

Walker Chandiook & Co LLP

Walker Chandiook & Co LLP
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Independent Auditor's Report

To the Members of Zuari Finserv Limited (formerly known as Zuari Finserv Private Limited)

Report on the Audit of the Financial Statements

Opinion

1. We have audited the accompanying financial statements of Zuari Finserv Limited (formerly known as Zuari Finserv Private Limited) ('the Company'), which comprise the Balance Sheet as at 31 March 2019, 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 2019, and its profit (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.



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

4. 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

5. 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.
6. 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.
7. 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

8. 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.



9. 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.

10. 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.

11. 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

12. 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.

13. 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



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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 2019 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 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 04 May 2019 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;
 - i the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2019;
 - i 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 2019; 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 Chandiook & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Neeraj Goel

Neeraj Goel
Partner
Membership No.: 099514

Place: New Delhi
Date: 4 May 2019



Annexure I to the Independent Auditor's Report of even date to the members of Zuari Finserv Limited (formerly known as Zuari Finserv Private Limited), on the financial statements for the year ended 31 March 2019

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) The Company is regular in depositing 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, to the appropriate authorities. 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 become payable.
 - (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 any bank during the year. The Company has no loans or borrowings payable to any financial institution or government and did not have any outstanding debentures during the year.




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Annexure I to the Independent Auditor's Report of even date to the members of Zuari Finserv Limited (formerly known as Zuari Finserv Private Limited) on the financial statements for the year ended 31 March 2019 (cont'd)

- (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 not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

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



Neeraj Goel
Partner
Membership No.: 099514

Place: New Delhi
Date: 4 May 2019



Annexure II to the Independent Auditor's Report of even date to the members of Zuari Finserv Limited (formerly known as Zuari Finserv Private Limited), on the financial statements for the year ended 31 March 2019

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 2019, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Company as at that date.

Management's Responsibility 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 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.



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Annexure II to the Independent Auditor's Report of even date to the members of Zuari Finserv Limited (formerly known as Zuari Finserv Private Limited), on the financial statements for the year ended 31 March 2019

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 2019, 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 Chandiook & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Neeraj Goel

Neeraj Goel
Partner
Membership No. 099514



Place: New Delhi
Date: 04 May 2019

Particulars	Notes	As at 31 March 2019	As at 31 March 2018 *
ASSETS			
Non-current assets			
Property, plant and equipment	4	41,54,235	40,11,744
Other intangible assets	5	1,56,711	45,605
Financial assets			
(i) Investments	6	4,60,00,000	4,35,00,000
(ii) Loans	6	2,78,69,978	2,74,20,247
(iii) Other financial assets	6	51,00,000	51,00,000
Non-current tax assets (net)		37,62,370	28,82,485
Deferred tax assets (net)	18	2,36,68,390	2,37,13,756
Other non-current assets	7	-	72,315
		11,07,11,684	10,67,46,152
Current assets			
Financial assets			
(i) Trade receivables	8	13,84,46,390	9,05,69,386
(ii) Cash and cash equivalents	9	7,63,28,339	7,54,87,022
(iii) Bank balances other than cash and cash equivalents	10	2,00,00,000	1,00,00,000
(iv) Loans	6	13,15,83,998	7,50,83,998
(v) Other financial assets	6	15,82,902	11,26,515
Other current assets	7	64,88,883	46,92,679
		37,44,30,512	25,69,59,600
		48,51,42,196	36,37,05,752
TOTAL			
EQUITY AND LIABILITIES			
Equity			
Equity share capital	11	19,99,84,260	17,99,84,260
Other equity	12	2,70,50,637	2,43,30,037
		22,70,34,897	20,43,14,297
Liabilities			
Non-current liabilities			
Provisions	17	84,57,581	69,33,821
		84,57,581	69,33,821
Current liabilities			
Financial liabilities			
(i) Borrowings	13	13,85,59,381	1,99,99,998
(ii) Trade payables	14	-	-
- Total outstanding due of micro enterprises and small enterprises		46,95,134	2,93,57,609
- Total outstanding due of creditors other than micro enterprises and small enterprises		-	-
(iii) Other financial liabilities	15	2,36,59,426	3,90,16,880
Other current liabilities	16	8,25,79,659	6,39,00,227
Provisions	17	1,56,118	1,82,920
		24,96,49,718	15,24,57,634
		48,51,42,196	36,37,05,752
TOTAL			

* The Company has initially applied Ind AS 115, Revenue from contracts with customers, using the "Cumulative Effect Method". Under this method, the comparative information is not restated. See note 36.

The accompanied notes form an integral part of the financial statements

As per our report of even date.

For Walker Chandiook & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Neeraj Goel

Neeraj Goel

Partner

Membership No. 099514



Place: Gurugram

Date: 04 May 2019

For and on behalf of the Board of Directors of
Zuari Finserv Limited
(formerly known as Zuari Finserv Private Limited)

R. S. Raghavan
R. S. Raghavan
Managing Director
(DIN-00362555)

Tarun Khanna
Tarun Khanna
Chief Financial Officer

Vijay Kathuria
Vijay Kathuria
Director
(DIN-00338125)

Girish Kumar Sharma
Girish Kumar Sharma
Company Secretary
(Membership No. A36915)

Particulars	Notes	Year ended 31 March 2019	Year ended 31 March 2018 *
Income			
Revenue from operations	19	8,46,20,258	10,10,01,329
Other income	20	64,38,286	64,55,931
Total income		9,10,58,544	10,74,57,260
Expenses			
Employee benefits expense	21	5,48,32,545	5,15,90,310
Finance costs	22	53,07,165	10,11,038
Depreciation and amortization expense	23	14,81,213	11,18,687
Other expenses	24	2,63,93,729	5,12,37,121
Total expenses		8,80,14,652	10,49,57,156
Profit before tax		30,43,892	25,00,104
Tax expense:			
Current tax	18	6,62,445	6,78,905
Deferred tax credit	18	(54,610)	(2,37,57,977)
		6,07,835	(2,30,79,072)
Profit for the year		24,36,057	2,55,79,176
Other comprehensive income (OCI)			
Items that will not be reclassified to profit or loss			
Re-measurement gains on defined benefit plans		3,84,518	1,70,081
Income tax effects thereon		(99,975)	(44,221)
Other comprehensive income for the year		2,84,543	1,25,860
Total comprehensive income for the year		27,20,600	2,57,05,036
Earnings per equity share:			
Basic	25	0.13	1.42
Diluted	25	0.13	1.42

*The Company has initially applied Ind AS 115, Revenue from contracts with customers, using the "Cumulative Effect Method". Under this method, the comparative information is not restated. See note 36.

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

Neeraj Goel
Partner
Membership No. 099514



Place: Gurugram
Date: 04 May 2019

For and on behalf of the Board of Directors of
Zuari Finserv Limited
(formerly known as Zuari Finserv Private Limited)

R. S. Raghavan

R. S. Raghavan
Managing Director
(DIN-00362555)

Tarun Khanna
Tarun Khanna
Chief Financial Officer

Vijay Kathuria
Vijay Kathuria
Director
(DIN-00338125)

Girish Kumar Sharma
Girish Kumar Sharma
Company Secretary
(Membership No. A36915)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018 *
A Cash flow from operating activities	30,43,892	25,00,104
Profit before tax		
Adjustments for :	14,81,213	11,18,687
Depreciation and amortisation expense	53,07,165	10,11,038
Finance costs	(51,62,821)	(39,62,730)
Interest income	(9,93,707)	(22,36,159)
Excess provision written back	(27,609)	(28,800)
Profit on sale of property, plant and equipment	11,75,200	25,89,850
Bad debts	-	10,11,524
Advances written off	14,649	9,67,684
Provision for doubtful debts	<u>48,37,982</u>	<u>29,71,199</u>
Operating profit before changes in working capital		
Changes in working capital	(4,90,66,853)	(3,60,61,342)
-trade receivables	(5,78,76,187)	(39,80,125)
-other current assets	(2,46,62,475)	2,31,95,497
-trade payables	61,97,161	(39,21,872)
-other payables	<u>(12,05,70,373)</u>	<u>(1,77,96,642)</u>
Cash flow generated used in operations	<u>(15,42,330)</u>	<u>(28,82,452)</u>
Income taxes paid (net)	<u>(12,21,12,703)</u>	<u>(2,06,79,094)</u>
Net cash flow generated used in operations		
B Cash flow from investing activities	(17,34,810)	(19,46,207)
Purchase of property, plant and equipment	27,609	28,800
Sale of property, plant and equipment	(1,00,00,000)	(1,00,00,000)
Deposits made during the year	(25,00,000)	-
Investment in equity shares of subsidiary company	39,09,003	37,31,094
Interest received	<u>(1,02,98,198)</u>	<u>(81,86,313)</u>
Net cash flow generated used in investing activities		
C. Cash flow from financial activities	4,59,89,383	1,99,99,998
Loans taken	7,25,70,000	-
Inter corporate deposits taken	2,00,00,000	-
Proceeds from issue of equity shares to holding company	(53,07,165)	(10,11,038)
Finance costs paid	<u>13,32,52,218</u>	<u>1,89,88,960</u>
Net cash flow generated from financing activities	8,41,317	(98,76,447)
Net increase in cash and cash equivalents (A+B+C)	7,54,87,022	8,53,63,469
Cash and cash equivalents as at the beginning of the year	<u>7,63,28,339</u>	<u>7,54,87,022</u>
Cash and cash equivalents as at the end of the year		
Reconciliation of cash and cash equivalents	As at	As at
Cash and cash equivalents as per above comprising of the following:	<u>31 March 2019</u>	<u>31 March 2018 *</u>
	7,63,28,339	7,54,87,022
	<u>7,63,28,339</u>	<u>7,54,87,022</u>

Cash and cash equivalents (refer note 9)

Balances as per cash flow statement above#

#Refer note 9 for break up of cash and cash equivalents.

Notes:

- The above cash flow statement has been prepared under the "Indirect Method" as per Indian Accounting Standard (Ind AS) 7.
- Figures in brackets indicate cash outflow and without brackets indicate cash inflow.

*The Company has initially applied Ind AS 115, Revenue from contracts with customers, using the "Cumulative Effect Method". Under this method, the comparative information is not restated. See note 36.

As per our report of even date.

For **Walker Chandiook & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Neeraj Goel

Neeraj Goel

Partner

Membership No. 099514



Place: Gurugram

Date: 04 May 2019

For and on behalf of the Board of Directors of
Zuari Finserv Limited
(formerly known as Zuari Finserv Private Limited)

R. S. Raghavan
R. S. Raghavan
Managing Director
(DIN-00362555)

Tarun Khanna
Tarun Khanna
Chief Financial Officer

Vijay Kauthria
Vijay Kauthria
Director
(DIN-00338125)

Girish Kumar Sharma
Girish Kumar Sharma
Company Secretary
(Membership No. A36915)

(a) Equity share capital

Equity shares of INR 10/- each issued, subscribed and fully paid

As at 31 March 2017

Addition during the year

As at 31 March 2018

Addition during the year

As at 31 March 2019

	Number of shares	Amount
	1,79,98,426	17,99,84,260
	1,79,98,426	17,99,84,260
	20,00,000	2,00,00,000
	1,99,98,426	19,99,84,260

(b) Other equity

For the year ended 31 March 2019

As at 31 March 2018

Profit for the year

Other comprehensive income

Total comprehensive income

At 31 March 2019

For the year ended 31 March 2018 *

As at 31 March 2017

Profit for the year

Other comprehensive income

Total comprehensive income

As at 31 March 2018

	Retained earnings
	2,43,30,037
	24,36,057
	2,84,543
	27,20,600
	2,70,50,637
	(13,74,999)
	2,55,79,176
	1,25,860
	2,57,05,036
	2,43,30,037

*The Company has initially applied Ind AS 115, Revenue from contracts with customers, using the "Cumulative Effect Method". Under this method, the comparative information is not restated. See note 36.

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

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(formerly known as Zuari Finserv Private Limited)

R. S. Raghavan
R. S. Raghavan
Managing Director
(DIN-00362555)

Tarun Khanna
Tarun Khanna
Chief Financial Officer

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Vijay Kathuria
Director
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Girish Kumar Sharma
Girish Kumar Sharma
Company Secretary
(Membership No. A36915)

Zuari Finserv Limited (formerly known as Zuari Finserv Private Limited)
Summary of significant accounting policies and other explanatory information's for the year ended 31 March 2019

1. Corporate information

Zuari Finserv Limited (formerly known as Zuari Finserv Private Limited) (the "Company") is a public Company domiciled in India an incorporated under the provisions of the Companies Act, 1956. During the year ended 31 March 2018, under a Scheme of Arrangement entered between Zuari Investments Limited ("ZIL") (a fellow subsidiary company) and the Company, ZIL has transferred its service oriented undertaking to the Company. For further details, refer note 33.

The Company is in the business of stock broking, depository participant, mutual fund broking, registrar and share transfer agent, real estate agent and mortgage agent.

The Board of Directors of the Company in their meeting held on 9 February 2019 approved the Scheme of Arrangement ("the Scheme") between the Company with Zuari Commodity Trading Limited with appointed date being 1 April 2018 in the Scheme. For further details, refer note 35.

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 (refer note 38) have been considered while preparing these financial statements.

Standards/Amendments to standards issued but not effective

In March 2019, the Ministry of Corporate Affairs (MCA) issued the Companies (Indian Accounting Standards) Second Amendment Rules, 2019 (Amendment Rules) via notification dated 30 March 2019, notifying amendments to various Ind AS (not applicable to the Company). These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) along with International Financial Reporting Standards (IFRS) Interpretations Committee to IFRS as a part of annual improvement process. Also, along with these amendments, Amendment Rules inserted a new lease standard Ind AS 116, Leases. These amendments are applicable from 01 April 2019 onwards.

Ind AS 116: Ind AS 116 requires lessees to recognize a "right to asset" and "a lease liability" for almost all of the leasing arrangements. Optional exemption is available in respect of short term leases and low value leases.

The application of the same will withdraw currently applicable lease standard. The Company is currently assessing the potential impacts of the newly notified standard. The same is applicable from reporting periods beginning on or after 1 April 2019.

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 (refer note 6) measured at fair value or net realizable value as applicable.



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

The newly effective Ind AS 115 "Revenue from Contracts with Customers" requires to recognize revenue when customer has transferred control of goods or service rather than transfer of risks and rewards. Refer note 36 for further details.

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.

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 realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

d) Revenue recognition

The Company has applied Ind AS 115 "Revenue from Contracts with Customers" using the cumulative effect method and therefore the comparative information has not been restated and continues to be reported under Ind AS 18 "Revenue". The details of accounting policies under Ind AS 18 are disclosed separately if they are different from those under Ind AS 115 and the impact of changes is disclosed in note 34.

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 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 was 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 received.

Revenue was measured at the fair value of the consideration received or receivable. Revenue excludes service tax and goods and service tax.

The specific recognition criteria described below must also be met before revenue is recognized:

Rendering of services:

Revenue from brokering services is recognised when the Company satisfies its performance obligations by rendering services to customers. These services are consumed simultaneously by the customers.

Interest income:

For all debt instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). Refer note (i) for further details.

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.

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 cost 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



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- 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.



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j) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. Assets acquired under leases other than finance leases are classified as operating leases. The total lease rentals (including scheduled rental increases) in respect of an asset taken on operating lease are charged to the statement of profit and loss on a straight line basis over the lease term unless another systematic basis is more representative of the time pattern of the benefit. Initial direct costs incurred specifically for an operating lease are deferred and charged to the statement of profit and loss over the lease term.

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.

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. Actuarial 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.

1) 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.

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 all 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



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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 18, 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 the 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 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.

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) Business combinations under common control transactions

Business combinations involving entities or businesses under common control are accounted for using the pooling of interests method.

The pooling of interest method is considered to involve the following:

- (i) The assets and liabilities of the combining entities are reflected at their carrying amounts.
- (ii) No adjustments are made to reflect fair values, or recognise any new assets or liabilities. The only adjustments that are made are to harmonise accounting policies of the both the entities.
- (iii) The financial information in the financial statements in respect of prior periods should be restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination. However, if business combination had occurred after that date, the prior period information shall be restated only from that date.
- (iv) The balance of the retained earnings appearing in the financial statements of the transferor is aggregated with the corresponding balance appearing in the financial statements of the transferee. Alternatively, it is transferred to General Reserve, if any.
- (v) The financial information presented for the comparative period has been restated in order to comply with the requirement of the Scheme and Ind AS 103 with effected from appointed date as defined above.

q) 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



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r) **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.

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.

4 Property, plant and equipment

Particulars	Furniture and fixtures	Office equipments	Total
Year ended 31 March 2018			
Gross carrying amount			
As at 01 April 2017	28,55,853	21,45,763	50,01,616
Additions	47,457	18,98,750	19,46,207
Disposals	-	-	-
As at 31 March 2018	29,03,310	40,44,513	69,47,823
Accumulated depreciation			
As at 01 April 2017	8,80,305	10,00,256	18,80,561
Depreciation charge during the year	4,19,408	6,36,110	10,55,518
Adjustment for disposals	-	-	-
As at 31 March 2018	12,99,713	16,36,366	29,36,079
Net carrying amount	16,03,597	24,08,147	40,11,744
Year ended 31 March 2019			
Gross carrying amount			
As at 01 April 2018	29,03,310	40,44,513	69,47,823
Additions	9,96,805	5,24,304	15,21,109
Disposals	-	2,19,580	2,19,580
As at 31 March 2019	39,00,115	43,49,237	82,49,352
Accumulated depreciation			
As at 01 April 2018	12,99,713	16,36,366	29,36,079
Depreciation charge during the year	4,12,913	9,65,705	13,78,618
Adjustment for disposals	-	2,19,580	2,19,580
As at 31 March 2019	17,12,626	23,82,491	40,95,117
Net carrying amount	21,87,489	19,66,746	41,54,235

5 Other intangible assets

Particulars	Softwares
Year ended 31 March 2018	
Gross carrying amount	
As at 01 April 2017	4,80,054
Additions	-
Disposals	-
As at 31 March 2018	4,80,054
Accumulated amortisation	
As at 01 April 2017	3,71,280
Amortisation during the year	63,169
Adjustment for disposals	-
As at 31 March 2018	4,34,449
Net carrying amount	45,605
Year ended 31 March 2019	
Gross carrying amount	
As at 01 April 2018	4,80,054
Additions	2,13,700
Disposals	-
As at 31 March 2019	6,93,754
Accumulated amortisation	
As at 01 April 2018	4,34,449
Amortisation during the year	1,02,594
Adjustment for disposals	-
As at 31 March 2019	5,37,043
Net carrying amount	1,56,711



6 Financial assets

Particulars	As at	As at
	31 March 2019	31 March 2018
Investment (in wholly owned subsidiaries)		
<i>Measured at cost:</i>		
Unquoted:		
Zuari Insurance Brokers Limited [2,750,000 (P.Y. 2,750,000) shares of INR 10/- each]	2,75,00,000	2,75,00,000
Zuari Commodity Trading Limited [1,850,000 (P.Y. 1,600,000) shares of INR 10/- each]	1,85,00,000	1,60,00,000
Total	4,60,00,000	4,35,00,000
	4,60,00,000	4,35,00,000

Aggregate book value of unquoted investments
 Aggregate amount of impairment in value of investments

The Company has not measured any of its investments in equity shares at fair value as all the investments are in equity shares of subsidiary companies. Accordingly, the company has opted to disclose them at cost in accordance with Ind AS 27 "Separate Financial Statements".

Particulars	Non- current		Current	
	As at	As at	As at	As at
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
<i>Measured at amortised cost:</i>				
Security deposits (unsecured, considered good)	2,78,69,978	2,74,20,247	13,15,83,998	7,50,83,998
Total	2,78,69,978	2,74,20,247	13,15,83,998	7,50,83,998

Other financial assets

Particulars	Non- current		Current	
	As at	As at	As at	As at
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
<i>Measured at amortised cost:</i>				
Balances with banks - in deposit accounts*	51,00,000	51,00,000	-	-
Interest accrued on deposits	-	-	15,82,902	11,26,515
Total	51,00,000	51,00,000	15,82,902	11,26,515

* Under lien - includes INR 1,000,000 (P.Y. INR 1,000,000) to BSE Limited, INR 800,000 (P.Y. INR 800,000) to National Stock Exchange India Limited, INR 800,000 (P.Y. INR 800,000) to IL&FS Security Services Limited, INR 2,500,000 (P.Y. INR 2,500,000) to National Securities Clearing Corporation Ltd. Considering the compulsion to renew the deposits, they are treated as non-current.

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7 Other assets

Particulars	Non-current		Current	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
Other advances recoverable in cash or in kind *	-	-	44,27,207	28,11,587
Prepaid expenses	-	-	20,16,354	17,75,515
Prepaid lease	-	72,315	45,322	1,05,577
Total	-	72,315	64,88,883	46,92,679

*Refer note 31 for recoverable from related parties.

8 Trade receivables

Particulars	As at 31 March 2019	As at 31 March 2018
<i>Measured at amortised cost:</i>	13,53,58,766	9,01,19,022
From others	30,87,624	4,50,364
From related parties (refer note 31)		
Total	13,84,46,390	9,05,69,386
Break-up for security details:	10,41,43,898	5,95,82,780
Secured, considered good		
Unsecured	3,43,02,492	3,09,86,606
Considered good	1,03,24,013	1,03,09,365
Credit impaired	14,87,70,403	10,08,78,751
Loss allowance against credit impaired debtors	(1,03,24,013)	(1,03,09,365)
Total	13,84,46,390	9,05,69,386

9 Cash and cash equivalents

Particulars	As at 31 March 2019	As at 31 March 2018
Cash on hand	27,956	35,471
Balances with bank:		
In current accounts	7,63,00,383	7,54,51,551
Total	7,63,28,339	7,54,87,022

10 Bank balances other than cash and cash equivalents

Particulars	As at 31 March 2019	As at 31 March 2018
Balances with bank:		
In fixed deposits (earmarked)*	2,00,00,000	1,00,00,000
Total	2,00,00,000	1,00,00,000

*Fixed deposit is earmarked against the short term loan of INR 39,999,998 availed by the Company from HDFC Bank Limited. Refer note 13 for further details.

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11 Equity share capital

Particulars	As at 31 March 2019	As at 31 March 2018
Authorised: 25,010,000 equity shares of INR 10/- each	25,01,00,000	25,01,00,000
Issued shares: 19,998,426 (17,998,426) Equity shares of INR 10/- each	19,99,84,260	17,99,84,260
Subscribed and fully paid-up shares: 19,998,426 (17,998,426) Equity shares of INR 10/- each	19,99,84,260	17,99,84,260

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

Particulars	As at 31 March 2019		As at 31 March 2018	
	No. of shares	Amount in INR	No. of shares	Amount in INR
Equity shares capital				
Outstanding at the beginning of the year	1,79,98,426	17,99,84,260	1,79,98,426	17,99,84,260
Addition during the year	20,00,000	2,00,00,000	-	-
Outstanding at the end of the year	1,99,98,426	19,99,84,260	1,79,98,426	17,99,84,260

(ii) Terms and 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. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential commitments and statutory obligations. The distribution to equity shareholders will be in proportion to the amount paid up or credited as paid up.

(iii) Shares held by holding company

Zuari Global Limited (refer note 31)

	As at 31 March 2019	As at 31 March 2018
	1,99,98,426	1,79,98,426

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

Name of the shareholder	As at 31 March 2019		As at 31 March 2018	
	No. of shares	%age of shares held	No. of shares	%age of shares held
Equity shares of INR 10 each fully paid Zuari Global Limited (refer note 31)	1,99,98,426	100%	1,79,98,426	100%

12 Other equity

Particulars	As at 31 March 2019	As at 31 March 2018
Retained earnings#		
Opening balance	2,43,30,037	(13,74,999)
Profit for the year	24,36,057	2,55,79,176
Other comprehensive income	2,84,543	1,25,860
Closing balance	2,70,50,637	2,43,30,037

#Retained earnings is created from profit for the year of the Company as adjusted for distribution to owners, transfer to other reserves, etc.

13 Borrowings

Particulars	As at 31 March 2019	As at 31 March 2018
<i>Measured at amortised cost:</i>		
Term loan from bank (secured)	3,99,99,998	1,99,99,998
Cash credit (secured)	2,59,89,383	-
Inter corporate deposits (from related parties, refer note 31)	7,25,70,000	-
Total	13,85,59,381	1,99,99,998



Note:

- (i) The Company has availed a short term loan of INR 39,999,998 from HDFC Bank Limited ("Bank") under which the bank has provided fixed deposit to clearing member of INR 39,999,998 on behalf of the Company. The facility is secured by fixed deposit of INR 20,000,000 provided by the Company to the bank. The facility has been availed by the Company at marginal cost of funds based lending rate (MCLR) and will be repaid within 1 year from the date of facility.
- (ii) HDFC Bank Limited (the 'bank') has sanctioned a cash credit limit of INR 50,000,000 at the rate mutual agreed between the parties which is 11.50% p.a. for the facility as on 31 March 2019. The facility is used for funding working capital requirements of the Company. The facility is repayable on demand with security against book debts of the Company.
- (iii) Zuari Global Limited, the holding company of the Company has provided Inter Corporate Deposits (ICDs) to the Company for funding its working capital requirements. ICDs are repayable on 30 June 2019 and carries interest at the rate of 12% p.a.

(iv) **Changes in liabilities arising from financing activities:**

As at 01 April 2017

	<u>Current borrowings</u>
<i>Cash adjustments</i>	1,99,99,998
Cash inflows	-
Cash outflows	(10,11,038)
Interest paid	
<i>Non cash adjustment</i>	10,11,038
Interest expense/accruals	<u>1,99,99,998</u>

As at 31 March 2018

<i>Cash adjustments</i>	11,85,59,383
Cash inflows	-
Cash outflows	(53,07,165)
Interest paid	
<i>Non cash adjustment</i>	53,07,165
Interest expense/accruals	<u>13,85,59,381</u>

As at 31 March 2019



14 Trade payables

Particulars	As at 31 March 2019	As at 31 March 2018
Trade payables*:		
-Total outstanding due of micro enterprises and small enterprises	46,95,134	2,93,57,609
-Total outstanding due of creditors other than micro enterprises and small enterprises		
Total	46,95,134	2,93,57,609

*Refer note 34 for details of dues to micro and small enterprises.

*Refer note 31 for payable towards related parties.

15 Other financial liabilities (current)

Particulars	As at 31 March 2019	As at 31 March 2018
Security deposits received from:		
Depository clients	2,31,23,926	2,31,73,427
Others	5,35,500	5,35,500
Other payables (towards related parties, refer note 31)	-	1,53,07,953
Total	2,36,59,426	3,90,16,880

16 Other current liabilities

Particulars	As at 31 March 2019	As at 31 March 2018
Statutory dues	23,04,981	10,28,299
Advances from customers	8,02,74,678	6,28,71,928
Total	8,25,79,659	6,39,00,227

17 Provisions (current and non-current)

Particulars	Non-current		Current	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
Provision for gratuity	45,30,496	40,81,499	80,963	69,383
Provision for leave encashment	39,27,085	28,52,322	75,155	1,13,537
Total	84,57,581	69,33,821	1,56,118	1,82,920

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18 Income tax expense

	Year ended 31 March 2019	Year ended 31 March 2018
Accounting profit	30,43,892	25,00,104
Applicable tax rates	26.00%	26.00%
Expected tax expense	7,91,412	6,50,027
Tax effects of amounts which are not taxable in calculating taxable income:		(6,26,785)
Excess provisions written off	(1,83,577)	(2,31,02,314)
Deferred tax created for earlier years		
	6,07,835	(2,30,79,072)
Actual tax expense		
Tax expense comprises:		
Current tax expense	6,62,445	6,78,905
Deferred tax expense	(54,610)	(2,37,57,977)
	6,07,835	(2,30,79,072)

Note:

- (i) Upto year ended 31 March 2017, no deferred tax asset was recognised on unused tax losses. However, considering expansion plans of business, improved profitability of the Company, the management of the Company expects to generate sufficient taxable profits in the near future and therefore has recognised deferred tax asset.
- (ii) As per Finance Act, 2019, for the year ended 31 March 2019, the income tax rates for domestic companies whose turnover has not exceeded INR 250 crores in year ended 31 March 2017, the applicable rate of income tax shall be 25%. Cesses are considered separately as applicable.

Deferred tax assets:

	As at 31 March 2017	(Charged)/Credited to Profit or Loss OCI	As at 31 March 2018	(Charged)/Credited to Profit or Loss OCI	As at 31 March 2019
Deferred tax liability (A):	-	-	-	-	-
Deferred tax assets:					
Difference in written down value of fixed assets as per the Companies Act, 2013 and Income-tax act, 1961	-	12,37,323	12,37,323	20,338	12,57,661
Provision for gratuity	-	11,23,450	10,79,229	2,19,725	11,98,979
Provision for leave encashment	-	7,71,123	7,71,123	2,69,459	10,40,582
Provision for bonus	-	1,45,580	1,45,580	7,028	1,52,609
Provision for doubtful debts	-	26,80,435	26,80,435	3,808	26,84,243
Carry forward losses and unabsorbed depreciation	-	1,71,21,161	1,71,21,161	(11,28,193)	1,59,92,968
MAT credit entitlement	-	6,78,905	6,78,905	6,62,443	13,41,348
Total (B)	-	2,37,57,977	2,37,13,756	54,608	2,36,68,390
Deferred tax asset/(liability) (B - A)	-	2,37,57,977	2,37,13,756	54,608	2,36,68,390

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

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19 Revenue from operations

	Year ended 31 March 2019	Year ended 31 March 2018
Depository operations	1,25,57,806	1,58,32,409
Brokerage income from:	5,89,55,008	5,45,40,263
Stock broking operations	72,89,213	1,01,01,181
Mutual funds	6,35,899	1,18,80,924
Real estate	82,582	41,42,052
Loans facilitation	50,99,750	45,04,500
Registrar and share transfer agents		
Total	8,46,20,258	10,10,01,329

20 Other income

	Year ended 31 March 2019	Year ended 31 March 2018
Interest on deposits from:	47,46,021	35,66,760
Deposits with exchanges	1,32,570	1,27,363
Security deposits	2,84,230	2,68,607
Others	9,93,707	22,36,159
Excess provisions written back	27,609	28,800
Profit on sale of property, plant and equipment	2,54,149	2,28,242
Miscellaneous income		
Total	64,38,286	64,55,931

21 Employee benefits expense

	Year ended 31 March 2019	Year ended 31 March 2018
Salaries, wages and bonus	5,62,98,551	5,16,20,324
Contribution to provident fund	22,48,600	22,85,976
Staff welfare expenses	10,11,102	15,92,332
	5,95,58,253	5,54,98,632
Less: Cost transferred to related parties	47,25,708	39,08,322
Total	5,48,32,545	5,15,90,310

Note:

Disclosures in compliance with Ind AS - 19 on "Employee Benefits" are given in note 30.



22 Finance costs		
Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Interest expense	53,07,063	9,18,866
Other borrowing costs	102	92,172
Total	53,07,165	10,11,038
23 Depreciation and amortization expenses		
Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Depreciation of property, plant and equipment	13,78,619	10,55,518
Amortisation of intangible assets	1,02,594	63,169
Total	14,81,213	11,18,687
24 Other expenses		
Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Advertisement	96,466	84,253
Depository charges and brokerage	30,64,001	39,86,234
Computer repair and maintenance	17,44,255	19,59,456
Fees and subscription	12,93,284	7,30,394
Insurance	18,11,040	11,40,880
Legal and professional	5,84,647	7,08,035
Management charges	-	2,00,00,000
Auditors remuneration*	1,00,000	75,000
Office maintenance	29,32,312	30,75,790
Rates and taxes	39,400	1,07,074
Printing and stationery	6,69,046	7,07,681
Directors sitting fees	2,30,000	60,000
Rent	68,17,566	70,18,571
Communication	31,64,942	34,29,556
Travelling and conveyance	23,81,969	24,28,058
Bad debt written off	11,75,200	25,89,850
Advances written off	-	10,11,524
Provision for doubtful debts	14,649	9,67,684
Commission paid	52,002	4,84,100
Miscellaneous expenses	2,22,950	6,72,981
Total	2,63,93,729	5,12,37,121
* Auditors remuneration	1,00,000	75,000
Audit fees	-	-
Tax audit fees	1,00,000	75,000

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25 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	Year ended 31 March 2019	Year ended 31 March 2018
Profit attributable to equity holders	24,36,057	2,55,79,176
Weighted average number of equity shares used for computing EPS (Basic and Diluted)	1,90,23,084	1,79,98,426
Face value per share (INR)	10.00	10.00
EPS (Basic and Diluted) (INR)	0.13	1.42

26 Commitments and Contingencies

Leases

Operating lease (as lessee)

The Company has obtained office premise and branches on operating leases for period ranging from 1 years to 9 years. In all the cases, the agreements are further renewable at the option of the Company. There is escalation clause in the respective lease agreements which is in line with general inflation rates. All these leases are cancellable in nature. Lease Rentals charged to the Statement of Profit and Loss and maximum obligations on long term non-cancellable operating leases payable as per the rentals stated in the respective lease agreements.

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Lease rentals recognised during the year	68,17,566	70,18,571
Lease obligations:	93,28,470	59,66,163
Within one year	1,76,07,674	-
After one year but not more than five years	-	-

Note:

The Company does not have any financial leases.

Contingent liabilities

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

27 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. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company 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	Year ended 31 March 2019	Year ended 31 March 2018
Borrowings	13,85,59,381	1,99,99,998
Trade payables	46,95,134	2,93,57,609
Less: Cash and cash equivalents	(7,63,28,339)	(7,54,87,022)
Net debt	6,69,26,176	(2,61,29,415)
Total Capital	22,70,34,897	20,43,14,297
Capital and net debt	29,39,61,073	17,81,84,882
Gearing ratio	0.23	-

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements.

No changes were made in the objectives, policies or processes for managing capital during the year ended 31 March 2019.



28 Fair value measurements

28.1 Financial instruments by category

	Carrying value	
	As at 31 March 2019	As at 31 March 2018
Financial assets		
A Investment in unquoted equity shares [refer note (i) below]	4,60,00,000	4,35,00,000
B Amortised cost: [refer note (ii) below]		
Security deposits	15,94,53,976	10,25,04,245
Balances with banks - in deposit accounts (including interest accrued)	66,82,902	62,26,515
Trade receivables	13,84,46,390	9,05,69,386
Bank balances other than cash and cash equivalents	2,00,00,000	1,00,00,000
Cash and cash equivalents	7,63,28,339	7,54,87,022
Total	44,69,11,607	32,82,87,168
Financial liabilities		
A Amortised cost: [refer note (ii) below]		
Borrowings	13,85,59,381	1,99,99,998
Trade payables	46,95,134	2,93,57,609
Other financial liabilities	2,36,59,426	3,90,16,880
Total	16,69,13,941	8,83,74,487

Notes:

- (i) The Company holds investments in equity shares of its subsidiary companies. These are recorded at cost in the Company's separate financial statements.
- (ii) The management of the Company assessed that carrying value of financial assets and financial liabilities, carried at amortised cost, are approximately equal to their fair values at respective balance sheet dates and do not significantly vary from the respective amounts in the balance sheets.

28.2 Fair 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

However, as on reporting dates, the Company does not have any financial assets required to measured at fair value either on recurring basis or on non recurring basis.

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29 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 trade 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 short term loan facility which is having fixed rate of interest. Therefore, risk of exposure to interest rates is considered insignificant.

Equity price risk

Applicability

Investment in un-quoted equity shares

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

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

	As at 31 March 2019	As at 31 March 2018
Security deposits (current and non- current)	15,94,53,976	10,25,04,245
Balances with banks - in deposit accounts (non-current)	51,00,000	51,00,000
Trade receivables	13,84,46,390	9,05,69,386
Cash and cash equivalents	7,63,28,339	7,54,87,022
Interest accrued on deposits	15,82,902	11,26,515
	38,09,11,607	27,47,87,168

Note:

(i) **Security deposit, balances with banks, cash and cash equivalents and interest accrued on deposits.**

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 Director. The Company is required to provide deposits to exchanges for smooth functioning of operations. These deposits are provided either in cash or through bank fixed deposit only. Considering the strong background of the banks, clearing members and the exchanges with whom the deposits are placed, the Company assesses its credit risk as low or negligible.

(ii) **Trade receivables**

Customer credit risk is managed through the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on the security held in his account. Outstanding customer receivables are regularly monitored.

Summary of trade receivables:

Particulars	0-90 days	91-180 days	More than 180 days
Carrying amounts as on 31 March 2018:	6,26,75,284	5,08,093	3,76,95,374
Carrying amounts as on 31 March 2019:	10,75,95,686	9,34,199	4,02,40,518

Concentration of credit risk of trade receivables is very limited due to large number customers.

An impairment analysis is performed at each reporting date on an individual basis for all outstanding amounts as per company's policy. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed above.



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 2019				
Borrowings	14,41,01,756	-	-	14,41,01,756
Trade payables	46,95,134	-	-	46,95,134
Other financial liabilities	2,36,59,426	-	-	2,36,59,426
	17,24,56,316	-	-	17,24,56,316
As at				
31 March 2018				
Borrowings	1,99,99,998	-	-	1,99,99,998
Trade payables	2,93,57,609	-	-	2,93,57,609
Other financial liabilities	3,90,16,880	-	-	3,90,16,880
	8,83,74,487	-	-	8,83,74,487

Collateral

The Company has pledged part of its deposits in order to fulfil the collateral requirements for its operations. At 31 March 2019 and 31 March 2018, the fair values of the deposits pledged were INR 5,100,000 and INR 5,100,000, respectively. The counterparties have an obligation to return the securities to the Company.

No changes were made in the objectives, policies or processes of managing capital during the year ended 31 March 2019.

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30 Employee benefit obligations:

A Gratuity

Particulars	As at 31 March 2019	As at 31 March 2018
Plans		
- Gratuity (not funded)	46,11,459	41,50,882
	<u>46,11,459</u>	<u>41,50,882</u>

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and amounts recognised in the balance sheet for gratuity:

Net employee benefit expense (recognised in employee cost) for the year ended :

Particulars	As at 31 March 2019	As at 31 March 2018
Current service cost	6,86,694	6,54,375
Net interest cost	3,21,693	2,65,911
	<u>10,08,387</u>	<u>9,20,286</u>

Amount recognised in other comprehensive income for the year ended :

Particulars	As at 31 March 2019	As at 31 March 2018
Actuarial gain on obligations	(3,84,518)	(1,70,081)
	<u>(3,84,518)</u>	<u>(1,70,081)</u>

Changes in the present value of the defined benefit obligation are, as follows:

Particulars	As at 31 March 2019	As at 31 March 2018
Opening defined obligations	41,50,882	35,45,484
Current service cost	6,86,694	6,54,375
Interest cost	3,21,693	2,65,911
Benefits paid	(1,63,292)	(1,44,807)
Actuarial gain on obligations	(3,84,518)	(1,70,081)
Defined benefit obligation	<u>46,11,459</u>	<u>41,50,882</u>

The Company expects to contribute INR 12,22,282 (Previous year INR 108,045) towards gratuity during the year 2019-20.

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

Particulars	As at 31 March 2019	As at 31 March 2018
Discount rate (in %)	7.75%	7.75%
Salary Escalation (in %)	9% for first 2 years & 7.5% thereafter	

Gratuity Plan

Particulars	As at 31 March 2019			
	Discount rate		Future salary increases	
Assumptions	50 basis point increase	50 basis point decrease	50 basis point increase	50 basis point decrease
Sensitivity level (in basis point)				
Impact on defined benefit obligation (INR)	(3,25,489)	3,57,093	3,55,739	(3,27,257)

Particulars	As at 31 March 2018			
	Discount rate		Future salary increases	
Assumptions	50 basis point increase	50 basis point decrease	50 basis point increase	50 basis point decrease
Sensitivity level (in basis point)				
Impact on defined benefit obligation (INR)	(2,99,098)	3,28,886	3,27,644	(3,00,719)

Note -

- Sensitivities due to mortality & withdrawals are not material & hence impact of change not calculated.
- Sensitivities as to rate of inflation, rate of increase of pensions in payment, rate of increase of pensions before retirement & life expectancy are not applicable
- The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable



The following payments are expected contributions to the defined benefit plan in future years:

Particulars	As at 31 March 2019	As at 31 March 2018
Less than a year	80,963	67,019
Between 1 - 2 years	78,062	71,338
Between 2 - 5 years	2,33,647	2,83,890
Over 5 years	42,18,787	37,28,635
Total	46,11,459	41,50,882

The average duration of the defined benefit plan obligation at the end of the reporting period is 17.79 years (31 March 2018: 18.14 years).

B Leave encashment

Particulars	As at 31 March 2019	As at 31 March 2018
Provisions	40,02,240	29,65,859
	40,02,240	29,65,859

Amount recognised in the statement of profit and loss is as under:

Current service cost	8,35,059	6,68,347
Interest cost	2,29,854	2,08,975
Actuarial loss recognised during the year	7,31,815	5,44,715
	17,96,728	14,22,037

C Defined contribution plans

The Company has also certain defined contribution plans. Contributions are made to provident fund in India for employees at the rate of 12% of the basic salary as per regulations. The contributions are made to registered provident fund administered by government of India. The obligations of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligations. The expense recognised during the year towards defined contribution plan is INR 2,248,600 (31 March 2018 - INR 2,285,976).

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31 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 2019	As at 31 March 2018
Opening balance	4,42,056	-
Real estate income	-	1,13,41,500
Expenses paid on our behalf	19,370	-
ICD received	19,19,50,000	-
ICD repaid	11,93,80,000	-
Amount received on their behalf	76,23,740	-
Share capital issued	2,00,00,000	-
Interest paid	14,13,949	-
Depository/brokerage income	8,07,138	1,16,885
Closing balance (shown under trade receivables)	4,24,423	4,42,056
Closing balance (shown under current borrowings)	7,25,70,000	-

ii) Subsidiaries:

Zuari Insurance Brokers Limited

Zuari Commodity Trading Limited

Nature of transaction	Zuari Insurance Brokers Limited	Zuari Commodity Trading Limited
Year ended 31 March 2019		
Opening balance	1,00,000	16,68,903
Amount paid on their behalf	15,31,076	3,26,741
Rent received	23,14,500	4,20,084
Employee benefit expenses received (on account of transfer of employee from Zuari Commodity Trading Limited)	-	1,90,063
Salary cost transferred (refer note 21)	47,25,708	-
Share capital subscribed	-	25,00,000
Depository participant income	21,701	-
Closing balance (shown under head other current assets)	20,45,239	5,14,449
Year ended 31 March 2018		
Opening balance	-	7,52,265
Amount paid on our behalf	20,26,778	-
Amount paid on their behalf	12,51,096	3,66,095
Rent received	26,96,228	4,92,555
Amount paid as security deposit for director appointment	1,00,000	1,00,000
Salary cost transferred (refer note 21)	39,08,322	-
Depository participant income	1,296	-
Closing balance (shown under head other current assets)	1,00,000	16,68,903

iii) Fellow subsidiaries:

Simon India Limited

Zuari Investments Limited

Zuari Management Services Limited

Zuari Infracore India Limited

Zuari Sugar & Power Limited

Gobind Sugar Mills Limited

Year ended 31 March 2019

Nature of transaction	Simon India Limited*	Zuari Investments Limited*	Zuari Management Services Limited**	Zuari Infracore India Limited*	Zuari Sugar & Power Limited*	Gobind Sugar Mills Limited *
Opening balance	1,153	1,53,07,953	2,16,00,000	-	1,00,071	1,99,753
Property, plant and equipment (office equipment transferred)	-	10,000	-	-	10,000	-
Amount paid on their behalf	-	-	1,620	-	3,86,776	-
RTA / DP / Brokerage income	16,727	1,97,618	85,547	90,000	10,501	1,87,440
Rent received	-	2,10,000	-	-	2,10,000	-
Closing balance	2,043	10,78,288	71,356	1,06,200	4,39,093	2,04,161

* Closing balances shown under trade receivables/other current assets.

** Closing balances shown under trade payables.



Year ended 31 March 2018

Nature of transaction	Simon India Limited*	Zuari Investments Limited**	Zuari Management Services Limited**	Zuari Infraworld India Limited*	Zuari Sugar & Power Limited*	Gobind Sugar Mills Limited *
Opening balance	1,956	-	-	14,84,500	2,85,670	3,28,177
Amount paid on our behalf	-	4,66,356	-	22,734	-	9,92,975
Amount paid on their behalf	-	21,748	-	-	86,651	-
Amount received on their behalf	-	64,478	-	-	-	-
Amount received on our behalf	-	4,92,796	-	-	-	-
Loan facilitation charges	-	-	-	-	-	28,92,500
Management fees paid	-	-	2,00,00,000	-	-	-
RTA / DP / Brokerage income	1,993	-	23,657	5,900	1,20,846	1,87,674
Legal and professional charges	-	-	-	-	27,124	59,895
Closing balance	1,153	1,53,07,953	2,16,00,000	-	1,00,071	1,99,753

* Closing balances shown under trade receivables

** Closing balances shown under trade payables/other financial liabilities (current).

iv) Key Management Personnel

Mr. L.M Chandrasekaran (Independent Director)

Mr. Bhaskar Chatterjee (Independent Director)

Nature of transaction	As at 31 March 2019	As at 31 March 2018
Mr. L.M Chandrasekaran		
Director's sitting fees	1,05,000	30,000
Mr. Bhaskar Chatterjee		
Director's sitting fees	1,25,000	30,000

v) Relatives of Key Management Personnel of the Company

Ms. Kavita Kathuria

Nature of transaction	As at 31 March 2019	As at 31 March 2018
Opening balance	5	-
DP / Brokerage income	2	5
Closing balance (shown under head trade receivables)	7	5

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32 Segment information

The company's business activities falls broadly within a single primary business segment namely Capital market related services and therefore there is no reportable segment as per the management of the Company.

33 Demerger of demerged undertaking (as defined hereinafter) of Zuari Investments Limited ("ZIL" or "Demerged Company") and vesting thereof in Zuari Finserv Limited (formerly known as Zuari Finserv Private Limited) ("ZFPL" or "Resulting Company")

(i) During the year ended 31 March 2018, the Hon'ble National Company Law Tribunal, Mumbai Bench, of Mumbai vide its order dated 09 November 2017 approved the arrangement as embodied in the Scheme of Arrangement (the "Scheme") of the Demerged Service Oriented Undertaking (comprising business of stock broking, depository participant, real estate brokers, distribution of mutual fund products, mortgage brokers and registrars/share transfer agents, along with entire investments held by it in Zuari Insurance Brokers Limited and Zuari Commodity Trading Limited, its wholly owned subsidiaries engaged in the business of insurance broking and commodity trading respectively) of ZIL with the ZFPL ("the Scheme") and the same has been filed with Registrar of Companies on 5 January 2018 ("Effective Date"). On complying with the requisite formalities by the Company, the Scheme became effective from 1 April 2016 ("Appointed Date").

(ii) Pursuant to the Scheme being effective, the authorised share capital of Resulting Company is adequately enhanced by transferring from the authorized share capital of the Demerged Company, an amount of INR 250,000,000 divided into 25,000,000 equity shares of INR 10/- each without any further act, instrument or deed by the Resulting Company and without any liability for payment of additional fee or stamp duty in respect thereof since the stamp duty and fee stands already paid by the Demerged Company on the said authorized equity share capital so transferred, the benefit of which shall accordingly stand transferred in favour of the Resulting Company pursuant to Scheme becoming effective.

Accordingly, as an integral part of the Scheme, and, upon the coming into effect of the Scheme, with effect from the Appointed Date, the issued, subscribed and paid up equity share capital of the Demerged Company shall stand reduced by cancelling and extinguishing paid up equity share capital of the Demerged Company by INR 179,884,260 comprising of 17,988,426 equity shares of face value of INR 10/- each.

Correspondingly, the share capital of the Resulting Company, shall without any further application, act, payment, consent, instrument or deed, issue and allot 17,988,426 fully paid up equity shares of the resulting company of face value of INR 10/- each to Zuari Global Limited who is holding the entire beneficial interest in the share capital of the Demerged Company, in accordance with the terms of the Scheme.

(iii) The said arrangement has been accounted for using "pooling of interest" method as prescribed under Ind AS 103 "Business Combinations" being a common control transaction from Appointed Date. The accounting for the same is in accordance with the accounting prescribed under the Scheme as mentioned below:

(a) The Resulting Company has recorded the assets and liabilities comprised in the Demerged Undertaking transferred to and vested in it pursuant to this Scheme, at the same values at which they were appearing in the books of the Demerged Company at the close of business of the day immediately preceding the Appointed Date.

(b) The Resulting Company has recorded its share capital in its books of account with the aggregate face value of the new equity shares issued to the shareholders of the Demerged Company pursuant to this Scheme.

The value of net assets transferred and consideration received:

Particulars	Amount
Assets acquired (A)	24,37,60,152
Liabilities taken over (B)	6,38,75,892
Net assets acquired (A-B)	17,98,84,260

Consideration

17,988,426 Equity Shares of the Resulting Company of face value of INR 10/- each to Zuari Global Limited who is holding the entire beneficial interest in the share capital of the Demerged Company, in accordance with the terms of the Scheme

17,98,84,260

Adjustment to reserves



34 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 2019	As at 31 March 2018
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.	-	-

35 The Board of Directors of the Company in their meeting held on 09 February 2019 approved the Scheme of Arrangement ("the Scheme") between the Company ("transferee company") with Zuari Commodity Trading Limited ("transferor company") with appointed date being 1 April 2018 in the Scheme. In accordance with the Scheme, the transferor company shall stand dissolved and merged with transferee company. As the proposed merger is in process on date of these financial statements, therefore, no effect of the Scheme has been given in these financial statements in accordance with the applicable financial reporting framework to the Company.

36 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 Ind AS 115 "Revenue from Contracts with Customers" with a date of initial application of 1 April 2018. As a result, the Group has changed its accounting policy for revenue recognition as defined in note 3. The Company has applied Ind AS 115 using the **Cumulative Effect Method**. Under this method, the entity shall recognise the cumulative effect of initially applying this Standard as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) of the accounting period that includes the date of initial application.

Revised reporting standard, Ind AS 115, does not have any impact on the Company.

37 Contingent liability :

The Hon'ble Supreme Court (SC) has, in a recent decision ("SC decision"), ruled that various allowances like conveyance allowance, special allowance, education allowance, medical allowance etc., paid uniformly and universally by an employer to its employees would form part of basic wages for computing the provident fund ('PF' or 'the fund') contribution and thereby, has laid down principles to exclude (or include) a particular allowance or payments from 'basic wage' for the purpose of computing PF contribution. The Company pays special allowance, conveyance allowance and others allowances to its employees as a part of its compensation structure, which are not included in the basic wages for the purpose of computing the PF.

As the above said ruling has not prescribed any clarification w.r.t to its application, the Company is in the process of evaluating the impact on the provident fund contributions. Pending clarification and evaluation of impact of above said, no provision for employee contribution has been recognised in the financial statements for the year ended 31 March 2019".

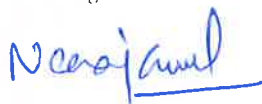
38 The financial statements were approved for external issue by the board of directors on 04 May 2019.

As per our report of even date.

For **Walker Chandniok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013



Neeraj Goel

Partner

Membership No. 099514



Place: Gurugram

Date: 04 May 2019

For and on behalf of the Board of Directors of

Zuari Finserv Limited

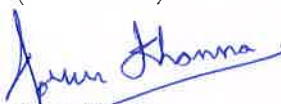
(formerly known as Zuari Finserv Private Limited)



R. S. Raghavan

Managing Director

(DIN-00362555)



Tarun Khanna

Chief Financial Officer



Vijay Kathuria

Director

(DIN-00338125)



Girish Kumar Sharma

Company Secretary

(Membership No. A36915)