

Financial Statements and Auditors' Report

31 March 2018

Zuari Sugar & Power Limited

Walker Chandlok & Co LLP

Walker Chandlok & Co LLP
(Formerly Walker, Chandlok & Co)
L-41 Connaught Circus
New Delhi 110001
India

Independent Auditor's Report

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To the Members of Zuari Sugar & Power Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of Zuari Sugar & Power Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2018, 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.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these financial statements are free from material misstatement.



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6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on these financial statements.

Opinion

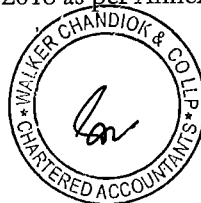
8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS specified under Section 133 of the Act, of the state of affairs (financial position) of the Company as at 31 March 2018, and its loss (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Other Matter

9. The financial statements of the Company for the year ended 31 March 2017, were audited by another auditor who expressed an unmodified opinion vide their audit report dated 13 May 2017. Our opinion is not modified in respect of this matter

Report on Other Legal and Regulatory Requirements

10. 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, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to information and explanation given to us, we give in the "Annexure I" a statement on the matters specified in paragraphs 3 and 4 of the Order.
11. Further to our comments in Annexure I, as required by Section 143(3) of the Act, we report that:
 - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) the financial statements dealt with by this report are in agreement with the books of account;
 - d) in our opinion, the aforesaid financial statements comply with Ind AS specified under Section 133 of the Act, read with relevant rule thereunder;
 - 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 2018 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 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 16 May 2018 as per Annexure II expressed an unmodified opinion; and




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- 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, in our opinion and to the best of our information and according to the explanations given to us:
- i. the Company does not have any pending litigation which would impact its financial position;
 - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and
 - iv. The disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016 which are not relevant to these financial statements. Hence, reporting under this clause is not applicable.

For Walker Chandiok & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013


per Siddharth Talwar

Partner

Membership No. 512752



Place: New Delhi

Date: 16 May 2018

Walker Chandiook & Co LLP

Annexure I to Independent Auditor's Report of even date to the members of Zuari Sugar & Power Limited on the financial statements for the year ended 31 March 2018

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) The Company does not have any property, plant and equipment. Accordingly, the provisions of clause 3(i) 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 complied with the provisions of Section 186 in respect of loans. Further, in our opinion, the Company has not entered into any transaction covered under Section 185 and Section 186 of the Act in respect of investments, guarantees and securities.
- (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 products. 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 repayments of loan and 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.
- (ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion, the term loans were applied for the purposes for which the loans were obtained.




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Annexure I to Independent Auditor's Report of even date to the members of Zuari Sugar & Power Limited on the financial statements for the year ended 31 March 2018

- (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


per Siddharth Talwar
Partner
Membership No. 512752



Place: New Delhi
Date: 16 May 2018

Walker Chandiook & Co LLP

Annexure II to Independent Auditor's Report of even date to the members of Zuari Sugar & Power Limited on the financial statements for the year ended 31 March 2018

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 2018, 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.



Walker Chandiook & Co LLP

Annexure II to Independent Auditor's Report of even date to the members of Zuari Sugar & Power Limited on the financial statements for the year ended 31 March 2018

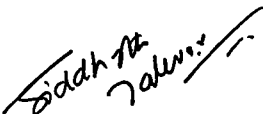
Inherent Limitations of Internal Financial Controls over Financial Reporting

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 2018, 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


per Siddharth Talwar
Partner
Membership No. 512752



Place: New Delhi
Date: 16 May 2018

Particulars	Notes	As at 31 March 2018	As at 31 March 2017
ASSETS			
Non-current assets			
(a) Financial assets			
(i) Investments	4	286,939,998	245,277,512
(ii) Loans	4	94,000	94,000
(iii) Other financial assets	4	22,750,000	-
(b) Non-current tax assets (net)		75,581	398
(c) Other non-current assets	5	569,510,128	618,249,343
		<u>879,369,707</u>	<u>863,621,253</u>
Current assets			
(a) Financial assets			
(i) Cash and cash equivalents	6	8,430,943	388,195
(ii) Loans	7	72,000,000	112,000,000
(iii) Other financial assets	8	51,130,365	38,232,440
(b) Other current assets	9	48,971,773	41,662,485
		<u>180,533,081</u>	<u>192,283,120</u>
		<u>1,059,902,788</u>	<u>1,055,904,373</u>
TOTAL			
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity share capital	10	149,000,000	149,000,000
(b) Other equity	11	(124,231,980)	(12,279,826)
		<u>24,768,020</u>	<u>136,720,174</u>
LIABILITIES			
Non-current liabilities			
Financial liabilities (Borrowings)	12	839,910,455	913,918,033
		<u>839,910,455</u>	<u>913,918,033</u>
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	13	94,300,000	3,000,000
(ii) Trade payables	14	291,438	359,752
(iii) Other financial liabilities	15	100,000,000	-
(b) Other current liabilities	16	632,875	1,906,414
		<u>195,224,313</u>	<u>5,266,166</u>
		<u>1,059,902,788</u>	<u>1,055,904,373</u>
TOTAL			

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

Siddharth Talwar
Partner
Membership No. 512752



Place: New Delhi
Date: 16 May 2018

For and on behalf of the Board of Directors of
Zuari Sugar & Power Limited

R. S. Raghavan
Director
(DIN-00362555)

Nishant Dalal
Chief Financial Officer

Vijay Kathuria
Director
(DIN-00338125)

Deep Shubham
Company Secretary

Zuari Sugar & Power Limited
Statement of Profit and Loss for the year ended 31 March 2018

(All amounts in Rs.)

Particulars	Notes	Year ended 31 March 2018	Year ended 31 March 2017
REVENUE			
Revenue from operations	17	57,299,013	15,259,808
Other income	18	41,688,289	10,636,651
Total revenue		98,987,302	25,896,459
EXPENSES			
Purchases of stock in trade	19	42,848,900	-
Changes in inventories of stock-in-trade	19	-	-
Employee benefits expense	20	300,132	223,300
Finance costs	21	124,644,880	27,360,680
Other expenses	22	43,145,544	11,269,265
Total expenses		210,939,456	38,853,245
Loss before tax		(111,952,154)	(12,956,786)
Tax expense:			
Current tax		-	-
Deferred tax	23	-	-
Loss for the year		(111,952,154)	(12,956,786)
Other comprehensive income for the year		-	-
Total comprehensive loss for the year		(111,952,154)	(12,956,786)
Earnings per equity share:			
(1) Basic		(7.51)	(0.87)
(2) Diluted	25	(7.51)	(0.87)

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

Siddharth Talwar
Partner
Membership No. 512752



For and on behalf of the Board of Directors of
Zuari Sugar & Power Limited

R. S. Raghavan
Director
(DIN-00362555)

Nishant Dalal
Chief Financial Officer

Vijay Kathuria
Director
(DIN-00338125)

Deep Shubham
Company Secretary

Place: New Delhi
Date: 16 May 2018


Particulars	Year ended 31 March 2018	Year ended 31 March 2017
A) Cash flow from operating activities		
Loss before tax	(111,952,154)	(12,956,786)
Adjustments for:		
Interest income	(14,207,817)	(15,259,808)
Finance costs	124,644,880	27,360,680
Gain arising on measuring financial assets at fair value through profit and loss	(41,662,485)	(10,621,111)
Amortisation of deferred losses	41,662,485	10,621,111
Operating loss before working capital changes	(1,515,091)	(855,914)
Adjustment for changes in working capital		
(Increase)/decrease in other receivables	1,002,152	(16,259,808)
Increase/(decrease) in trade and other payables	(1,341,853)	1,571,534
Cash used in operations	(1,854,793)	(15,544,188)
Income taxes paid (net)	(75,183)	170,815
Net cash used in operating activities	(1,929,976)	(15,373,373)
B) Cash flow from investing activities		
Interest received	75,183	15,259,808
Proceeds from repayments of loans during the year	80,000,000	2,000,000
Loans made during the year	(40,000,000)	-
Fixed deposits made during the year	(22,750,000)	-
Purchase of investments	-	(577,189,340)
Net cash flow generated from/(used in) investing activities	17,325,183	(559,929,532)
C) Cash flow from financial activities		
Repayment of inter corporate deposits taken from Zuari Global Limited	(116,500,000)	(324,820,000)
Proceeds from inter corporate deposits taken from Zuari Global Limited	207,800,000	13,000,000
Borrowing costs paid	(150,152,459)	(61,692,647)
Proceeds from long term borrowings	51,500,000	948,250,000
Net cash flow generated from/(used in) financial activities	(7,352,459)	574,737,353
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	8,042,748	(565,552)
Cash and cash equivalents as at the beginning of the year	388,195	953,747
Cash and cash equivalents as at the end of the year (refer note 6)	8,430,943	388,195
Reconciliation of cash and cash equivalents[#]		
Cash and cash equivalents as per above comprising of the following:	As at 31 March 2018	As at 31 March 2017
Cash and cash equivalents	8,430,943	388,195
Balances as per statements of cash flows (as per above)	8,430,943	388,195

#Refer note 6 for break up of cash and cash equivalents.

The accompanied notes form an integral part of the financial statements

As per our report of even date

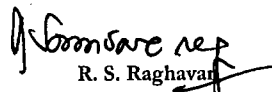
For Walker Chandio & Co LLP
Chartered Accountants

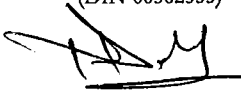

Siddharth Talwar
Partner
Membership No. 512752

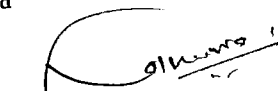


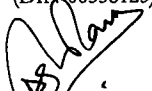
Place: New Delhi
Date: 16 May 2018

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Vijay Kathuria
Director
(DIN-00338125)


Deep Shubham
Company Secretary

Zuari Sugar & Power Limited
Statement of Changes in Equity for the year ended 31 March 2018

(All amounts in Rs.)

(a) Equity share capital

Equity shares of Rs. 10 each issued, subscribed and fully paid

	Number of shares	Amount
As at 31 March 2017	14,900,000	149,000,000
As at 31 March 2018	14,900,000	149,000,000

(b) Other equity

For the year ended 31 March 2018

	Security premium	Surplus in the Statement of Profit and Loss	Total
As at 1 April 2017	12,400,000	(24,679,826)	(12,279,826)
Loss for the year	-	(111,952,154)	(111,952,154)
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	(111,952,154)	(111,952,154)
As at 31 March 2018	12,400,000	(136,631,980)	(124,231,980)

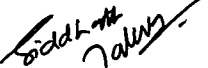
For the year ended 31 March 2017

	Security premium	Surplus in the Statement of Profit and Loss	Total
As at 1 April 2016	12,400,000	(11,723,040)	676,960
Loss for the year	-	(12,956,786)	(12,956,786)
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	(12,956,786)	(12,956,786)
As at 31 March 2017	12,400,000	(24,679,826)	(12,279,826)

The accompanied notes form an integral part of the financial statements

As per our report of even date

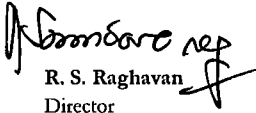
For Walker Chandiook & Co LLP
Chartered Accountants



Siddharth Talwar
Partner
Membership No. 512752

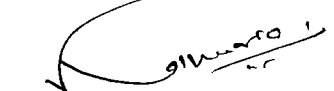


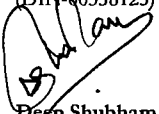
Place: New Delhi
Date: 16 May 2018

For and on behalf of the Board of Directors of
Zuari Sugar & Power Limited


R. S. Raghavan
Director
(DIN-00362555)


Nishant Dalal
Chief Financial Officer


Vijay Kathuria
Director
(DIN-90338125)


Deep Shubham
Company Secretary

Zuari Sugar & Power Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018

1. Corporate information

Zuari Sugar & Power Limited (the "Company") is a public Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company holds investments in securities of related companies and also, during the year ended 31 March 2018, the Company has started the business of trading sugar. The Company's principal place of business is Plot No. 2, Zamrudpur Community Centre, Kailash Colony Extension, New Delhi-110048.

2. Application of Indian Accounting Standards

All the Ind AS issued and notified by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) till the financial statements are authorized (refer note 34) have been considered while preparing these financial statements.

Standards/Amendments to standards issued but not effective

In March 2018, the Ministry of Corporate Affairs (MCA) issued the Companies (Indian Accounting Standards) Amendment Rules, 2018 (Amendment Rules) via notification dated 28 March 2018, notifying amendments to Ind AS 22, "Income Taxes" along with amendments to various other 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 revenue recognition standard Ind AS 115, Revenue from Contracts with Customers, (Ind AS 115). These amendments are applicable from 01 April 2018 onwards.

Amendments to Ind AS 22: The amendment to Ind AS 22 explains that determining temporary differences and estimating probable future taxable profit against which deductible temporary differences are assessed for utilisation are two separate steps and the carrying amount of an asset is relevant only to determining temporary differences. The carrying amount of an asset does not limit the estimation of probable future taxable profit. In its estimate of probable future taxable profit, an entity includes the probable inflow of taxable economic benefits that results from recovering an asset. This probable inflow of taxable economic benefits may exceed the carrying amount of the asset.

The amendments consider that: (i) Tax law determines which deductions are offset against taxable income in determining taxable profits. (ii) No deferred tax asset is recognised if the reversal of the deductible temporary difference will not lead to tax deductions.

The Company considered its effects while recognizing deferred tax assets on deductible temporary differences including unused tax credits.

Ind AS 115: Ind AS 115 establishes a new control-based revenue recognition model for recognising and measuring revenue, and provides new and more detailed guidance on specific topics like multiple element arrangement, variable consideration, rights of return, licensing agreements, contract costs, etc.

The application of the same will withdraw currently applicable revenue standards. The Company is currently assessing the potential impacts of the newly notified standard. The same is applicable from reporting periods beginning on or after 01 April 2018.

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").



Zuari Sugar & Power Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018

The financial statements of the Company have been prepared on a historical cost basis except for certain financial assets (refer note 4) measured at fair value or net realizable value as applicable.

b) Amended standard adopted by the Company

The amendments to Ind AS 7 require disclosure of changes in liabilities arising from financing activities, see note 13(ii).

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

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 received.

Revenue is measured at the fair value of the consideration received or receivable. Revenue excludes sales tax/value added tax/service tax/goods and service tax.

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

Sale of goods:

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

Interest income:

For all debt instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR) as explained in note (j) below.



Zuari Sugar & Power Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018

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.



Zuari Sugar & Power Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018

g) 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.

h) Inventories

Traded goods are valued at lower of cost and net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost of inventories is computed on a weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

i) 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 non-routine settlements; and
- Net interest expense or income



Zuari Sugar & Power Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018

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.

j) 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 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.

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.



Zuari Sugar & Power Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018

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.

k) 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.

l) 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.

m) 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.



Zuari Sugar & Power Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018

n) 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.



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4 Financial assets

Particulars	As at 31 March 2018	As at 31 March 2017
Investment in 7% Non convertible redeemable preference shares (NCRPS) of Gobind Sugar Mills Limited (GSML) (fully paid up, unquoted)		
<i>Measured at fair value through profit and loss</i>		
<u>Redeemable in one single lot after expiry of the 12th year from the date of allotment</u>		
Series-I - date of allotment- 03 January 2012 [15,000,000 shares (15,000,000 shares) of Rs. 10/- each]	60,858,950	52,022,485
Series-II - date of allotment - 18 June 2012 [2,700,000 shares (2,700,000 shares) of Rs. 10/- each]	8,972,794	9,003,892
Series-II - date of allotment - 18 January 2012 [2,300,000 shares (2,300,000 shares) of Rs. 10/- each]	10,533,280	7,669,982
Series-III -date of allotment - 27 September 2012 [8,000,000 shares (8,000,000 shares) of Rs. 10/- each]	30,009,344	25,652,113
Series-IV - date of allotment - 28 June 2013 [3,500,000 shares (3,500,000 shares) of Rs. 10/- each]	11,671,711	9,977,027
Series-V -date of allotment - 20 September 2013 [2,659,368 shares (2,659,368 shares) of Rs. 10/- each]	8,527,301	7,289,173
Series-VI - date of allotment - 30 December 2013 [10,000,000 shares (10,000,000 shares) of Rs. 10/- each]	30,831,867	26,355,209
Series-VII - date of allotment - 31 March 2014 [11,750,000 shares (11,750,000 shares) of Rs. 10/- each]	34,834,080	29,776,318
Series-VIII - date of allotment - 30 June 2014 [5,168,552 shares (5,168,552 shares) of Rs. 10/- each]	14,733,368	12,594,145
Series-XI - date of allotment - 12 February 2015 [13,500,000 shares (13,500,000 shares) of Rs. 10/- each]	34,211,089	29,243,782
Series-XIV - date of allotment - 25 May 2015 [10,000,000 shares (10,000,000 shares) of Rs. 10/- each]	24,366,872	20,828,904
Series-XVII - date of allotment - 28 August 2015 [6,600,000 shares (6,600,000 shares) of Rs. 10/- each]	15,463,592	13,218,343
Series-XVIII - date of allotment - 10 November 2016. [1,000,000 shares (1,000,000 shares) of Rs. 10/- each]	1,925,750	1,646,139
Total	286,939,998	245,277,512
Loans		
<i>Measured at amortised cost</i>		
Security deposits (unsecured, considered good)*	94,000	94,000
Total	94,000	94,000
*The Company has made security deposits with Gobind Sugar Mills Limited against sugar godown taken on rent.		
Other financial assets		
<i>Measured at amortised cost</i>		
Fixed deposits with banks (earmarked*)	22,750,000	-
Total	22,750,000	-

* Bank deposit of Rs. 22,750,000 which is pledged in favour of IndusInd Bank Limited and Tata Capital Services Limited as a security against interest payment on the term loan facility provided by the bank to the Company.

5 Other assets

Particulars	As at 31 March 2018	As at 31 March 2017
Deferred losses on investment in NCRPS of GSML	569,510,128	618,249,343
Total	569,510,128	618,249,343



6 Cash and cash equivalents

Particulars	As at 31 March 2018	As at 31 March 2017
Balances with banks		
- in current accounts	8,427,273	383,495
Cash in hand	3,670	4,700
Total	8,430,943	388,195

7 Loans

Particulars	As at 31 March 2018	As at 31 March 2017
<i>Measured at amortized cost</i>		
Short term loans to body corporates (unsecured, considered good)	72,000,000	112,000,000
Total	72,000,000	112,000,000

8 Other financial assets

Particulars	As at 31 March 2018	As at 31 March 2017
<i>Measured at amortised cost</i>		
Interest accrued on inter corporate deposits	50,136,916	36,027,506
Interest accrued on fixed deposits	23,224	-
Other receivables from related parties (refer note 29)	970,225	2,204,934
Total	51,130,365	38,232,440

9 Other current assets

Particulars	As at 31 March 2018	As at 31 March 2017
Deferred losses on investment in NCRPS of GSML	48,739,215	41,662,485
Balances with revenue authorities	232,558	-
Total	48,971,773	41,662,485



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10 Share capital

Particulars	As at 31 March 2018	As at 31 March 2017
Authorised:		
180,00,000 Equity shares of Rs. 10/- each	180,000,000	180,000,000
Issued shares :		
149,00,000 Equity shares of Rs. 10/- each	149,000,000	149,000,000
Subscribed and fully paid-up shares :		
149,00,000 Equity shares of Rs. 10/- each	149,000,000	149,000,000
Total	149,000,000	149,000,000

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

	As at 31 March 2018		As at 31 March 2017	
	Number of shares	Amount	Number of shares	Amount
Equity shares				
Outstanding at the beginning and end of the year	14,900,000	149,000,000	14,900,000	149,000,000

(b) Terms / rights attached to equity shares

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

(c) Shares held by holding company

	As at 31 March 2018	As at 31 March 2017
Zuari Global Limited	14,900,000	14,900,000

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

	As at 31 March 2018		As at 31 March 2017	
	Number of shares	% holding	Number of shares	% holding
Zuari Global Limited*	14,900,000	100	14,900,000	100

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



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11 Other equity

Particulars	As at 31 March 2018	As at 31 March 2017
Deficit in the Statement of Profit and Loss		
Opening balance	(24,679,826)	(11,723,040)
Loss of the year	(111,952,154)	(12,956,786)
Closing balance	(136,631,980)	(24,679,826)
Securities premium account[#]		
Opening balance	12,400,000	12,400,000
Received during the year	-	-
Closing balance	12,400,000	12,400,000
Total	(124,231,980)	(12,279,826)

Nature and purpose:

Security premium reserve is created when the Company issue shares at the premium. The aggregate amount of premium received on the shares is transferred to a separate account called "security premium reserve". The same will be utilised in accordance with the provisions of the Companies Act, 2013 and related provisions. This reserve is carried forward from earlier years.

12 Borrowings (non current)

Particulars	As at 31 March 2018	As at 31 March 2017
Term loans (secured) :		
<i>Measured at amortised cost</i>		
Indian rupee loan from banks (refer note below)	539,910,455	913,918,033
Indian rupee loan from others (refer note below)	400,000,000	-
Total	939,910,455	913,918,033
Less: Current maturities of long term borrowings	100,000,000	-
Total	839,910,455	913,918,033

Note:

Term loan of Rs. 539,910,455 (31 March 2017: Rs. 913,918,033) from Indusind Bank Limited (IBL) and Rs. 400,000,000 (31 March 2017: Nil) from Tata Capital Services Limited (TCSL) is secured by -

- Pledge of non convertible redeemable preference shares of Gobind Sugar Mills Limited;
- Exclusive charge by way of hypothecation over all present and future current and moveable fixed assets of the Company;
- Exclusive charge on immovable fixed assets owned by Zuari Global Limited (ZGL, holding company)
- Land collateral of 6.89 acres for Phase I residential development and 16 acres of Phase II residential project being executed by ZGL in Goa;
- Exclusive charge by way of hypothecation over all present and future current assets and moveable fixed assets of ZGL excluding all land (being carried as inventory) other than land to be mortgaged to IBL and current investments of Nagarjuna Fertilizers and Synthesis Energy Ltd.;
- Debt Service Reserve Account equal to 6 months interest to be kept undrawn from the facility.
- Corporate guarantee of ZGL

The aforesaid loan is repayable in 16 quarterly installments commencing from June 2018 and carries interest @ 10.35% - 10.15% (10.25%)% (effective interest rate being 13.05%) % p.a. The first four quarterly installments will be of Rs. 25,000,000 each and rest will be for Rs 75,000,000 each.

Further processing fees of Rs. 70,000,000 (plus taxes) was payable for the facility, which was to be paid per below mentioned schedule:

Rs. 30,000,000 to be paid on acceptance of sanction letter, which was paid in previous year.

Rs. 5,000,000 each quarter from 30 June 2017 upto 31 March 2018 and Rs. 2,500,000 each quarter of next ensuing eight quarters.

The same has been paid in full during the current quarter.

Out of the total sanctioned amount of Rs. 100,00,00,000, IBL has sold 40% i.e. Rs. 40,00,00,000 of the loan to TCSL from 1 March 2018. All other terms and covenants to the said loan remain same. No separate security is created in the name of Tata Capital Services Limited by the Company directly. However, as per the agreement signed, Tata Capital Services Limited has proportionate share in all the securities created by Indusind Bank Limited for the said loan.



13 Borrowings (current)

Particulars	As at 31 March 2018	As at 31 March 2017
<i>Measured at amortised cost</i>		
Inter corporate deposits from holding company (unsecured)	94,300,000	3,000,000
Total	94,300,000	3,000,000

Note:

(i) Inter corporate deposits from holding company;

Deposits from Zuari Global Limited of Rs.94,300,000 (31 March 2017: Rs.3,000,000) is repayable on 30 June 2018 (30 June 2017) and carries interest @ 12% p.a

(ii) Changes in liabilities arising from financing activities:

	Non-current borrowings (including current maturities)	Current borrowings
As at 01 April 2017	913,918,033	3,000,000
Cash adjustments		
Cash inflows	51,500,000	207,800,000
Cash outflows	(46,000,000)	(116,500,000)
Interest paid	(98,428,859)	(5,723,600)
Non-cash adjustments		
Interest accruals/expense	118,921,280	5,723,600
As at 31 March 2018	939,910,455	94,300,000

14 Trade payables

Particulars	As at 31 March 2018	As at 31 March 2017
Trade payables (refer note 31 for details of dues to micro and small enterprises)	291,438	359,752
	291,438	359,752

15 Other financial liabilities

Particulars	As at 31 March 2018	As at 31 March 2017
Current maturities of long term borrowings	100,000,000	-
Total	100,000,000	-

16 Other current liabilities

Particulars	As at 31 March 2018	As at 31 March 2017
Statutory dues	632,875	1,906,414
Total	632,875	1,906,414



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17 Revenue from operations

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Sale of sugar	43,117,000	-
Interest income from inter corporate deposits	14,182,013	15,259,808
Total	57,299,013	15,259,808

18 Other income

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Interest on income tax refund	-	8,540
Gain on fair value measurement of financial assets	41,662,485	10,621,111
Interest income on fixed deposits	25,804	-
Miscellaneous income	-	7,000
Total	41,688,289	10,636,651

19 Purchase of stock-in-trade

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Purchase of sugar	42,848,900	-
Total	42,848,900	-

Changes in inventories of stock-in-trade

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Closing inventories	-	-
Opening inventories	-	-
Total	-	-

20 Employee benefits expense

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Salaries	300,132	223,300
Total	300,132	223,300

21 Finance costs

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Interest expenses on intercorporate deposits	5,631,878	25,310,436
Interest expenses on term loans	118,921,280	2,050,244
Other borrowing costs	91,722	-
Total	124,644,880	27,360,680



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22 Other expenses

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Printing and stationery charges	3,500	-
Legal and professional charges	148,150	321,970
Amortisation of deferred losses on NCRPS	41,662,485	10,621,111
Rates and taxes	12,300	34,200
Rent	564,000	24,258
Director sitting fees	170,000	170,000
Payment to the auditors*	100,000	81,500
Travelling expenses	11,035	1,150
Commission paid	79,380	-
Miscellaneous expenses	394,694	15,076
Total	43,145,544	11,269,265
*Payments to the auditors		
Audit fee	75,000	57,250
Tax audit	25,000	17,250
Other charges	-	7,000
Total	100,000	81,500



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23 Income tax expense

Particulars	As at 31 March 2018	As at 31 March 2017
Accounting loss	(111,952,154)	(12,956,786)
Applicable tax rate	25.75%	30.90%
Expected tax expense	(28,827,680)	(4,003,647)
Deferred taxes not recognised on unused tax losses (refer note (ii) below)	(28,827,680)	(4,003,647)
Actual tax expense	-	-

Note:

(i) During the year ended 31 March 2017, the applicable rate was 30.00% plus applicable cesses. However, per Finance Act, 2018, the income tax rates for domestic companies whose turnover has not exceeded Rs. 50 crores in year ended 31 March 2016, the applicable rate of income tax shall be 25% plus applicable cesses.

(ii) Deferred tax:

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



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24 Commitments and Contingencies

Leases

Operating lease — as lessee

The Company has taken sugar godown premise on operating leases for an initial period of 3 years and 15 days. The agreement is further renewable at the option of the Company. There is no escalation clause in the lease agreement. The lease is 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 2018	Year ended 31 March 2017
Lease rentals recognised during the year	564,000	24,258
Lease obligations		
- Within one year	564,000	564,000
- After one year but not more than five years	564,000	1,128,000
- More than five years	-	-

Contingent liabilities

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

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 2018	Year ended 31 March 2017
Profit attributable to equity holders of the parent company (Rs.)	(111,952,154)	(12,956,786)
Weighted average number of equity shares (No.)	14,900,000	14,900,000
Face value per share (Rs)	10.00	10.00
Earning per share (Basic and Diluted) (Rs)	(7.51)	(0.87)

26 Capital management

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

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

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

Particulars	As at 31 March 2018	As at 31 March 2017
Long term borrowings (including financial liability part of non cumulative redeemable preference shares)	839,910,455	913,918,033
Current maturities of long-term borrowings	100,000,000	-
Short term borrowings	94,300,000	3,000,000
Total Debt (a)	1,034,210,455	916,918,033
Total Equity (b)	24,768,020	136,720,174
Debt to Equity ratio (a/b)	41.76	6.71



27 Fair value measurements

Financial instruments by category

Particulars	As at 31 March 2018			As at 31 March 2017		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
Financial assets						
Investment in NCRPS of GSML	286,939,998	-	-	245,277,512	-	-
Security deposits	-	-	94,000	-	-	94,000
Fixed deposits with banks and interest accrued thereon	-	-	22,750,000	-	-	-
Cash and cash equivalents	-	-	8,430,943	-	-	388,195
Loans	-	-	72,000,000	-	-	112,000,000
Other financial assets	-	-	51,130,365	-	-	38,232,440
Total financial assets	286,939,998	-	154,405,308	245,277,512	-	150,714,635
Financial liabilities						
Borrowings	-	-	1,034,210,455	-	-	916,918,033
Trade payables	-	-	291,438	-	-	359,752
Total financial liabilities	-	-	1,034,501,893	-	-	917,277,785

Financial value hierarchy

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

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

Quantitative disclosures of fair value measurement hierarchy as at 31 March 2018:

Financial assets measured at fair value (recurring fair value measurements)	Date of valuation	Total	Level 1	Level 2	Level 3
<i>Financial investments at FVTPL</i>					
Investment in NCRPS of GSML	31 March 2018	286,939,998	-	-	286,939,998
Financial liabilities measured at amortised cost for which fair values are disclosed	Date of valuation	Total	Level 1	Level 2	Level 3
Borrowings	31 March 2018	939,910,455	-	-	939,910,455

Quantitative disclosures of fair value measurement hierarchy as at 31 March 2017:

Financial assets measured at fair value (recurring fair value measurements)	Date of valuation	Total	Level 1	Level 2	Level 3
<i>Financial investments at FVTPL</i>					
Investment in NCRPS of GSML	31 March 2018	245,277,512	-	-	245,277,512
Financial liabilities measured at amortised cost for which fair values are disclosed	Date of valuation	Total	Level 1	Level 2	Level 3
Borrowings	31 March 2018	913,918,033	-	-	913,918,033

Notes:

There were not any financial assets or liabilities measured at fair values using level 1 or level 2 inputs.

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

The significant unobservable inputs used in the fair value measurement of financial assets measured at fair value categorised within level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 March 2018 and 31 March 2017 are as shown below:



Description	Valuation technique	Significant unobservable inputs	Probable weighted range	Sensitivity of the input to fair value
Investment in NCRPS of GSML	Discounted cash flow method	Average borrowing rate of the instrument issuer company	31 March 2018: 14% - 17% (16%) 31 March 2017: 14% - 17% (16%)	0.5% (31 March 2017: 0.5%) increase (decrease) in the growth rate would result in increase (decrease) in fair value by Rs. 6,537,377 (Rs. 4,513,478) as at 31 March 2018 [Rs. 4,385,707 (Rs. 2,945,137) as at 31 March 2017]

Reconciliation of opening balances with closing balances for recurring fair value measurements categorised within level 3 of the fair value hierarchy:

Investment in NCRPS of GSML	Amount Rs.
As at 01 April 2016	61,798,001
Acquisitions during the year	172,858,400
Remeasurement gains recognised through profit and loss during the year	10,621,111
As at 31 March 2017	<u>245,277,512</u>
Acquisitions during the year	-
Remeasurement gains recognised through profit and loss during the year	41,662,485
As at 31 March 2018	<u>286,939,998</u>

Financial liabilities measured at amortised cost:

Particulars	31 March 2018		31 March 2017	
	Carrying amount	Fair value	Carrying amount	Fair value
Borrowings	939,910,455	939,910,455	913,918,033	913,918,033

Note:

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

The fair value of borrowings (loans) disclosed above were calculated based on cash flows discounted using current borrowing rates of the Company. These are classified as level 3 in the fairvalue hierarchy due to inclusion of significant unobservable inputs to valuation.

For financial assets that are at fair value, carrying values equals to the fair values.



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28 Financial risk management objectives and policies

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

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

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 and commodity 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. For interest risk, refer below:

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

Interest rate risk exposure:

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

Particulars	As at 31 March 2018	As at 31 March 2017
Variable rate borrowings (current maturities of long term borrowings)	939,910,455	913,918,033
Fixed rate borrowings	94,300,000	3,000,000
Total borrowings	1,034,210,455	916,918,033

Interest rate sensitivity:

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

	+ / (-) in basis points	Effect on profit before tax
As at 31 March 2018		
Rupees	+50	4,756,851
Rupees	-50	(4,756,851)
As at 31 March 2017		
Rupees	+50	4,756,250
Rupees	-50	(4,756,250)

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

Credit risk

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

Credit risk exposure:

Particulars	As at 31 March 2018	As at 31 March 2017
Security deposits	94,000	94,000
Fixed deposits with banks and interest accrued there on	22,750,000	-
Investment in NCRPS of GSML	286,939,998	245,277,512
Cash and cash equivalents	8,430,943	388,195
Loans	72,000,000	112,000,000
Other financial assets	51,130,365	38,232,440
	441,345,306	395,992,147

Note:

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



Liquidity risk

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

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and shareholders fund. Approximately 18.81% of the Company's debt will mature in less than one year at 31 March 2018 (31 March 2017: .37%) based on the carrying value of borrowings reflected in the financial statements.

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

	Upto 1 year	1 to 5 years	> 5 years	Total
As at 31 March 2018				
Borrowings				
Non current (including current maturities of long term borrowings)	198,325,344	1,055,511,622	-	1,253,836,966
Current	94,300,000	-	-	94,300,000
Trade payables	291,438	-	-	291,438
	292,916,782	1,055,511,622	-	1,348,428,404
As at 31 March 2017				
Borrowings				
Non current (including current maturities of long term borrowings)	97,676,245	1,181,528,215	-	1,279,204,460
Current	3,000,000	-	-	3,000,000
Trade payables	359,752	-	-	359,752
	101,035,997	1,181,528,215	-	1,282,564,212

Collateral:

The Company has pledged NCRPS of GSML acquired by the Company from proceeds of the long term facility enjoyed by the Company from IndusInd bank. Refer note 7 on borrowings for more information.



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29 Related party disclosures as per Ind AS 24:

List of related parties:

Related parties where control exists:

Related party	Nature of relation
Zuari Global Limited (holds 100% shares of the Company)	Holding company

Related parties with whom transactions have taken place during the year:

Related party	Nature of relation
Zuari Investments Limited	Fellow subsidiary
Zuari Finserv Private Limited	Fellow subsidiary
Gobind Sugar Mills Limited	Fellow subsidiary
Shri Alok Saxena	Key Management Personnel
Shri L. M. Chandrasekaran (Independent Director)	Key Management Personnel
Shri Bhaskar Chatterjee (Independent Director)	Key Management Personnel

Related party transactions:

i) Holding company:

Zuari Global Limited (holds 100% shares of the Company)

Nature of transaction	As at 31 March 2018	As at 31 March 2017
Opening balance	3,000,000	314,820,000
Inter corporate deposit received	207,800,000	19,500,000
Inter corporate deposit repaid	116,500,000	331,320,000
Interest accrued/paid	5,631,879	22,779,392
Closing balance (shown under short term borrowings)	94,300,000	3,000,000

Zuari Global Limited has given corporate guarantee of Rs 100 crores as a security in respect of bank loan from IndusInd bank and Tata Capital Services Limited.

ii) Fellow subsidiaries

Nature of transaction and outstanding balance	As at 31 March 2018	As at 31 March 2017
1) Zuari Investments Limited (ZIL)		
Opening balance	-	-
Purchase of investments	-	567,189,340
Closing balance (shown under trade payables)	-	-
2) Zuari Finserv Private Limited (ZFPL)#		
Opening balance (payable)	285,670	-
Amount paid on behalf of the Company	86,651	1,572,767
Fees and subscription expenses	35,265	10,544
Registrar and share transfer charges	11,500	-
Broking and depository charges paid	109,346	1,842
Legal and professional charges	27,124	10,544
Closing balance (shown under trade payables)	100,071	285,670
3) Gobind Sugar Mills Limited (GSML)		
Opening balance (receivable)	2,298,934	1,298,394
Amount paid on behalf of the Company	5,000	-
Amount received on behalf of GSML	68,136,813	-
Rent accrued	564,000	-
Purchase of sugar	42,848,900	1,000,000
Security deposits paid	-	94,000
Investment in NCRPS	-	10,000,000
Closing balance (shown under other financial assets)	970,225	2,298,934



iv) Key Management Personnel

Nature of transaction and outstanding balance	As at 31 March 2018	As at 31 March 2017
Shri Alok Saxena.		
Opening balance	1	-
Managerial Remuneration	1	1
Closing balance	2	1
Shri L. M. Chandrasekaran		
Opening balance	-	-
Director's sitting fees	85,000	85,000
Closing balance	-	-
Shri Bhaskar Chatterjee		
Opening balance	-	-
Director's sitting fees	85,000	85,000
Closing balance	-	-

During the year ended 31 March 2018, the Hon'ble National Company Law Tribunal, Mumbai Bench, of Mumbai vide its order dated 9 November 2017 approved the arrangement as embodied in the Scheme of Arrangement (the "Scheme") of Zuari Investments Limited (ZIL) with Zuari Finserv Private Limited (ZFPL) 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").

Pursuant to the Scheme, the service oriented business of ZIL (comprising business of stock broking, depository participant, mortgage brokers and registrars / share transfer agents, along with others) has been transferred to ZFPL with effect from appointed date.

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

Particulars	As at 31 March 2018	As at 31 March 2017
Short term loans given to provide financial assistance to corporates for general business purpose:		
ANS Industries Ltd. (@ 13.5% p.a.)		
Opening balance	112,000,000	114,000,000
Loans given during the year	-	-
Loans repaid during the year	80,000,000	2,000,000
Closing balance	32,000,000	112,000,000
Dhoot Industrial Finance Limited (@ 12.5% p.a.)		
Opening balance	-	-
Loans given during the year	40,000,000	-
Loans repaid during the year	-	-
Closing balance	40,000,000	-
Investments made in NCRPS of GSML (refer note 4 for details)	286,939,998	245,277,512
Total	358,939,998	357,277,512

31 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 2018	As at 31 March 2017
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.	-	-



32 Segment information

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

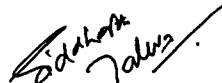
33 During the year ended 31 March 2018, the Company has incurred a book loss of Rs. 111,952,156 besides also incurring a cash loss primarily on account of finance costs and as on 31 March 2018, the accumulated losses of the Company amounted to Rs. 124,231,982. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The management of the Company is confident to generate sufficient profits and cash from operations in near future, through trading in sugar business. Further, Zuari Global Limited (the holding company) has confirmed its intent as well as ability to extend continued financial support to the Company, as and when needed, so as to enable the Company continues its operations as a going concern in foreseeable future.

In view of the same, the management of the Company is hopeful of generating sufficient cash flows in the future to meet the Company's financial obligations. Hence, these financial statements have been prepared on a going concern basis.

34 The financial statements were approved for external issue by the board of directors on 16 May 2018.

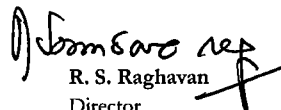
As per our report of even date

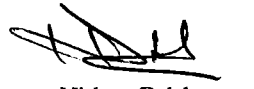
For Walker Chandiook & Co LLP
Chartered Accountants

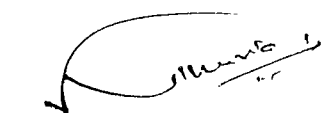

Siddharth Talwar
Partner
Membership No. 512752

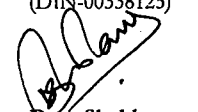


For and on behalf of the Board of Directors of
Zuari Sugar & Power Limited


R. S. Raghavan
Director
(DIN-00362555)


Nishant Dalal
Chief Financial Officer


Vijay Kathuria
Director
(DIN-00338125)


Deep Shubham
Company Secretary

Place: New Delhi
Date: 16 May 2018