



## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF ZUARI SUGAR & POWER LIMITED**

#### **Report on the Standalone Financial Statements**

We have audited the accompanying standalone financial statements of **ZUARI SUGAR & POWER LIMITED** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March 2017, the Statement of Profit & Loss, Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Financial Statements**

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 standalone 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, read with Rule 7 of the Companies (Accounts) Rules, 2014, as amended from time to time. 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.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

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.

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 the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and 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 control 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 principles 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

#### **Emphasis of matter**

We draw attention to the foot note below Note No.23 regarding accounting treatment given in respect of investments in preference shares of Gobind Sugar Mills Ltd. Our opinion is not modified in respect of this matter.

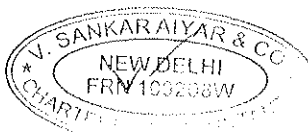


## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, of the state of affairs of the Company as at 31<sup>st</sup> March 2017, and of its loss, its cash flows and changes in equity for the year ended on that date.

## Report on Other Legal and Regulatory Requirements


- 1 As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Government of India in terms of sub-section (11) of section 143 of the Act, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in "Annexure A" a statement on the matters specified in the paragraphs 3 and 4 of the said Order.
- 2 As required by section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) The Balance Sheet, the Statement of Profit and Loss, the Cash flow Statement and the Statement of Changes in Equity dealt with by this report are in agreement with the books of account;
  - d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with relevant rule issued thereunder.
  - e) On the basis of written representations received from the directors as on 31st March 2017 and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2017 from being appointed as a director in terms of section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - 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 knowledge and information and according to the explanations given to us:
    - i. The Company does not have any pending litigations which could impact its financial position.
    - ii. The Company did not have any long-term contracts including derivative contracts during the year and therefore the question of making provisions for material losses in such contracts does not arise.
    - iii. There were no amounts, which were required to be transferred during the year, to the Investor Education and Protection Fund by the Company.



- iv. The Company has provided requisite disclosures in its financial statements (Refer note 26) as to holdings as well as dealings in Specified Bank Notes during the period from 8<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016 and these are in accordance with the books of accounts maintained by the Company.

**For V. Sankar Aiyar & Co.**  
Chartered Accountants  
(Firm Regn. No.: 109208W)

Place: New Delhi  
Dated: 13 May, 2017

  
(V. Rethinam)  
Partner  
(Membership No. 010412)



**"Annexure-A" referred to in the Independent Auditors' report to the Members of Zuari Sugar & Power Limited on the standalone accounts for the year ended 31<sup>st</sup> March, 2017.**


- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The management has physically verified most of the fixed assets at the year end. Having regard to the size of the Company and nature of its assets, the frequency of verification at the year end is, in our opinion, reasonable. No material discrepancies were noticed on such verification.
- (c) The Company does not have any immovable property and hence the provisions of Clause 3(i)(c) are not applicable.
- (ii) The Company does not carry inventories of nature covered by Ind-AS-2. Therefore, Clause 3(ii) of the Order is not applicable to the Company.
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Therefore, the provisions of clause 3(iii)(a),(b)&(c) of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us and the representation obtained from the management (i) the Company has not granted any loans to any of its directors or any other person to whom director is interested or given guarantee or provided any security in connection with any loan taken by him or such other person within the meaning of section 185 of the Act and (ii) the Company has not given any loan, given any guarantee or provided any security and acquired securities within the meaning of section 186 of the Act.
- (v) The Company has not accepted deposits during the year from the public within the provisions of section 73 to 76 or any other provisions of the Companies Act, 2013 and the Rules framed thereunder.
- (vi) The Central Government has not prescribed maintenance of cost records under sub section (1) of section 148 of the Companies Act, 2013 in respect of Company's activities
- (vii) (a) According to the records of the Company, the Company has been generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, service tax and any other statutory dues with the appropriate authorities. There were no arrears of undisputed statutory dues as at 31<sup>st</sup> March, 2017, which were outstanding for a period of more than six months from the date they became payable. We are informed that there is no liability towards sales tax, value added tax, duty of customs, duty of excise and cess for the year under audit.
- (b) There are no disputed dues which have remained unpaid as on 31<sup>st</sup> March, 2017 on account of Income-tax and service tax.
- (viii) On the basis of verification of records and information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings from bank.
- (ix) According to the information and explanations given to us, the Company has not raised money by way of initial / further public offer or taken any term loans during the year.
- (x) Based on the audit procedures performed and representation obtained from the management, we report that no case of material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year under audit.
- (xi) According to the information and explanations given to us, the Company has not paid or provided any managerial remuneration within the meaning of section 197 read with Schedule V to the Companies Act, 2013. Therefore, the provisions of clause 3(xi) of the Order are not applicable.
- (xii) The Company is not a Nidhi Company. Therefore, the provisions of clause 3(xii) of the Order are not applicable.



- (xiii) According to the information and explanations given to us and the representation obtained from the management, the Company has complied with sections 177 and 188 of the Act, where applicable in respect of transactions with related parties and the details have been disclosed in the financial statements as required by the applicable standards.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures. Therefore, the provisions of clause 3(xiv) of the Order are not applicable.
- (xv) According to the information and explanations given to us and the representation obtained from the management, the Company has not entered into any non-cash transactions with the directors or persons connected with him. Therefore, the provisions of clause 3 (xv) of the Order are not applicable.
- (xvi) We draw attention to note no 2.8. We have relied on the opinion of the management that the registration under section 45-IA of the Reserve Bank of India Act, 1934 is not required.

**For V. Sankar Aiyar & Co.**  
Chartered Accountants  
(Firm Regn. No.: 109208W)

Place: New Delhi  
Dated: 13 May, 2017

  
(V. Rethinam)  
Partner  
(M. No: 010412)



**“Annexure-B” referred to in the Independent Auditors’ report to the Members of Zuari Sugar & Power Limited on the standalone accounts for the year ended 31<sup>st</sup> March, 2017.**

We have audited the internal financial controls over financial reporting of the Company as of 31<sup>st</sup> March, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditors’ Responsibility**

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

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



## Inherent Limitations of Internal Financial Controls over Financial Reporting

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

## Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Place: New Delhi  
Dated: 13 May, 2017

**For V. Sankar Aiyar & Co.**  
Chartered Accountants  
(Firm Regn. No.: 109208W)

  
V. Rethinam  
(Partner)

Membership No.010412





**ZUARI SUGAR & POWER LIMITED (Formerly known as Zuari Financial Services Limited)**

Balance Sheet as at 31 March, 2017

(Rs.)

Particulars	Notes	31 March 2017	31 March 2016	01 April 2015
<b>I. ASSETS</b>				
<b>(1) Non-current assets</b>				
<b>(a) Financial Assets</b>				
(i) Investments	3	24,52,77,512	6,17,98,001	2,79,47,200
(ii) Loans	3	94,000	-	-
(b) Other Assets	4	61,82,49,343	25,57,05,079	12,93,05,729
		<b>86,36,20,855</b>	<b>31,75,03,080</b>	<b>15,72,52,929</b>
<b>(2) Current assets</b>				
<b>(a) Financial Assets</b>				
(i) Cash and cash equivalents	5	3,88,195	9,53,747	60,03,534
(ii) Loans	3	11,20,00,000	11,40,00,000	26,00,00,000
(iii) Others	3	3,82,32,440	2,20,66,632	1,80,109
(b) Current Tax Assets (Net)		398	1,71,213	23,228
(c) Other Assets	4	4,16,62,485	1,04,96,920	47,47,071
		<b>19,22,83,518</b>	<b>14,76,88,512</b>	<b>27,09,53,942</b>
<b>TOTAL</b>		<b>1,05,59,04,373</b>	<b>46,51,91,592</b>	<b>42,82,06,871</b>
<b>II. EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
(a) Equity Share capital	6	14,90,00,000	14,90,00,000	14,90,00,000
(b) Other Equity	7	-1,22,79,826	6,76,960	1,41,30,894
		<b>13,67,20,174</b>	<b>14,96,76,960</b>	<b>16,31,30,894</b>
<b>LIABILITIES</b>				
<b>(1) Non-current liabilities</b>				
<b>(a) Financial Liabilities</b>				
(i) Borrowings	8	91,39,18,033	-	-
		<b>91,39,18,033</b>	-	-
<b>(2) Current liabilities</b>				
<b>(a) Financial Liabilities</b>				
(i) Borrowings	8	30,00,000	31,48,20,000	26,50,00,000
(ii) Other financial liabilities	9	3,59,752	52,250	51,180
(b) Other current liabilities	10	19,06,414	6,42,382	24,797
		<b>52,66,166</b>	<b>31,55,14,632</b>	<b>26,50,75,977</b>
<b>TOTAL</b>		<b>1,05,59,04,373</b>	<b>46,51,91,592</b>	<b>42,82,06,871</b>

Corporate Information 1  
 Significant Accounting Policies 2  
 Other notes forming part of the financial statements. 17-26

As per our report of even date

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

V. Rethinam  
 Partner  
 M No.10412



Place: New Delhi  
 Date: 13 May 2017

For and on behalf of the Board

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

*Nishant Dalal*  
 Nishant Dalal  
 (Chief Financial Officer)

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

*Deep shubham*  
 Deep shubham  
 (Company Secretary)



**ZUARI SUGAR & POWER LIMITED (Formerly known as Zuari Financial Services Limited)**  
**Statement of Profit and Loss for the year ended 31 March, 2017**

(Rs.)

Particulars	Notes	31 March 2017	31 March 2016
<b>I REVENUE</b>			
Revenue From Operations	12	1,52,59,808	2,22,70,911
Other Income	13	1,06,36,651	85,86,663
<b>Total Revenue (I)</b>		<b>2,58,96,459</b>	<b>3,08,57,574</b>
<b>II EXPENSES</b>			
Employee Benefits Expense	14	2,23,300	-
Finance cost	15	2,73,60,680	3,56,04,882
Other Expenses	16	1,12,69,265	87,06,626
<b>Total expenses (II)</b>		<b>3,88,53,245</b>	<b>4,43,11,508</b>
<b>III Profit before exceptional items and tax (I-II)</b>		<b>-1,29,56,786</b>	<b>-1,34,53,934</b>
<b>IV Exceptional Items</b>		-	-
<b>V Profit/(loss) before tax (III-IV)</b>		<b>-1,29,56,786</b>	<b>-1,34,53,934</b>
<b>VI Tax expense:</b>			
Current Tax		-	-
Deferred Tax		-	-
<b>VII Profit (Loss) for the period (V-VI)</b>		<b>-1,29,56,786</b>	<b>-1,34,53,934</b>
<b>VIII Other Comprehensive Income</b>			
<b>A Items that will be reclassified to profit or loss</b>			
Net (loss)/gain on FVTOCI financial instruments		-	-
<b>B Items that will not be reclassified to profit or loss</b>			
Re-measurement gains (losses) on defined benefit plans		-	-
<b>IX Total Comprehensive Income for the period (VII + VIII)</b>		<b>-1,29,56,786</b>	<b>-1,34,53,934</b>
(Comprising Profit (Loss) and Other Comprehensive Income for the period)			
<b>X Earnings per equity share:</b>			
(1) Basic	18	-0.87	-0.90
(2) Diluted		-0.87	-0.90

As per our report of even date

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

V. Rethinam  
Partner  
M No.10412

Place: New Delhi  
Date: 13 May 2017

For and on behalf of the Board

  
R. S. Raghavan  
Director  
(DIN-00362555)

  
Nishant Dalal  
(Chief Financial Officer)

  
Vijay Kathuria  
Director  
(DIN-00338125)

  
Deep shubham  
(Company Secretary)





**ZUARI SUGAR & POWER LIMITED (Formerly known as Zuari Financial Services Limited)**

**Statement of Changes in Equity for the year ended 31 March, 2017**

(Rs.)

**(a) Equity Share Capital**

Equity shares of Rs. 10/- each issued, subscribed and fully paid	Number	Amount
At 1 April 2015	1,49,00,000	14,90,00,000
At 31 March 2016	1,49,00,000	14,90,00,000
Issue of share capital (Note 6)	-	-
At 31 March 2017	<b>1,49,00,000</b>	<b>14,90,00,000</b>

**(b) Other equity**

For the year ended 31 March 2017:

	Reserves and surplus		Total
	Security premium (Note 7)	Surplus in the statement of profit and loss (Note 7)	
As at 1 April 2016	1,24,00,000	-1,17,23,040	6,76,960
Profit / (Loss) for the period	-	-1,29,56,786	-1,29,56,786
Other comprehensive income (Note 7)	-	-	-
<b>Total comprehensive income</b>	<b>1,24,00,000</b>	<b>-2,46,79,826</b>	<b>-1,22,79,826</b>
<b>At 31 March 2017</b>	<b>1,24,00,000</b>	<b>-2,46,79,826</b>	<b>-1,22,79,826</b>

For the year ended 31 March 2016:

	Reserves and surplus		Total
	Security premium (Note 7)	Surplus in the statement of profit and loss (Note 7)	
As at 1 April 2015	1,24,00,000	17,30,894	1,41,30,894
Profit / (Loss) for the period	-	-1,34,53,934	-1,34,53,934
Other comprehensive income (Note 7)	-	-	-
<b>Total comprehensive income</b>	<b>1,24,00,000</b>	<b>-1,17,23,040</b>	<b>6,76,960</b>
<b>At 31 March 2016</b>	<b>1,24,00,000</b>	<b>-1,17,23,040</b>	<b>6,76,960</b>

As per our report of even date

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

V. Rethinam  
Partner  
M No.10412



Place: New Delhi  
Date: 13 May 2017

For and on behalf of the Board

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

*Nishant Dalal*  
Nishant Dalal  
(Chief Financial Officer)

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

*Deep shubham*  
Deep shubham  
(Company Secretary)



**ZUARI SUGAR & POWER LIMITED (Formerly known as Zuari Financial Services Limited)**  
**Statement of Cash Flows for the year ended 31 March, 2017**

(Rs.)

Particulars	31 March 2017	31 March 2016
<b>A) Cash Flow from Operating Activities</b>		
Net Profit (loss) before tax as per statement of profit & loss	-1,29,56,786	-1,34,53,934
Adjustments for:		
Gain on financial assets/financial liabilities	1,06,21,111	85,86,470
Amortisation of deferred loss	-1,06,21,111	-85,86,470
Interest expense	20,50,244	-
Others	-	-2,52,282
Operating Profit/ (Loss) before working capital changes	<b>-1,09,06,542</b>	<b>-1,37,06,216</b>
Adjustment for changes in Working Capital		
(Increase)/ Decrease in Other Receivables	-1,62,59,808	-2,05,87,589
Increase/ (Decrease) in Trade and Other Payables	15,71,534	6,18,655
Less: Income Tax Paid / (Refund)	1,70,815	-1,47,985
<b>Net Cash used in Operating Activities</b>	<b>-2,54,24,001</b>	<b>-3,38,23,135</b>
<b>B) Cash Flow from Investing Activities</b>		
Interest Income on Fixed Deposits	-	2,52,282
Purchase of Investment	-57,71,89,340	-16,60,00,000
<b>Net Cash from Investing Activities</b>	<b>-57,71,89,340</b>	<b>-16,57,47,718</b>
<b>C) Cash Flow from Financial Activities</b>		
ICD taken from Zuari Global limited (ZGL)	1,30,00,000	4,98,20,000
Processing fee for term loan - bank	-3,45,00,000	-
Interest expense on term loan	-18,82,211	-
ICD repaid to ZGL	-32,48,20,000	14,47,01,066
Refund from a body corporate of short term loan	20,00,000	-
Term Loan - bank	94,82,50,000	-
<b>Net Cash from Financial Activities</b>	<b>60,20,47,789</b>	<b>19,45,21,066</b>
Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)	-5,65,552	-50,49,787
Cash & Cash Equivalents as at the beginning of the year	9,53,747	60,03,534
Cash & Cash Equivalents as at the end of the year	<b>3,88,195</b>	<b>9,53,747</b>

As per our report of even date

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

V. Rethinam  
Partner  
M No.10412



Place: New Delhi  
Date: 13 May 2017

For and on behalf of the Board

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

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

*Nishant Dalal*  
Nishant Dalal  
(Chief Financial Officer)

*Deep shubham*  
Deep shubham  
(Company Secretary)



**ZUARI SUGAR & POWER LIMITED (Formerly known as Zuari Financial Services Limited)**  
**Notes to financial statements for the year ended March 31, 2017**

**1. CORPORATE INFORMATION**

The stand-alone financial statements of "Zuari Sugar & Power Limited" ("the Company" or "ZSPL") are for the year ended 31 March 2017.

The Company is a public company domiciled in India and is incorporated on June 27, 2008 under the provisions of the Companies Act 1956. Address of the registered address of the company is Jai Kissan Bhawan, Goa.

The stand-alone financial statements were approved for issue in accordance with a resolution of the Board of Directors on 13 May, 2017.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**2.1 Basis of preparation of accounts**

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

For all periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with the accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These financial statements for the year ended 31 March 2017 are the first the Company has prepared in accordance with Ind AS. Adjustments pertaining to transition to Ind AS is detailed in Note 22 of financial statements.

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

**2.2 Estimates and assumptions**

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

**2.3 Provisions, contingent liabilities and contingent assets**

The Company creates a provision when there is a present obligation as a result of past event that probably requires an outflow of resources and reliable estimates can be made of the amount of obligation. A disclosure of contingent liability is made when there is possible obligation or a present obligation that will probably not require





**ZUARI SUGAR & POWER LIMITED (Formerly known as Zuari Financial Services Limited)**  
**Notes to financial statements for the year ended March 31, 2017**

outflow of resources or where a reliable estimate of the obligation cannot be made. Contingent assets are not recognized but disclosed in the financial statements, where economic inflow is probable.

**2.4 Revenue recognition**

Interest income is recognized on time proportion basis.

**2.5 Leases – operating lease**

The Company has taken 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.

**2.6 Deferred tax**

Deferred tax is provided using the balance sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity).

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

**2.7 Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**a) Financial assets**

**i) Initial recognition and measurement**

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.



**ZUARI SUGAR & POWER LIMITED (Formerly known as Zuari Financial Services Limited)**  
**Notes to financial statements for the year ended March 31, 2017**

**ii) Subsequent recognition**

For purposes of subsequent measurement, financial assets are classified in two categories:

- ▶ Debt instruments at amortised cost
- ▶ Debt instruments at fair value through profit or loss (FVTPL)

**Debt instruments at amortised cost**

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows,  
and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

**Debt instrument at FVTPL**

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. The company has designated instruments held in Gobind Sugar Mills Limited (GSML) as instrument at FVTPL.

**iii) Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised (i.e. removed from the balance sheet) when:

- ▶ The rights to receive cash flows from the asset have expired, or
- ▶ The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

**iv) Impairment of financial assets**

In accordance with Ind AS 109, the company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on financial assets that are measured at amortised cost e.g., deposits, trade receivables and bank balance.

The company uses historical loss experience to determine the impairment loss allowance on security deposits and bank balances. At every reporting date, the historical observed default rates are updated and changes in the forward looking estimates are analysed.

**b) Financial Liabilities**

**i) Initial recognition & measurement**





**ZUARI SUGAR & POWER LIMITED (Formerly known as Zuari Financial Services Limited)**  
**Notes to financial statements for the year ended March 31, 2017**

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

**ii) Subsequent measurement**

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

**iii) Derecognition**

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

**2.8** The Company's financial assets and income are in excess of 50% of the total assets and total income, respectively. The Company has no intention to carry on activities of a Non-Banking Financial Company. In the circumstances, Company is of the view that registration under section 45-IA of the RBI Act, 1934 is not required.

**2.9** Particulars of Loans & Investments as required u/s 186(4) of the Companies Act, 2013:- Refer Note 3.

**2.10** Previous year figures have been regrouped wherever considered necessary to correspond to current year figures.



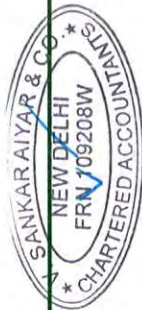
**ZUARI SUGAR & POWER LIMITED (Formerly known as Zuari Financial Services Limited)**  
Notes to Financial Statements for the year ended 31 March 2017

**3. Financial assets**

	No. and Particulars	Face Value per share (Rupees)	Long Term		Short Term		(Rs.)
			31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16	
<b>7% Non-Cumulative Non Convertible Redeemable Preference Shares of GSML - (Unquoted at fair value through profit &amp; loss)</b>							
Redeemable in one single lot after expiry of the 12th year from the date of allotment							
Series-I - date of allotment - 03.01.2012	1,50,00,000	10	5,20,22,485	-	-	-	-
Series-II - date of allotment - 18.06.2012	27,00,000	10	90,03,892	65,79,055	-	-	-
Series-III - date of allotment - 18.06.2012	23,00,000	10	76,69,982	-	-	-	-
Series-IV - date of allotment - 27.09.2012	80,00,000	10	2,56,52,113	-	-	-	-
Series-V - date of allotment - 28.06.2013	35,00,000	10	99,77,027	-	-	-	-
Series-VI - date of allotment - 20.09.2013	26,59,368	10	72,89,173	-	-	-	-
Series-VII - date of allotment - 30.12.2013	1,00,00,000	10	2,63,55,209	-	-	-	-
Series-VIII - date of allotment - 31.03.2014	1,17,50,000	10	2,97,76,318	-	-	-	-
Series-IX - date of allotment - 30.06.2014	51,68,552	10	1,25,94,145	-	-	-	-
Series-X - date of allotment - 12.02.2015	1,35,00,000	10	2,92,43,782	2,13,68,145	-	-	-
Series-XI - date of allotment - 25.05.2015	1,00,00,000	10	2,08,28,904	1,78,04,635	-	-	-
Series-XII - date of allotment - 28.08.2015	66,00,000	10	1,32,18,343	1,12,99,095	-	-	-
Series-XIII - date of allotment - 10.11.2016	10,00,000	10	16,46,139	-	-	-	-
<b>Total</b>	<b>9,21,77,920</b>		<b>24,52,77,512</b>	<b>6,17,98,001</b>	<b>2,79,47,200</b>		
<b>Loans (at amortised cost)</b>							
<b>Short term loan to a body corporate- ANS Industries Limited</b>							
i) Secured, Considered Good							
ii) Unsecured, Considered Good							
iii) Unsecured, Considered Doubtful							
Security Deposit (Unsecured, Considered Good)			94,000	-	-	-	-
<b>Total</b>			<b>94,000</b>	<b>-</b>	<b>-</b>	<b>11,20,00,000</b>	<b>26,00,00,000</b>
<b>Other Financial assets (at amortised cost)</b>							
Interest accrued on Inter corporate deposits						3,60,27,506	1,73,096
Interest accrued on Fixed Deposits						22,04,934	12,98,934
Other receivable (GSML)						-	-
<b>Total</b>						<b>3,82,32,440</b>	<b>1,80,109</b>

**4. Other assets**

	(Rs.)		
	31-Mar-17	01-Apr-15	31-Mar-16
Valuation adjustment on investment in Non-cumulative non convertible redeemable preference shares of Gobind sugar mills limited (to be amortised) (refer footnote under note 23)	61,82,49,343	12,93,05,729	1,04,96,920
<b>Total</b>	<b>61,82,49,343</b>	<b>12,93,05,729</b>	<b>1,04,96,920</b>





**ZUARI SUGAR & POWER LIMITED (Formerly known as Zuari Financial Services Limited)**  
Notes to Financial Statements for the year ended 31 March 2017

5. Cash and Cash Equivalent			
Particulars	31-Mar-17	31-Mar-16	01-Apr-15
<b>Cash and Cash Equivalents</b>			
Bank Balances:			
- in Current Accounts	3,83,495	9,53,747	56,03,534
- in Deposit accounts	-	-	4,00,000
<b>Cash in hand</b>	4,700	-	-
<b>Total</b>	<b>3,88,195</b>	<b>9,53,747</b>	<b>60,03,534</b>

6. Share Capital			
Particulars	31 March 2017	31 March 2016	31 March 2015
<b>Authorized:</b>			
1,80,00,000 (1,80,00,000) Equity Shares of Rs. 10/- each	18,00,00,000	18,00,00,000	18,00,00,000
<b>Issued shares:</b>			
1,49,00,000 (1,49,00,000) Equity Shares of Rs. 10/- each	14,90,00,000	14,90,00,000	14,90,00,000
<b>Total</b>	<b>14,90,00,000</b>	<b>14,90,00,000</b>	<b>14,90,00,000</b>
<b>Subscribed and fully paid-up shares:</b>			
1,49,00,000 (1,49,00,000) Equity Shares of Rs. 10/- each	14,90,00,000	14,90,00,000	14,90,00,000
<b>Total</b>	<b>14,90,00,000</b>	<b>14,90,00,000</b>	<b>14,90,00,000</b>

**(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year/period:**

	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	No. of Shares	Rs.	No. of Shares	Rs.	No. of Shares	Rs.
<b>Equity Shares</b>						
At the beginning of the year	1,49,00,000	14,90,00,000	1,49,00,000	14,90,00,000	25,00,000	2,50,00,000
Issued during the year					1,24,00,000	12,40,00,000
<b>Outstanding at the end of the year</b>	<b>1,49,00,000</b>	<b>14,90,00,000</b>	<b>1,49,00,000</b>	<b>14,90,00,000</b>	<b>1,49,00,000</b>	<b>14,90,00,000</b>

**(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**

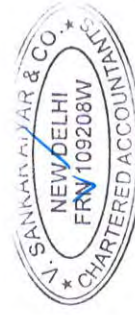
Zuari Global Limited (Holding Company since 15/01/2015)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
	1,49,00,000	1,49,00,000	1,49,00,000

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

Name of the shareholder	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	No. of shares	% holding in the class	No. of shares	% holding in the class	No. of shares	% holding in the class
<b>Equity shares of Rs. 10 each fully paid</b>						
Zuari Global Limited (Holding Company since 15/01/2015)	1,49,00,000	100	1,49,00,000	100	1,49,00,000	100

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





**ZUARI SUGAR & POWER LIMITED (Formerly known as Zuari Financial Services Limited)**  
**Notes to Financial Statements for the year ended 31 March 2017**

7. Other Equity			
Particulars	(Rs.)		
	31 March 2017	31 March 2016	1 April 2015
<b>Share Security Premium</b>			
Balance as per last financial statements	1,24,00,000	1,24,00,000	1,24,00,000
Add: Transferred from surplus balance in the statement of profit and loss	-	-	-
<b>Closing Balance</b>	<b>1,24,00,000</b>	<b>1,24,00,000</b>	<b>1,24,00,000</b>
<b>Surplus in the statement of profit and loss</b>			
Balance as per last financial statements	-1,17,23,040	17,30,894	25,67,623
Net profit for the year	-1,29,56,786	-1,34,53,934	-8,36,729
Less: Appropriations			
Appropriations - Deemed Dividend Payment	-	-	-
Total appropriations	-	-	-
Net surplus in the statement of profit and loss	<b>-2,46,79,826</b>	<b>-1,17,23,040</b>	<b>17,30,894</b>
<b>Total</b>	<b>-1,22,79,826</b>	<b>6,76,960</b>	<b>1,41,30,894</b>

8. Short term Borrowings (at amortised cost)							
Particulars	Note	Long Term			Short Term		
		31-Mar-17	31-Mar-16	01-Apr-15	31-Mar-17	31-Mar-16	01-Apr-15
<b>CURRENT BORROWINGS</b>							
<b>UNSECURED LOANS</b>							
<b>Corporate Deposits</b>	A						
Zuari Global Limited					30,00,000	31,48,20,000	26,50,00,000
<b>Sub Total</b>					<b>30,00,000</b>	<b>31,48,20,000</b>	<b>26,50,00,000</b>
<b>NON CURRENT BORROWINGS</b>							
<b>SECURED LOANS</b>	B						
Term Loan from Bank		91,39,18,033	-	-			
<b>Sub Total</b>		<b>91,39,18,033</b>	<b>-</b>	<b>-</b>			
<b>Total</b>		<b>91,39,18,033</b>	<b>-</b>	<b>-</b>	<b>30,00,000</b>	<b>31,48,20,000</b>	<b>26,50,00,000</b>

**Note A - Terms pertaining to Inter-Corporate Deposits**

Terms: Zuari Global Ltd.  
Interest @ 8% p.a.  
Maturity: 30.06.2017

**Note B -Term Loan from IndusInd Bank Limited**

Term Loan of Rs. 91,39,18,033 is net of Rs. 3,43,31,967, being unamortised processing charges (Nil) (carrying interest @ 10.35% p.a. - EIR - 11.699% p.a.) is secured by-

(A) Pledge of NCRPS of Gobind Sugar Mills Limited (GSML) held / to be acquired by the company from proceeds of this facility; (B) Exclusive charge by way of hypothecation over all present and future current and moveable fixed assets of the company; (c) Exclusive charge on immovable fixed assets owned by Zuari Global Limited (ZGL, holding company) maintaining fixed assets coverage of 1.50x basis market value; (D) Land collateral should include at least 6.89 acres for Phase I residential development and 16 acres of Phase II residential project being executed by ZGL in Goa; (E) Exclusive Charge by way of hypothecation over all present and future current and moveable fixed assets of ZGL excluding all land (being carried as inventory) other than land to be mortgaged to IBL and excluding current investments of Nagarjuna Fertilizers and Synthesis Energy Ltd.; (F) Routing of entire cash flows (both present and future) including dividend, interest on loans and real estate sales of ZSPL and ZGL; (G) DSRA equal to 6 months interest to be kept undrawn from the facility.

Also, ZGL has provided corporate guarantee for the said loan. The said loan is repayable in 16 quarterly instalments starting from end of 1 year from date of disbursement (first instalment gets due on end of Q5 i.e. June,2018), as per the below schedule -

	Quarterly payment	Yearly payment
Q1 - Q4	0%	0%
Q5 - Q8	2.50%	10%
Q9 - Q12	7.50%	30%
Q13 - Q16	7.50%	30%
Q17 - Q20	7.50%	30%
Total		100%

Further processing fee of Rs. 7,00,00,000 for the facility has to be paid as per below schedule -

Rs. 3,00,00,000 plus taxes on acceptance of the sanction letter, which has been accounted for on the due dates as given below -

In instalments of Rs. 50,00,000 plus taxes each before 30th Jun'17, 30th Sep' 17, 31st Dec' 17, and 31st Mar' 18.

In instalments of Rs. 25,00,000 plus taxes each in the next ensuing 8 quarters.



9. Other Financial Liabilities (at amortised cost)							(Rs.)
	Non Current			Current			
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015	
Audit Fees Payable				52,250	52,250	51,180	
Rent Payable				21,832	-	-	
Other Payable				2,85,670	-	-	
<b>Total</b>				<b>3,59,752</b>	<b>52,250</b>	<b>51,180</b>	

10. Other Liabilities							(Rs.)
	Non Current			Current			
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015	
Statutory obligations				19,06,414	6,42,382	24,797	
<b>Total</b>				<b>19,06,414</b>	<b>6,42,382</b>	<b>24,797</b>	

11. Income Tax					
	31-Mar-17	31-Mar-16			
<b>Accounting profit / (loss)</b>	-1,29,56,786	-1,34,53,934			
<b>Tax at the applicable tax rate of 30.9% (31.3.2016: 30.9%)</b>	-40,03,647	-41,57,266			
<u>Tax effect of income that are not taxable in determining taxable profit:</u>					
Gain on fair value of investments	-32,81,923	-27,38,329			
<u>Tax effect of expenses that are not deductible in determining taxable profit:</u>					
	-72,85,570	-68,95,595			
<b>Tax expense *</b>	<b>Nil</b>	<b>Nil</b>			
* In case of negative tax expense, no tax expense is recognised.					
<b>Deferred tax:</b>					
	As at 01-Apr-15	Provided during the year	As at 31-Mar-16	Provided during the year	As at 31-Mar-17
<b>Deferred tax liability:</b>					
Investment in preference shares issued by group company measured at fair value	3,39,040	8,84,406	12,23,446	10,93,974	23,17,420
<b>Total deferred tax liability (A)</b>	<b>3,39,040</b>	<b>8,84,406</b>	<b>12,23,446</b>	<b>10,93,974</b>	<b>23,17,420</b>
<b>Deferred tax assets:</b>					
Carry forward losses	1,96,827	23,709	2,20,536	41,57,266	43,77,802
Amortisation of deferred loss	3,39,040	8,84,406	12,23,446	10,93,974	23,17,420
<b>Total deferred tax assets (B)</b>	<b>5,35,867</b>	<b>9,08,115</b>	<b>14,43,982</b>	<b>52,51,240</b>	<b>66,95,222</b>
<b>Deferred Tax Asset / (Liability) (Net) (B - A)</b>	<b>1,96,827</b>	<b>23,709</b>	<b>2,20,536</b>	<b>41,57,266</b>	<b>43,77,802</b>
Deferred tax assets (Net) have not been recognised as a matter of prudence.					



**ZUARI SUGAR & POWER LIMITED (Formerly known as Zuari Financial Services Limited)**  
**Notes to Financial Statements for the year ended 31 March 2017**

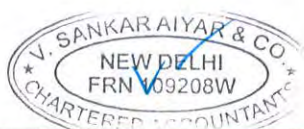
<b>12. Revenue From Operations</b>		
	(Rs.)	
	31-Mar-17	31-Mar-16
<b>Interest income:</b>		
Fixed deposits	-	2,52,282
Inter corporate deposits	1,52,59,808	2,05,75,369
Others	-	14,43,260
<b>Total</b>	<b>1,52,59,808</b>	<b>2,22,70,911</b>

<b>13. Other income</b>		
	(Rs.)	
	31-Mar-17	31-Mar-16
Interest on income tax refund	8,540	193
Gain on financial assets/financial liabilities (refer footnote on Note 23)	1,06,21,111	85,86,470
Miscellaneous income	7,000	-
<b>Total</b>	<b>1,06,36,651</b>	<b>85,86,663</b>

<b>14. Employee Benefits Expense</b>		
	(Rs.)	
	31-Mar-17	31-Mar-16
Salary	2,23,300	-
<b>Total</b>	<b>2,23,300</b>	<b>-</b>

<b>15. Finance Costs</b>		
	(Rs.)	
	31-Mar-17	31-Mar-16
Interest expense - ICD	2,53,10,436	3,56,04,882
Interest expense - Term Loan	20,50,244	-
<b>Total</b>	<b>2,73,60,680</b>	<b>3,56,04,882</b>
<b>Total interest expense (calculated using the effective interest method) for financial liabilities that are not at fair value through profit or loss</b>		
	<b>Year Ended</b>	<b>Year Ended</b>
	<b>31-Mar-17</b>	<b>31-Mar-16</b>
In relation to financial liabilities classified at amortised cost	2,73,60,680	3,56,04,882
<b>Total</b>	<b>2,73,60,680</b>	<b>3,56,04,882</b>

<b>16. Other expenses</b>		
	(Rs.)	
	31-Mar-17	31-Mar-16
Payment to the auditors*	81,500	57,250
Printing & stationery	-	1,628
Legal & professional	3,21,970	8,140
Amortisation of valuation adjustment (refer footnote of note 23)	1,06,21,111	85,86,470
Rates & taxes	34,200	37,800
Rent	24,258	-
Miscellaneous	15,076	15,338
Independent director sitting fees	1,70,000	-
Conveyance	1,150	-
<b>Total</b>	<b>1,12,69,265</b>	<b>87,06,626</b>
<b>*Payments to the auditors</b>		
Audit Fee	57,250	57,250
Tax Audit	17,250	-
Other Charges	7,000	-
<b>Total</b>	<b>81,500</b>	<b>57,250</b>





**17. Commitments and Contingencies**

**Leases**

**Operating lease – as lessee**

The Company has taken 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.

	31-Mar-17	31-Mar-16	01-Apr-15
Lease rentals recognized during the period	24,258	-	-
Lease Obligations			
- Within one year	5,64,000	-	-
- After one year but not more than five years	11,28,000	-	-
- More than five years	-	-	-

**Contingent Liabilities**

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

**18. Earnings Per Share (EPS)**

Basic and Diluted EPS are calculated by dividing the profit for the year attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year.

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

Particulars	31-Mar-17	31-Mar-16
Profit attributable to equity holders of the parent company (Rs.)	-1,29,56,786	-1,34,53,934
Weighted average number of equity shares (No.)	1,49,00,000	1,49,00,000
Earning per share (Basic and Diluted) (Rs)	-0.87	-0.90
Face value per share (Rs)	10.00	10.00

**19. Capital management**

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group'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 may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

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. Breaches in meeting the financial covenants would permit the bank to call back loans and borrowings. There have been no such breaches in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2017 and 31 March 2016.



**20. 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 loans, other receivables, and cash and short-term deposits that are derived directly from its operations. The Company also holds FVTPL investments.

**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.

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

	<u>Increase/decrease in basis points</u>
<b>31-Mar-17</b>	
INR 47,56,250	+50
INR 47,56,250	-50
<b>31-Mar-16</b>	
INR 15,74,100	+50
INR 15,74,100	-50

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.

**Financial instruments and cash deposits**

Credit risk from balances with banks and financial institutions is managed by the Company's senior management in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty.

**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 1% of the Company's debt will mature in less than one year at 31 March 2017 (31 March 2016: 100%, 1 April 2015: 100%) 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**.

	<u>On demand / Less than 3 months</u>	<u>3 to 12 months</u>	<u>1 to 5 years</u>	<u>&gt; 5 years</u>	<u>Total</u>
<b>Year ended 31-Mar-17</b>					
Borrowings	-	30,00,000	91,39,18,033	-	91,69,18,033
Other financial liabilities	3,59,752	-	-	-	3,59,752
	<b>3,59,752</b>	<b>30,00,000</b>	<b>91,39,18,033</b>	<b>-</b>	<b>91,72,77,785</b>
<b>Year ended 31-Mar-16</b>					
Trade payables	-	31,48,20,000	-	-	31,48,20,000
Other financial liabilities	52,250	-	-	-	52,250
	<b>52,250</b>	<b>31,48,20,000</b>	<b>-</b>	<b>-</b>	<b>31,48,72,250</b>
<b>As at 1 April 2015</b>					
Trade payables	-	26,50,00,000	-	-	26,50,00,000
Other financial liabilities	51,180	-	-	-	51,180
	<b>51,180</b>	<b>26,50,00,000</b>	<b>-</b>	<b>-</b>	<b>26,50,51,180</b>

**Collateral**

The Company will pledge NCRPS of Gobind Sugar Mills Limited (GSML) held / to be 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.



**21. Fair values**

The management assess that cash and cash equivalents, short term loan to body corporate and audit fee payable approximate their carrying amounts largely due to the short-term maturities of these instruments.

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

The following methods and assumptions are used to estimate the fair values:

- Long-term fixed-rate and variable-rate receivables/Borrowings are evaluated by the Company based on parameters such as interest rates, individual creditworthiness of the customer based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.

-The fair value of unquoted instruments, loans from banks and other financial liabilities, as well as other non-current financial liabilities is estimated by effective interest rate method, using rates currently available for debt on similar terms, credit risk and remaining maturities. The valuation requires management to use unobservable inputs in the model, of which the significant unobservable inputs are disclosed in the tables below.

**The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 March 2017, 31 March 2016 and 1 April 2015 are as shown below:**

<u>Description</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Range (weighted average)</u>	<u>Sensitivity of the input to fair value</u>
1 FVTPL assets in unquoted preference shares	Amortised Cost	Incremental borrowing rate of the company issuing instrument	31 March 2017: 13% - 16.5% (16.0%) 31 March 2016: 13% - 16.5% (16.0%)	0.5% (31 March 2016: 0.5%) increase (decrease) in the borrowing rate would result in increase (decrease) in fair value by Rs. 76,64,922 (31 March 2016: Rs. 19,31,188)



22. Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

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

Date of valuation	Total	Fair value measurement using		
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Assets measured at fair value:</b>				
<b>FVPL financial instruments:</b>				
Redeemable Preference shares of GSML	31-Mar-17	24,52,77,512		24,52,77,512

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

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

Date of valuation	Total	Fair value measurement using		
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Liabilities measured at fair value:</b>				
<b>Amortised cost:</b>				
Term Loan from IndusInd bank	31-Mar-17	91,39,18,033		91,39,18,033

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

Quantitative disclosures of fair value measurement hierarchy for liabilities as at 31 March 2016:

Date of valuation	Total	Fair value measurement using		
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Assets measured at fair value:</b>				
<b>FVPL financial instruments:</b>				
Redeemable Preference shares of GSML	31-Mar-16	6,17,98,001		6,17,98,001

Quantitative disclosures of fair value measurement hierarchy for liabilities as at 31 March 2016:

Date of valuation	Total	Fair value measurement using		
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Liabilities measured at fair value:</b>				
<b>Amortised cost:</b>				
NA	31-Mar-16	Nil		

There have been no transfers between Level 1 and Level 2 during year ended 31 March 2016.

Quantitative disclosures of fair value measurement hierarchy for assets as at 1 April 2015:

Date of valuation	Total	Fair value measurement using		
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Assets measured at fair value:</b>				
<b>FVPL financial instruments:</b>				
Redeemable Preference shares of GSML	01-Apr-15	2,79,47,200		2,79,47,200

Quantitative disclosures of fair value measurement hierarchy for liabilities as at 1 April 2015:

Date of valuation	Total	Fair value measurement using		
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Liabilities measured at fair value:</b>				
<b>Amortised cost:</b>				
NA	01-Apr-15	Nil		

23. First Time Adoption of Ind AS

Reconciliation of Equity

Particulars	Notes	31/3/2016 (end of last period presented under previous GAAP)	01/04/2015 (Date of Transition)
<b>Equity as reported under previous GAAP</b>		14,96,76,960	16,31,30,894
<b>Ind AS: Adjustments increase (decrease):</b>			
Investment in preference shares measured at amortised cost	1	85,86,470	32,91,649
Amortisation of deferred loss	1	-85,86,470	-32,91,649
<b>Equity as reported under IND AS</b>		<b>14,96,76,960</b>	<b>16,31,30,894</b>

Reconciliation of Profit

PARTICULARS	Notes	Year ended 31/3/2016 (latest period presented under previous GAAP)
<b>Previous GAAP</b>		-1,34,53,934
<b>Ind AS: Adjustments increase (decrease):</b>		
Investment in preference shares measured at fair value	1	85,86,470
Amortisation of deferred loss	1	-85,86,470
<b>Total adjustment to profit or loss</b>		-
<b>Profit or loss under Ind AS</b>		<b>-1,34,53,934</b>
Other comprehensive income		
<b>Total comprehensive income under Ind ASs</b>		<b>-1,34,53,934</b>

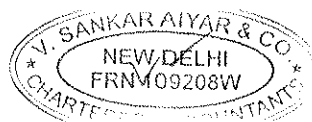
**Note:** No statement of comprehensive income was produced under previous GAAP. Therefore the above reconciliation starts with profit under previous GAAP.

**Footnotes to the reconciliation of equity as at 1 April 2015 and 31 March 2016 and profit or loss for the year ended 31 March**

1. **Financial assets**

The Company has subscribed to preference shares of Gobind Sugar Mills Limited at a concessional rate which were being carried at purchase cost under IGAAP. On application of Ind AS 109, these financial assets are now being measured at amortised cost, using effective rate of interest. At the date of transition to Ind AS and as on 31 March 2016, the difference between transaction price and amortised cost has been treated as valuation adjustment on investments under Other assets.

The Company has recognised interest on value of preference shares investments using effective interest method. The interest is taken to income over the remaining period of the instrument. The Company has also taken amortisation impact on valuation adjustment in its statement of profit & loss.





**ZUARI SUGAR & POWER LIMITED (Formerly known as Zuari Financial Services Limited)**  
**Notes to Financial Statements for the year ended 31 March 2017**

**FIRST TIME IND AS ADOPTION RECONCILIATIONS**

Effect of Ind AS adoption on the balance sheet as at 1 April, 2015

(Rs.)

Particulars	Previous GAAP	Effect of transition to Ind-AS	As per Ind-AS
<b>I. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Financial Assets			
(i) Investments	16,20,00,000	-13,40,52,800	2,79,47,200
(ii) Loans	-	-	-
(b) Other Assets	-	12,93,05,729	12,93,05,729
	<b>16,20,00,000</b>	<b>-47,47,071</b>	<b>15,72,52,929</b>
<b>(2) Current assets</b>			
(a) Financial Assets			
(i) Cash and cash equivalents	60,03,534	-	60,03,534
(ii) Loans	26,00,00,000	-	26,00,00,000
(iii) Others	1,80,109	-	1,80,109
(b) Current Tax Assets (Net)	23,228	-	23,228
(c) Other Assets	-	47,47,071	47,47,071
	<b>26,62,06,871</b>	<b>47,47,071</b>	<b>27,09,53,942</b>
<b>TOTAL</b>	<b>42,82,06,871</b>	<b>-</b>	<b>42,82,06,871</b>
<b>II. EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share capital	14,90,00,000	-	14,90,00,000
(b) Other Equity			
Retained earnings	1,41,30,894	-	1,41,30,894
Other Comprehensive Income	-	-	-
	<b>16,31,30,894</b>	<b>-</b>	<b>16,31,30,894</b>
<b>LIABILITIES</b>			
<b>(1) Non-current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>
<b>(2) Current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	26,50,00,000	-	26,50,00,000
(ii) Other financial liabilities	51,180	-	51,180
(b) Other current liabilities	24,797	-	24,797
	<b>26,50,75,977</b>	<b>-</b>	<b>26,50,75,977</b>
<b>TOTAL</b>	<b>42,82,06,871</b>	<b>-</b>	<b>42,82,06,871</b>
<b>Note-</b>	The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.		





**ZUARI SUGAR & POWER LIMITED (Formerly known as Zuari Financial Services Limited)**  
**Notes to Financial Statements for the year ended 31 March 2017**

Effect of Ind AS adoption on statement of profit and loss for the year ended 31 March, 2016

(Rs.)			
	Previous GAAP	Effect of transition to Ind-AS	As per Ind-AS
<b>INCOME</b>			
1 Revenue from operations	2,22,70,911	-	2,22,70,911
2 Other income	193	85,86,470	85,86,663
Total income	<u>2,22,71,104</u>	<u>85,86,470</u>	<u>3,08,57,574</u>
<b>EXPENSES</b>			
3 Employee benefits expense	-	-	-
4 Finance costs	3,56,04,882	-	3,56,04,882
5 Other expenses	1,20,156	85,86,470	87,06,626
6 Total	<u>3,57,25,038</u>	<u>85,86,470</u>	<u>4,43,11,508</u>
<b>PROFIT/(LOSS) BEFORE TAX</b>	<b>(1,34,53,934)</b>	-	<b>(1,34,53,934)</b>
7 Tax expense:			
(i) Current tax	-	-	-
(ii) Deferred tax	-	-	-
<b>PROFIT/(LOSS) FOR THE YEAR</b>	<b>(1,34,53,934)</b>	-	<b>(1,34,53,934)</b>
9 Other comprehensive income			
(i) Items that will not be reclassified to profit and loss			
-Remeasurement of defined benefit obligation	-	-	-
Net (loss)/gain on FVTOCI on investments	-	-	-
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>	-	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>(1,34,53,934)</b>	-	<b>(1,34,53,934)</b>
<b>Note-</b> The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.			

Effect of Ind AS adoption on the statement of cash flows for the year ended 31 March, 2016

Particulars	Year Ended 31 March 2016		
	Previous GAAP	Effect of transition to Ind AS	As per Ind AS
Net cash flows/(used in) from operating activities	(3,38,23,135)	-	(3,38,23,135)
Net cash flows/(used in) from investing activities	(16,57,47,718)	-	(16,57,47,718)
Net cash flows/(used in) from financing activities	19,45,21,066	-	19,45,21,066
Net increase / (decrease) in cash and cash equivalents	<u>(50,49,787)</u>	-	<u>(50,49,787)</u>
Cash and cash equivalents at the beginning of period	60,03,534	-	60,03,534
Cash and cash equivalents at the end of period	<u>9,53,747</u>	-	<u>9,53,747</u>



**ZUARI SUGAR & POWER LIMITED (Formerly known as Zuari Financial Services Limited)**  
**Notes to Financial Statements for the year ended 31 March 2017**

**FIRST TIME IND AS ADOPTION RECONCILIATIONS**

Effect of Ind AS adoption on the balance sheet as at 31 March, 2016

(Rs.)

Particulars	Previous GAAP	Effect of transition to Ind-AS	As per Ind-AS
<b>I. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Financial Assets			
(i) Investments	32,80,00,000	-26,62,01,999	6,17,98,001
(ii) Loans	-	-	-
(b) Other Assets	-	25,57,05,079	25,57,05,079
	<b>32,80,00,000</b>	<b>-1,04,96,920</b>	<b>31,75,03,080</b>
<b>(2) Current assets</b>			
(a) Financial Assets			
(i) Cash and cash equivalents	9,53,747	-	9,53,747
(ii) Loans	11,40,00,000	-	11,40,00,000
(iii) Others	2,20,66,632	-	2,20,66,632
(b) Current Tax Assets (Net)	1,71,213	-	1,71,213
(c) Other Assets	-	1,04,96,920	1,04,96,920
	<b>13,71,91,592</b>	<b>1,04,96,920</b>	<b>14,76,88,512</b>
<b>TOTAL</b>	<b>46,51,91,592</b>	<b>-</b>	<b>46,51,91,592</b>
<b>II. EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share capital	14,90,00,000	-	14,90,00,000
(b) Other Equity			
Retained earnings	6,76,960	-	6,76,960
Other Comprehensive Income	-	-	-
	<b>14,96,76,960</b>	<b>-</b>	<b>14,96,76,960</b>
<b>LIABILITIES</b>			
<b>(1) Non-current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>
<b>(2) Current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	31,48,20,000	-	31,48,20,000
(ii) Other financial liabilities	52,250	-	52,250
(b) Other current liabilities	6,42,382	-	6,42,382
	<b>31,55,14,632</b>	<b>-</b>	<b>31,55,14,632</b>
<b>TOTAL</b>	<b>46,51,91,592</b>	<b>-</b>	<b>46,51,91,592</b>

Note- The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.



**ZUARI SUGAR & POWER LIMITED (Formerly known as Zuari Financial Services Limited)**  
**Notes to Financial Statements for the year ended 31 March 2017**

**24. Related Party disclosures**

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

- |                                 |   |
|---------------------------------|---|
| i) <b>Holding Company:</b>      | Zuari Global Limited  |
| ii) <b>Fellow subsidiaries:</b> | Zuari Investments Limited<br>Simon India Limited<br>Indian Furniture Products Limited<br>Zuari Management Services Limited<br>Adventz Infracore India Limited<br>Gobind Sugar Mills Limited |

The following transactions were carried out with the related party during the year:

**Zuari Global Limited \***

Nature of transaction	Current year (Rs.)	Previous year (Rs.)
Opening balance as on 1st April	31,48,20,000	26,50,00,000
Inter corporate deposit received	1,95,00,000	11,60,00,000
Inter corporate deposit repaid	33,13,20,000	6,61,80,000
Interest paid	2,27,79,392	3,56,04,882
Closing balance as on 31st March	30,00,000	31,48,20,000

\* Corporate Guarantee of Rs.100 crore is given by Zuari Global Limited to IndusInd Bank Limited.  
(Refer note -8)

**Zuari Investments Limited**

Nature of transaction	Current year (Rs.)	Previous year (Rs.)
Opening balance as on 1st April	Nil	Nil
Fees and subscription expense	10,544	10,236
Amount paid on our behalf	15,72,767	29,51,903
Purchase of Investments	56,71,89,340	Nil
Depository charges paid	1,842	1,823
Closing balance as on 31st March	2,85,670	Nil

**Gobind Sugar Mills Limited**

Nature of transaction	Current year (Rs.)	Previous year (Rs.)
Opening balance as on 1st April	12,98,394	Nil
Advance for purchase of land	Nil	4,95,00,000
Advance refunded by GSML	Nil	4,95,00,000
Interest accrued	Nil	14,43,260
Advance for purchase of sugar	10,00,000	Nil
Security Deposit (Dr.)	94,000	Nil
7% NCRP shares subscribed	1,00,00,000	1,66,00,000
Closing balance as on 31st March	22,98,934	12,98,394

**iii) Key Management Personnel**

- 1) Mr. R. S. Raghavan
- 2) Mr. Vijay Kathuria
- 3) Mr. Alok Banerjee

Nature of transaction	Current year (Rs.)	Previous year (Rs.)
Managerial Remuneration	Nil	Nil
Short-term employee benefits		
Post employment benefits		
Other long-term employee benefits		
Termination benefits		



**ZUARI SUGAR & POWER LIMITED (Formerly known as Zuari Financial Services Limited)**  
**Notes to Financial Statements for the year ended 31 March 2017**

**25. Segment Information**

The company's business activities falls broadly within a single primary business segment and therefore there is no reportable segment as per the management

**26. Disclosure on SBN**

	(Rs.)		
	SBNs	Other Denomination Notes	Total
Closing Cash in hand as on 8.11.2016	-	-	-
(+) Permitted Receipts	-	24,000.00	24,000.00
(-) Permitted Payments	-	-	24,000.00
(-) Amount deposited in bank	-	-	24,000.00
<b>Closing Cash in hand as on 30.12.2016</b>			<b>24,000.00</b>

As per our report of even date

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

V. Rethnam  
Partner  
M No.10412

Place: New Delhi  
Date: 13 May 2017



For and on behalf of the Board

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

*Nishant Dalal*  
Nishant Dalal  
(Chief Financial Officer)

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

*Deep shubham*  
Deep shubham  
(Company Secretary)