

Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results - (Consolidated)



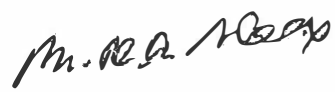

| Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2019 [See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016] | | | | |
|--|---------|--|--|---|
| I | Sl. No. | Particulars | Audited Figures (Rs in Lakhs) (as reported before adjusting for qualifications) | Adjusted Figures (audited figures after adjusting for qualifications) |
| | 1. | Turnover/Total income | 87,401.93 | Impact of qualifications cannot be assessed as of now. |
| | 2. | Total Expenditure | 92,669.14 | |
| | 3. | Net Profit/(Loss) | (10,987.37) | |
| | 4. | Earnings Per Share | (30.79) | |
| | 5. | Total Assets | 4,46,461.73 | |
| | 6. | Total Liabilities | 2,24,803.35 | |
| | 7. | Net Worth | 2,21,963.11 | |
| | 8. | Any other financial item(s) (as felt appropriate by the management) | None | |

| II | Audit Qualification(each audit qualification separately) | |
|----|--|--|
| | a. | <p><u>Details of Audit Qualification:</u> In respect of Zuari Agro Chemicals Limited ('ZACL'), an associate of Zuari Global Limited-</p> <p>a) In respect of consolidation on the basis of unaudited financial results of one joint venture of the company located outside India, whose financial statements have been complied and approved by the management.</p> <p>b) In respect of impairment of Company's investment of INR 119.43 Crores in the rock phosphate mining project at Peru (which is under development) through its JV company MCA Phosphates Pte. Limited</p> |



| | |
|----|---|
| b. | Type of Audit Qualification: Qualified Opinion/Disclaimer of Opinion/Adverse Opinion Qualified Opinion |
| c. | Frequency of qualification: Whether appeared first time/repetitive/since how long continuing a) First time b) Repeated since March 2018 |
| d. | For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: a) & b) The impact is not quantified |
| e. | For Audit Qualification(s) where the impact is not quantified by the auditor: |
| | i) Managements estimation on the impact of audit qualification: Not applicable |
| | ii) If Management is unable to estimate the impact, reasons for the same: a) The matter being under arbitration, any impact on account of audited financial statements in respect of the JV cannot be ascertained as of now. b) The matter being under litigation with ICC international court of arbitration, the accounting treatment is given based on independent valuer's report. Any impact due to arbitration order cannot be estimated as of now. |
| | iii) Auditors' Comments on (i) or (ii) above: Auditors' comments are self explanatory in the audit report |



| | | |
|--|--|---|
| | | <p>Signatories:</p> <ul style="list-style-type: none"> • Managing Director  • CFO  • Audit Committee Chairman  • Statutory Auditor  |
| | | Place: Gurugram |
| | | Date: 24 May 2019 |





51st Annual Report 2018-19

Zuari Global Limited

| | | |
|--------------------------------|---|--|
| DIRECTORS | : | Mr. Saroj Kumar Poddar, Chairman Mr. N. Suresh Krishnan, Managing Director Mrs. Jyotsna Poddar, Whole Time Director Mr. J. N. Godbole, Independent Director Mr. Marco Wadia, Independent Director Mr. K. K. Gupta, Independent Director |
| CHIEF FINANCIAL OFFICER | : | Mr. Vijay Kathuria |
| ASST. COMPANY SECRETARY | : | Mr. Sachin Patil |
| BANKERS | : | State Bank of India Indusind Bank Limited |
| LEGAL ADVISERS | : | Khaitan & Co, Kolkata |
| STATUTORY AUDITORS | : | Walker Chandiok & Co LLP, Chartered Accountants, Gurugram |
| REGISTERED OFFICE | : | Jai Kisaan Bhawan, Zuarinagar, Goa 403 726 Tel: (0832) 2592180/81 CIN - L65921GA1967PLC000157 Website: www.adventz.com |

Notice of the Annual General Meeting is being sent separately through permitted mode as required under the Companies Act, 2013 and Rules made thereunder.

Directors' Report 2018-19

To the Members,

- Your Directors place before you the Fifty-First Annual Report of the Company together with Statement of Accounts for the accounting year ended 31st March, 2019.

2. Financial Results and Appropriation:

(₹ In lakhs)

| Particulars | Standalone | | Consolidated | |
|---|-------------------------|--------------------------|-------------------------|--------------------------|
| | Current Year 2018-19 | Previous Year 2017-18 | Current Year 2018-19 | Previous Year 2017-18 |
| Profit for the year before depreciation and taxation | 3284.09 | 2027.07 | (3174.93) | (5443.85) |
| Less: Depreciation for the year | 15.92 | 15.81 | (2092.28) | (1998.94) |
| Profit/(loss) before tax | 3268.17 | 2011.26 | (5267.21) | (7442.79) |
| Less: Tax Expense | | | | |
| a) Current Tax (Including adjustment of earlier years) | (837.95) | 169.19 | (828.58) | 267.80 |
| b) Deferred Tax Charge | 78.42 | 45.62 | (913.29) | 60.61 |
| Profit/(loss) after tax | 4027.70 | 1796.45 | (3525.34) | (7771.20) |
| Add: Share in profit/(losses) from Associates | - | - | (7462.03) | 3664.22 |
| Profit/(loss) for the year before Minority Interest | 4027.70 | 1796.45 | (10987.37) | (4106.98) |
| Less: Share of Minority interest in profits/(losses) | - | - | (1923.40) | (1002.56) |
| Profit/(loss) for the year | 4027.70 | 1796.45 | (9063.97) | (3104.42) |
| Add : Balance of profit brought forward | 64080.79 | 62798.19 | 88504.45 | 91706.14 |
| Less: Other adjustments | 202.67 | - | 1106.05 | 63.52 |
| Add: Reclassification from OCI to retained earnings on disposal of investments. | (2051.29) | (155.47) | (2880.06) | 185.02 |
| Add: Other comp. income on defined benefit | 5.85 | (4.04) | 9.85 | 135.57 |
| Less : Transfer to general reserve | - | - | - | - |
| Less : Dividends paid | 294.41 | 294.41 | 294.41 | 294.41 |
| Less : Tax on dividend (Including Surcharge) | 60.52 | 59.93 | 60.52 | 59.93 |
| Balance of profit carried forward | 65505.45 | 64080.79 | 75089.60 | 88504.45 |
| Earnings per share(EPS) | ₹ 13.68 | ₹ 6.10 | (₹ 30.79) | (₹ 10.54) |

* Previous year figures have been reclassified/ regrouped, wherever necessary to make them comparable.

A. Review of Operations:

The revenue from operations (Standalone) for the year ended 31st March, 2019 was ₹ 247.69 lakhs as compared to ₹ 1656.37 Lakhs for the year ended 31st March 2018.

The Profit before tax for the year ended 31st March, 2019 was ₹ 3268.17 lakhs as compared to ₹ 2011.26 lakhs for the year ended 31st March, 2018. The Profit after tax stood at ₹ 4027.70 lakhs for the year ended 31st March, 2019 as compared to ₹ 1796.45 lakhs for the previous year ended 31st March, 2018.

The revenue from operations (Consolidated) for the year ended 31st March, 2019 was ₹ 77418.90 lakhs as compared to ₹ 55496.59 lakhs for the previous year.

The Consolidated Loss before tax for the year ended 31st March, 2019 was ₹ 12729.24 lakhs as compared to a loss of ₹ 3778.58 lakhs for the year ended 31st March, 2018. The Loss after tax stood at ₹ 10987.37 lakhs for the year ended 31st March, 2019 as compared to loss of ₹ 4106.98 lakhs for the previous year.

There were no material changes and commitments affecting the financial position of the Company from the end of the financial year till the date of the Director's Report.

B. Reserves:

During the year, amount transferred to General Reserves is Nil. An amount of ₹ 65505.45 lakhs shall be retained as surplus in the Profit and Loss account.

3. Dividend:

The Directors recommend a dividend of Re. 1/- per equity share of ₹ 10/- each (Re. 1/- per equity share in the previous year).

4. Conservation of Energy / Technology Absorption / Foreign Exchange earnings and outgo:

The Company is not engaged in manufacturing activities; hence no information on Conservation of Energy is required to be provided. Similarly, no new technology was absorbed during the year.

The details of Foreign exchange earnings and outgo are given below:

| | | |
|---------------------------------|---|---------------|
| Expenditure in Foreign Currency | - | ₹ 11.21 Lakhs |
| Earnings in Foreign Currency | - | ₹ 44.74 Lakhs |

5. Industrial Relations:

The industrial relations with the employees continue to be harmonious.

6. Extract of the Annual Return:

The Annual Return referred to in Section 92(3) of the Companies Act, 2013 of the Company has been placed on the website of the Company and can be accessed at www.adventz.com

7. Related Party Transactions:

All related party transactions that were entered into during the financial year were at arm's length basis. All related party transactions are approved by the Audit Committee and the Board of Directors. There were no materially significant related party transactions entered into by the Company with the promoters, Directors, Key Managerial Personnel which may have a potential conflict with the interest of the Company at large. All the transactions are under threshold limit. The details of related party transactions as per Form AOC-2 is enclosed as **Annexure 'K'**.

8. Particulars of Loans, Guarantees or Investments:

The details of Loans, Corporate Guarantees and Investments made during the financial year under the provisions of Section 186 of the Companies Act, 2013 are given in Note No.42 to the Financial Statements.

9. Nomination and Remuneration Policy and Disclosures on Remuneration:

The Board on the recommendation of the Nomination and Remuneration Committee has framed a policy for selection, appointment and remuneration of Directors, Key Managerial Personnel and employees in the Senior Management. More details of the same including the composition of the Committee are given in the Report on Corporate Governance enclosed as **Annexure 'A'** to this report.

The nomination and remuneration policy is displayed on the Company's website. The weblink for the same is: <http://www.adventz.com/html/pdfs/Nomination-and-Remuneration-Policy-ZGL-3419.pdf>

The information required pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company is enclosed as **Annexure 'I'**.

The disclosures related to employees under Section 197(12) of the Companies Act, 2013 read with Rule 5 (1) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is enclosed as **Annexure 'H'** to this Report.

10. Risk Management:

The Company has constituted Risk Management Committee with the objective to monitor and review the risk management plan for the Company including identification therein of elements of risks if any, which may threaten the existence of the Company and such other functions. During the year under review, 1 meeting of the Committee was held on 24th May, 2018.

The Risk Management Committee consists of the following members:

J. N. Godbole
N. Suresh Krishnan
Marco Wadia

11. Vigil Mechanism / Whistle Blower Policy:

The Company in accordance with the provisions of Section 177(9) of the Companies Act, 2013 and Regulation 22 of SEBI (LODR) Regulations, 2015 has established a vigil mechanism for Directors and employees to report genuine concerns to the management viz. instances of unethical behavior, actual or suspected, fraud or violation of the Company's Code of Conduct. The Company has also formulated Whistle Blower Policy ("Policy") which provides for adequate safeguard against victimization of persons and has a provision for direct access to the Chairperson of the Audit Committee. The Company has not denied any person from having access to the Chairperson of the Audit Committee.

12. Corporate Social Responsibility ('CSR'):

The Board of Directors has constituted a CSR Committee and also approved the CSR Policy. CSR Committee comprises of two Non-Executive Independent Directors and one Executive Director. The Board has designated Mr. Sachin Patil, Asst. Company Secretary as the Secretary of the Committee. During the Financial Year 2018-19, only one meeting of the Committee was held on 24th May, 2018.

The Composition of Committee & their attendance at the meetings are as follows:

| Name of the member | Status | Nature of Directorship | No. of meetings attended |
|--------------------|----------|------------------------------------|--------------------------|
| K K Gupta | Chairman | Non-Executive Independent Director | 1 |
| N.Suresh Krishnan | Member | Managing Director | 1 |
| Marco Wadia | Member | Non-Executive Independent Director | 1 |

The Corporate Social Responsibility Policy is displayed on the Company's website. The weblink for the same is http://www.adventz.com/html/pdfs/CORPORATE-SOCIAL-RESPONSIBILITY-POLICY_2.pdf

The CSR Committee formulates and recommends to the Board a CSR Policy which shall indicate the activities to be undertaken by the Company, as specified in Schedule VII of the Companies Act, 2013. The Committee also recommends the amount of expenditure to be incurred on the CSR activities and monitors the CSR Policy of the Company from time to time.

The detailed report on CSR activities as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014 is enclosed as **Annexure 'G'** to this report.

13. Directors and Key Managerial Personnel:

All Independent Directors have given declaration that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16 of SEBI (LODR) Regulations, 2015.

In accordance with the provisions of Regulation 25(7) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the company organizes familiarization programme for Independent Directors as and when required.

Ms. Jyotsna Poddar retires by rotation at the forthcoming Annual General Meeting and is eligible for re-appointment. A brief profile and details of other Directorships of Ms. Jyotsna Poddar, are given in the Report on Corporate Governance enclosed as **Annexure 'A'** to this report.

Mr. N. Suresh Krishnan has been re-appointed as Managing Director of the Company for a further period of 3 years w.e.f 1st April, 2018.

Mr. Marco Wadia has been re-appointed as Independent Director for a further period of 3 years w.e.f. 1st April, 2019, subject to the approval of the shareholders. Brief profile along with other particulars of Mr. Marco Wadia as required under Regulation 36(3) of SEBI (Listing and Obligations and Disclosure Requirements) Regulations, 2015 are disclosed in the 51st Annual General Meeting Notice.

Approval of shareholders for continuation of current term of Mr. Krishan Kumar Gupta, Independent Director as required under Reg 17 (1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has been obtained through Postal Ballot passed on 24th April, 2019.

Corporate Governance Report also contains other information on the Directors, Board and Committee Meetings.

Mr. N. Suresh Krishnan, Managing Director, Mr. Vijay Kathuria, Chief Financial Officer and Mr. Sachin Patil, Asst. Company Secretary, have been designated as Key Managerial Personnel in accordance with provisions of Section 203(1) of the Companies Act, 2013.

14. Performance Evaluation:

Pursuant to the provisions of the Section 134, 178 and Schedule IV of the Companies Act, 2013 and Regulation 17 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the following performance evaluations were carried out;

- Performance evaluation of the Board, Chairman and non-Independent Directors by the Independent Directors;
- Performance evaluation of the Board, its Committees and Independent Directors by the Board of Directors; and
- Performance evaluation of every director by the Nomination and Remuneration Committee.

The details of Annual Performance evaluation carried out are given in the Corporate Governance Report attached as **Annexure 'A'** to this report.

15. a. Board Meetings:

During the year under review, Six Board meetings were held on : 25th May, 2018, 1st August, 2018, 10th September, 2018, 1st November, 2018, 8th February, 2019 and 18th March, 2019. The details of the composition of the Board and the attendance of the Director at the Board meetings are provided in the Corporate Governance Report.

b. Audit Committee:

During the year under review four Audit Committee Meetings were held and all the recommendations of the Audit Committee were accepted by the Board. The details of the composition of the Audit Committee and details of committee meetings are given in the Corporate Governance Report.

16. Fixed Deposits:

As reported in the year 2008-09, the Fixed Deposit Scheme of the Company was discontinued. During the year, the Company has transferred an amount of Rs 30,000 towards unclaimed deposits to "The Investor Education and Protection Fund", pursuant to Section 125 of the Companies Act, 2013.

17. Details of significant and material orders passed by the regulators or courts:

There are no significant material orders passed by the courts/regulators or tribunals impacting the going concern status and Company's operations in future. The details pertaining to various demand notices from various statutory authorities are disclosed in Note No. 35 of Financial Statements under the heading – Contingent liabilities.

18. Adequacy of internal financial controls with reference to financial statements:

The Company has adequate systems of internal control in place, which is commensurate with its size and the nature of its operations. The Company has designed and put in place adequate Standard Operating Procedures and limits of Authority Manuals for conduct of its business, including adherence to Company's policies, safeguarding of its assets, prevention and detection of fraud and errors, accuracy and completeness of accounting records and timely preparation of reliable financial information.

These documents are reviewed and updated on an ongoing basis to improve the internal control systems and operational efficiency. The Company uses a state-of-the-art ERP (SAP) system to record data for accounting and managing information with adequate security procedure and controls.

19. Disclosure Requirement:

Your Company has complied with all the mandatory requirements of Schedule V of SEBI (LODR) Regulations, 2015. The Report on Corporate Governance pursuant to Schedule V of SEBI (LODR) Regulations, 2015 is enclosed as **Annexure 'A'** to this report. The Practising Company Secretary's Certificate on compliance of Corporate Governance is enclosed as **Annexure 'B'**. Declaration by the Managing Director is enclosed as **Annexure 'C'** and the Management Discussion and Analysis is enclosed as **Annexure 'E'** to this report and Secretarial Audit Report is enclosed as **Annexure 'F'** to this report.

20. Statutory Auditors:

M/s. Walker Chandiok & Co. LLP, Chartered Accountants were appointed as Statutory Auditors of the Company at the 49th Annual General Meeting held on 28th September, 2017 to hold office from the conclusion of the 49th Annual General Meeting till the conclusion of the 54th Annual General Meeting.

The auditors report on Consolidated Financial Statements, contained qualified opinion summarized below:

In respect of Zuari Agro Chemicals Limited ('ZACL'), an associate of Zuari Global Limited

- In respect of consolidation on the basis of unaudited financial results of one joint venture of ZACL located outside India, whose financial statements have been complied and approved by the management.
- In respect of impairment of ZACL investment of INR 119.43 Crores in the rock phosphate mining project at Peru (which is under development) through its JV company MCA Phosphates Pte. Limited

Comment by the Board of Directors on the Audit Report :-

The matter being under litigation with ICC international court of arbitration, the accounting treatment is given based on independent valuer's report. Any impact due to arbitration order cannot be estimated as of now.

During the year under review, there were no frauds reported by the auditors to the Audit Committee or the Board under section 143(12) of the Companies Act, 2013.

21. Secretarial Audit Report:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the Company has appointed Mr. Sadashiv V. Shet, Practising Company Secretary as Secretarial Auditor, to undertake the Secretarial Audit of the Company. The Report of the Secretarial Auditor for the Financial Year 2018-19 is enclosed as **Annexure 'F'** to this report. The report does not contain any qualification.

22. Disclosure as per Section 22 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

As per provisions of Section 4 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, your Company has constituted an Internal Complaints Committee for redressal of complaints against sexual harassment. There were no complaints/cases filed/pending with the Company during the financial year.

23. Employees' Stock Option (ESOP) Scheme:

The Company has not issued any ESOP to its employees during the year.

24. Consolidated Financial Statements under Section 129 of the Companies Act, 2013:

The consolidated financial statements of the Company has been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standard) (Amendment) Rules, 2016 which forms part of this Annual Report.

The Company will make available the financial statements of subsidiaries, upon request by any member of the Company interested in receiving this information. The Annual Accounts of the Subsidiary Companies will also be available for inspection by any investor at the Registered Office of the Company and its Subsidiaries.

25. Compliance of Secretarial Standards:

The Company has complied with all the applicable mandatory Secretarial Standards issued by Institute of Company Secretaries of India.

26. Subsidiaries:

A brief review of the subsidiaries of the Company is given below:-

A. Zuari Infraworld India Limited(ZIIL):

A wholly owned subsidiary of your Company represents the group's foray into Real Estate Sector with projects across different cities in India & Outside.

The residential real estate market performance for the year 2018-19 was satisfactory overall. The first half of year 2018-19 saw not much of sales/new launches as the continued effect of GST & RERA implementations played on the mind of the developers and buyers alike; however during the second half of 2018-19 much improvement were observed in terms of increase in sales & new launches across major cities in India. The market dynamics has now been shifted to end user purchases with focus on affordable segment (Property valued between ₹ 25Lakhs – ₹ 50Lakhs). Sale has grown by 5% during year 2018-19 compared to year 2017-18 across major cities in India with maximum sales done in Hyderabad, NCR regions. New Launches have seen a substantial growth of 80% Y-o-Y lead by Pune, Bangalore & Ahmedabad. On the other hand, the commercial real estate market performance was very strong in year 2018-19 as the transaction volume (Mn Sqft) shown a growth of 12% on Y-o-Y basis with Bangalore, Hyderabad & NCR leading the pack. Office rentals have shown a

growth of 10% on Y-o-Y basis thereby making Office transactions the most lucrative business proposition for the builders. Retail sector has also seen high growth due to the ease of restrictions on FDI policy and other government initiatives taken during the last few years. Approx. 10 Mn Sqft of Strategic Investment has been done by key Private Equity players across various Malls in India in Year 2018-19 – Blackstone in Westend Mall, Seawoods Grand Central, CPPIB in Phoenix Market City, GIC in Viviana Mall etc.

Outlook for FY2019-20 is positive across both residential & commercial real estate markets on account of buoyed demands for Affordable properties coupled with the recent Government initiative of declaring reduced GST rates for under-construction properties in addition to the ever increasing demand of office spaces across major cities in India.

ZIIL, a subsidiary of your company is in the midst of hectic growth with various projects in all categories i.e. Residential, Office, Retail, Museum etc that are at various stages of design & approval. The details of the projects managed by ZIIL is provided in Management Discussion and Analysis.

Standalone

ZIIL's total revenue for the year ended 31st March, 2019 was ₹ 3329.84 Lakhs as compared to ₹ 1,296.12 Lakhs for the year ended 31st March, 2018. The Profit before tax for the year ended 31st March, 2019 was ₹ 175.52 lakhs as compared to ₹ 94.65 lakhs for the year ended 31st March, 2018. The Profit/(Loss) after tax for the year ended 31st March, 2019 was ₹ 29.52 lakhs as compared to Rs (18.74) lakhs for the year ended 31st March, 2018.

Consolidated

ZIIL's total revenue for the year ended 31st March, 2019 was ₹ 2691.86 Lakhs as compared to ₹ 1,180.47 lakhs for the year ended 31st March, 2018.

The Loss before tax for the year ended 31st March, 2019 was ₹ 548.27 Lakhs as compared to ₹ 195.29 lakhs for the year ended 31st March, 2018.

The Loss after tax for the year ended 31st March, 2019 was ₹ 694.28 Lakhs as compared to ₹ 308.68 lakhs for the year ended 31st March, 2018.

B. Simon India Limited (SIL) :

Simon India Limited (SIL), a wholly owned subsidiary of your Company, was engaged in the execution of following projects in 2018-19: