loan to its subsidiary company for setting up of distillery plant (being long term in nature).Therefore, the Company assesses its credit risk as low or negligible.

Liquidity risk

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

The Company's objective is to maintain a balance between continuity of funding and flexibility through shareholder funds or borrowings from the holding company or sister concerns. Considering the stability of the company's holding company, liquidity risk of the company is considered to below.

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

Particulars	Within 1 year	1 to 5 years	> 5 years	Total
As at 31 March 2020				
Borrowings	6,353.56	12,838.58	-	**19,192.14**
Trade payables	6.60	-	-	**6.60**
Other financial liabilities	2,349.15	-	-	**2,349.15**
	8,709.31	**12,838.58**	**-**	**21,547.89**
As at 31 March 2019				
Borrowings	6,523.88	-	-	**6,523.88**
Trade payables	5.43	-	-	**5.43**
Other financial liabilities	1,410.79	-	-	**1,410.79**
	7,940.10	**-**	**-**	**7,940.10**

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(All amounts in INR lacs, unless otherwise stated)

32 Fair values

The management assessed that cash and cash equivalents, trade receivables and trade payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 March 2020 and 31 March 2019 are as shown below:

Description	Investment in NCRPS of GSML		
Valuation technique	Discounted cash flow method		
Significant unobservable inputs	Average borrowing rate of the instrument issuer company		
Probable weighted range	31 March 2020: 14% - 17% (16%) 31 March 2019: 14% - 17% (16%)		
Sensitivity of the input to fair value		**31 March 2020**	**31 March 2019**
	+0.50%	(4.20)	(4.98)
	-0.50%	4.10	5.17

The valuation of financial assets measured at fair value using level 3 inputs is carried out by finance head of the Company who directly report to board of directors of the Company.

They considers average borrowing rates of the issuer of the instrument and tracks for changes in financial position.

Reconciliation of fair value measurement of unquoted preference shares classified as FVTPL assets:

	Investment in NCRPS of GSML
As at 1 April 2018	**117.89**
Re-measurement gain recognised in statement of profit and loss	20.03
As at 31 March 2019	**137.92**
Re-measurement gain recognised in statement of profit and loss	23.43
As at 31 March 2020	**161.35**

33 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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(All amounts in INR lacs, unless otherwise stated)

34 Related party disclosures as per Ind AS 24:

A The list of related parties as identified by the management is as under:

i) Holding Company:

Zuari Global Limited

Nature of transaction	As at 31 March 2020	As at 31 March 2019
Opening balance	13,445.00	4,416.78
ICDs received	2,457.50	12,600.00
ICDs paid	8,762.70	3,548.26
Interest expense/accrual	1,294.91	844.81
Processing charges	-	185.00
Closing balance (other payables)	49.99	200.01
Closing balance (short term borrowings)	-	5,168.53
Closing balance (other financial liabilities)	824.13	-
Closing balance (long term borrowings)	6,982.36	8,076.46

Zuari Global Limited has pledged its shares having market value of INR 14,550 lakhs against loan from Bajaj Finance Limited and various body corporates as detailed in Note 16.1.

ii) Subsidiary Company:
Gobind Sugar Mills Limited

Opening balance	7,241.81	-
ICDs given	-	7,227.00
Interest income	966.96	-
Processing charges	-	185.00
Closing balance (interest accrued-other financial assets-current)	1,242.49	-
Closing balance (other receivables-other financial assets-current)	199.81	199.81
Closing balance (loans -non current and current)	7,042.00	7,042.00

iii) Fellow Subsidiaries:

1 Simon India Limited

Opening balance	1,150.00	1,060.00
ICDs received	43.26	840.00
ICDs paid	-	750.00
Interest expense/accrual	173.70	132.88
Amount paid on our behalf	0.05	-
Re-imbursement of expenses	0.44	-
Closing balance (interest accrued but not due on borrowings)	136.86	-
Closing balance (long term borrowings)	1,193.26	1,150.00

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ZUARI INVESTMENTS LIMITED

(All amounts in INR lacs, unless otherwise stated)

2 **Zuari Finserv Limited**

Nature of transaction	As at 31 March 2020	As at 31 March 2019
Opening balance	10.78	153.08
Property, plant and equipment acquired	-	0.10
Amount paid on our behalf	3.95	-
Amount paid on their behalf	5.81	-
Amount received on their behalf	12.94	-
Amount received on our behalf	0.67	-
Rent expense	-	2.10
Management charges	2.10	-
Depository and brokerage charges paid	0.44	1.98
Other expenses paid	0.10	-
Closing balance (Other payables)	22.41	10.78
3 Zuari Insurance Brokers Limited		
Opening balance	-	-
ICDs received	277.50	-
ICDs paid	37.50	-
Interest expense/accrual	20.54	-
Closing balance (interest accrued but not due on borrowings)	16.21	-
Closing balance (long term borrowings)	240.00	-
4 Zuari Sugar & Power Limited		
Opening balance	-	-
Amount paid on behalf of the Company	12.00	-
Closing balance (other payables)	12.00	-
iv) Associates:		
New Eros Tradecom Limited		
Opening balance	-	-
ICDs received	125.00	-
Interest expense/accrual	14.65	-
Closing balance (short term borrowings)	125.00	-
iv) Key Management Personnel		
Mr. Bhaskar Chatterjee (Independent Director)		
Mr. Bhaskar Chatterjee		
Director's sitting fees	1.10	1.35

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(All amounts in INR lacs, unless otherwise stated)

35 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 2020	As at 31 March 2019
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.	-	-

36 Pursuant to sub-section 3 of section 129 of Companies Act, 2013 read with rule 6 of Companies (Accounts) Rules, 2014 and Companies (Accounts) Amendment Rules, 2016 (the "rules") published vide notification number G.S.R. 742(E) dated 27 July 2016, the Company has opted not to prepare consolidated financial statements of the Company, its subsidiaries and associates for the financial year ended 31 March 2020. With respect to this, the Company has taken necessary steps to ensure compliance with conditions specified in the rules for availing exemption as prescribed.

37 Particulars of loans given in accordance with section 186(4) of the Companies Act, 2013, as amended:

Particulars	As at 31 March 2020	As at 31 March 2019
Gobind Sugar Mills Limited ('GSML') (@ 12.00% p.a.)		
(financial assistance for general business purposes)		
Opening balance	7,042.00	-
Loans given during the year	-	7,227.00
Loans repaid during the year	-	-
Adjustment for processing charges	-	(185.00)
Closing balance	**7,042.00**	**7,042.00**

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(All amounts in INR lacs, unless otherwise stated)

38 Change in accounting policy:

Except for the changes below, the Company has consistently applied the accounting policies to all periods presented in these financial statements.
The Company has adopted revised reporting i.e. Ind AS 116 with effect from 1 April 2019 using "Modified Retrospective Approach". There is no impact of adoption of Ind AS 116 on the retained earnings of the Company on transition date as the Company has availed practical expedient available in the revised reporting standard for transition. It says, the leases for which the lease term ends within 12 months of the date of initial application i.e. 1 April 2019, the entity shall account for those leases in the same way as short-term leases. As on transition date, there were no leases with lease term being more than 12 months on the transition date and therefore, the Company has accounted for all the lease on date of transition as short term leases as described in the accounting standard. Also, during the year ended 31 March 2020, the Company has not entered into any such leases.

39 The Company, after the demerger of operation division, had applied for registration with Reserve Bank of India (RBI) as Non Deposit taking Systematically Important Core Investment Company (ND-SI-CIC) under section 45- IA of the RBI Act vide application dated 25 March 2019. The management has responded to clarification sought by the RBI. RBI had also issued notice to the Company asking for explanation for delay in submission of application for which the company has submitted its responses. The Company sought time for meeting with relevant officials in March 2020 to explain the matter, however, the matter got derailed due to lock down imposed following spread of Corona Virus. The management is of the view that the Company fulfills the requisite conditions for registration with RBI as ND-SI-CIC. The management is in the process of filing necessary responses with the RBI for obtaining the registration at the earliest and is of the view that the impact of such non-registration is currently not ascertainable but is not expected to be material to the accompanying financial statements.

As per our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No. 001076N/N500013

Neeraj Goel
Partner
Membership No. 099514

Place : Gurugram
Date : 22 June 2020

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

Vijay Kathuria
(Director)
DIN-00338125

Place : New Delhi
Date : 22 June 2020

Alok Banerjee
(Director)
DIN-01371033

Place : Banglore
Date : 22 June 2020

Mayank Sharma
(Company Secretary)
Membership No. A55646

Place : New Delhi
Date : 22 June 2020

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