ZUARI AGRO CHEMICALS LIMITED

CIN – L65910GA2009PLC006177
Registered Office : Jai Kisaan Bhawan, Zuarinagar, Goa 403 726.
Web : www.zuari.in, Tel. 91-0832-2592431, Fax : 91-0832-2555279

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NOTICE

Dear Shareholder(s):

Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 and 22 of the Companies (Management and Administration) Rules, 2014 and Clause 35B of the Listing Agreement with the Stock Exchanges, Zuari Agro Chemicals Limited ("the Company") is offering e-voting facility to its members in respect of the businesses to be transacted:

(a) At the Fifth Annual General Meeting of the Members of the Company to be held at the Registered Office of the Company at "Jai Kisaan Bhawan", Zuarinagar, Goa 403726, on Monday, the 1st September, 2014 at 09.30 a.m. and

(b) By means of voting through Postal Ballot in terms of the Postal Ballot Notice Dated 30th July, 2014.

The Annual Report is being sent separately by Book-post to your registered address.

The Company is offering e-voting facility to its Members enabling them to cast their votes electronically. The Company has appointed Central Depository Services (India) Limited ('CDSL' or 'Service Provider') for facilitating e-voting to enable the Members to cast their votes electronically pursuant to section 108 of the Companies Act, 2013 and Rule 20 of Companies (Management and Administration) Rules, 2014.

The particulars for e-voting are given below:

Purpose	EVEN (E-voting Event Number)
E-voting in respect of the businesses to be transacted in AGM	140723005
E-voting in respect of the business to be transacted by means of voting through Postal Ballot	140725009

The detailed instructions and procedure for e-voting is given below:

In case of members receiving e-mail:

(i) Log on to the e-voting website www.evotingindia.com

(ii) Click on "Shareholders" tab.

(iii) Now, select the "COMPANY NAME" from the drop down menu and click on "SUBMIT"

(iv) Now Enter your User ID

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

(v) Next enter the Image Verification as displayed and Click on Login.

(vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form

PAN*Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)

- Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field.
- In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.

  DOB# Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.

  Dividend Bank Details# Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.
- Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of shares held by you as on the cut off date in the Dividend Bank details field.

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(viii) After entering these details appropriately, click on "SUBMIT" tab.

(ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the EVEN for the relevant <Company Name> on which you choose to vote.

(xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to https://www.evotingindia.co.in and register themselves as Corporates.
- They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
- After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

In case of members receiving the physical copy:

Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.

xviii. The e-voting period inrespect of businesses to be transacted at the **Annual General Meeting (EVEN No. 140723005)** commences on **Wednesday, 20th August, 2014 at 10:00 a.m. and ends on Friday, 22nd August, 2014 at 5:00 p.m.** During this period, the Members of the Company holding shares in physical form or in dematerialized form, as on the cut-off date, being Tuesday, 1st July, 2014 may cast their vote by electronic means in the manner and process set out hereinabove. The e-voting module shall be disabled for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.

xix. The e-voting period inrespect of businesses to be transacted by means of voting through **Postal Ballot (EVEN 140725009)** commences on **Friday, 8th August, 2014 at 10:00 a.m. and ends on Monday, 8th September, 2014 at 5:00 p.m.** During this period, the Members of the Company holding shares in physical form or in dematerialized form, as on the cut-off date, being Tuesday, 1st July, 2014 may cast their vote by electronic means in the manner and process set out hereinabove. The e-voting module shall be disabled for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.

xx. The voting rights of the Members shall be in proportion to their shares of the paid up equity share capital of the Company, subject to the provisions of the section 108 of the Companies Act, 2013 and Rules made thereunder, as amended, as on the cut-off date, being Tuesday, 1st July, 2014.

xxi. In case you have any queries or issues regarding e-voting, you may refer to the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting @cdslindia.com

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NOTICE

NOTICE is hereby given that the Fifth Annual General Meeting of the Members of the Company will be held at the Registered Office of the Company at "Jai Kisaan Bhawan", Zuarinagar, Goa 403726, on Monday, the 1st day of September, 2014 at 9.30 A.M. to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Financial Statements of the Company for the year ended 31st March, 2014 including audited Balance Sheet for the year ended 31st March, 2014 and the Statement of Profit and Loss for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.

2. To declare dividend on Equity Shares for the Financial Year ended 31st March, 2014.

3. To appoint a Director in the place of Mr. Akshay Poddar, (holding DIN 00008686), who retires by rotation and is eligible for re-appointment

4. To re-appoint M/s. S.R. Batliboi & Co., LLP, Chartered Accountants, Registration No.301003E as Statutory Auditors of the Company.

Special Business :

5. To consider, and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution;

   "RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152, Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("Act") read with Companies (Appointment and Qualification of Directors) Rules, 2014 and Clause 49 of the Listing Agreement (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Marco Wadia (holding DIN 00244357) Director of the Company, who has submitted a declaration that he meets the criteria for independence as per Section 149 (6) of the Act and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five years from 1st April, 2014 to 31st March, 2019."

6. To consider, and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution;

   "RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152, Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("Act") read with Companies (Appointment and Qualification of Directors) Rules, 2014 and Clause 49 of the Listing Agreement (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Arun Duggal (holding DIN 00024262) Director of the Company, who has submitted a declaration that he meets the criteria for independence as per Section 149 (6) of the Act and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act, proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five years from 1st April, 2014 to 31st March, 2019."

7. To consider, and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution;

   "RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152, Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("Act") read with Companies (Appointment and Qualification of Directors) Rules, 2014 and Clause 49 of the Listing Agreement (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Gopal K. Pillai (holding DIN 02340756) Director of the Company, who has submitted a declaration that he meets the criteria for independence as per Section 149 (6) of the Act and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five years from 1st April, 2014 to 31st March, 2019."

8. To consider, and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution;

   "RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152, Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("Act") read with Companies (Appointment and Qualification of Directors) Rules, 2014 and Clause 49 of the Listing Agreement (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. J.N. Godbole (holding DIN 00056830) Director of the Company, who has submitted a declaration that he meets the criteria for independence as per Section 149 (6) of the Act and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five years from 1st April, 2014 to 31st March, 2019."

9. To consider, and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution;

   "RESOLVED THAT in supersession of earlier Resolution passed and pursuant to Section 180(1)(c) and other applicable provisions, of the Companies Act, 2013, (including any statutory modification(s) or re-enactment thereof for the time being in force) consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow from time to time, as it may consider fit, any sum or sums of money not exceeding ₹8000 Crore on such terms and conditions as the Board may deem fit, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained/to be obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid up share capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose."

   RESOLVED FURTHER THAT for the purpose of giving effect to this resolution the Board of Directors be and are hereby authorized to arrange to fix the terms and conditions of all such borrowings from time to time as it may deem fit and to sign and execute all such deeds, contracts, instruments, agreements and any other documents as may be required and to do all such acts, deeds, matters,

things as may be deemed necessary, expedient and incidental thereto and to delegate all or any of its powers herein conferred by this resolution to any committee of Directors and/or Directors and/or Officers of the Company to give effect to this resolution."

10. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution;

"RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the remuneration of ₹ 1,75,000/- plus applicable taxes and out of pocket expenses for the financial year ending 31st March, 2015 as recommended by the Audit Committee and approved by the Board of Directors be paid to Mr. Irudayam Savari Muthu, Cost Accountant for conducting the Cost Audit be and is hereby approved and ratified."

By Order of the Board of Directors

R. Y. Patil
Chief General Manager
& Company Secretary

Date : 8th May, 2014
Registered Office: Jai Kisaan Bhawan,
Zuari Nagar-Goa 403 726

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company.

2. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

3. PROXIES IN ORDER TO BE EFFECTIVE, SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY, DULY COMPLETED AND SIGNED NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A Proxy Form is sent herewith. Proxies submitted on behalf of the Companies, Societies, etc. must be supported by an appropriate resolution/authority, as applicable.

4. During the period beginning twenty-four hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, members would be entitled to inspect the proxies lodged, at any time during the business hours of the company, provided not less than three days' notice is given to the company.

5. The Company's Registrar & Share Transfer Agents (RTA) are:

   Link Intime India Pvt. Limited
   C-13, Pannalal Silk Mills Compound
   L.B.S. Marg, Bhandup (W)
   Mumbai – 400 078
   Tel : 022 – 25946970/78
   Fax : 022 – 25946969
   Email : rnt.helpdesk@linkintime.co.in
   Website : www.linkintime.com

6. The Register of Members and Share Transfer Books of the Company will remain close from 2nd July, 2014 to 9th July, 2014 (both days inclusive) for the purpose of payment of the dividend for the financial year ended 31st March, 2014.

7. The dividend recommended by the Board, if approved by the shareholders at the Annual General Meeting, will be paid on or after 5th September, 2014 to those persons

   (a) whose names appear as Beneficial Owners as at the end of the business hours on 1st July, 2014 as per the list of beneficial owners to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of shares held in electronic form.

   (b) Whose names appear as Members in Register of Members of the Company after giving effect to valid share transfers, if any, in physical form lodged with the Company/Registrar & Share Transfer Agents on or before 1st July, 2014.

8. There is no dividend which has remained unclaimed for a period of 7 years as on 31st March, 2014 and hence no unclaimed dividend is due for transfer to the Central Government. Members who have not encashed the dividend warrants so far in respect of the earlier years are requested to send their claims, if any, to the Company / share transfer agent immediately. Once the amount is transferred by the Company to IEPF, no claim thereof shall lie against the Company.

9. Shareholders are advised to avail of the facility for receipt of future dividends through Electronic Clearing Service (ECS). The ECS facility is available at the specified locations. Shareholders holding shares in electronic form are requested to contact their respective Depository Participant for availing ECS facility. The Company or RTA cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Shareholders holding shares in physical form and desirous of either registering bank details or changing bank details already registered against their respective folios are requested to send a request letter for updating Bank Account Number with 9 digit MICR Number to the RTA or to the Company with Attested copy of his/her PAN Card and a Photocopy of his/her cheque leaf (to capture correct Bank Account Number, IFSC Code and 9 digit MICR Code).

10. Members can avail of the nomination facility in respect of shares held by them pursuant to the provisions of Section 72 of the Companies Act, 2013. Members holding shares in electronic form may contact their respective Depository Participant for availing this facility. Members holding shares in physical form may send their nomination in the prescribed form duly filled in to RTA at the above mentioned address.

11. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.

12. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their

demat accounts. Members holding shares in physical form can submit their PAN details to the Company or RTA.

13. Details under Clause 49 of the Listing Agreement with the Stock Exchanges in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting, is given in the Corporate Governance Report along with the details of their shareholding.

14. Electronic copy of the Annual Report for 2013-14 is being sent to all the members whose email IDs are registered with the Company / Depository Participants(s) for communication purposes unless any member has requested for a physical copy of the same. For members who have not registered their email address, physical copies of the Annual Report for 2013 -14 are being sent in the permitted mode.

15. The Notice of the 5th Annual General Meeting of the Company and instructions for e-voting, along with Attendance Slip and Proxy Form is being sent to all the members by electronic mode, whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a physical copy of the same. For members who have not registered their email address, physical copies of the aforementioned documents are being sent in the permitted mode.

16. Members may also note that the Notice of the 5th Annual General Meeting and the Annual Report for 2013-14 will also be available on the Company's website www.zuari.in for download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Goa for inspection during normal business hours on working days, excluding Saturday upto the date of AGM. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: investor.relations@adventz.com.

17. Shareholders are requested to notify any change of address:
    i. To their Depository Participants (DPs) in respect of the shares held in demat form, and
    ii. To the Company to its Shares Department at the Registered Office at Jai Kisaan Bhawan, Zuarinagar Goa – 403 726 in respect of the shares held in physical form.
    iii. In case the mailing address mentioned on this Annual Report is without the PINCODE, inform DP or the Company, as mentioned above

18. To support the 'Green Initiative' in the Corporate Governance taken by the Ministry of Corporate Affairs, to contribute towards the Greener Environment and to receive all documents, Notices, including Annual Reports and other communications of the Company, investors should register their e-mail addresses with RTA if shares are held in physical mode or with the Depository Participant if the shares are held in electronic mode.

19. E-voting :

i. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 2 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 5th Annual General Meeting (AGM) by electronic means and the detailed procedure for the same is **annexed separately.**

ii. The e-voting period commences on the Wednesday , 20th August, 2014 at 10:00 A.M. and ends on Friday, 22nd August, 2014 at 5:00 P.M. During this period, the Members of the Company holding shares in physical form or in dematerialized form, as on the cut-off date, being Tuesday , 1st July, 2014, may cast their vote by electronic means in the manner and process set out hereinabove. The e-voting module shall be disabled for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.

iii. The voting rights of the Members shall be in proportion to their shares of the paid up equity share capital of the Company, subject to the provisions of the section 108 of the Companies Act, 2013 and Rules made thereunder , as amended, as on the cut-off date, being Tuesday , 1st July , 2014.

iv. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.

v. The Board of Directors has appointed CS Shivaram Bhat, Practicing Company Secretary, failing him, CS Shubhangi Baichwal, Practicing Company Secretary as a Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

vi. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and will make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.

vii. The results on resolutions shall be declared on or after the AGM of the Company and the resolution will be deemed to be passed on the AGM date, subject to receipt of the requisite number of votes in favour of the Resolution(s).

viii. The Results declared along with the Scrutinizer's Report(s) will be available on the website of the Company (www.zuari.in) within two (2) days of passing of the resolutions and communication of the same to the BSE Limited and the National Stock Exchange of India Limited for download by the members of the Company.

ANNEXURE TO THE NOTICE

(Explanatory statement pursuant to Section 102 of the Companies Act, 2013)

Item No. 5

Mr. Marco Wadia is a non executive Independent Director of the Company as well as member of the Audit Committee and Stakeholders' Relationship Committee.

He is a B.A. (Hons.) L.L.B. and practicing Advocate since 1986, specializing in corporate matters and is currently, a partner in the firm, Crawford Bayley & Co., Mumbai.

Mr. Wadia is an Independent Director whose period of office is liable for retirement as director by rotation under erstwhile applicable provisions of Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Mr. Wadia being eligible and offering himself for appointment, is proposed to be appointed as an independent director for five consecutive years upto 31st March, 2019.

The Company has received a notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member along with a deposit of ₹ 1,00,000/- proposing the candidature of Mr. Wadia for the office of the Independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Company has received from Mr. Marco Wadia (i) Consent in writing to act as Director in Form DIR - 2 pursuant to Rule 8 of the Companies (Appointment and qualification of Directors) Rules, 2014; (ii) a declaration to the effect that he meets the criteria of Independence as provided in sub-section 6 of Section 149 of the Companies Act, 2013.

In the opinion of the Board, Mr. Marco Wadia fulfils the conditions specified in the Companies Act, 2013 and rules made there under for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr. Marco Wadia as an Independent Director, setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday; upto the date of AGM.

This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges. The detailed resume is given in the report on Corporate Governance which forms part of the Annual report.

The resolution as above is placed before the shareholders for approval.

Except Mr. Marco Wadia, none of the Directors and Key Managerial Personnel (KMP) of the Company or relatives of directors and KMP are concerned or interested in this resolution.

Item No. 6

Mr. Arun Duggal is a non executive Independent Director of the Company as well as Chairman of the Audit Committee.

A mechanical engineer from the prestigious Indian Institute of Technology Delhi, Mr. Arun Duggal holds an MBA from the Indian Institute of Management, Ahmedabad. He teaches Venture Capital & Private Equity at the Indian Institute of Management, Ahmedabad as a visiting professor.

Mr. Arun Duggal is a Director whose period of office is liable for retirement as director by rotation under erstwhile applicable provisions of Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Mr. Arun Duggal being eligible and offering himself for appointment, is proposed to be appointed as an independent director for five consecutive years upto 31st March, 2019.

The Company has received a notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member along with a deposit of ₹ 1,00,000/- proposing the candidature of Mr. Arun Duggal for the office of the Independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Company has received from Mr. Arun Duggal (i) Consent in writing to act as Director in Form DIR -2 pursuant to Rule 8 of the Companies (Appointment and qualification of Directors) Rules, 2014; (ii) a declaration to the effect that he meets the criteria of Independence as provided in sub-section 6 of Section 149 of the Companies Act, 2013.

In the opinion of the Board, Mr. Arun Duggal fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr. Arun Duggal as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday; upto the date of AGM.

This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchanges. The detailed resume is given in the report on Corporate Governance which forms part of the Annual report.

The resolution as above is placed before the shareholders for approval.

Except Mr. Arun Duggal, none of the Directors and Key Managerial Personnel (KMP) of the Company or relatives of directors and KMP are concerned or interested in this resolution.

Item No. 7

Mr. Gopal K. Pillai is a non executive Independent Director of the Company.

Mr. Gopal K. Pillai is a Former Home Secretary, Ministry of Home Affairs, Government of India. He is a Post Graduate in Chemistry from IIT Madras with an MSc. He joined the Indian Administrative Service (IAS) in 1972.

Mr. Gopal K. Pillai is a Director whose period of office is liable for retirement as director by rotation under erstwhile applicable provisions of Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Mr. Gopal K. Pillai being eligible and offering himself for appointment, is proposed to be appointed as an independent director for five consecutive years upto 31st March, 2019.

The Company has received a notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member along with a deposit of ₹ 1,00,000/- proposing the candidature of Mr. Gopal K. Pillai for the office of the Independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Company has received from Mr. Gopal K. Pillai (i) Consent in writing to act as Director in Form DIR -2 pursuant to Rule 8 of the Companies (Appointment and qualification of Directors) Rules, 2014; (ii) a declaration to the effect that he meets the criteria of Independence as provided in sub-section 6 of Section 149 of the Companies Act, 2013.

In the opinion of the Board, Mr. Gopal K. Pillai fulfils the conditions specified in the Companies Act, 2013 and rules made there under for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr. Gopal K. Pillai as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday; upto the date of AGM.

This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchanges. The detailed resume is given in the report on Corporate Governance which forms part of the Annual report.

The resolution as above is placed before the shareholders for approval.

Except Mr. Gopal K. Pillai, none of the Directors and Key Managerial Personnel (KMP) of the Company or relatives of directors and KMP are concerned or interested in this resolution.

Item No. 8

Mr. J. N. Godbole is a non executive Independent Director of the Company as well as member of the Audit Committee and Stakeholders Relationship Committee.

Mr. J. N. Godbole aged 68 years is a Chemical Engineer from IIT-Powai with qualifications in Financial Management from Bajaj Institute of Management Studies, University of Bombay Mr. Godbole has 37 years of diversified active experience ranging from Production-in-Charge in a private sector SSI, Development banker with Industrial Development Bank of India (IDBI), the apex term lending Development Bank of the Government of India to Advisor to State Government of Sabah in Malaysia.

Mr. J. N. Godbole is a Director whose period of office is liable for retirement as director by rotation under erstwhile applicable provisions of Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Mr. J. N. Godbole being eligible and offering himself for appointment, is proposed to be appointed as an independent director for five consecutive years upto 31st March, 2019.

The Company has received a notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member along with a deposit of ₹ 1,00,000/- proposing the candidature of Mr. J. N. Godbole for the office of the Independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Company has received from Mr. J. N. Godbole (i) Consent in writing to act as Director in Form DIR - 2 pursuant to Rule 8 of the Companies (Appointment and qualification of Directors) Rules, 2014; (ii) a declaration to the effect that he meets the criteria of Independence as provided in sub-section 6 of Section 149 of the Companies Act, 2013.

In the opinion of the Board, Mr. J. N. Godbole fulfils the conditions specified in the Companies Act, 2013 and rules made there under for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr. J. N. Godbole as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday; upto the date of AGM.

This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchanges. The detailed resume is given in the report on Corporate Governance which forms part of the Annual report.

The resolution as above is placed before the shareholders for approval.

Except Mr. J. N. Godbole, none of the Directors and Key Managerial Personnel (KMP) of the Company or relatives of directors and KMP are concerned or interested in this resolution.

Item No.9

The Board at its meeting held on 29th July, 2013 and shareholders at their meeting held on 24th September, 2013 considered and authorised the Company to borrow upto ₹ 8000 Crore by way of Inter Corporate Deposits, Long Term Loans, and External Commercial Borrowings or through issue of any securities, instruments, etc. pursuant to Section 293(1)(a) and 293 (1)(d) and other applicable provisions, if any, of the Companies Act, 1956

The provisions of Section 180 of the Companies Act, 2013 effective from 1st April, 2014 requires the Companies to pass Special resolution instead of ordinary resolution to authorize the Board to borrow beyond the prescribed limits which will exceed the aggregate of the paid-up capital and free reserves.

In view thereof, it is proposed to obtain a fresh approval of Shareholders by a Special Resolution.

The resolution as above is placed before the shareholders for approval.

None of the Directors or Key Managerial Personnel (KMP) or relatives of directors and KMP are concerned or interested in this resolution.

Item No.10:

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of Mr. Irudayam Savari Muthu, Cost Accountant as the Cost Auditor to conduct the audit of the cost records of the Company at a remuneration of ₹ 1,75,000/- plus applicable taxes and out of pocket expenses for the financial year ending March 31, 2015.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No.11 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2015.

None of the Directors or Key Managerial Personnel (KMP) or relatives of directors and KMP are concerned or interested in this resolution.

By Order of the Board of Directors

R. Y. PATIL
Chief General Manager
& Company Secretary

Date : 8th May, 2014

Registered Office :
Jai Kisaan Bhawan,
Zuarinagar-Goa 403 726

ZUARI AGRO CHEMICALS LIMITED

CIN – L65910GA2009PLC006177
Registered Office : Jai Kisaan Bhawan,
Zuarinagar, Goa 403 726.
Tel. 91-0832-2592431, Fax : 91-0832-2555279
Web : www.zuari.in

Folio No. :	
No. of Shares Held :	
* DPID No. / Client ID No. :	

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member(s) : _____ E-mail Id : _____

Registered address : _____

Folio No/ Client Id : _____ DP/ID : _____

I/We, being the member (s) of _____ shares of Zuari Agro Chemicals Limited, hereby appoint

(1) Name : _____ Address : _____ E-mail id : _____ or failing him;

(2) Name : _____ Address : _____ E-mail id : _____ or failing him;

(3) Name : _____ Address : _____ E-mail id : _____

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 5th Annual General Meeting of the Company, to be held on Monday the 1st day of September, 2014 at 9:30 a.m. at the Registered Office of the Company at "Jai Kisaan Bhawan", Zuarinagar, Goa 403 726 and at any adjournment thereof in respect of such resolutions as are indicated below:

**I wish my above Proxy to vote in the manner as indicated in the box below:

Sr. No.	Resolutions	Optional*	
		For	Against
ORDINARY BUSINESS			
1	Adoption of Financial Statements for the year ended March 31, 2014.		
2.	Declaration of Dividend on Equity Shares.		
3.	Re-appointment of Mr. Akshay Poddar, who retires by rotation.		
4.	Re-appoint M/s. S.R. Batliboi & Co., LLP, Chartered Accountants, Registration No. 301003E as Statutory Auditors of the Company.		
SPECIAL BUSINESS			
5.	Appointment of Mr. Marco Wadia as an Independent Director.		
6.	Appointment of Mr. Arun Duggal as an Independent Director.		
7.	Appointment of Mr. Gopal K. Pillai as an Independent Director.		
8.	Appointment of Mr. J.N. Godbole as an Independent Director.		
9.	To authorise Board of Directors of the Company to borrow from time to time.		
10.	To ratify the remuneration of the cost auditor for the financial year 2014-15		

Signed this _____ day of _____ , 2014

Signature of shareholder

Signature of first Proxy holder

Signature of Second Proxy holder

Signature of third Proxy holder

NOTES:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

2. A Proxy need not be a member of the Company. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

3. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company.

4. For the Resolutions, Explanatory Statement and Notes, please refer to Notice of the 5th Annual General Meeting.

5*. This is only Optional. Please put a 'X' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.

6. Please complete all details including details of member(s) in above box before submission.

7. All the Members wishing to ask questions during the 5th Annual General Meeting should forward them to the registered office, 7 days before the date of annual general meeting.

ZUARI AGRO CHEMICALS LIMITED

CIN – L65910GA2009PLC006177

Registered Office : Jai Kisaan Bhawan, Zuarinagar, Goa 403 726.

Web : www.zuari.in, Tel. 91-0832-2592431, Fax : 91-0832-2555279

adventz

ATTENDANCE SLIP

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

Joint shareholders may obtain additional Slip at the venue of the meeting.

Folio No. :	
No. of Shares Held :	
* DPID No. / Client ID No. :	

Name and Address of the Shareholder : _____

I/We hereby record my / our presence at the 5th Annual General Meeting of the Company on Monday the 1st day of September, 2014 at the Registered Office of the Company at "Jai Kisaan Bhawan", Zuarinagar, Goa 403 726 at 9:30 a.m.

*Applicable for investors holding shares in electronic form.

_____

Signature of the Shareholder / Proxy

adventz

ANNUAL REPORT
2013 - 2014

DIRECTORS	:	Saroj Kumar Poddar, Chairman H. S. Bawa, Vice Chairman (upto 28th Feb. 2014) N. Suresh Krishnan, Managing Director Akshay Poddar, Executive Director Arun Duggal J. N. Godbole Marco Wadia Gopal Krishna Pillai
SENIOR MANAGEMENT	:	Naveen Kapoor, President Agri-Business R. S. Chugh, Chief Manufacturing Officer
	:	V. Seshadri, Vice President, Finance
	:	V. K. Sinha, Vice President, Strategic Planning
	:	R. Y. Patil, Chief General Manager & Company Secretary
BANKERS	:	State Bank of India HDFC Bank Limited Corporation Bank Canara Bank Indian Overseas Bank IDBI Bank
LEGAL ADVISERS	:	Khaitan & Co., Kolkata
AUDITORS	:	S. R. Batliboi & Co. LLP Chartered Accountants, Gurgaon
REGISTERED OFFICE	:	Jai Kisaan Bhawan Zuarinagar, Goa 403 726.

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

To the Members,

1. Your Directors place before you the Fifth Annual Report of the Company together with Statement of Accounts for the accounting year ended 31st March, 2014.

2. Financial Results and Appropriation

₹ In Lacs

Particulars		**Current Year 31st March, 2014**	Previous Year 31st March, 2013
Profit for the year before depreciation and taxation		**4,139.41**	5,427.65
Less :Depreciation for the year		**2,069.67**	2,379.43
Profit/(loss) before tax		**2,069.74**	3,048.22
Less : Provision for taxation	– Current Tax	**404.54**	929.84
	– Income Tax Credit of earlier years	**(1,278.42)**	-
	– MAT Credit	**(143.75)**	-
	– Deferred Tax Credit	**473.33**	(326.25)
Profit/(loss) after tax		**2,614.04**	2,444.63
Add : Balance of profit brought forward		**4,316.78**	3,848.32
Less : Transfer to general reserve		**500.00**	500.00
Proposed Dividend : 30% (PY 30 %)		**1,261.74**	1,261.74
Tax on dividend (Including Surcharge)		**214.43**	214.43
Balance of profit carried forward		**4,954.65**	4,316.78

The revenue from operations for the year ended 31st March, 2014 was ₹ 5,18,858.72 Lacs as compared to ₹ 5,24,522.49 Lacs for the previous year ending 31st March, 2013.

The Profit before tax for the year ended 31st March, 2014 was ₹ 2,069.74 Lacs as compared to ₹ 3,048.22 Lacs for the year ending 31st March, 2013. The Profit after Tax stood at ₹ 2,614.04 Lacs for the year ending 31st March, 2014 as compared to ₹ 2,444.63 Lacs for the previous year ending 31st March, 2013.

3. Dividend

The Directors recommend a dividend of ₹ 3/- per equity share (₹ 3/- per equity share in the previous year).

4. Debt Servicing

Your Company has met all obligations towards repayment of principal and interest on all loans.

5. Directors

The Companies Act, 2013 contains provisions with regard to appointment of Independent Directors. Section 149 (10) of the Companies Act, 2013 provides that an Independent Director shall hold office for a term of up to five consecutive years on the Board of a Company and shall be eligible for re-appointment on passing of a special resolution by the shareholders of the Company and shall not be subject to retirement by rotation. Section 149 (11) provides, no Independent Director shall hold office for more than two consecutive terms.

Mr. Arun Duggal, Mr. Marco Wadia, Mr. J.N. Godbole and Mr. Gopal K. Pillai, all being non-executive and independent directors were appointed as Directors liable to retire by rotation under the provisions of the Companies Act, 1956. It is proposed that they be appointed for a term of 5 years in accordance with the provisions of the Companies Act, 2013.

Mr. Akshay Poddar retires by rotation at the forthcoming Annual General Meeting and is eligible for re-appointment.

The brief profiles and details of other directorships and committee memberships of all the aforementioned Directors are given in the Report on Corporate Governance attached as **Annexure 'B'** to this report.

Mr. H.S. Bawa resigned as Director of the Company w.e.f. 1st March, 2014. The Board places on record its appreciation and invaluable contribution by Mr. Bawa to the Company during his tenure as the Director of the Company.

Mr. N. Suresh Krishnan was appointed as the Managing Director of the Company effective 1st April, 2012. The terms of appointment of the Managing Director have been revised from a period of five years to three years effective 1st April, 2012.

6. Auditors

The Auditors, M/s. S.R. Batliboi & Co. LLP, Chartered Accountants, Gurgaon, Statutory Auditors of the Company will retire in the forthcoming Annual General Meeting and are eligible for re-appointment. As per section 139 of the Companies Act, 2013 and Rules made thereunder M/s. S.R. Batliboi & Co., LLP are being appointed as Auditors from the conclusion of the 5th Annual General Meeting till the conclusion of 7th Annual General Meeting subject to ratification by the members in every Annual General Meeting.

7. Cost Auditor

The Company re-appointed Mr. Irudayam Savari Muthu, Cost Accountant, Membership No. 6716, as the Cost Auditor for the year 2013-14. The Cost Audit Report for the year ended 31st March, 2013 was filed by the Company with the Ministry of Corporate Affairs on 1st October, 2013.

8. Conservation of Energy

The information disclosing particulars of conservation of Energy for the year 2013-14 is given in **Annexure 'A'** of the Annual Report.

9. Technology Absorption

No new technology was absorbed during the year 2013-14.

10. Foreign Exchange earnings and outgo

By producing fertilisers, the company has contributed to savings of valuable foreign exchange to the National exchequer. The Foreign exchange earnings and outgo is noted under financial statements in reference nos. 29, 30, 31 and 32 of the Annual Report and Accounts section.

11. Capital Projects:

The Company has initiated a Basic Engineering and Design Study for the substantial revamping of its existing Ammonia / Urea manufacturing capacities. The study for the ammonia plant is being carried out by Kellogg Brown & Root (KBR), USA which is expected to be completed by end of May, 2014. The technical feasibility of the Urea plant has been completed by Toyo Engineering Corporation, Japan. Meanwhile, the Company is also evaluating alternative technical feasibility for the 'Super Revamp' by Casale Group of Switzerland. The Company will take a final decision on the proposed capital expenditure based on detailed analysis of the two alternative proposals.

The Company is also in the process of revamping the NPK Plant 'A' capacity to 1350 MTPD of Di-Ammonium Phosphate (DAP) / 1600 MTPD of NPK fertilizers. The Basic Engineering Design has been carried out by M/s. INCRO S.A., Spain. The Detailed Engineering by M/s Uhde India Pvt Ltd, is in the advanced stage. The procurement for major equipments has been processed with major equipment orders already released.

The construction work has commenced and the expected date of completion of the project is end of April 2015. Similarly, for NPK-B, M/s Jacobs - Lakeland, - Florida has completed the Basic Engineering for revamp.

The Detailed Engineering by M/s Jacobs India is expected to be completed by the end of August 2014. The target date for completion of this project is end of April 2015. The detailed engineering for the mechanised system for Muriate of Potash in the plant is in the advance stage. The site work will commence in mid May, 2014.

The completion of this project is targeted by end of April 2015. The Atmospheric Ammonia Storage Tank (AAST) project is in the techno commercial stage of negotiations. We expect the project to commence after the naphtha tanks are dismantled by end of July, 2014. This AAST project will be completed by end of December 2015. The Revamp of Phosphoric Acid Tanks (One number) at Vasco Installation in Mormugao Port Trust (MPT) is in the detailed engineering phase. This will be completed by August 2014. Procurement and site work will commence after the Company obtains the long lease from MPT.

12. Environment & Safety:

The Company's Fertilizer Plant continues to be a 'Zero Effluent Discharge Plant' since 1990 and the man-made green belt around the Complex continues to flourish and attract a variety of birds and animals.

In line with the Company's policy to continuously improve the surrounding environment, it has installed and commissioned a continuous online ambient air quality monitoring station. The Company is in the process of installing an online continuous stack monitoring system for the Utilities Boiler stack.

The Company has also installed a Reverse Osmosis Unit for the treatment of waste water and recovery of treated water from it.

The Company continues to give thrust to safety initiatives across all functions.

The Company intensively continues its community awareness programmes on the 'Do's and Don'ts' in the event of any abnormal plant operations. School Children, Employees, and port users of Mormugao Port Trust and the general public are actively engaged in such programmes on a regular basis.

The Company also conducts campaigns through FM Radio and also participates in the mock fire and safety drills conducted by the South Goa District Collectorate, wherein local bodies such as Panchayats, Police and Fire Services are present as part of the District Disaster Management Plan.

13. Industrial Relations

The Industrial Relations of the Company with its employees continue to be harmonious. The industrial relations with contract workmen were strained in view of the strike and stoppage of work by bagging section workers during the 1st half of the financial year. The strike was called off and the operations were restored to normalcy during the second half of 2013-14.

Particulars of employees as required under the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, forms part of this report. However, in pursuance of section 219(1) (b) (iv) of the Companies Act, 1956, this report is being sent to all the members of the Company excluding the aforesaid information and the said particulars are made available at the Registered Office of the Company. The members desirous of obtaining such particulars may write/email to the Company Secretary.

14. Internal Complaints Committee

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.

15. Employees' Stock Option Scheme

The Scheme for Employees Stock Option (ESOPS) was approved by the shareholders in the Annual General Meeting held on 7th August, 2012. The Company has not issued any ESOPS to its employees during the year.

16. Subsidiary Companies

In accordance with the Accounting Standard 21, the Consolidated Financial Statements presented by the Company include the financial information of its subsidiaries. Pursuant to General Circular dated 8th February, 2011 issued by the Ministry of Corporate Affairs, the Board of Directors in its meeting held on 6th February, 2014 decided not to attach the Balance Sheet. i.e. the financial information of the subsidiaries. Accordingly, the Balance Sheet, Profit and Loss Account, Report of the Board of Directors and the Auditors of the Subsidiary Companies are not attached.

The Company will make available these documents/details upon request by any member of the Company interested in receiving this information. The Annual Accounts of the Subsidiary Companies will also be kept for inspection by any investor at the Registered Office of the Company and its Subsidiaries.

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

Subsidiaries

a. Zuari Fertilisers and Chemicals Limited

Zuari Fertilisers and Chemicals Limited (ZFCL), a wholly owned subsidiary of your Company was incorporated for the manufacture of organic and inorganic fertilise` ZFCL is in the process of setting up a 600 TPD unit at Mahad in Maharashtra for the manufacture of Granulated Single Super Phosphate (GSSP). The unit is likely to be commissioned in the month of August, 2014.

During the current year, ZFCL has acquired additional stake of 6.71 % in the equity share capital of Mangalore Chemicals and Fertilisers Limited (MCFL) and currently holds 16.43% stake. MCFL is a company engaged in the manufacture of urea and complex fertilise.

b. Zuari Seeds Limited

Zuari Seeds Limited (ZSL) is a wholly owned subsidiary of your Company that is engaged in the production and trading of hybrid Seeds. ZSL has a long product line in high-yielding Maize, Bajra, Paddy seeds and high-margin vegetable hybrids.

Overall last year has been difficult for the seed industry in view of excess inventory in cotton, seasonal aberrations, delayed and erratic monsoon experienced in 2013 affecting main crops such as Cotton, Maize and vegetables etc. However, ZSL has done well in the sale of Paddy and Single cross Maize hybrids in the year 2013-14 and propose to scale up volumes in these promising products /segments. The Company achieved a turnover of ₹ 45.78 Crore and posted a Net Loss after taxation of ₹ 9.03 Crore for the year ended 31st March,, 2014.

17. Joint Ventures

A brief review of the joint ventures of the Company are given here below :

(a) Zuari Maroc Phosphates Limited

Zuari Maroc Phosphates Limited (ZMPL), a 50:50 joint venture with Maroc Phosphore S.A., Morocco, was established as a Special Purpose Vehicle (SPV) for acquisition of stake in Paradeep Phosphates Limited (PPL). At present, ZMPL is holding 80.45% of the equity stake in PPL. ZMPL has shifted its registered office from the State of Goa to the State of Odisha during the current year.

PPL manufactures and markets complex phosphatic fertilisers and intermediary products such as Phosphoric Acid and Sulphuric Acid, which are crucial in the manufacture of phosphatic fertilise` All the products are marketed under the popular 'Navratna' brand. PPL's portfolio caters to almost all agricultural applications. PPL's plant is located in the port town of Paradeep in Odisha, with an installed annual capacity of 7,20,000 Metric Tonnes of DAP and other phosphatic fertilisers.

PPL achieved Gross turnover of ₹ 4,231.07 Crore and posted a Net loss after taxation of ₹ 125.89 Crore for the year ended 31st March, 2014.

(b) Zuari Rotem Speciality Fertilisers Limited

Zuari Rotem Speciality Fertilisers Limited (ZRSFL), is a 50:50 joint venture with Rotem Amfert Negev Limited, Israel. It has Water Soluble Fertilisers (WSFs) manufacturing facility at Baramati, Maharashtra. ZRSFL has a capacity of 24,000 Metric Tonnes per

annum, in two shift basis for production of different NPK blends. The Plant is working on one shift basis and producing 30 Metric Tonnes per day on an average.

The Company achieved a turnover of ₹ 37.10 Crore and posted a net loss after taxation of ₹ 3.71 Crore for the year ended 31st March, 2014.

(c) MCA Phosphates Pte Limited

During the current year, your company purchased from Zuari Global Limited, 30% equity stake in MCA Phosphates Pte Limited, (MCA). MCA, a company incorporated in Singapore, is a joint venture between your Company and Mitsubishi Corporation (Mitsubishi), Japan with Mitsubishi holding 70% of the equity stake in the joint venture and your company holding the balance 30%.

MCA has been set up as a Special Purpose Vehicle (SPV) and has acquired 30% equity stake in Fosfatos del Pacifico, Peru (FDP) which owns a rock phosphate mining license in Peru and is implementing a project for producing beneficiated rock phosphate with an annual capacity of 2.5 million Metric Tonnes Per Annum (MTPA).

The Project has an estimated mineralized material of approximately 540 Million Metric Tonnes of Rock Phosphate with an average content of 18.5% P2O5 before beneficiation. Your Company through Mitsubishi has agreed to purchase a significant quantity of concentrated Rock Phosphate for a minimum of 20 years.

18. Corporate Governance

Your Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement. The Report on Corporate Governance pursuant to Clause 49 of the Listing Agreement is enclosed as **Annexure 'B'** in the report. The Auditor's Certificate on compliance of Corporate Governance is enclosed as **Annexure 'C'**. Declaration by the Managing Director is enclosed as **Annexure 'D'** and the Management Discussion and Analysis is enclosed as **Annexure 'E'** in the report.

19. Corporate Social Responsibility

As a part of its Corporate Social Responsibility endeavours, the Adventz Group has established the Adventz Foundation, a Society registered under the Societies Registration Act, 1940. The Foundation undertakes the following activities to achieve the objectives set out by the Adventz Group, of which, your Company is a part.

(i) Nurturing the farming community

The Company has been facilitating the growth of the Indian farm sector by consistently updating the farmers' knowledge with the latest developments in the field. In an endeavour to serve the farmers consistently and on a long term basis, the company conceived an initiative called the Jaikisaan Sangam that involves correct assessment of farmers' requirements and advisory services on a one-to-one and timely basis.

The Jai Kisaan Krishi Salahakars (JKSs) are the nodal points through whom the services of the company are delivered to the farmers under the Jaikisaan Sangam, which also entails soil testing services and agronomic advice being provided to the farmers on a weekly basis. It also encourages farmers to participate in various farmer training programmes, animal health camps, crop seminars, visits to research stations/ demonstration plots/exhibitions, etc. conducted for them.

(ii) Soil and water analysis

Soil and water are the most critical factors in the agriculture production system. With the help of three advanced Agricultural Development Laboratories, the Company is continuing its efforts to help farmers in realizing the full potential of their land and water resources.

These laboratories have conducted analysis of more than 45,000 soil samples and 377 water samples during 2013-14. The Company not only gets the samples of farmers' fields analysed but the plot specific recommendations are also made in the form of Soil Health Cards which are handed over personally to the farmers by the Jaikisaan Krishi Salahkars. The soil test reports are also being uploaded on the Jaikisaan Sangam portal for fast and easy access by the farmers.

During 2013-14, along with soil health cards, fertility maps of 26 villages of Sangamner taluka in Ahmednagar district were also prepared in collaboration with the Government of Maharashtra and displayed at the village community centres.

(iii) Interactive farm advisory support to the farmers

The farmers from various parts of the country contacted the toll free number - 1800 121 2333 to avail agri advisory services under the Hello Jaikissan initiative of the Company. This service is provided through specialists based at Agricultural Development Laboratories located in Pune, Bangalore and Tirupati. More than 16,000 farmers benefited from these services in FY 2013- 14.

(iv) Technology dissemination

The Company understands that skill development and training will play a significant role in the economic viability and the augmentation of the income of the farmers. It has set up a demonstration farm, Zuari Agri Park (ZAP), located at Solapur, Maharashtra to serve this objective.

ZAP is mandated to help the farmers understand and adopt proven modern technologies suitable to their

needs. It looks forward to creating a community of skilled farmers, who will keep pace with the changing requirements and improve farm outputs.

The rural youth were encouraged by training and infrastructural support to establish a low cost quality planting material production unit during 2013-14. ZAP extended technical support in raising good quality seedlings of Sugarcane, Chilli, Tomato, Brinjal, Water melon and Musk melon. The cost effective and quality seedlings were made available to the surrounding villages in 2013-14 .

(v) Goa Agri Initiative

From its inception, the Company has been involved in various developmental activities in Goa, facilitating the farmers of the state.

It recently initiated a comprehensive GAIN (Goa Agricultural Initiative) project to make farming an economically dependable and sustainable enterprise in the state. As most of the agri technologies evolved during the recent times facilitate small land holders to cultivate more effectively, the Company is fully prepared to introduce latest innovations at the farm level in a systematic manner through its Goa Agri Initiative (GAIN). The project aims to help the practicing farmers as well as those who want to start afresh (e.g., those affected by closure of mining). Village /cluster of villages with similar issues will be taken up to create successful models for further adoption in Goa. Each cluster will be attended to, by a team of Junior Agronomists and Jai Kisaan Salahkars.

More than 500 farmers benefited through seed bank, farm mechanisation, seedlings production under shednets and mass crop care drives in 2013-14.

Dissemination of Information on CSR

The company regularly updates information on its CSR and other allied activities on its website - www.zuari.in

20. Directors' Responsibility Statement:

Your Directors hereby report:

i. that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relative to material departures;

ii. that the directors have selected such accounting policies and applied them consistently to judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2014 and of the profit and loss account for the period ended 31st March, 2014;

iii. that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv. that the directors have prepared the annual accounts on a going concern basis.

21. Directors' comments on the Audit Report:

There were no adverse comments by the statutory auditors of the Company in their Report and Auditors' Report and notes thereto are self-explanatory in nature.

22. Acknowledgements:

Your Directors wish to place on record their appreciation for the dedication, commitment and contribution of all stakeholders and employees of your Company.

For and on behalf of the Board

S. K. Poddar
Chairman

Place : Gurgaon
Date : 8th May, 2014

ANNEXURE 'A' TO DIRECTORS' REPORT

Conservation of Energy

FORM A (See Rule 2)

FORM OF DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

Particulars	Current year 2013-14	Previous year 2012-13
A. POWER & FUEL CONSUMPTION		
1. Electricity		
(a) Purchased		
Unit (KWH)	21174325	5661025
Total Amount (₹ in lacs)		358.08
Rate/Unit (₹)		6.33
(b) Own generation (KWH)		
(i) Through Diesel Generator		
Unit (KWH)	5111180	15021580
Units per kg. of Diesel/LSHS/Fuel Oil	3.412	4.049
Cost/Unit (₹)	12.39	10.97
(ii) Through Steam Turbine/Generator		
Unit (KWH)	47662691	47536079
Units per kg. of Fuel Oil / LSHS	112.739	4.582
Units per Sm3 of NG	4.219	57.196
Cost/Unit (₹)	11.26	9.69
2. Furnace Oil		
Quantity (MT)	6068	70644
Total cost (₹ in lacs)	2566.31	31370.37
Average rate (₹/MT.)	42290.17	44406.25
3. Natural Gas		
Quantity (SM3)**	72138454.05	5300353.36
Total cost (₹ in lacs)	33813.59	1954.77
Average rate (₹/SM3.)	46.87	36.88
B. CONSUMPTION PER UNIT OF PRODUCTION		
1. Electricity		
Product (with details) Unit		
(i) Purchased Power (KWH)		
Urea	11.53	8.39
18:46:0	41.48	10.13
10:26:26	32.91	9.94
12:32:16	42.97	4.54
19:19:19	31.22	17.95
(ii) Generated Power (KWH)		
Urea	123.96	120.52
18:46:0	3.83	72.31
10:26:26	7.22	57.84
12:32:16	46.89	51.21
19:19:19	11.82	153.84
2. Furnace Oil (MT)		
Urea	0.01	0.17
18:46:0	0.01	0.02
10:26:26	0.01	0.02
12:32:16	0.02	0.02
19:19:19	0.01	0.04
3. Natural Gas (Sm3)		
Urea	190.99	13.67
18:46:0	0.36	--
10:26:26	0.32	--
12:32:16	0.70	--
19:19:19	0.35	--

** Natural gas consumption for steam & power generation in utility plant only

ANNEXURE 'B' TO THE DIRECTORS' REPORT

Report on Corporate Governance

1. Company's Philosophy on the Code of Corporate Governance

Corporate Philosophy of the Company is to strengthen India's industrial and agricultural base, increasing shareholder value, providing quality fertilisers and other agri inputs, preserving and protecting the environment and ensuring a healthy neighbourhood.

The Company's Philosophy on Corporate Governance envisages an attainment of the highest level of transparency and accountability. It is aimed at safeguarding and adding value to the interests of various stakeholders. The Company is committed to the best Corporate Governance and continues with its initiatives towards the best Corporate Governance practices.

The Company in its endeavour to fulfill the highest expectations of all its stakeholders has adopted the Code of Conduct and Ethics and circulated to its employees, suppliers, dealers and others with a view to enforce adherence to the code in all respects.

A declaration by the Managing Director, affirming compliance with the code of conduct by all the Board members and senior management is provided as **Annexure 'D'** to the Directors' Report.

2. Board of Directors:

The Board of Directors of the Company comprises seven members including, the Managing Director and Executive Director and five Non-Executive Directors. More than half of the Board comprises Independent Directors and Non-Executive Directors. The other related information concerning the Board is given hereunder.

During the year under review, 6 Board meetings were held on 1st April, 2013, 9th May, 2013, 29th July, 2013, 24th September, 2013, 12th November, 2013 and 6th February, 2014 respectively.

Attendance of each Director at the Board of Directors' meetings and at the last Annual General Meeting along with the number of Companies and Committees where he is a Director / Member is given hereunder:

Director	Category of Directorship #	No. of Directorships**	No. of Board Meetings Attended	No. of shares held	Attendance at last AGM	No. of Board Committees of all Companies*	
						Chairman	Member
S. K. Poddar	Promoter / Chairman	13	04	79406	No	1	1
H. S. Bawa ***	Vice Chairman	12	04	NIL	No	N.A.	4
N. Suresh Krishnan $	MD	13	06	NIL	Yes	2	5
Akshay Poddar	ED	12	04	NIL	No	1	5
Arun Duggal	NED / I	7	05	NIL	Yes	3	2
J. N. Godbole	NED / I	14	06	NIL	Yes	3	8
Marco Wadia	NED / I	11	06	2811	Yes	4	7
Gopal Pillai	NED / I	03	04	NIL	No.	–	–

\# MD-Managing Director, I-Independent, NED-Non -Executive Director
* Excludes Committees other than Audit Committee and Stakeholders' Relationship Committee.
** The number of directorships excludes Companies other than Public Limited Companies.
*** Ceased to be Director w.e.f. 1st March, 2014.
$ The term of appointment of the Managing Director is revised from 5 years to 3 years, effective 1st April, 2012.

3 (a). Retirement of Directors by rotation and re-appointment:

Mr. Arun Duggal, Mr. Marco Wadia, Mr. J.N. Godbole and Mr. Gopal K. Pillai, being Independent Directors are being appointed for a term of five years in accordance with the provisions of Section 149 of the Companies Act, 2013.

Mr. Akshay Poddar retires by rotation and is eligible for re-appointment.

As per Clause 49 of the Listing Agreement, brief profiles and information about the directors is given below:

Mr. Marco Wadia

Mr. Marco Wadia is B.A. (Hons.) L.L.B. and a practicing Advocate since 1986, specialising in corporate matters and is currently, a partner in the firm of Crawford Bayley & Co., Mumbai.

Names of the Indian Public Limited Companies in which Mr. Marco Wadia is a Director:

Sr. No.	Name of the Company
1.	Zuari Agro Chemicals Limited
2.	Chambal Fertilisers and Chemicals Limited
3.	Johnson and Johnson Limited.
4.	Jost's Engineering Co. Limited.
5.	Simon India Limited.
6.	Stovec Industries Limited.
7.	Zuari Maroc Phosphates Limited.
8.	Paradeep Phosphates Limited.
9.	Zuari Infraworld India Limited.
10.	Zuari Global Limited.
11.	Gobind Sugar Mills Limited.

Mr. Wadia is a Director of your Company, as well as a member of the Audit Committee of your Company and Stovec Industries Limited. He is also a member of the Investors' Grievance Committee of your Company and Jost's Engineering Co. Limited.

Mr. Wadia is Chairman of the Audit Committee of Chambal Fertilisers and Chemicals Limited, Johnson and Johnson Ltd. and Simon India Limited.

Mr. Marco Wadia holds 2811 shares in the Company.

Mr. Arun Duggal

Mr. Arun Duggal is a visiting Professor at the Indian Institute of Management, Ahmedabad, where he teaches a course on Venture Capital, Private Equity and Business Ethics.

He is the Chairman of the Federation of Indian Chambers of Commerce and Industry's (FICCI) Centre for Corporate Governance focussed on enhancing Corporate Governance in India through multiple programmes. He is an international Banker with global experience in Financial Strategy, M&A and Capital Raising.

Mr. Arun Duggal is the Chairman of Board of Directors of Shriram Capital, Shriram Transport Finance Company, Shriram City Union Finance. He is also Chairman of the International Asset Reconstruction Company.

He is part of the Board of Directors of various companies including Sanlam Life Insurance, South Africa; Jubilant Energy, Netherlands (Chairman Audit Committee); Zuari Agro Chemicals Ltd (Chairman Audit Committee); Info Edge (Chairman Audit Committee); Dish TV and Adani Port. He is a member of the Investment Committee of Axis Private Equity.

Mr. Duggal is involved in several initiatives in social and education sectors. Currently, he is leading a campaign to induct more 'Women on the Corporate Board' in India. He is a Senior Advisor, Asia Pacific for Transparency International, Berlin committed towards creating a 'World free of Corruption'. He was erstwhile Chairman of the American Chamber of Commerce, India. He was also on the Board of Governors of the National Institute of Bank Management.

Mr. Duggal is an expert in international finance and has had a 26 year career with Bank of America, mostly in the U.S., Hong Kong and Japan. His last assignment was as the Chief Executive Officer of the Bank of America in India from 1998 to 2001. From 1981-1990 he headed the Bank of America's (oil & gas) practice handling relationships with companies such as Exxon, Mobil, etc. From 1991-94 as Chief Executive of BA Asia Limited, Hong Kong, he looked after Investment Banking activities for the Bank in Asia. In 1995, he moved to Tokyo as the Regional Executive, managing Bank of America's business in Japan, Australia and Korea. From 2001 to 2003 he was the Chief Financial Officer of HCL Technologies, India.

A Mechanical Engineer from the prestigious Indian Institute of Technology, Delhi, Mr. Duggal has completed his MBA from the Indian Institute of Management, Ahmedabad and has been awarded with the Distinguished Alumnus Award.

Names of the Indian Public Limited Companies in which Mr. Arun Duggal is a Director:

Sr. No.	Name of the Company
1	Shriram Transport Finance Co. Limited
2	Info Edge (India) Limited
3	Dish TV India Limited
4	Shriram City Union Finance Limited
5	Adani Ports and special Economic Zone Limited
6	Shriram Capital Limited
7	Zuari Agro Chemicals Limited

Mr. Gopal K. Pillai

Former Home Secretary, Ministry of Home Affairs, Government of India, Mr. Gopal K Pillai completed his early education in Delhi and Bangalore and M Sc. in Chemistry from IIT Madras. He joined the Indian Administrative Service (IAS) in 1972. He held various positions in the State Government including District Collector, Quilon, Special Secretary (Industries), Secretary (Health) and Principal Secretary to the then Chief Minister, AK Antony. Mr. Pillai has served in the Ministries of Defence, Surface Transport, Home and Commerce at the centre. During 1996-2001 as Joint Secretary (North-East), Ministry of Home Affairs, he developed a unique relationship with the Governments of the North East states and the people and was involved in active negotiations with various insurgent groups, including the Bodo Liberation Tigers and the NSCN (I/M).

During his five-year stint in the Department of Commerce from 2004 to 2009 including as Secretary (Commerce), Mr Pillai was actively involved as the Chief Negotiator for India at the WTO, in the negotiations for Comprehensive Economic Partnership Agreements with Singapore, Japan and South Korea, the European Union, Australia, New Zealand, Malaysia and ASEAN for strengthening engagements with SAARC and the African Continent. He was also instrumental in the enactment of the SEZ Act, 2005 and the setting up of over 140 Special Economic Zones in India, which created over sixteen lakh jobs.

Mr Pillai retired from the Government in June 2011.

He is currently a Distinguished Fellow at the Institute for Defence Studies and Analyses (IDSA), Chairman of Ivy Cap Ventures Advisors Private Limited and the Chairperson of the University of Engineering and Management, Jaipur.

Names of the Indian Public Limited Companies in which Mr. Gopal K. Pillai is a Director:

Sr.No.	Name of the Company
1	Zuari Agro Chemicals Limited
2	Adani Ports and SEZ Limited
3	Hindustan Petroleum Corporation Limited

Mr. Jayant N. Godbole

Mr. Jayant N. Godbole is a Chemical Engineer from IIT-Powai with qualifications in Financial Management from the Bajaj Institute of Management Studies, University of Bombay.

Mr. Godbole has 37 years of diverse experience and has served in various capacities ranging from being a Production-in-Charge in a private sector SSI, a Development banker with the Industrial Development Bank of India (IDBI), which is the apex term lending Development Bank of the Government of India to being the Advisor to the State Government of Sabah in Malaysia.

In Sabah, he advised the Government regarding the implementation of a $ 700 million pulp, paper and timber complex. He was also directly involved in the implementation / project management of $ 1 Billion gas based complex comprising transportation of associated gas, production of HBI, Methanol and generation of power.

In IDBI, Mr. Godbole served in various departments including Project Finance, Venture capital, Rehabilitation of sick units and rose to become the Chairman and the Managing Director of the company. He chaired the Empowered Group of Corporate Debt Restructuring (CDR) mechanism during 2002- 2004 and was instrumental in reviving and preventing the formation of Non-Performing Assets (NPAs) with debts of $ 17 Billion from the Indian Banking Sector.

Currently, Mr. Godbole is an independent Director in Companies engaged inter alia in the fields of Cement, Textiles, Tea, Sugar, Transformers, Paper, Heavy chemicals and Real estate etc.

Names of the Indian Public Limited Companies in which Mr. Jayant N. Godbole is a Director:

Sr. No.	Name of the Company
1.	J K Cements Limited
2.	Gillander Arbhutnot & Co. Limited
3.	Emami Paper Mills Limited
4.	Kesar Terminals and Infrastructure Limited
5.	Zuari Agro Chemicals Limited
6.	Gujrat Alkalies and Chemicals Limited
7.	IITL Projects Limited
8.	EMBIO Limited
9.	Kesar Multimodal Logistics Limited
10.	Zuari Global Limited
11.	Saurashtra Cement Limited
12.	Madhya Bharat Papers Limited
13.	IMP Powers Limited
14	IDBI Asset Management Limited

Mr. Akshay Poddar

Mr. Akshay Poddar, Executive Director of the Company hails from the family of a renowned Adventz group with a successful track record of promoting and managing businesses in diversified industries such as Fertilisers, Agri inputs, Heavy Engineering, Process Engineering, Sugar, Consumer Products, Real Estate, Investments etc.

Mr. Akshay Poddar is the Managing Director of Adventz Investments & Holdings Limited and the Director of various Adventz Group Companies.

He has completed his Honours in Accounting & Finance from London School of Economics and Political Science, University of London.

Mr. Akshay Poddar is also a Committee Member of the Indian Chamber of Commerce, Kolkata and a member of the Entrepreneurs' Organisation, Kolkata (Former President), Young Leaders Forum (YLF) and The Indus Entrepreneurs (TiE).

Names of the Indian Public Limited Companies in which Mr. Akshay Poddar is a Director:

Sr.No.	Name of the Limited Company in which holding Directorship.
1.	Adventz Investments and Holdings Limited
2.	Adventz Securities Enterprises Limited
3.	Lionel Edwards Limited
4.	Lionel India Limited
5.	Paradeep Phosphates Limited
6.	Syndak Teatech Limited
7.	Texmaco Infrastructure and Holdings Limited
8.	Texmaco Rail and Engineering Limited
9.	Zuari Global Limited
10	Zuari Agro Chemicals Limited
11.	Zuari Infraworld India Limited

4. Board Agenda

The Board meetings are scheduled well in advance and the Board members are generally given a notice of at least one month prior to the meeting date. All major items are backed by in-depth background information and analysis, wherever possible, to enable the Board members to take informed decisions.

5. Board Committees

The Committees of the Board are as follows:

a. Audit Committee

The Audit Committee comprises three independent, Non-Executive Directors. The permanent invitees include Vice President - Finance, Chief General Manager and Company Secretary as the Secretary of the Committee. The Committee met 7 times during the financial year ended 31st March, 2014.

Terms of Reference

The role of the Audit Committee includes review of the Company's financial reporting process and its financial statements, review of the accounting and financial policies and practices, the internal control and internal audit systems, risk management policies and practices and Internal Audit Reports. The role also includes making recommendations to the Board, re-appointment of statutory auditors and fixation of audit fees.

The attendance of the members at the meeting was as follows:

Names of the members	Status	No. of meetings attended
Mr. Arun Duggal	Chairman	6
Mr. J.N. Godbole	Member	7
Mr. Marco Wadia	Member	7

b) Stakeholders' Relationship Committee (Investors' Grievance Committee)

The existing Investors' Grievance Committee is renamed as 'Stakeholders' Relationship Committee which presently comprises two Independent Directors and one Executive Director. The Board has designated Mr. R.Y. Patil, Chief General Manager and Company Secretary as the Compliance Officer.

Terms of Reference:

The Board has constituted Stakeholders' Relationship Committee which oversees the performance of the share transfer work and recommends measures to improve the level of investor services. In addition, the Committee looks into investors' grievances such as non receipt of dividend, Annual Reports and other complaints related to share transfers.

There were 36 complaints received from the shareholders during the year, which were duly addressed. 3 outstanding complaints of share transfers were pending as on 31st March, 2014.

The attendance of the members at the meeting was as follows:-

Name of the member	Status	No. of meetings attended
*Mr. H.S. Bawa	Member	–
Mr. Marco Wadia	Member	5
Mr. J.N. Godbole	Chairman	5
# Mr. N. Suresh Krishnan	Member	–

* Up to 28th February, 2014
\# From 6th February, 2014 onwards

c) Other Committees

Apart from above, the Board has constituted other committees including a Committee for Banking and Finance, a Share Allotment Committee and a Nomination and Remuneration Committee. The Board may from time to time constitute one or more Committees delegating powers and duties for specific purposes. The Committee meetings are held as and when the need arises and at such intervals as may be expedient.

Details of remuneration to all the Directors for the year

Payment of remuneration to the Managing Director and Executive Director is as approved by the Remuneration Committee, the Board and the Shareholders. The remuneration comprises salary, incentives, perquisites, contribution to the Provident Fund, Superannuation Fund and Gratuity.

₹ in Lakhs

Executive Directors	Salary	Perquisites	Retirement benefits
Mr. N. Suresh Krishnan*	143.98	12.48	17.01
Mr. Akshay Poddar**	42.00	NIL	2.88

* Appointed as Managing Director w.e.f. 1st April, 2012.
** Appointed as Executive Director w.e.f. 1st April, 2012.

a. The term of the Managing Director is revised from five years to a period of three years. The term of the Executive Director is for a period of five years with effect from 1st April, 2012. The notice period for the termination of the appointment of the Managing Director and the Executive Director is three months from either side.

b. No severance pay is payable on termination of the appointment of the Managing Director and the Executive Director.

Sitting fees paid to Non-Executive Directors

Remuneration by way of sitting fees paid to the Non-Executive Directors during the financial year ended 31st March, 2014 for attending the meetings of the Board and the Committees thereof is given below:

Sr.No.	Name of Director	Amount in ₹
1.	Mr. S.K. Poddar	1,00,000
2.	Mr. H.S. Bawa	90,000
3.	Mr. Arun Duggal	1,70,000
4.	Mr. J.N. Godbole	3,10,000
5.	Mr. Marco Wadia	3,10,000
6.	Mr. Gopal Pillai	80,000

Payment of remuneration to the Managing Director and the Executive Director is recommended by the Remuneration Committee and approved by the Board and the shareholders.

Mr. Marco Wadia, is a Partner of Crawford Bayley & Co., Solicitors & Advocates, which has a professional relationship with the Company. The professional fee of ₹ 21.28 Lakh paid to Crawford Bayley & Co during the year is not considered material enough to infringe on the independence of Mr. Wadia.

6. Annual General Meetings

Details of the previous 3 Annual General Meetings are as follows:

Year	Location	Date	Time	Whether any special resolutions have been passed
2010-2011	Jai Kisaan Bhawan Zuari Nagar- Goa	12th May, 2011	10.00 A.M.	YES
2011-2012	-same as above-	07th August, 2012	10.30 AM	YES
2012-2013	-same as above-	24th September, 2013	10.30 AM	YES

A) Special Resolutions Passed

Special Resolutions passed in the Annual General Meetings (AGM) held during the last three financial years and details of resolutions passed through postal ballot during the last year are as follows:

1) Details of Special resolutions passed at the AGM

Financial Year	Date of AGM	Particulars of Special Resolution
2012-13	24th September, 2013	1. Commencement of New Business Activities of the Company
		2. Variation in the terms and conditions of the appointment of the Managing Director
2011-12	7th August, 2012	1. Investment in Equity Shares of MCA Phosphates Pte. Limited.
		2. Payment of Commission up to a maximum of ₹ 5,00,000 /- per annum to each of the Non-Executive Directors.
		3. Approve the Employee Stock Option Scheme(s)
2010-11	12th May, 2011	1. Amendment of Article of Association of the Company
		2. Offer, Allot and Issue shares on Preferential Basis
		3. Commencement of New Business

2) Details of special resolution passed through Postal Ballot at the last Annual General Meeting:

Shareholders of the Company have approved the amendment to the Object Clause contained in Clause III(C) of the Memorandum of Association of the Company by inserting the new sub-clauses numbered (82) (83) and (84) after sub clause (81).

Date of Postal ballot Notice	Details of the Resolutions passed	Result of the postal ballot
29th July, 2013	Amendment to the Object Clause contained in Clause III(C) of the Memorandum of Association of the Company by inserting the new sub-clauses numbered (82) (83) and (84) after sub clause (81).	The resolution was passed by the Shareholders with majority

The details of postal ballot result and voting pattern

Particulars	No. of postal ballot forms	No. Of Shares
Total postal forms received	69	3,21,44,652
Less: Invalid postal ballot forms	1	2,945
Net valid postal ballot forms	68	3,21,41,707
Postal ballot forms with assent for the Resolution	68	3,21,41,707
Postal ballot forms with dissent for the Resolution	NIL	NIL

Adv. S.M. Sanzgiry, the Scrutinizer conducted the Postal Ballot process in a fair and transparent manner.

7. Disclosures

A) Disclosure on materially significant related party transactions, or transactions of the Company of material nature with its Promoters, the Directors or the management, their subsidiaries or relatives etc., that may have potential conflict with the interests of the Company at large.

There were no transactions of material nature with the directors or the management or their subsidiaries or relatives having potential conflict with the interest of the Company.

B) Details of non-compliance by the Company, penalties and strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority or any matter related to capital markets during the last three years : None

C) The Company has complied with all mandatory requirements as stated in Clause 49 of the Listing Agreement.

8. Means of communication

a. Half-yearly Unaudited Financial Results:

Unaudited financial results for the half-year ended 30th September, 2013 were sent to each household of shareholders, apart from publishing in one English National Daily and Local dailies, published in the language of the region where the registered office of the company is located.

b. Quarterly Results:

Quarterly results are published in one English National Daily and Local dailies, published in the language of the region where the registered office of the company is located.

c. The results are also displayed on www.zuari.in

9. Code of Conduct and Ethics

The Company has adopted a 'Code of Conduct and Ethics' for the Directors and Senior Executives of the Company. The code promotes conducting business in an ethical efficient and transparent manner so as to meet its obligations to its shareholders and all other stakeholders. The code has set out a broad policy for one's conduct in dealing with the Company, fellow Directors and employees and the external environment in which the Company operates.

The declaration given by the Managing Director of the Company with respect to the affirmation of compliance of the code by the Board of Directors and Senior Executives of the Company is enclosed as **Annexure 'D'**.

10. Code of internal procedures and conduct for trading in securities of the Company

The Company has a code of internal procedures and conduct for trading in securities of the Company. The code inter alia prohibits purchase/sale of shares of the Company by the Directors and designated employees of the Company while in possession of unpublished price sensitive information related to the Company.

11 General Shareholders Information

Annual General Meeting

The Annual General Meeting will be held on 1st September, 2014 at Jai Kisaan Bhawan, Zuarinagar, Goa at 9.30 A.M.

Financial calendar (Tentative)

Results for the quarter ended 30th June, 2014	– on or before 2nd week of August, 2014
Results for the half-year ended 30th Sept. 2014	– on or before 2nd week of November, 2014
Results for the quarter ended 31st Dec. 2014	– on or before 2nd week of February, 2015
Audited Annual Results 2014-15	– on or before 31st May, 2015

Date of book closure :

02nd July, 2014 to 09th July, 2014 (inclusive of both days).

Dividend payment date :

The Dividend payment date is on or after 5th September, 2014 but within the stipulated time under the Companies Act, 2013.

Management Discussion and Analysis forms part of this Report as Annexure 'E'

Listing on Stock Exchanges:

Company's shares are listed on:

1. BSE Limited, Mumbai
2. The National Stock Exchange of India Limited, Mumbai

Stock Code:

1. BSE Limited, Mumbai: 534742
2. The National Stock Exchange of India Limited, Mumbai: ZUARI
3. International Standard Identification Number (ISIN) : INE840M01016

Stock Market Data:

High/Low share prices during the period 1st April, 2013 to 31st March, 2014

Month	High	Low	BSE Sensex	
			High	Low
April, 2013	199.00	143.00	19622.68	18144.22
May, 2013	155.50	101.00	20443.62	19451.26
June, 2013	113.45	95.10	19860.19	18467.16
July, 2013	110.00	80.25	20351.06	19126.82
August, 2013	96.00	73.50	19569.20	17448.71
September, 2013	93.75	78.10	20739.69	18166.17
October, 2013	104.65	82.00	21205.44	19264.72
November, 2013	147.70	90.60	21321.53	20137.67
December, 2013	146.00	127.00	21483.74	20568.70
January, 2014	174.00	136.60	21409.66	20343.78
February, 2014	147.00	127.00	21140.51	19963.12
March, 2014	139.20	123.00	22467.21	20920.98
Annual Average	159.76	104.76	20801.21	19333.61

Share Transfer System

The Share Transfers in physical mode above 1000 equity shares are approved by Stakeholders' Relationship Committee.

The Company has authorized the Company Secretary to approve share transfers involving up to 1000 shares with a view to expedite the process of share transfers.

Shareholders are requested to write to the Company or the Share Transfer Agents at the following address:

Link Intime India Pvt. Limited
C-13, Pannalal Silk Mills Compound
L.B.S. Marg, Bhandup (W)
Mumbai - 400 078
Tel : 022 - 25946970/78
Fax : 022 - 25946969
Email : rnt.helpdesk@linkintime.co.in
Website : www.linkintime.com

The Company maintains an exclusive email id namely, investor.relations@adventz.com to redress the Investors' Grievance as required under clause 47(f) of the Listing Agreement. The complaints received under this e-mail id are monitored and addressed on a daily basis.

Shareholding

The distribution of shareholding as on 31st March, 2014 was as follows:

No. of shares	No. of shareholders	% of shareholders
Upto 500	32634	97.12
501 – 1000	481	1.43
1001- 2000	244	0.73
2001 – 3000	81	0.24
3001 – 4000	31	0.09
4001 – 5000	23	0.07
5001 – 10000	41	0.12
10001 and above	66	0.20

Shareholding Pattern as on 31st March, 2014:

Category	No. of shares held	% shareholding
Promoters	30875242	73.41
Banks / Financial Institutions and Insurance Companies	2438034	5.80
Foreign Institutional Investors	1234790	2.94
Mutual Funds	3544864	8.43
NRIs/OCBs	40567	0.10
Private Bodies Corporate	1149582	2.73
Public	2774927	6.59
TOTAL	4,20,58,006	100.00

Dematerialization of shares and liquidity:

4,16,50,321 equity shares (99.03%) have been dematerialized as on 31st March, 2014.

Plant Location:

Jai Kisaan Bhawan,
Zuarinagar. Goa -403726

The Address for correspondence is:

Zuari Agro Chemicals Limited
Jai Kisaan Bhawan,
Zuarinagar. Goa- 403 726.
Tel : 91-0832-2592180
Fax : 91-0832-2555279
E- mail : shares@adventz com and/or investor.relations@adventz.com
Web site : www.zuari.in

Non mandatory Requirement

The Company has adopted the following non mandatory requirements:

i) Providing half yearly unaudited financial results of the Company to each household of the shareholder.

ii) Sharing the expenses for maintaining the Chairman's Office.

ANNEXURE 'C' TO THE DIRECTORS' REPORT

Auditors Certificate on Corporate Governance

To

The Members of Zuari Agro Chemicals Limited

We have examined the compliance of conditions of corporate governance by Zuari Agro Chemicals Limited, for the year ended on March 31, 2014, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchange.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For S. R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm registration number: 301003E

per Anil Gupta
Partner
Membership No.: 87921

Place of Signature : Gurgaon
Date: 8th May, 2014

ANNEXURE 'D' TO THE DIRECTORS REPORT

DECLARATION OF MANAGING DIRECTOR

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, I, N. Suresh Krishnan, Managing Director of Zuari Agro Chemicals Limited, declare that all Board Members and Senior Executives of the Company have affirmed their compliance with the Code of Conduct and Ethics during the year 2013-14.

N. SURESH KRISHNAN
Managing Director

Place : Gurgaon
Date : 8th May, 2014

ANNEXURE 'E' TO THE DIRECTORS REPORT

MANAGEMENT DISCUSSION AND ANALYSIS

The Board of Directors is pleased to present the business analysis and outlook of Zuari Agro Chemicals Limited (ZACL) based on the current Government policies and market conditions. The Company is into manufacturing and selling fertilisers as well as trading in agri inputs.

Global Economic Backdrop:

The global economic growth was at a disappointing 2.1% in 2013 as against 3.1% in 2012. Most developed economies continued to grapple with the challenge of taking appropriate fiscal and monetary policy actions in the aftermath of the financial crisis.

A number of emerging economies, which had already experienced a notable slowdown in the past two years, encountered new domestic and international headwinds during 2013. However, recently, some signs of improvement have emerged with the Gross Domestic Product the euro area starting to grow again. The economy of United States of America continues to recover and a few large emerging economies including China seem to have at least stopped a further slowdown. The world Gross product is forecast to grow at a pace of 3.0 % and 3.3 % in 2014 and 2015 respectively.

The Net private capital inflows to emerging markets have shown a measurable decline during 2013. At the same time, volatility in the financial markets of emerging economies has increased significantly, featuring equity market sell-offs and sharp depreciations of local currencies both partly triggered by the US Federal Reserve's announcement of tapering the amount of its monthly purchases of long-term assets later in the year. The waning growth prospects of the emerging economies have also played a role in triggering the decline of capital inflows.

The tapering of the unconventional monetary policies in major developed economies in the next few years is likely to pose significant risks for the growth and stability of the world economy. The challenge for the developing countries and emerging economies is to shield themselves from the spillover effects of the unwinding of quantitative easing (QE) in major developed countries, transmitted through international finance and trade. As evident by the turmoil in the financial market inQ2 2013, the spillover shocks to these countries has proved to be consequential and costly, particularly, to the Indian economy, which is highly exposed to international capital markets and has large external imbalances financed by short-term external capital flows.

The foreign-exchange markets experienced two distinctive episodes during 2013 - the early part of the year marked a dramatic depreciation of Yen, and in May-June, a number of emerging and developing countries, including India, saw a sharp devaluation of their respective currencies.

The inflation pressure has further exacerbated the demand pressure and losses on the balance sheets of businesses in the emerging economies. Among the developed economies, inflation decelerated in the United States during 2013 and is expected to remain below 2 % in 2014 and 2015. Similarly, inflation has decelerated in the euro area, dipping below 1.0 %, raising some deflationary concerns. In Japan, the large expansion policies, aiming to reflate the economy, managed to end a decade long deflation in 2013. The Consumer Price Index (CPI) is estimated to increase by 0.3 %, and forecast to hit the target of 2.0 % in 2014. The inflation rates are above 10 % among the developing countries and economies in transition. Several economies in South Asia and Africa as well as a few in the Common Wealth of Indian States , will continue to face high inflation rates, owing mainly to elevated inflationary expectations, rapid credit growth, localised food price pressures and structural bottlenecks such as energy shortage. On the other hand, most economies in East Asia continue to face benign inflation.

However, since global economic conditions remain subdued, the improvements in financial conditions can only be sustained through further policy actions that address the underlying stability risks and promote continued economic recovery. The banks in advanced economies have taken significant steps to restructure their balance sheets.

(i) The World Agriculture and Food Scenario :

The outlook towards global cereal supplies has improved in 2013-14. Food and Agriculture Organization's estimate for world cereal production was 2498 million tonnes in 2013 as against 2309 million tonnes in 2012. The world cereal production is expected to recover strongly in 2014-15.

This recovery will be driven by an expansion of plantings brought about by attractive prices and a recovery from below average yields. The World cereal utilisation in 2013-14 is around 2418 million tonnes, 3.5 % higher than 2012-13. The total feed use of cereals is forecast at 1099 million tonnes, up by 1.7 % from 2012-13.

Larger supplies and lower prices are expected to boost the feed use of cereals. Global stocks, ending in 2014, are also anticipated to increase to 564 million tonnes with coarse grains alone going up by 30% mostly in the United States. Wheat and rice stocks are also projected to rise. The expansion in world cereal stocks will result in the global cereal stocks-to-use ratio reaching 23.0%, well above the historical low of 18.4 % in 2007- 08.

(ii) Commodity Prices

With global demand expected to pick up moderately in 2014-2015, commodity prices are expected to stabilise, although they would be still subject to changes in supply-side factors such as weather conditions and Geo political tensions.

The oil prices saw a downward trend in the first half of 2013, as global demand for oil weakened along with the deceleration in the overall world economic growth. Geo political tensions can entail a large risk premium on oil prices, particularly, when the oil supply is tight. Assuming that there is no further significant eruptions in geopolitical tensions, the Brent oil price is expected to be about $108 per barrel (pb) for 2014-2015 as compared to the estimated average of $108.1pb in 2013 and $111.6 pb in 2012. The oil prices as well as other commodity prices are assumed to remain contained though there may be some upward pressure from the depreciation of the euro.

(iii) The Global Fertiliser Scenario :

The international prices of Fertilisers are volatile and availability of major inputs is an issue at times, given the fact that the supplies are by and large controlled by a few players. Urea started off with a reasonable USD 400/tonne but due to heavy selling pressure from China, it touched USD 290/tonne. At the same time cold weather in US during Q4 2013 coupled with anticipation of further price drop weakened the demand in the Northern Hemisphere (US, Canada and Europe). Urea is priced around USD 370/tonne, however, if coal costs in China stay relatively low for this year, the urea prices can once again fall in the main Chinese export window.

Di Ammonium Phosphate (DAP) saw a huge drop in price during 2013 as prices fell from USD 530/tonne at the start of the year to USD 380/tonne in November. In addition, logistic difficulties in Morocco and unexpected purchase from Brazil and Europe, in the latter half of 2013 pushed DAP to almost USD 500/tonne in the spot market.

The Production of Rock Phosphates was better than earlier years, resulting in comfortable supply situation throughout the year but went slightly up towards the end of Q4 in 2013.

There was an evident turbulence in the potash market in 2013. The year opened with Potash priced at USD 400/tonne. The industry faced severe price crash following the Belarus Potash Co. breakup in July.

Russia's OAO Uralkali withdrew its partnership with rival Belaruskali from Belarus, dismantling one of the marketing alliances, established to sell potash to the world. Since Canpotex Ltd., the North American counterpart of this Joint Venture controlled 70 % of the potash market along with Belaruskali before the breakup; they influenced the global price and supply of fertilisers. The price formation of Potash was entirely dependent on these producers and their customers. The prices declined throughout the year and fell to USD 300/tonne by the end of the year.

(iv) The India Picture

The GDP rate slowed down to 4.7% in 2013-14 as against 5% in 2012-13. The lower growth rate was primarily attributed to the weak growth rate of 0.7% registered by the industry in 2013-14 as compared to 1.3% in 2012-13.

The growth rate in the manufacturing sector was even lower at (-) 0.7% in the Q4 of FY 2013-14 as compared to Q4 of FY 2012-13. The GDP growth in agriculture was estimated to be 4.6% for 2013-14.

The service sector showed a marginal growth of 6.5% in 2013-14 vis-à-vis 6% in 2012-13. With stringent measures taken by the Government of India, the Current Account Deficit (CAD) stood at 4.6% of the GDP, the Whole sale price Index headline inflation stood at 5.05% while the core inflation was at 3.0%. However, the supportive steps taken by the government were very abysmal.

The slowdown was primarily exacerbated by structural bottlenecks and governance issues, though high inflation, monetary tightening and global factors also played their part. The Indian currency went through a period of severe volatility especially during the period from May to June 2013, when it depreciated by more than 10% as against the US Dollar. This impacted the economy in general and also the corporate which is heavily dependent on imports. However, the Indian currency remained stable in the last quarter of FY 2013-14.

(v) Food & Agriculture

The satisfactory monsoon and the absence of extreme climatic events until lately augur well for agricultural production and rural demand. Adequate replenishment of soil moisture and reservoirs significantly boosted crop production, which stood at 263 million tonnes during 2013-14 as against 250.14 million tonnes in 2012-13.

The production of rice, wheat, pulses, oilseeds and cotton during 2013- 14 has been the highest ever. However, preliminary reports suggest that the unseasonal rains accompanied by hailstorm, and frost during early March 2014 in various parts of the country has adversely affected rabi crops such as wheat, mustard seeds, onions and jowar. However, the possible effects of El Nino on the monsoon will add an additional element of uncertainty for future harvests. Therefore, the ability to meet increased food demand in the context of the implementation of the National Food Security Act amidst tightening farm labour markets and rising input costs remains a challenge. In the Food and Agriculture sector, the estimated growth is at 4.6% as against an annual growth target of 4%.

However, in recent months, the price of food articles, particularly, those of vegetables and fruits, witnessed hike due to high delivery cost and increasing gap between demand and supply. The current stock of food grains of 66.7 million tonnes as of mid-January 2014 is sufficient to meet the current demand.

(vi) The Fertiliser Scenario in India :

FY14 was a year of transition for the fertiliser industry, particularly, in the non-urea segment. While urea sales volumes continued to grow at a stable long-term average of 3% as of FY14, non-urea fertilisers witnessed a significant decline in volume despite healthy monsoons even though retail sales might not have been impacted as significant amount of channel inventory got cleared. The Company's sale of indigenous DAP / DAP variants declined by 11% in FY14 and the imported DAP sales also reduced significantly by 37% whereas the sales of domestically manufactured NPK increased by 8% in FY14 since companies reduced imports of NPK complexes.

The decline in fertiliser inventory and sales volumes is expected to have a positive bearing on the industry going forward. It may lead to relatively moderate volume growth in FY 2014-15 depending on the monsoon.

(vii) Policy Initiatives

Investment Policy in Urea Sector NUIP-12 and Subsidy Burden to Government of India (GOI)

The Department of Fertilisers (DoF) proposed amendments in the Urea Investment Policy 2012, which would create a level ground for existing and proposed plants to prevent excess subsidy outflow.

The Cabinet Committee on Economic Affairs (CCEA) has cleared the amendment of the New Urea Investment Policy (NUIP)-2012 by removing the word 'guaranteed buyback' and replacing it with domestic sales made by the companies. Consequently, in case of excess supply, subsidy would be paid only for actual sales of urea in the domestic market. This would increase the marketing risk to some extent for the investors setting up new plants as the companies would need to ensure optimum capacity utilisation for setting up such highly capital-intensive projects. Furthermore, with import prices likely to rule low in the foreseeable future, the DoF would have anticipated limited subsidy outflow even in case where the imports were to increase particularly, given the scenario that gas will not be available domestically and many of the projects are likely to depend on imported R-LNG.

On 28th February, 2014, the Cabinet Committee on Economic Affairs (CCEA) had approved raising the fixed cost of urea by ₹ 350 per tonne. In case of urea plants which are more than 30 years old, an additional vintage allowance of Rs 150 per tonne will be given. The selling price of urea shall continue to remain ₹ 5360 per tonne.

The interim budget for 2014-15 made a provision for allocation of ₹ 680 billion as subsidy, which is at the same level as the revised estimates in 2013-14.

The subsidy provisioning for 2014-15 is substantially lower than the estimated requirement of ₹ 1.05 trillion in the wake of increased subsidy for higher gas costs and rise in fixed costs of urea players.

The impact of increased debt requirements accumulated from FY 12 - FY 14 has put pressure on the industry finances. Aggregate gearing of listed fertiliser companies rose with a significant rise in the short-term debt levels. With subsidy delays likely to continue leading to high borrowings and weak liquidity, the financial performance of the industry is expected to remain subdued in the near term.

NBS Rates for Phosphatic and Potassic Fertilisers for 2014-15

The Government of India announced Nutrient Based Subsidy (NBS) rates for the year 2014-15 for Phosphatic and Potassic (P&K) fertilisers on 31st March, 2014. The rate for Potassic base fertilizer has been revised from ₹ 18.833 per Kg to ₹ 15.500 per Kg. This may further skew the Potassic base fertilizer consumption of the farmers. However these new rates will lower the subsidy outgo for Potash Base complexes and Muriate Of Potash (MOP). .

(viii) Internal Control Systems and their adequacy:

The company has adequate systems of internal control in place, which is commensurate with its size and the nature of its operations. These are designed to provide reasonable assurance with respect to maintaining reliable financial and operational information, complying with applicable statutes, executing transactions with proper authorisation coupled with ensuring compliance of corporate policies through documented Standard Operating Procedure (SOP) and Limits of Financial Authority Manual (LOAM).

These documents are reviewed and updated on an ongoing basis to improve the internal controls system 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.

(ix) Enterprise Risk Management (ERM)

Risk is an inherent aspect of the dynamic business environment we operate in today. To minimize the adverse impact of risks on our business objectives and enable the Company to leverage market opportunities effectively, the Company conducted an enterprise risk management exercise internally.

As part of the exercise, M/s KPMG provided support in establishing a well-defined process of risk identification, assessment, prioritization and reporting. The key outcomes of this exercise include:

a. Risk Policy, Framework and Risk Structure for the Company.

b. Risk measurement scale for the Company.

c. Identification and assessment of operational risks with the individual Operating Managers and Functional Heads.

d. Risk measurement as per rating scale discussed and approved by the senior management. The rating scale comprising financial, operational and regulatory criteria was used to identify –

   i. Risks which are key at the Inherent level and the Residual level,

   ii. Risks which are key at the Inherent level and non-key at the Residual level.

e. Risk prioritization: Prioritized risks were reviewed by the Corporate Management Committee and Audit Committee of the Board. Risk mitigation strategies have been documented and are being monitored periodically by the management.

f. Risk monitoring The Management has established a process of bi-annual evaluation of the key risks in the light of internal and external business changes. In order to facilitate this process, the management seeks to

   i. Establish key risk indicators and metrics for key and non key risks in order to ensure that the risk levels are within established thresholds

      i. Identify critical data points and data sources,

      ii. Collate data over specific period of time, and

      iii. Analyse data to develop thresholds.

   ii. Assess the adequacy and operating efficacy of mitigating controls.

   iii. Review of updates to risk register by respective functions in the bi-annual in-house review conducted to identify and evaluate new risks, if any.

   iv. Periodical review of updates to risk register and risk monitoring system by an outside agency

g. The outcome of these risk reviews shall be periodically reviewed by the Corporate Management Committee and reported to the Board of Directors and Audit Committee.

(x) Material development in human resources

Professionals and graduates from reputed institutions have been selected to meet the business requirements. The employees have been put through training programmes to harness their skills. A number of change management programmes were initiated with the support of the employees in FY 2013-14, which have started bearing fruit. Open communication has helped the employees to understand the growth opportunities in store for them.

The succession plan for all levels of management and the HR development plan for organizational growth has helped reduce the average age of the company by 8 years in the last 3 years. A top talent management programme was initiated to ensure retention of the key management staff and high performers.

(xi) Marketing

The Company's marketing area continues to be the states of Goa, Karnataka, Maharashtra, Andhra Pradesh, parts of Tamil Nadu, Kerala and Madhya Pradesh including northern markets of Uttar Pradesh, Rajasthan and Gujarat. The Company has also commenced its operations in the states of Punjab, Haryana and Chhattisgarh during the fiscal year.

In the states of Maharashtra and Karnataka, the south- west monsoon was active right from the beginning of the June month till September end 2013. Good inflows to the reservoirs facilitated build up of water storage in irrigation projects, enhancing the prospects of agriculture for Kharif. The rains continued even after September and withdrawal of south- west monsoon was delayed by a week.

The state of Maharashtra received well- distributed rains during the season. For the first time during the recent past, the Ujani dam reached 110% of its live water capacity and almost all the dams in the state remained above 80% filled to their capacity.

The state of Karnataka also witnessed normal to excess rainfall from the south-west monsoon. Water was released for irrigation from major reservoirs such as Ghataprabha, Malaprabha, Almatti and Bhadra as per the schedule.

The states of Andhra Pradesh and Tamil Nadu received normal rainfall with higher levels of water in the reservoir as compared to the previous year. In Andhra Pradesh, Paddy crossed the average of 14.31 lakh hectares to 16.20 lakh hectares. Due to good rainfall, the Sardar Sarovar dam in Gujarat and the Indira Sagar dam in Madhya Pradesh received sufficient water inflow for Rabi crops with discharges as per plan.

In the new marketing areas of Uttar Pradesh, Rajasthan, Punjab and Haryana, more than normal rains were received a fortnight ahead of schedule, facilitating brisk sowing operations of the Kharif crops. Sustained cold conditions in the plains as well as hilly areas benefited the standing wheat crop with ratoon cropping preferred by the farmers.

During the FY 2013-14, the total sales volume of fertilisers was 14,25,441 MT with a marginal increase of 2% over the previous year sale of 13,97,973 MT. The sale of imported fertilisers dipped by 28% to 5,31,668 MT. The total sale of imported DAP declined by 36% and was at 2,74,540 MT. The sale of imported complexes was 21535 MT against 91574 MT in the last year.

This is mainly due to the carryover stocks of the previous year. The total sales of the indigenous fertilisers was at 8,93,773 MT. The production of phosphatic fertilisers commenced from the 2nd fortnight of August 2013 with sales being in line with the product availability.

The company's agri inputs sale was ₹ 159.69 Crore, which is 21% lower as compared to the previous year, due to failed Rabi crop and reduced consumption.

The total sale of specialty fertilisers saw an increase of 12% at 11,292 MT as against 10,072 MT in the last year. The seeds sale was ₹ 8.17 Crore as against ₹ 6.29 Crore compared to the previous year.

INDEPENDENT AUDITOR'S REPORT

To

The Members of Zuari Agro Chemicals Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Zuari Agro Chemicals Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2014, and the Statement of Profit and Loss and 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

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956 read with General Circular 08/2014 dated 4th April, 2014, issued by the Ministry of Corporate Affairs. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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:

a. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;

b. in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and

c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by Section 227(3) of the Act, we report that:

    a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

    b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

d. In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 read with General Circular 08/2014 dated 4th April, 2014, issued by the Ministry of Corporate Affairs;

e. On the basis of written representations received from the directors as on 31st March, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For S. R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm registration number: 301003E

per Anil Gupta
Partner
Membership No.: 87921

Place of Signature : Gurgaon
Date: 8th May, 2014

Annexure referred to in paragraph [1] of our report of even date

Re: Zuari Agro Chemicals Limited

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

(b) The fixed assets are physically verified by the management in a phased manner over a period of two years and accordingly, part of the fixed assets were physically verified during the year and the discrepancies observed on such verification, as compared to the book records, were not material. In our opinion, the frequency of physical verification is reasonable having regard to the size of the Company and the nature of the assets.

(c) There was no disposal of a substantial part of fixed assets during the year.

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.

(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.

(iii) (a) The Company has granted loans to three companies covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 25,143.30 lacs and the year end balance or loans balance of loans granted to such parties was ₹ 18,124.71 lacs.

(b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not prima facie prejudicial to the interest of the Company. Also, the Company has made interest-free loans to a subsidiary of the joint venture. According to the information and explanations given to us, and having regard to management's representation that the interest free loans are given in the interest of the Company's business, the rate of interest and other terms and conditions for such loans are not prima facie prejudicial to the interest of the Company.

(c) In respect of loans granted, repayment of the principal amount is as stipulated and payment of interest has been regular.

(d) There is no overdue amount of loans granted to companies listed in the register maintained under Section 301 of the Companies Act, 1956.

(e) The Company had taken loan from one company covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 4,713.59 lacs and the year-end balance of loan taken from such party was ₹ Nil.

(f) In our opinion and according to the information and explanations given to us, since loan is interest free, other terms and conditions for such loan are not prima facie prejudicial to the interest of the Company.

(g) In respect of loans taken, repayment of the principal amount is as stipulated.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.

(v) (a) According to the information and explanations provided by the management, we are of the opinion that particulars of contracts or arrangements referred to in Section 301 of the Act that need to be entered into the register maintained under Section 301 have been so entered.

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lacs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.

(vi) The Company has not accepted any deposit from the public.

(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

(ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other material undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows.

Name of the statute	Nature of dues	Amount (₹ in lacs)	Period to which amount relates	Forum where dispute is pending
Service Tax Act	Service tax liability	187.66	2006-07 to 2013-14	CESTAT
Central Sales Tax Act	Demand for non submission of "F form"	45.99	2010-11 to 2011-12	Commercial Tax Department
Rajasthan Value Added Tax Act, 2003	Excess input credit availed	22.33	2011-12	Commercial Tax Department
Customs Act, 1962	Demand for differential custom duty	459.12	24th March, 2011 to 2nd December, 2011 1st April, 2001 to 28th February, 2006 2002-03 to 2003-04	CESTAT

(x) The Company has been registered for a period of less than five years and hence we are not required to comment on whether or not the accumulated losses at the end of the financial year is fifty per cent or more of its net worth and whether it has incurred cash losses in the current financial year and in the immediately preceding financial year.

(xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to banks. The Company did not have any outstanding debentures and loan from financial institution during the year.

(xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.

(xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.

(xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

(xviii) The Company has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.

(xix) The Company did not have any outstanding debentures during the year.

(xx) The Company has not raised any money through a public issue during the year.

(xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For S. R. Batliboi & Co. LLP
Chartered Accountants
Firm's Registration No. 301003E

per Anil Gupta
Partner
Membership No. 87921

Place : Gurgaon
Date : 8th May, 2014

Balance Sheet as at 31st March, 2014

₹ in lacs

		Notes	31st March, 2014	31st March, 2013
I.	**EQUITY AND LIABILITIES**			
	Shareholders' funds			
(a)	Share capital	3	**4,205.80**	4,205.80
(b)	Reserves and surplus	4	**76,359.49**	75,221.62
			80,565.29	79,427.42
	Non-current liabilities			
(a)	Deferred tax liabilities (Net)	5	**1,641.51**	1,168.18
(b)	Other non-current liabilities	6	**6,236.96**	5,411.03
(c)	Long-term provisions	7	**68.73**	–
			7,947.20	6,579.21
	Current liabilities			
(a)	Short-term borrowings	8	**261,376.76**	291,381.02
(b)	Trade payables	6	**58,412.34**	47,532.79
(c)	Other Current Liabilities	6	**25,033.27**	8,640.67
(d)	Short-term provisions	7	**4,252.40**	4,676.73
			349,074.77	352,231.21
	Total		**437,587.26**	438,237.84
II.	**ASSETS**			
	Non-current assets			
(a)	Fixed assets			
	i. Tangible assets	9	**23,477.44**	18,817.29
	ii. Intangible assets	9(a)	**138.70**	0.90
	iii. Capital work-in-progress		**7,829.96**	8,081.15
(b)	Non-current investments	10	**32,890.19**	19,749.97
(c)	Long-term loans and advances	11	**8,036.79**	11,548.11
(d)	Other non-current assets	12	**711.79**	847.97
			73,084.87	59,045.39
	Current assets			
(a)	Inventories	13	**55,904.13**	58,113.12
(b)	Trade receivables	14	**286,259.85**	296,289.71
(c)	Cash and bank balances	15	**183.26**	15,675.22
(d)	Short-term loans and advances	11	**18,040.11**	6,083.97
(e)	Other current assets	12	**4,115.04**	3,030.43
			364,502.39	379,192.45
	Total		**437,587.26**	438,237.84

Summary of significant accounting policies 2.1
The accompanying notes are an integral part of the financial statements

As per our report of even date

For S. R. Batliboi & Co. LLP
Chartered Accountants
Firm's Registration No. 301003E

per Anil Gupta
Partner
Membership No. 87921

Place : Gurgaon
Date : 8th May, 2014

For and on behalf of the Board of Directors of Zuari Agro Chemicals Limited

S. K. Poddar
Chairman

N. Suresh Krishnan
Managing Director

Marco Wadia
Director

V. Seshadri
Vice President – Finance

R. Y. Patil
Chief General Manager
& Company Secretary

Place : Gurgaon
Date : 8th May, 2014

Statement of Profit and Loss for the year ended 31st March, 2014

₹ in lacs

		Notes	31st March, 2014	31st March, 2013
I.	**Income**			
(a)	Revenue from operations (gross)	16	**518,858.72**	524,522.49
	Less: excise duty		**1,268.98**	781.79
(b)	Revenue from operations (net)		**517,589.74**	523,740.70
(c)	Other income	17	**4,396.52**	5,788.68
	Total Revenue		**521,986.26**	529,529.38
II.	**Expenses**			
(a)	Cost of raw materials consumed	18	**235,863.82**	196,343.10
(b)	Purchase of traded goods	19	**178,389.20**	216,465.26
(c)	(Increase) / Decrease in inventories of finished goods, work-in-progress and traded goods	20	**(12,807.07)**	6,405.19
(d)	Employee benefits expense	21	**7,769.79**	7,537.81
(e)	Depreciation and amortisation expense [including ₹ Nil (31st March, 2013 :: ₹ 431.07 lacs) for earlier years]	23	**2,069.67**	2,379.43
(f)	Finance costs	24	**26,046.69**	21,032.62
(g)	Other expenses	22	**90,788.75**	76,317.75
(h)	Exceptional items	25	**(8,204.33)**	–
	Total Expenses		**519,916.52**	526,481.16
III.	**Profit before tax**		**2,069.74**	3,048.22
IV.	**Tax expenses**			
(a)	Current income tax		**404.54**	929.84
(b)	MAT Credit		**(143.75)**	–
(c)	Income Tax credit of earlier years (Refer note no. 51)		**(1,278.42)**	–
(d)	Deferred tax charge / (credit)		**473.33**	(326.25)
	Total Tax expense		**(544.30)**	603.59
	Profit for the year (III-IV)		**2,614.04**	2,444.63
	Basic	39		
	Earnings per equity share [nominal value of share ₹ 10/- (31st March, 2013 - ₹ 10/-)]		**₹ 6.22**	₹ 5.81
	Diluted			
	Earnings per equity share [nominal value of share ₹ 10/- (31st March, 2013 - ₹ 10/-)]		**₹ 6.22**	₹ 5.81

Summary of significant accounting policies 2.1
The accompanying notes are an integral part of the financial statements.

As per our report of even date

For and on behalf of the Board of Directors of Zuari Agro Chemicals Limited

For S. R. Batliboi & Co. LLP
Chartered Accountants
Firm's Registration No. 301003E

S. K. Poddar
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per Anil Gupta
Partner
Membership No. 87921

V. Seshadri
Vice President – Finance

R. Y. Patil
Chief General Manager
& Company Secretary

Place : Gurgaon
Date : 8th May, 2014

Place : Gurgaon
Date : 8th May, 2014

Cash Flow Statement for the year ended 31st March, 2014

₹ in lacs

	Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
A.	**Cash flow from operating activities:**		
	Profit / (loss) before tax	**2,069.74**	3,048.23
	Adjustment to reconcile profit before tax to net cash flows		
	Depreciation / amortisation	**2,069.67**	2,379.43
	Loss on fixed assets sold / discarded (net)	**96.61**	82.95
	Loss / (Profit) on sale of current investments	**(1.18)**	–
	Excess provision / unclaimed liabilities / unclaimed balances written back	**(170.48)**	(229.60)
	Unrealized foreign exchange fluctuation loss / (gain)	**234.40**	(98.49)
	Interest expense	**16,393.58**	9,512.07
	Interest income	**(1,638.01)**	(1,545.92)
	Dividend income	**(42.78)**	(1,001.18)
	Exceptional Items- Profit on sale of fixed assets	**(16,353.19)**	–
		588.62	9,099.26
	Operating profit before working capital changes	**2,658.36**	12,147.49
	Movements in working capital :		
	Increase / (decrease) in trade payables	**10,870.07**	(26,818.82)
	Increase / (decrease) in provisions	**(329.81)**	229.72
	Increase in other current liabilities	**17,694.68**	4,413.34
	(Increase) / decrease in trade receivables	**10,029.85**	(1,091.67)
	Decrease in inventories	**2,208.99**	14,051.77
	Decrease / (increase) in loans and advances	**(5,892.78)**	3,076.19
	Decrease/ (increase) in other current assets	**(1,033.46)**	6,261.54
		33,547.54	122.06
	Cash generated from operations	**36,205.91**	12,269.55
	Direct Tax paid (net of refunds)	**(460.59)**	(1,941.67)
	Net cash flow from operating activities (A)	**35,745.32**	10,327.88
B.	**Cash flow from investing activities:**		
	Purchase of fixed assets, including intangible assets, CWIP and capital advances	**(7,263.85)**	(8,022.59)
	Proceeds from sale of fixed assets	**16,481.26**	153.91
	Purchase of investments in subsidiaries and joint venture	**(2,685.22)**	(4,945.11)
	Purchase of current investments	**(51,542.78)**	(314,611.18)
	Proceeds from sale / maturity of current investments	**51,543.96**	314,611.18
	Interest received	**1,723.04**	592.40
	Dividend received	**42.78**	1,001.18
	Loans / ICD given to bodies corporate **	**(12,266.00)**	(3,877.25)
	Loans / ICD given to bodies corporate received back **	**800.00**	4,460.00
	Net cash flow (used in) investing activities (B)	**(3,166.81)**	(10,637.46)

Cash Flow Statement for the year ended 31st March, 2014

₹ in lacs

	Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
C.	**Cash flow from financing activities:**		
	Proceeds from / repayment of short term borrowings	**(12,613.94)**	149,595.30
	Proceeds from buyer's credit	**263,491.78**	314,469.16
	Repayment of buyer's credit	**(280,882.09)**	(469,126.01)
	Dividend paid on equity shares	**(1,256.84)**	(1,257.02)
	Tax on equity dividend paid	**(214.43)**	(204.68)
	Interest paid	**(16,594.95)**	(10,750.95)
	Net cash flow (used in) financing activities (C)	**(48,070.47)**	(17,274.22)
	Net (decrease) in Cash and cash equivalents (A + B + C)	**(15,491.96)**	(17,583.79)
	Cash and cash equivalents (Opening)	**15,675.22**	33,259.01
	Cash and cash equivalents (Closing)	**183.26**	15,675.22

Notes:

* Previous year`s figures have been regrouped wherever necessary to confirm to current year classification.

** Sale and purchase of investments in subsidiaries are non cash transactions as inter-corporate deposits have been converted into equity shares aggregating to ₹ 1,305.00 lacs and loan have been converted into preference shares aggregating to ₹ 750.00 lacs.

₹ in lacs

Cash and cash equivalents	As at 31st March, 2014	As at 31st March, 2013
Cash on hand	**0.85**	0.57
Cheques / drafts on hand	**46.41**	–
Balances with banks		
– on current accounts	**126.38**	106.57
– on cash credit accounts	**–**	15,563.36
– unpaid dividend accounts*	**9.62**	4.72
Total cash and cash equivalents	**183.26**	15,675.22

* These balances are not available for use as they represent corresponding unpaid dividend liabilities.

As per our report of even date

For S. R. Batliboi & Co. LLP
Chartered Accountants
Firm's Registration No. 301003E

per Anil Gupta
Partner
Membership No. 87921

Place : Gurgaon
Date : 8th May, 2014

For and on behalf of the Board of Directors of Zuari Agro Chemicals Limited

S. K. Poddar
Chairman

N. Suresh Krishnan
Managing Director

Marco Wadia
Director

V. Seshadri
Vice President – Finance

R. Y. Patil
Chief General Manager
& Company Secretary

Place : Gurgaon
Date : 8th May, 2014

Notes to financial statements for the year ended 31st March, 2014

1. Corporate Information

This Company is a public limited Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. It was incorporated on 10th September, 2009. The name of the Company was changed to Zuari Agro Chemicals Limited from Zuari Holdings Limited vide fresh certificate of incorporation dated 28th September, 2012 issued by the Registrar of Companies, Goa Daman and Diu.

The Company is a manufacturer of chemical fertilizers. The Company is also into trading business of complex fertilizers, water soluble fertilizers, Pesticides and seeds. The Company caters to the demand of the farmers all over the country, through its "Jaikisaan" brand of Fertilizers.

2. Basis for preparation

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956 read with General Circular 8/2014 dated 4th April, 2014, issued by the Ministry of Corporate Affairs. The financial statements have been prepared on an accrual basis and under the historical cost convention except for derivative financial instruments which have been measured at fair value. The accounting policies have been consistently applied by the Company and are consistent with those used in previous year.

2.1 Summary of Significant Accounting Policies

I) Basis of classification of Current and Non Current

Assets and Liabilities in the Balance Sheet have been classified as either current or non-current based upon the requirements of Revised Schedule VI notified under the Companies Act, 1956.

An asset has been classified as current if (a) it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle; or (b) it is held primarily for the purpose of being traded; or (c) it is expected to be realized within twelve months after the reporting date; or (d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date. All other assets have been classified as non-current.

A liability has been classified as current when (a) it is expected to be settled in the Company's normal operating cycle; or (b) it is held primarily for the purpose of being traded; or (c) it is due to be settled within twelve months after the reporting date; or (d) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. All other liabilities have been classified as non-current.

An operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalents.

II) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (Indian GAAP) requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, uncertainty about the assumptions and estimates could result in the outcomes requiring material adjustments to the carrying amounts of assets and liabilities in future period.

III) Fixed Assets

Fixed assets are stated at cost less accumulated depreciation / amortization and impairment losses, if any. The Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Machinery spares which are specific to a particular item of fixed asset and whose use is expected to be irregular are capitalized as fixed assets.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the Statement of Profit and Loss for the year during which such expenses are incurred.

Gains or losses arising from de-recognition of tangible assets are measured as the difference between the net disposable proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is derecognized.

Notes to financial statements for the year ended 31st March, 2014

IV) Depreciation

(a) Depreciation on tangible fixed assets (other than specific asset referred under para b and c below) is provided using the Straight Line Method as per the useful lives of the assets as estimated by the management, which are equal to the rates prescribed under Schedule XIV of the Companies Act, 1956. For this purpose, a major portion of the plant has been considered as continuous process plant.

(b) Computers and peripherals are depreciated / amortized over the useful lives of three years.

(c) Insurance / Machinery spares are depreciated prospectively over the estimated remaining useful lives of the respective mother assets.

(d) Fixed assets whose value is less than ₹ 5,000/- are depreciated fully in the year of purchase.

V) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in an amalgamation in the nature of purchase is their fair value as at the date of amalgamation. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangibles representing computer software are amortized using the straight line method over their estimated useful lives of three years.

VI) Impairment of Tangible and Intangible Assets

The carrying amounts of Tangible and Intangible fixed assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-discount rate that reflects current market assessment of the time value of the money and rates specific to that asset. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

VII) Inventories

Inventories are valued at the lower of Cost and Net Realisable Value.

The Cost is determined as follows:

(a) Stores and spares, Fuel oil, Raw Materials and Packing Materials : Moving weighted average method

(b) Work-in-process: Material cost on moving weighted average method and appropriate manufacturing overheads based on normal operating capacity

(c) (i) Finished goods (manufactured): Material cost on moving weighted average method and appropriate manufacturing overheads based on normal operating capacity including Excise Duty

(ii) Traded goods : Moving weighted average method

Materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

Net Realisable Value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

VIII) Investments

Investments that are readily realisable and intended to be held for not more than a year from the date on which such investments are made are classified as current investments. All other investments are classified as long-term investments. On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments. On disposal of investments, the difference between its carrying amount and net disposal proceeds is charged to the Statement of Profit and Loss.

IX) Retirement and other Employee Benefits

a) Provident Fund and Family Pension Fund

Retirement benefits in the form of Provident Fund is a defined benefit obligation and is provided for on the basis of actuarial valuation of projected unit credit method made at the end of each financial year. The difference between the actuarial valuation of the provident fund of employees at the year end and the balance of own managed fund is provided for as liability in the books in terms of the provisions under Employee Provident Fund and Miscellaneous Provisions Act, 1952.

Retirement benefit in the form of pension fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the pension fund. The Company recognizes contribution payable to the pension fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the Balance Sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the Balance Sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

b) Gratuity

The Company operated one defined benefit plans for its employees viz gratuity. The cost of providing benefits under this plan is determined on the basis of actuarial valuation at each year end. Actuarial valuation is carried out for each plan using the projected unit credit method. The Company has taken an insurance policy under the Group gratuity scheme with The Life Insurance Corporation of India (LIC) to cover the gratuity liability of the employees. Actuarial gains and losses for the defined plan are recognized in full in the period in which they occur in the Statement of Profit and Loss.

c) Leave Encashment

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

The Company treats accumulated leave expected to be carried forward beyond twelve months as long term employee benefit for measurement purpose. Such long term compensated absences are provided for based on actuarial valuation using the projected unit credit method at the year end. Actuarial gains / losses are immediately taken to the Statement of Profit and Loss and are not deferred.

The Company presents the leave as a current liability in the Balance Sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where Company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

d) Superannuation and Contributory Pension Fund

Retirement benefit in the form of Superannuation Fund and Contributory Pension Fund are defined contribution scheme. The Company has no obligation, other than the contribution payable to the Superannuation Fund and Contributory Pension Fund to Life Insurance Corporation of India (LIC) against the insurance policy taken with them. The Company recognizes contribution payable to the Superannuation Fund and Contributory Pension Fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the Balance Sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the Balance Sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

e) Actuarial gains / losses related to gratuity, long term compensated absences and provident fund in form of defined obligation plan are immediately taken to the Statement of Profit and Loss and are not deferred.

f) Payments made / to be made under the voluntary retirement scheme are charged to the Statement of Profit and Loss immediately.

X) Foreign currency transactions

a) Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

b) Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency, are reported using the exchange rates that existed when the values were determined.

c) Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting 's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise except in case of long term foreign currency

monetary items for acquisition of a depreciable capital asset, which are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset.

d) Forward exchange contracts entered into to hedge foreign currency risk of an existing asset / liability

The premium or discount arising at the inception of forward exchange contracts is amortized as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the Statement of Profit and Loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

XI) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Revenue from sale of goods, including concession in respect of Urea, DAP, MOP and Complex Fertilizers receivable from the Government of India under the New Pricing Scheme / Concession Scheme, is recognized when the significant risk and rewards of ownership of the goods have passed to the customers. The Company collects sales taxes and value added taxes (VAT) on behalf of the government and therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue. Excise Duty deducted from turnover (gross) is the amount that is included in the amount of turnover (gross) and not the entire amount of liability assessed during the year.

Concessions in respect of Urea as notified under the New Pricing Scheme is recognized with adjustments for escalation / de-escalation in the prices of inputs and other adjustments as estimated by the management in accordance with the known policy parameters in this regard.

Subsidy for Phosphatic and Potassic (P&K) fertilisers are recognized as per rates notified by the Government of India in accordance with Nutrient Based Subsidy Policy from time to time.

Uniform freight subsidy on Urea, Complex fertilisers, Imported DAP and MOP has been accounted for in accordance with the parameters and notified rates.

Insurance claims and receivable on account of interest from dealers on delayed payment are accounted for to the extent the Company is reasonably certain of their ultimate collection.

Other interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividend is recognized when the shareholders' right to receive payment is established by the Balance Sheet date.

XII) Borrowing Costs

Borrowing costs includes interest and amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

XIII) Operating Leases

Where the Company is the lessee

Leases where the lessor effectively retain substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

XIV) Income Taxes

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Deferred income taxes reflect the impact of timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date.

Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has carry forward of unabsorbed depreciation and tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits. Unrecognised deferred tax assets of earlier years are re-assessed at each Balance Sheet date and recognised to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each Balance Sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Minimum Alternate Tax (MAT) paid in a year is charged to the Statement of Profit and Loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-Tax Act, 1961, the said asset is created by way of credit to the Statement of Profit and Loss and shown as "MAT Credit Entitlement". The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

XV) Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimates required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and are adjusted to reflect the current best estimates.

XVI) Earnings per Share

Basic Earnings per Share (EPS) is calculated by dividing the net profit or loss for the year attributable to the equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive Potential Equity Shares.

XVII) Derivative Instruments

In accordance with the ICAI announcement, derivative contracts, other than foreign currency forward contracts covered under AS 11, are marked to market on portfolio basis, and the net loss, if any, after considering the offsetting effect of gain on the underlying hedged item, is charged to the Statement of Profit and Loss. Net gain, if any, after considering the offsetting effect of loss on the underlying hedged item, is ignored.

XVIII) Cash and Cash equivalents

Cash and cash equivalents in the Cash Flow Statement comprises cash at bank and in hand and short term investments with an original maturity periods of three months or less.

XIX) Government grants and subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that the grant / subsidy will be received and all attaching conditions will be complied with.

When the grant or subsidy relates to an expenses item, it is recognised as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate.

Where the grant or subsidy relates to an asset, its value is deducted from the gross value of the asset concerned in arriving at the carrying amount of the related asset.

XX) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

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Notes to financial statements for the year ended 31st March, 2014

3. Share Capital

₹ in lacs

Particulars	31st March, 2014	31st March, 2013
Authorised :		
4,20,58,006 (31st March, 2013:: 4,20,58,006) Equity Shares of ₹ 10/- Each	**4,205.80**	4,205.80
	4,205.80	4,205.80
Issued *		
4,20,58,006 (31st March, 2013:: 4,20,58,006) Equity Shares of ₹ 10/- Each Fully paid	**4,205.80**	4,205.80
Subscribed and Paid-up *		
4,20,58,006 (31st March, 2013:: 4,20,58,006) Equity Shares of ₹ 10/- Each Fully paid	**4,205.80**	4,205.80
Total	**4,205.80**	4,205.80

a. Reconciliation of Shares Outstanding at the beginning and end of the reporting year

Equity Shares	31st March, 2014		31st March, 2013	
	In Numbers	**₹ in lacs**	In Numbers	₹ in lacs
At the beginning of the year	**42,058,006**	**4,205.80**	12,617,402	1,261.74
Issued during the year	**–**	**–**	29,440,604	2,944.06
Outstanding at the end of the year	**42,058,006**	**4,205.80**	42,058,006	4,205.80

b. Terms / Rights attached to Equity Shares

The Company has only one class of equity shares having a par value of ₹ 10/- per share. Each share holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting.

During the year 31st March, 2014 the amount of per share dividend recognised for distribution to equity share holders was ₹ 3/- per share, subject to approval of shareholders (31st March, 2013:: ₹ 3/-)

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Details of Shareholders holding more than 5% of equity shares in the Company

Name of Shareholder	31st March, 2014		As at 31st March, 2013	
	No. of Shares held	**% Holding in Class**	No. of Shares held	% Holding in Class
Zuari Global Limited	**8,411,601**	**20.00**	8,411,601	20.00
SIL Investments Limited	**3,208,000**	**7.63**	3,208,000	7.63
Texmaco Infrastructure and Holdings Limited	**3,000,125**	**7.13**	2,817,941	6.70
Globalware Trading and Holdings Limited	**7,012,000**	**16.67**	7,012,000	16.67
Zuari Management Services Limited	**5,078,909**	**12.08**	4,205,801	10.00

As per records of the Company including its register of share holders / members and other declarations received from share holders regarding beneficial interest, the above share holding represents both legal and beneficial ownership of shares.

Notes to financial statements for the year ended 31st March, 2014

d. Shares issued for consideration other than cash, during the period of five years immediately preceding the reporting date:

Equity Shares	31st March, 2014		31st March, 2013	
	in Numbers	**₹ in lacs**	in Numbers	₹ in lacs
Equity shares allotted as fully paid-up pursuant to the Scheme of Arrangement and Demerger for consideration other than cash	–	–	29,440,604	2,944.06

* Pursuant to the Scheme of Arrangement and Demerger (" the Scheme") between Zuari Agro Chemicals Limited (formerly known as Zuari Holdings Limited) and Zuari Global Limited (formerly known as Zuari Industries Limited), Zuari Agro Chemicals Limited had issued 29,440,604 equity shares of ₹ 10/- each aggregating to ₹ 2,944.06 lacs to the existing shareholders of Zuari Global Limited (formerly known as Zuari Industries Limited) in the ratio of 1 fully paid up Equity share of ₹ 10/- each of Zuari Agro Chemicals Limited (formerly known as Zuari Holdings Limited) during the financial year ending 31st March, 2013. Out of the above shares issued pursuant to the Scheme, 8,051 (previous year 8,051) Equity Shares entitlements have been kept in abeyance pursuant to Section 206A of the Companies Act, 1956 in accordance with instructions from the Special Court (Trial of Offences relating to Transactions in Securities) Act, 1992 and in respect of shareholders who could not exercise their rights in view of disputes, mistakes, discrepancy in holdings, etc.

4. Reserves and Surplus :

₹ in lacs

Particulars	31st March, 2014	31st March, 2013
Business Restructuring Reserve *		
Balance as per last financial statements	**65,404.84**	65,404.84
Closing Balance	**65,404.84**	65,404.84
General Reserve		
Balance as per last financial statements	**5,500.00**	5,000.00
Add: Amount transferred from surplus balance in the Statement of Profit and Loss	**500.00**	500.00
Closing Balance	**6,000.00**	5,500.00
Surplus in the Statement of Profit and Loss		
Balance as per last financial statements	**4,316.78**	3,848.32
Net profit for the year	**2,614.04**	2444.64
Less : Appropriations		
Proposed final equity dividends:: ₹ 3/- per equity share (31st March, 2013:: ₹ 3/- Per Equity Share)	**1,261.74**	1,261.74
Tax on proposed equity dividend	**214.43**	214.43
Transfer to general reserve	**500.00**	500.00
Total appropriations	**1,976.17**	1,976.17
Net surplus in the Statement of Profit and Loss	**4,954.65**	4,316.78
Total Reserves and Surplus	**76,359.49**	75,221.62

* The said reserve be treated as free reserve and be restricted and not utilized for declaration of dividend by the Company.

Notes to financial statements for the year ended 31st March, 2014

5. Deferred tax liabilities (Net)

₹ in lacs

Particulars	31st March, 2014	31st March, 2013
Deferred tax liabilities		
Fixed assets Impact of difference between tax depreciation and depreciation / amortisation charged for the financial reporting	**3,293.22**	2,793.48
Gross deferred tax liabilities	**3,293.22**	2,793.48
Deferred tax assets		
Provision for doubtful debts	**16.08**	16.08
Expenses allowable in Income tax on payment basis and deposition of statutory dues	**1,635.63**	1,609.22
Gross deferred tax assets	**1,651.71**	1,625.30
Net deferred tax liabilities / (asset)	**1,641.51**	1,168.18

6. Trade Payables and Other Liabilities

₹ in lacs

Particulars	Non Current		Current	
	31st March, 2014	31st March, 2013	31st March, 2014	31st March, 2013
Trade payables (Including acceptance) (Refer note no. 44 for details of dues to Micro and Small Enterprises)	–	–	**58,412.34**	47,532.79
	–	–	**58,412.34**	47,532.79
Other Liabilities				
Trade deposits - dealers and others	**6,236.96**	5,411.03	–	–
Unclaimed statutory liabilities as referred in Section 205(c) of the Companies Act, 1956 to be credited to Investor Education and Protection Fund as and when due - Unclaimed dividends	–	–	**9.62**	4.72
Interest accrued but not due on loans and deposits	–	–	**184.01**	385.36
Forward cover payable	–	–	**9,090.67**	2,566.67
Advances from dealers and others	–	–	**10,729.86**	2,584.89
Payables towards capital goods	–	–	**423.36**	703.05
Employee benefit payable	–	–	**0.93**	6.21
Statutory obligations	–	–	**4,594.82**	2,389.77
	6,236.96	5,411.03	**25,033.27**	8,640.67
Total	**6,236.96**	5,411.03	**83,445.61**	56,173.46

Notes to financial statements for the year ended 31st March, 2014

7. Provisions

₹ in lacs

Particulars	Long–term		Short-term	
	31st March, 2014	31st March, 2013	**31st March, 2014**	31st March, 2013
Provision for employee benefits				
Gratuity (funded) [Refer note no. 43 (A)]	–	–	–	275.28
Provision for voluntary retirement scheme	**68.73**	–	**35.57**	–
Leave encashment (unfunded)	–	–	**2,694.65**	2,896.24
	68.73	–	**2,730.22**	3,171.52
Others provisions				
Provision for current tax (net of advance tax)	–	–	**40.36**	–
Provision for wealth tax	–	–	**5.65**	29.04
Provision for proposed equity dividend	–	–	**1,261.74**	1,261.74
Provision for tax on proposed equity dividend	–	–	**214.43**	214.43
	–	–	**1,522.18**	1,505.21
Total	**68.73**	–	**4,252.40**	4,676.73

8. Short term borrowings

₹ in lacs

	Particulars	31st March, 2014	31st March, 2013
From Banks			
Secured			
a.	**Cash Credit (including working capital demand loans) #** (The rate of interest on cash credit varies according to the banks between 10.20% - 18.50% and are repayable on demand. The rate of interest on working capital demand loans varies between 9.70% - 11.25% and are repayable over a period of 18 to 90 days)	**67,648.03**	117,500.00
b.	**Buyers Credit #** (The rate of Interest on buyers credit varies between 0.65% - 1.66% and are repayable over a period of 148 - 360 days)	**91,895.40**	109,285.71
c.	**Short Term Loans #**		
	(i) 11.25% bridge loan to be secured against subsidy receivable. Repayable at the end of 60th day from the date of availment.	**30,000.00**	–
	(ii) [(10.40% (31st March, 2013: 10.70%) (including 8.00% (31st March, 2013: 8.00%) paid directly by Government of India to the bank) secured against subsidy receivable of equal amount from GOI, Ministry of Chemicals and Fertlizer under Special Banking Arrangement.)]	**51,833.33**	20,595.31
		2,41,376.76	2,47,381.02

Notes to financial statements for the year ended 31st March, 2014

₹ in lacs

	Particulars	31st March, 2014	31st March, 2013
Unsecured			
a.	**Short Term Loans**		
	Working capital demand loans (The rate of Interest on loans varies between 10.00% - 11.60% and are repayable over a period of 32 to 90 days)	**20,000.00**	44,000.00
		20,000.00	44,000.00
Total		**2,61,376.76**	2,91,381.02

The cash credit and buyers credit are secured by the first charge by way of hypothecation on the current assets, both present and future, wherever situated pertaining to the Company and the Company's present and future book debts outstanding, moneys receivable, claims, bills, contracts, engagements, rights and assets excluding some subsidy receivable amount exclusively charged to certain banks.

9. Tangible assets

₹ in lacs

Particulars	Freehold Land	Buildings	Railway Siding	Plant and machinery	Furniture and fixtures	Office equipment	Vehicles	Total
Cost								
As at 1st April, 2012	235.00	2,379.94	1,500.59	41,156.18	576.04	1,403.80	701.48	47,953.03
Additions***	–	84.12	–	2,067.45	97.76	76.99	83.56	2,409.88
Disposals	141.48	3.30	–	3,048.09	16.81	93.96	45.69	3,349.33
Adjustments *	–	–	–	15.51	–	–	–	15.51
As at 31st March, 2013	93.52	2,460.76	1,500.59	40,160.03	656.99	1,386.83	739.35	46,998.07
Additions **	–	741.94	–	5,882.98	18.06	305.41	–	6,948.39
Disposals	20.58	0.40	–	882.38	8.54	8.55	120.03	1,040.48
As at 31st March, 2014	**72.94**	**3,202.30**	**1,500.59**	**45,160.63**	**666.51**	**1,683.69**	**619.32**	**52,905.98**
Depreciation								
As at 31st March, 2012	–	1,120.55	973.66	25,428.18	328.81	967.33	168.15	28,986.68
Charge for the year	–	62.01	71.72	1,981.47	28.22	93.06	70.08	2,306.56
Deductions	–	2.31	–	2,990.25	13.67	87.97	18.26	3,112.46
As at 31st March, 2013	–	1,180.25	1,045.38	24,419.40	343.36	972.42	219.97	28,180.78
Charge for the year	–	76.89	71.72	1,755.39	31.26	65.93	62.39	2,063.57
Deductions	–	0.11	–	743.88	4.59	7.02	60.19	815.79
As at 31st March, 2014	**–**	**1,257.03**	**1,117.10**	**25,430.91**	**370.03**	**1,031.33**	**222.17**	**29,428.55**
Net block								
As at 31st March, 2014	**72.94**	**1,945.27**	**383.49**	**19,729.73**	**296.48**	**652.37**	**397.15**	**23,477.44**
As at 31st March, 2013	93.52	1,280.51	455.21	15,740.63	313.63	414.41	519.38	18,817.30

* Capital subsidy of ₹ Nil (31st March, 2013:: ₹ 15.51 lacs) received from Department of Agriculture and Cooperation, Ministry of Agriculture, Government of India.

** Additions to buildings during the year include ₹ 17.50 lacs constructed / erected on rented land.

*** Addition to plant and machinery in the previous financial year included addition of ₹ 433.91 lacs on account of cost of insurance spares not capitalised in the earlier years. Depreciation charged in the previous financial year included ₹ 431.07 lacs for earlier years.

Notes to financial statements for the year ended 31st March, 2014

9(a). Intangible assets

₹ in lacs

Particulars	Software	Total
Gross block		
As at 31st March, 2012	785.91	785.91
Additions	–	–
Disposals	–	–
As at 31st March, 2013	785.91	785.91
Additions	143.90	143.90
Disposals	–	–
As at 31st March, 2014	**929.81**	**929.81**
Amortization		
As at 31st March, 2012	712.14	712.14
Charge for the year	72.87	72.87
Disposals	–	–
As at 31st March, 2013	785.01	785.01
Charge for the year	6.10	6.10
Deductions	–	–
As at 31st March, 2014	**791.11**	**791.11**
Net block		
As at 31st March, 2014	**138.70**	**138.70**
As at 31st March, 2013	0.90	0.90

10. Investments

₹ in lacs

Particulars	31st March, 2014	31st March, 2013
Non-Current Investments Trade Investments (valued at cost, unless stated otherwise)		
Unquoted Equity Instruments **Investment in Subsidiaries**		
2,06,74,162 (31st March, 2013:: 1,41,74,162) Equity shares of ₹ 10/- each fully paid-up of Zuari Seeds Limited	**2,067.60**	1,417.60
1,53,50,000 (31st March, 2013:: 50,000) Equity shares of ₹ 10/- each fully paid-up of Zuari Fertilisers and Chemicals Limited	**1,535.00**	5.00
Investment in Joint Ventures		
17,98,16,228 (31st March, 2013:: 17,98,16,228) Equity shares of ₹ 10/- each fully paid-up of Zuari Maroc Phosphates Limited	**17,981.62**	17,981.62
34,57,501 (31st March, 2013:: 34,57,501) Equity shares of ₹ 10/- each fully paid-up of Zuari Rotem Speciality Fertilisers Limited	**345.75**	345.75
1,89,75,000 (31st March, 2013:: Nil) Equity shares of USD 1/- each fully paid of MCA Phosphate Pte. Limited	**10,210.22**	–

Notes to financial statements for the year ended 31st March, 2014

₹ in lacs

Particulars	31st March, 2014	31st March, 2013
Unquoted Preference Shares **Investment in Subsidiaries**		
75,00,000 (31st March, 2013:: Nil) 12% Redeemable preference shares of ₹ 10/- each fully paid-up of Zuari Seeds Limited.	**750.00**	–
	32,890.19	19,749.97
Aggregate Amount of unquoted Investments	**32,890.19**	19,749.97
Total	**32,890.19**	19,749.97

(a) The Company has invested a sum of ₹ 2,067.50 lacs (31st March, 2013 :: ₹ 1,417.60 lacs) in the equity shares and ₹ 750.00 lacs (31st March, 2013 :: Nil) in Preference shares of Zuari Seeds Limited. Further, the Company has receivables of ₹ 854.28 lacs (31st March, 2013 :: ₹ 1,334.94 lacs) by way of loans, interest and trade advances. The Company has promised to provide continuous financial support. The said preference shares shall be redeemable on the expiry of ten years from the date of allotment with an option to the Company / preference shareholders to redeem the same any time earlier. In the event of liquidation of the Company, the holders of preference shares will have priority over equity shares in the payment of dividend and repayment of capital. As per the latest audited financial statements of this subsidiary, accumulated losses of this subsidiary has resulted in erosion of its net worth substantially. The above being in the nature of long term strategic investment and also in view of the projected profitable operations of the above Company, management is of the view that the provision for diminution in the value of these investments is not required to be made there against.

(b) The Company has invested in the equity shares of Zuari Rotem Speciality Fertilisers Limited. The lock-in period of the equity share is five years. The Company cannot sell, transfer or in any other way dispose off its shares or interest during the lock-in period without the prior written consent of the joint venturer. After the lock-in period the Company may transfer its shares only after the other joint venturer has been granted the right of first refusal.

(c) The Company has converted intercorporate deposit of ₹ 750.00 lacs given to its subsidiary Zuari Seeds Limited into 75 lacs preference shares of ₹ 10/- each (31st March, 2013:: Nil).

(d) The Company has converted intercorporate deposit of ₹ 1,305.00 lacs given to its subsidiary Zuari Fertlisers and Chemicals Limited into 130.50 lacs equity shares of ₹ 10/- each (31st March, 2013:: Nil).

11. Loans and Advances

₹ in lacs

Particulars	Non Current		Current	
	31st March, 2014	31st March, 2013	**31st March, 2014**	31st March, 2013
Capital advances				
Unsecured, considered good	**1,242.00**	1,098.95	–	–
	1,242.00	1,098.95	–	–
Security deposits				
Unsecured, considered good	**339.42**	100.47	**33.42**	135.62
	339.42	100.47	**33.42**	135.62
Loans and advances to related parties (Refer note no. 38)				
Unsecured, considered good	**2,975.00**	10,022.25	**15,314.59**	4,515.45
	2,975.00	10,022.25	**15,314.59**	4,515.45
Advances recoverable in Cash or Kind				
Unsecured, considered good	**1,500.00**	–	**2,120.82**	835.19
	1,500.00	–	**2,120.82**	835.19

Notes to financial statements for the year ended 31st March, 2014

₹ in lacs

Particulars	Non Current		Current	
	31st March, 2014	31st March, 2013	**31st March, 2014**	31st March, 2013
Other Loans and Advances				
Secured, considered good				
Loans to employees (secured)	**64.29**	99.66	**26.83**	35.73
Unsecured, considered good				
Loans to employees	**170.09**	226.78	**47.84**	57.74
Prepaid expenses	**–**	–	**370.84**	178.01
Advance income tax (net of provision for income tax)	**1,602.24**	–	**–**	227.40
VAT credit receivable	**–**	–	**121.92**	98.83
MAT credit entitlement	**143.75**	–	**–**	–
Balances with customs, port trust and excise authorities	**–**	–	**3.85**	–
	1,980.37	326.44	**571.28**	597.71
Total	**8,036.79**	11,548.11	**18,040.11**	6,083.97
Loans to employees include				
Due from officer of the Company	**–**	–	**–**	–
Due from Managing Director of the Company	**18.00**	22.80	**4.80**	4.80

(i) The Company has till date recognised ₹ 143.75 lacs (Previous year ₹ Nil) as Minimum Alternate Tax (MAT) credit entitlement which represents that portion of the MAT Liability, the credit of which would be available based on the provision of Section 115JAA of the Income Tax Act, 1961. The management based on the future profitability projections and also profit earned during the year is confident that there would be sufficient taxable profits in future which will enable the Company to utilize the above MAT credit entitlement.

(ii) Provision for Tax

₹ in lacs

Particulars	**31st March, 2014**	31st March, 2013
Provision for Tax	**404.54**	–
Less : MAT credit entitlement	**143.75**	–
Total	**260.79**	–

12. Other Assets

₹ in lacs

Particulars	Non Current		Current	
	31st March, 2014	31st March, 2013	**31st March, 2014**	31st March, 2013
Interest accrued on loans, advances and deposits	**0.02**	–	**6.92**	57.15
Interest receivable from subsidiaries on loans (Refer note no. 38)	**–**	–	**259.98**	149.63
Interest receivable from customers	**–**	–	**946.63**	1,073.01
Interest accrued on loans to employees	**104.18**	119.03	**17.02**	20.96
Claim receivable	**–**	–	**411.81**	654.78
Accrued service income				
- From related parties (Refer note no. 38)	**606.74**	728.09	**202.25**	182.02

Notes to financial statements for the year ended 31st March, 2014

₹ in lacs

Particulars	Non Current		Current	
	31st March, 2014	31st March, 2013	**31st March, 2014**	31st March, 2013
- Others	–	–	**46.53**	105.61
Unamortised premium on forward contracts*	–	–	**2,223.90**	787.27
	710.94	847.12	**4,115.04**	3,030.43
Non current bank balances (Refer note no. 15)	**0.85**	0.85	–	–
	0.85	0.85	–	–
Total	**711.79**	847.97	**4,115.04**	3,030.43

* The unamortised foreign exchange premium on outstanding forward exchange contracts is being carried forward to be charged to the Statement of Profit and Loss of subsequent year.
Interest accrued on employee's loan include amount due from officer of the Company ₹ 9.48 lacs (including ₹ 7.42 lacs from the Managing Director of the Company (31st March, 2013 : ₹ 5.77 lacs), (31st March, 2013 : ₹ 9.51 lacs).

13. Inventories (valued at lower of cost and net realisable value)

₹ in lacs

Particulars	31st March, 2014	31st March, 2013
Raw materials [includes material in transit ₹ 4628.20 lacs and includes material lying with others ₹ Nil (31st March, 2013 :: includes in transit ₹ Nil and lying with others ₹ 4,939.30 lacs)]	**9,047.54**	22,454.73
Packing materials [includes material lying with others ₹ 81.31 lacs (31st March, 2013:: ₹ 66.20 lacs)]	**590.05**	440.14
Work-in-progress	**2,526.99**	2,219.30
Finished goods [includes material lying with others ₹ 168.59 lacs (31st March, 2013 ₹ 363.18 lacs)]	**6,881.81**	14,773.31
Traded goods [includes material in transit ₹ 5746.18 lacs (31st March, 2013::Nil) and includes material lying with others ₹ 728.41 lacs (31st March, 2013 :: includes material in transit ₹ 15.80 lacs and includes material lying with others ₹ 275.92 lacs)]	**31,552.82**	11,161.94
Fuel oil	**347.47**	2,497.61
Stores and spares	**4,957.45**	4,566.09
Total	**55,904.13**	58,113.12

14. Trade receivables

₹ in lacs

Particulars	Current	
	31st March, 2014	31st March, 2013
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Secured, considered good	**718.12**	1,082.37
Unsecured, considered good [including subsidy receivable ₹ 23,379.77 lacs (31st March, 2013:: including subsidy receivable ₹ 30,718.05 lacs)]	**38,722.00**	34,257.11
Unsecured, considered doubtful	**47.31**	47.31
	39,487.43	35,386.79
Less: Provision for doubtful debts	**47.31**	47.31
	39,440.12	35,339.48

Notes to financial statements for the year ended 31st March, 2014

₹ in lacs

Particulars	Current	
	31st March, 2014	31st March, 2013
Other receivables		
Secured, considered good	**3,511.20**	3,458.78
Unsecured, considered good [including subsidy receivable ₹ 1,84,768.39 lacs (31st March, 2013:: including subsidy receivable ₹ 1,73,414.90 lacs)]	**243,308.53**	257,491.45
	246,819.73	260,950.23
Total	**286,259.85**	296,289.71

15. Cash and bank balances

₹ in lacs

Particulars	Non Current		Current	
	31st March, 2014	31st March, 2013	**31st March, 2014**	31st March, 2013
Cash and cash equivalents				
a. Balances with banks				
- on current accounts	**–**	–	**126.38**	106.57
- on cash credit accounts	**–**	–	**–**	15,563.36
- on unpaid dividend accounts	**–**	–	**9.62**	4.72
b. Cash on hand	**–**	–	**0.85**	0.57
c. Cheque on hand	**–**	–	**46.41**	–
	–	–	**183.26**	15,675.22
Other bank balances				
Deposits with original maturity for more than 12 months (pledged with sales tax authorities ₹ 0.85 lac 31st March, 2013 :: ₹ 0.85 lac)	**0.85**	0.85	**–**	–
Total	**0.85**	0.85	**–**	–
Amount disclosed under non current assets	**(0.85)**	(0.85)	**–**	–
Total	**–**	–	**183.26**	15,675.22

16. Revenue from operations

₹ in lacs

Particulars	**31st March, 2014**	31st March, 2013
Revenue from operations		
Sale of products		
Finished products	**3,40,169.09**	2,64,575.51
Traded products	**1,78,521.19**	2,59,876.80
Other operating revenues		
Scrap sales	**168.45**	70.18
Revenue from operations (gross)	**5,18,858.72**	5,24,522.49

Notes to financial statements for the year ended 31st March, 2014

₹ in lacs

Particulars	31st March, 2014	31st March, 2013
Less : Excise duty	**1,268.98**	781.79
Revenue from operations (net)	**517,589.74**	523,740.70
Details of products sold		
Finished Products sold:		
Urea	**176,263.71**	153,917.95
Complex fertilisers of the grades:		
18:46:0	**17,011.54**	24,171.51
10:26:26	**95,296.77**	66,271.74
12:32:16	**17,497.02**	11,875.72
19:19:19	**29,015.55**	4,847.17
20:20:0:13	**2,264.69**	–
CO2	**21.48**	297.31
SSP	**2,798.32**	3,194.11
Total	**340,169.08**	264,575.51
Traded Products sold:		
MOP	**53,057.20**	51,140.15
DAP	**96,838.40**	161,637.69
SSP	**816.31**	1,118.48
SOP	**–**	293.43
Complex Fertilisers	**5,476.57**	35,446.39
Speciality Fertilisers	**9,236.57**	8,207.63
Pesticides	**5,732.23**	–
Seeds	**656.66**	534.47
Ammonia	**1,196.81**	–
Phosphoric Acid	**5,510.44**	1,498.56
Total	**178,521.19**	259,876.80

a. Sales of Finished Product and Traded Product include government subsidies. Subsidies include ₹ 203.26 lacs (31st March, 2013 :: ₹ 5,921.74 lacs) in respect of earlier years, notified during the year.

b. Subsidy for Urea has been accounted based on Stage III parameters of the New Pricing Scheme and other adjustments as estimated in accordance with the known Policy parameters in this regard. The stage III of New Pricing Scheme which was operational for the period 1st October, 2006 to 31st March, 2010 was extended on provisional basis. Department of Fertilisers have notified on 2nd April, 2014, modified NPS-III for existing urea units for a period of one year ending March, 2015.

c. Excise duty on sales amounting to ₹ 1,268.98 lacs (31st March, 2013 : ₹ 781.79 lacs) has been reduced from sales in Statement of Profit and Loss and excise duty on increase / decrease in stock amounting to ₹ 28.80 lacs (31st March, 2013 : ₹ 1.25 lacs) has been considered as other expense in financial statements.

Notes to financial statements for the year ended 31st March, 2014

17. Other income

₹ in lacs

Particulars	31st March, 2014	31st March, 2013
Interest Income on		
Bank deposits	**0.07**	51.31
Intercorporate loans	**1,625.91**	412.67
Overdue debtors, employee loans etc.	**12.03**	1,081.95
Dividend Income on		
Current investments	**42.78**	1,001.18
Rent received	**7.66**	7.63
Service Income - staff deployment and other supports	**1,937.36**	2,291.81
Excess provision / unclaimed liabilities / unclaimed balances written back	**170.48**	229.60
Profit on sale of current investments	**1.18**	–
Foreign exchange variation (net)	**–**	536.32
Miscellaneous income	**599.05**	176.21
Total	**4,396.52**	5,788.68

18. Cost of raw materials consumed:

₹ in lacs

Particulars	31st March, 2014	31st March, 2013
Opening Stocks	**22,454.72**	27,308.59
Add : Purchases	**2,22,456.64**	1,91,489.23
Less: Inventory at the end of the year	**9,047.54**	22,454.72
Cost of raw materials consumed	**2,35,863.82**	1,96,343.10
Details of raw materials consumed		
Natural Gas	**94,895.40**	5,410.79
Naphtha	**9,900.33**	1,10,428.29
Phosphoric acid	**59,355.31**	40,626.82
Muriate of potash	**41,090.88**	23,422.83
Ammonia	**21,330.64**	12,973.32
Purchased urea	**6,403.94**	598.15
Rock phosphate	**1,641.34**	2,077.92
Other raw materials	**1,245.98**	804.98
Total	**2,35,863.82**	1,96,343.10
Details of inventory: Raw materials		
Naphtha	**–**	9,900.33
Phosphoric acid	**2,375.33**	11,236.45
Muriate of potash	**6,336.33**	682.11
Ammonia	**31.99**	235.17
Purchased urea	**126.60**	123.89
Rock phosphate	**1.42**	78.43
Other raw materials	**175.87**	198.35
Total	**9,047.54**	22,454.72

Notes to financial statements for the year ended 31st March, 2014

19. Details of purchase of traded products:

₹ in lacs

Particulars	31st March, 2014	31st March, 2013
Traded products purchase details		
Traded fertilisers:		
DAP	**101,129.11**	145,687.77
MOP	**55,722.14**	40,623.12
SSP	**758.67**	1,034.55
Complex Fertilisers	**5,192.23**	19,822.44
Speciality Fertilisers	**6,069.62**	5,905.75
Pesticides	**5,790.82**	–
Seeds	**(35.39)**	1,936.54
Ammonia	**1,132.35**	–
Phosphoric Acid	**2,629.65**	1,455.08
Total	**178,389.20**	216,465.25

20. (Increase) / Decrease in inventories

₹ in lacs

Particulars	31st March, 2014	31st March, 2013	(Increase) / decrease
Inventories at the end of the year			
Finished goods	**6,881.81**	14,773.31	7,891.50
Traded goods	**31,552.82**	11,161.94	(20,390.87)
Work-in-progress	**2,526.99**	2,219.30	(307.68)
	40,961.62	28,154.55	(12,807.06)
Opening Stocks (31st March, 2013)			
Finished goods	**14,773.31**	10,853.05	(3,920.26)
Traded goods	**11,161.94**	22,350.99	11,189.05
Work-in-progress	**2,219.30**	1,355.70	(863.60)
Less : Captive consumption	**–**	–	–
	28,154.55	34,559.74	6,405.19
Total	**(12,807.07)**	6,405.19	

Details of Inventory

₹ in lacs

Particulars	31st March, 2014	31st March, 2013
Finished Goods		
Urea	**1,819.92**	13,791.49
18:46:00	**1,362.32**	80.88
10:26:26	**2,146.73**	184.76

Notes to financial statements for the year ended 31st March, 2014

₹ in lacs

Particulars	31st March, 2014	31st March, 2013
12:32:16	**244.04**	70.68
19:19:19	**668.05**	–
Others	**640.75**	645.50
Total	**6,881.81**	14,773.31
Traded Goods		
DAP	**17,209.61**	3,977.77
MOP	**10,964.26**	1,805.79
SSP	**–**	4.40
Complex Fertilisers	**241.30**	471.29
Speciality Fertilisers	**1,230.97**	2,917.44
Pesticides	**551.77**	–
Seeds	**1,354.91**	1,985.25
Total	**31,552.82**	11,161.94
Work in Progress		
Ammonia	**2,526.99**	1,184.56
Sweet Naphtha	**–**	1,034.74
Total	**2,526.99**	2,219.30

21. Employee benefit expense

₹ in lacs

Particulars	31st March, 2014	31st March, 2013
Salaries, wages and bonus	**5,738.14**	5,193.92
Contribution to provident and other funds	**721.89**	647.20
Gratuity (Refer note no. 43 A)	**–**	290.55
Staff welfare expenses	**1,309.76**	1,406.14
Total	**7,769.79**	7,537.81

22. Other expenses

₹ in lacs

Particulars	31st March, 2014	31st March, 2013
Consumption of packing materials	**3,851.57**	2,370.14
Stores and spares consumed	**756.38**	1,179.41
Power, fuel and water	**38,982.87**	34,856.67
Bagging and other contracting charges	**2,268.16**	2,058.26
Outward freight and handling	**25,864.76**	21,413.25
Rent	**2,338.29**	2,591.65

Notes to financial statements for the year ended 31st March, 2014

₹ in lacs

Particulars	31st March, 2014	31st March, 2013
Lease rentals	**176.88**	310.12
Rates and taxes	**49.74**	101.44
Insurance	**686.50**	514.74
Repairs and maintenance		
Buildings	**496.76**	370.44
Plant and machinery	**3,359.49**	2,977.81
Others	**434.83**	502.02
Payment to statutory auditors (Refer details below)	**87.11**	69.47
Cash rebate	**274.93**	488.19
Excise duty on Increase / (Decrease) on inventory	**28.80**	1.25
Subsidy claims written off	**28.43**	23.77
Loss on fixed assets sold / discarded (net)	**96.61**	82.95
Premium on forward exchange contract amortized	**2,846.27**	2,602.94
Foreign exchange variation (net)	**4,843.88**	–
Miscellaneous expenses	**3,316.49**	3,803.23
Total	**90,788.75**	76,317.75
Payments to statutory auditors		
As statutory auditors		
Audit fees	**26.57**	19.66
Tax audit fee	**5.47**	4.49
Limited review fees	**9.27**	5.62
In other capacity		
Certification fees, etc.	**42.75**	35.67
Reimbursement of expenses	**3.05**	4.03
Total	**87.11**	69.47

23. Depreciation and amortisation expense

₹ in lacs

Particulars	31st March, 2014	31st March, 2013
Depreciation of tangible assets	**2,063.57**	2,306.56
Amortization of intangible assets	**6.10**	72.87
Total	**2,069.67**	2,379.43

Notes to financial statements for the year ended 31st March, 2014

24. Finance costs

₹ in lacs

Particulars	31st March, 2014	31st March, 2013
Interest expense (including interest on income tax reversal ₹ 94.44 lacs (31st March, 2013:: ₹ 11.58 lacs)	**16,393.58**	9,512.07
Exchange difference to the extent considered as an adjustment to borrowing cost	**9,317.98**	11,088.70
Bank charges	**335.13**	431.85
Total	**26,046.69**	21,032.62

25. Exceptional Items

₹ in lacs

Particulars	31st March, 2014	31st March, 2013
Income		
Profit on sale of freehold land (Refer note no. 47)	**(16,353.19)**	–
	(16,353.19)	–
Expenses		
Compensation paid to contract labour (Refer note no. 42)	**1,633.04**	–
Voluntary Retirement Scheme payment to employees (Refer note no. 48)	**119.92**	–
Exchange variation (attributable to the sharp depreciation of rupee) (Refer note no. 49)	**6,395.90**	–
	8,148.86	–
Total	**(8,204.33)**	–

26 (a) Contingent liabilities not provided for:

₹ in lacs

	Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
I.	Demand notices received from Sales Tax Authorities*		
	i. Demand notice from Commercial Tax Department, Jaipur towards non submission of "F Form" for the year 2010-11.	**27.46**	27.46
	ii. Demand notice from Commercial Tax Department, Jaipur towards non submission of "F Form" for the year 2011-12.	**22.38**	–
	iii. Demand notice from Commercial Tax Department, Jaipur towards Excess Input Tax Credit availed for the year 2011–12.	**22.33**	–
II.	Demand notice from Customs Department, Mumbai towards non eligibility of exemption under notification no. 04/06-CE dt 01/03/2006 (as amended by notification no. 4/2011-CE dt. 01/03/2011) towards Counter-Vailing Duty (CVD) for the imports at Navasheva port for the period 24th March, 2011 to 2nd December, 2011. Appeal filed with West Zonal Branch of the Customs, Excise and Service Tax Appellate Tribunal at Mumbai for waiver of pre-deposit and penalty.	**26.10**	–
III.	Demand notice from Customs Department, Chennai towards denial of import of MOP at concessional rate of duty for the period 1st April, 2001 to 28th February, 2006. Appeal filed with South Regional branch of the Customs, Excise and Service Tax Appellate Tribunal at Bangalore for waiver of pre-deposit and stay of impugned order.	**284.74**	–

Notes to financial statements for the year ended 31st March, 2014

₹ in lacs

	Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
IV.	Demand notice from Customs Department, Chennai towards denial of import of MOP at concessional rate of duty for the period 2002-03 and 2003-04. Appeal filed with South Regional branch of the Customs, Excise and Service Tax Appellate Tribunal at Bangalore for waiver of pre-deposit and stay of impugned order.	**148.28**	–
V.	Claim against the Company not acknowledged as debt.*	**151.17**	151.17

* Based on discussions with the solicitors / favorable decisions in similar cases / legal opinions taken by the Company, the management does not expect these claims to succeed and hence, no provision there against is considered necessary.

(b) Aggregate amount of guarantees issued by the Banks to various government authorities and others are secured by a charge created by way of hypothecation on the current assets, both present and future, wherever situated pertaining to the Company and the Company's present and future book debts outstanding, moneys receivable, claims, bills, contracts, engagements, rights and assets ₹ 8,126.74 lacs (Previous year ₹ 6,256.96 lacs).

(c) The Company has given a letter of Comfort to Ratnakar Bank Limited for the purpose of facilitating the loans of ₹ 5,000.00 lacs taken by Gobind Sugar Mills Limited.

27. Estimated amount of contracts remaining to be executed not provided for

₹ in lacs

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Estimated amount of contracts remaining to be executed on capital account not provided for	**4,452.78**	2,892.67

28. Value of imports on CIF basis are in respect of

₹ in lacs

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Raw materials	**1,20,306.30**	79,782.64
Spare parts	**289.89**	267.99
Capital goods	**1,996.79**	873.50
Traded goods	**1,53,756.52**	1,87,161.78

29. (a) Imported and indigenous raw materials consumption

₹ in lacs

Particulars	%	Year ended 31st March, 2014	%	Year ended 31st March, 2013
Indigenously obtained	**41.17%**	**97,113.88**	3.91%	7,679.83
Imported	**58.83%**	**1,38,749.94**	96.09%	1,88,663.27
Total	**100.00%**	**2,35,863.82**	100.00%	1,96,343.10

(b) The Company has taken a view that "Stores and Spares" cover only such items as go directly into production, hence disclosure for indigenous and imported stores consumption is not disclosed.

Notes to financial statements for the year ended 31st March, 2014

30. Expenditure in foreign currency (on accrual Basis):

₹ in lacs

Particulars	**Year ended 31st March, 2014**	Year ended 31st March, 2013
Basic engineering design and technical fee	**1,025.50**	1,326.02
Travelling expenses	**35.49**	111.54
Interest expense	**1,319.14**	3,738.98
Share transfer fee in case of investments purchased	**25.25**	–

31. Earning in foreign currency (on accrual basis)

₹ in lacs

Particulars	**Year ended 31st March, 2014**	Year ended 31st March, 2013
Prepayment discount	**335.89**	–
Market development income	**1,651.39**	1,041.01
Claim receivable	**20.78**	–

32. Remittances in foreign currency in respect of dividend :

₹ in lacs

Particulars	**Year ended 31st March, 2014**	Year ended 31st March, 2013
Period to which it relates	**1st April, 2012 to 31st March, 2013**	1st April, 2011 to 31st March, 2012
Number of non-resident shareholders	**2**	2
Number of equity shares held on which dividend was due	**74,91,750**	74,91,750
Amount remitted (in USD)	**3,56,806.63**	4,05,178.48
Amount remitted (₹ in lacs)	**224.75**	224.75

The above information pertains to those non-resident shareholders where direct remittances have been made by the Company.

33. Particulars of Foreign Currency Exposures:

i) Forward Contracts outstanding as at the Balance Sheet Date:

Details of derivatives	**31st March, 2014**	31st March, 2013	**Purpose**
Buy (Amount in USD)	**20,60,62,361**	14,23,34,967	To hedge the purchases of raw materials, traded goods and buyer credit.

Notes to financial statements for the year ended 31st March, 2014

ii) Unhedged foreign currency exposures as at the Balance Sheet date:

Particulars		31st March, 2014	31st March, 2013
Accrued Interest	USD	**868.00**	6,73,761.02
	₹ in lacs	**0.52**	366.45
Trade Payables	USD	**11,292,371.51**	37,965,418.95
	₹ in lacs	**6,765.80**	20,649.13
	EURO	**–**	46,984.00
	₹ in lacs	**–**	32.67
Borrowing	USD	**–**	585,97,395.00
	₹ in lacs	**–**	31,870.71
Claims Receivable / (Payable)	USD	**8,482,610.50**	727,483.85
	₹ in lacs	**5,082.36**	395.67
	Exchange Rate	**1 USD = 59.9150 INR**	1 USD = 54.3893 INR
		1 EURO = 82.6850 INR	1 EURO = 69.5438 INR

34. Managerial Remuneration

₹ in lacs

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Salary	**185.98**	146.58
Contribution to provident fund and superannuation fund	**19.89**	17.46
Perquisites	**12.48**	14.04
Total	**218.35**	178.08

* As the liabilities of gratuity and leave encashment are provided on an actuarial basis for the Company as a whole, the amounts pertaining to the directors are not included above.

35. Following are the details of loans and advances given to subsidiaries and associates in which directors are interested :

₹ in lacs

Sl. No.	Particulars	Name of the entity	Balance outstanding as on 31st March, 2014	Maximum amount outstanding during the year
1	Loans and advances in the nature of loans to subsidiaries	Zuari Seeds Limited	**750.00** **(1,500.00)**	1,500.00 (1,500.00)
		Zuari Fertilisers and Chemicals Limited	**14,828.25** **(4,667.25)**	16,383.25 (6,750.00)
2	Loans and advances in the nature of loans where there is no repayment schedule or repayment is beyond seven years	–	**–** **(–)**	– (–)

Notes to financial statements for the year ended 31st March, 2014

₹ in lacs

Sl. No.	Particulars	Name of the entity	Balance outstanding as on 31st March, 2014	Maximum amount outstanding during the year
3	Loans and advances in the nature of loans where there is no interest or interest is below Section 372A of the Companies Act, 1956	Zuari Fertilisers and Chemicals Limited	– **(2,667.25)**	– (4,750.00)
4	Loans and advances in the nature of loans to firms / companies in which directors are interested	–	– **(–)**	– (–)
5	Investments by the loanees in the shares of the Company or any of its subsidiaries	–	– **(–)**	– (–)

36. Information in respect of Joint Ventures:

₹ in lacs

Sl. No	Particulars	Zuari Maroc Phosphates Limited (Consolidated)		Zuari Rotem Speciality Fertiliser Limited		MCA Phosphate Pte. Limited	
		(Audited)		**(Audited)**		**(Unaudited)**	
1	Proportion of ownership interest	**50%**		**50%**		**30% (w.e.f. 27th March, 2014)**	
2	Country of incorporation	**India**		**India**		**Singapore**	
3	Accounting period ended	**31st March, 2014**	31st March, 2013	**31st March, 2014**	31st March, 2013	**31st March, 2014**	31st March, 2013
4	Assets	**1,98,888.80**	2,45,523.38	**1,498.91**	2,327.41	**9,561.31**	–
5	Liabilities	**1,29,904.74**	1,70,250.73	**1,132.70**	1,775.67	**11.31**	–
6	Revenue	**2,16,265.07**	2,68,667.65	**1,876.73**	2,034.79	–	–
7	Depreciation and amortization	**1,237.12**	1,302.51	**41.02**	40.20	–	–
8	Other expenses	**2,21,726.73**	2,60,778.83	**2,011.18**	1,921.26	–	–
9	Profit before tax	**(6,698.77)**	6,586.31	**(175.46)**	73.33	–	–
10	Contingent liabilities	**72,466.58**	1,24,883.06	**0.61**	0.61	–	–
11	Capital commitments	**14,724.07**	27,192.42	–	–	–	–

The above details represent proportionate amount of the Company's share in the Joint Ventures.

37. Segmental Information

- **Primary Segment**
  The Company is engaged in the manufacture, sale and trading of fertilizers and seeds which, in the context of Accounting Standard 17 (Segmental Information) notified by Companies (Accounting Standard) Rules, 2006 (as amended), is considered as the only business segment. Accordingly, no separate segmental information has been provided herein.

- **Secondary Segment – Geographical Segment**
  The Company operates in India and therefore caters to the needs of the domestic market. Therefore, there is only one geographical segment and hence, segment information is not required to be disclosed.

38. Related Party disclosures under Accounting Standard – 18

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

A. Related parties where control exists:

I. Subsidiaries of the Company:

(1) Zuari Seeds Limited

(2) Zuari Fertilisers and Chemicals Limited

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

I. Enterprises in respect of which Company is an associate:-

(1) Zuari Global Limited

(2) Indian Furniture Products Limited

(3) Simon India Limited

(4) Zuari Management Services Limited

(5) Zuari Infraworld India Limited (formerly Adventz Infraworld India Limited)

(6) Gulbarga Cement Limited

(7) Globex Limited

(8) Zuari Investment Limited

(9) Zuari Insurance Brokers Limited - Subsidiary of Zuari Investments Limited

(10) Zuari Commodity Trading Limited – Subsidiary of Zuari Investments Limited

(11) Zuari Financial Services Limited – Subsidiary of Zuari Investments Limited

(12) Style Spa Furniture Limited

(13) Zuari Indian Oiltanking Limited-Joint Venture of Zuari Global Limited

(14) MCA Phosphates Pte.Limited (w.e.f. 27th March, 2014)

II. Joint Ventures of the Company:

(1) Zuari Maroc Phosphates Limited

(2) Paradeep Phosphates Ltd - Subsidiary of Zuari Maroc Phosphates Limited

(3) Zuari Rotem Speciality Fertilisers Limited

(4) MCA Phosphates Pte. Limited (w.e.f. 27th March, 2014)

III. Key Management Personnel

(1) Mr. N. Suresh Krishnan – Managing Director

(2) Mr. Akshay Poddar – Executive Director

IV. Relatives of Key Management Personnel of the Company

(1) Mr. S. K. Poddar (Father of Mr. Akshay Poddar)

V. Enterprises owned or significantly influenced by key management personnel or their relatives

(1) Gobind Sugar Mills Limited

Notes to financial statements for the year ended 31st March, 2014

C. Related Party Transaction as per Accounting Standard 18 for Zuari Agro Chemicals Limited.

Following transactions were carried out with related parties in the ordinary course of business for the period ended 31st March, 2014.

₹ in lacs

Sl. No.	Transaction details	2013–14					2012–13				
		Subsi-diaries	Joint Ventures	Enterprises having Significant Influence	Enterprises owned or significantly influenced by key management personnel or their relatives	Key Manage-ment Personnel	Subsi-diaries	Joint Ventures	Enterprises owned or significantly influenced by key management personnel or their relatives	Enterprises having Significant Influence	Key Manage-ment Personnel
1	**Payment made on their behalf**										
	– Zuari Seeds Limited	0.02	–	–	–	–	0.01	–	–	–	–
	– Zuari Management Services Limited	–	–	3.85	–	–	–	–	–	2.04	–
	– Zuari Maroc Phosphates Limited	–	0.05	–	–	–	–	0.07	–	–	–
	– Paradeep Phosphates Limited	–	82.78	–	–	–	–	57.88	–	–	–
	– Zuari Infraworld India Limited*	–	–	5.28	–	–	–	–	–	72.41	–
	– Zuari Rotem Speciality Fertilisers Limited	–	0.63	–	–	–	–	1.76	–	–	–
	– Zuari Investment Limited	–	–	1.42	–	–	–	–	–	–	–
	– Zuari Fertilisers and Chemicals Limited	8.09	–	–	–	–	8.71	–	–	–	–
	– Zuari Indian Oiltanking Limited	–	–	–	–	–	–	–	–	38.86	–
	– Globex Limited	–	–	9.33	–	–	–	–	–	–	–
	– Simon India Limited	–	–	2.27	–	–	–	–	–	2.24	–
	– Indian Furniture Products Limited	–	–	0.07	–	–	–	–	–	0.15	–
	– Zuari Global Limited	–	–	19.70	–	–	–	–	–	–	–
2	**Payment made on our behalf**										
	– Paradeep Phosphates Limited	–	7.23	–	–	–	–	7.54	–	–	–
	– Zuari Fertilisers and Chemicals Limited	0.71	–	–	–	–	11.77	–	–	–	–
	– Zuari Global Limited	–	–	1.34	–	–	–	–	–	–	–
	– Simon India Limited	–	–	0.18	–	–	–	–	–	0.69	–
	– Zuari Infraworld India Limited*	–	–	–	–	–	–	–	–	0.02	–
	– Zuari Management Services Limited	–	–	6.15	–	–	–	–	–	1.29	–
	– Style Spa Furniture Limited	–	–	9.16	–	–	–	–	–	0.37	–
3	**Material Taken on Swap Basis**										
	– Paradeep Phosphates Limited (P2O5)	–	4,713.59	–	–	–	–	–	–	–	–
4	**Material Given on Swap Basis**										
	– Paradeep Phosphates Limited (P2O5)	–	7,260.05	–	–	–	–	–	–	–	–
5	**Purchase of Investments**										
	– Zuari Global Limited	–	–	10,184.96	–	–	–	–	–	–	–
6	**Service charges paid**										
	– Zuari Indian Oiltanking Limited	–	–	–	–	–	–	–	–	173.70	–
	– Zuari Investment Limited	–	–	0.007	–	–	–	–	–	–	–
	– Zuari Management Services Limited	–	–	212.20	–	–	–	–	–	115.31	–
	– Zuari Global Limited	–	–	15.08	–	–	–	–	–	60.34	–
	– Simon India Limited	–	–	–	–	–	–	–	–	70.67	–

Notes to financial statements for the year ended 31st March, 2014

₹ in lacs

Sl. No.	Transaction details	2013–14					2012–13				
		Subsi-diaries	Joint Ventures	Enterprises having Significant Influence	Enterprises owned or significantly influenced by key management personnel or their relatives	Key Manage-ment Personnel	Subsi-diaries	Joint Ventures	Enterprises owned or significantly influenced by key management personnel or their relatives	Enterprises having Significant Influence	Key Manage-ment Personnel
	– Indian Furniture Products Limited	–	–	0.81	–	–	–	–	–	46.61	–
	– Gobind Sugar Mills Limited	–	–	–	44.94	–	–	–	–	–	–
7	**Inter–corporate Deposits / Loans / Advances given**										
	– Zuari Fertilisers and Chemicals Limited	12,266.00	–	–	–	–	2,377.25	–	–	–	–
	– Zuari Seeds Limited	–	–	–	–	–	1,500.00	–	–	–	–
8	**Repayment of Inter–corporate Deposits / loans given**										
	– Zuari Fertilisers and Chemicals Limited	800.00	–	–	–	–	4,460.00	–	–	–	–
9	**Purchase of finished goods**										
	– Zuari Seeds Limited	174.00	–	–	–	–	1,936.53	–	–	–	–
	– Zuari Rotem Speciality Fertilisers Limited	–	3,162.33	–	–	–	–	4,194.78	–	–	–
	– Paradeep Phosphates Limited	–	–	–	–	–	–	4,499.25	–	–	–
	– Zuari Global Limited	–	–	10,362.63	–	–	–	–	–	–	–
10	**Purchase Return of finished goods**										
	– Zuari Seeds Limited	209.26	–	–	–	–	–	–	–	–	–
11	**Sale of Finished Goods**										
	– Gobind Sugar Mills Limited	–	–	–	1,005.26	–	–	–	–	–	–
12	**Purchase of Assets**										
	– Indian Furniture Products Limited	–	–	1.02	–	–	–	–	–	30.87	–
	– Style Spa Furniture Limited	–	–	0.99	–	–	–	–	–	19.14	–
	– Zuari Fertilisers and Chemicals Limited	–	–	–	–	–	7.83	–	–	–	–
13	**Sale of Fixed Assets**										
	– Zuari Global Limited	–	–	16,359.32	–	–	–	–	–	–	–
14	**Interest Paid**										
	– Zuari Rotem Speciality Fertilisers Limited	–	42.10	–	–	–	–	–	–	–	–
	– Gobind Sugar Mills Limited	–	–	–	0.01	–	–	–	–	–	–
15	**Interest Accrued/Received on loan / deposit**										
	– Zuari Fertilisers and Chemicals Limited	1,427.59	–	–	–	–	245.00	–	–	–	–
	– Zuari Rotem Speciality Fertilisers Limited	–	–	–	–	–	–	1.46	–	–	–
	– Zuari Seeds Limited	198.32	–	–	–	–	167.67	–	–	–	–
	– Mr. N. Suresh Krishnan	–	–	–	–	1.65	–	–	–	–	1.96
16	**Service Income Received**										
	– Zuari Indian Oiltanking Limited	–	–	–	–	–	–	–	–	900.00	–
	– Zuari Fertilisers and Chemicals Limited	118.49	–	–	–	–	133.06	–	–	–	–
17	**Management Fees Received**										
	– Zuari Management Services Limited	–	–	20.22	–	–	–	–	–	–	–
	– Zuari Global Limited	–	–	31.31	–	–	–	–	–	140.70	–

Notes to financial statements for the year ended 31st March, 2014

₹ in lacs

Sl. No.	Transaction details	2013–14					2012–13				
		Subsi-diaries	Joint Ventures	Enterprises having Significant Influence	Enterprises owned or significantly influenced by key management personnel or their relatives	Key Manage-ment Personnel	Subsi-diaries	Joint Ventures	Enterprises owned or significantly influenced by key management personnel or their relatives	Enterprises having Significant Influence	Key Manage-ment Personnel
18	**Rent Paid**										
	– Zuari Global Limited	–	–	44.17	–	–	–	–	–	43.64	–
	– Zuari Management Services Limited	–	–	2.63	–	–	–	–	–	–	–
	– Gobind Sugar Mills Limited	–	–	–	1.07	–	–	–	–	–	–
19	**Conversion of Loan/ICD into Share Capital**										
	– Zuari Fertilisers and Chemicals Limited	1,305.00	–	–	–	–	–	–	–	–	–
	– Zuari Seeds Limited	750.00	–	–	–	–	–	–	–	–	–
20	**Allotment of Equity Shares**										
	– Zuari Fertilisers and Chemicals Limited	225.00	–	–	–	–	–	–	–	–	–
	– Zuari Seeds Limited	650.00	–	–	–	–	–	–	–	–	–
21	**Deposit Received**										
	– Gobind Sugar Mills Limited	–	–	–	0.25	–	–	–	–	–	–
22	**Rebate Received**										
	– Paradeep Phosphates Limited	–	41.71	–	–	–	–	–	–	–	–
	– Zuari Seeds Limited	650.00	–	–	–	–	–	–	–	–	–
23	**Rebate Paid**										
	– Paradeep Phosphates Limited	–	19.75	–	–	–	–	–	–	–	–
	– Gobind Sugar Mills Limited	–	–	–	20.76	–					
24	**Dividend Paid**										
	– Zuari Global Limited	–	–	252.35	–	–	–	–	–	252.35	–
	– Zuari Management Services Limited	–	–	129.17	–	–	–	–	–	126.17	–
25	**Managerial Remuneration**										
	– Mr. N. Suresh Krishnan	–	–	–	–	173.47	–	–	–	–	133.20
	– Mr. Akshay Poddar	–	–	–	–	44.88	–	–	–	–	44.88
26	**Commission Paid**										
	– Mr. S. K. Poddar	–	–	–	–	–	–	–	–	–	3.50
27	**Sitting fees Paid**										
	– Mr. S. K. Poddar	–	–	–	–	1.00	–	–	–	–	1.10

* The name of the Company "Adventz Infraworld India Limited' has been changed to "Zuari Infraworld India Limited" w.e.f. 28th May, 2013.

Notes to financial statements for the year ended 31st March, 2014

Balance Outstanding for the period ended 31st March, 2014 for Zuari Agro Chemicals Limited ₹ in lacs

Sl. No.	Transaction details	Balance Outstanding for the Period ended 31st March, 2014					Balance Outstanding for the Year ended 31st March, 2013				
		Subsi-diaries	Joint Ventures	Enterprises having Significant Influence	Enterprises owned or significantly influenced by key management personnel or their relatives	Key manage-ment personnel	Subsi-diaries	Joint Ventures	Enterprises having Significant Influence	Enterprises owned or significantly influenced by key management personnel or their relatives	Key manage-ment personnel
1	**Loan/ ICD Given**										
	– Zuari Fertilisers and Chemicals Limited	14,828.25	–	–	–	–	4,667.25	–	–	–	–
	– Zuari Seeds Limited	720.22	–	–	–	–	1,334.94	–	–	–	–
	– Mr. N. Suresh Krishnan	–	–	–	–	22.80	–	–	–	–	27.60
	– Paradeep Phosphates Limited	–	2,546.46	–	–	–	–	–	–	–	–
2	**As Trade Payables**										
	– Zuari Maroc Phosphates Limited	–	18.68	–	–	–	–	18.73	–	–	–
	– Zuari Indian Oiltanking Limited	–	–	–	–	–	–	–	22.73	–	–
	– Zuari Rotem Speciality Fertilisers Limited	–	228.19	–	–	–	–	1,705.17	–	–	–
	– Indian Furniture Products Limited	–	–	2.09	–	–	–	–	6.49	–	–
	– Simon India Limited	–	–	–	–	–	–	–	40.51	–	–
	– Style Spa Furniture Limited	–	–	0.13	–	–	–	–	1.48	–	–
	– Paradeep Phosphates Limited	–	–	–	–	–	–	4,483.70	–	–	–
	– Zuari Global Limited	–	–	3,937.91	–	–	–	–	–	–	–
3	**As Trade Receivable**										
	– Gobind Sugar Mills Limited	–	–	–	516.08	–	–	–	–	–	–
4	**As Advances Recoverable**										
	– Zuari Fertilisers and Chemicals Limited	127.72	–	–	–	–	133.42	–	–	–	–
	– Zuari Management Services Limited	–	–	24.30	–	–	–	–	0.06	–	–
	– Simon India Limited	–	–	0.24	–	–	–	–	–	–	–
	– Adventz Industries India Limited	–	–	2.03	–	–	–	–	2.03	–	–
	– Paradeep Phosphates Limited	–	38.04	–	–	–	–	–	–	–	–
	– Globex Limited	–	–	2.33	–	–	–	–	2.01	–	–
5	**Accrued Service Income**										
	– Zuari Indian Oiltanking Limited	–	–	808.99	–	–	–	–	910.12	–	–
6	**Advance against purchase of Investment**										
	– Zuari Global Limited	–	–	–	–	–	–	–	8,400.00	–	–
7	**Interest on ICD/Loan**										
	– Zuari Fertilisers and Chemicals Limited	125.92	–	–	–	–	18.73	–	–	–	–
	– Zuari Seeds Limited	134.06	–	–	–	–	130.90	–	–	–	–
	– Mr. N. Suresh Krishnan	–	–	–	–	7.42	–	–	–	–	5.77
8	**Deposit Received**										
	– Gobind Sugar Mills Limited	–	–	–	0.25	–	–	–	–	–	–
9	**Commission Payable**										
	– Mr. S. K. Poddar	–	–	–	–	–	–	–	–	–	3.50

Note : 1. The Company has given a letter of Comfort to Ratnakar Bank Limited for the purpose of facilitating the loans of ₹ 5,000 lacs taken by Gobind Sugar Mills Limited.

Notes to financial statements for the year ended 31st March, 2014

39. Earnings Per Share (EPS):

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Profit after taxation as per Statement of Profit and Loss (₹ in lacs)	**2,614.00**	2,444.64
Weighted average number of shares used in computing earnings per share	**4,20,58,006**	4,20,58,006
Basic and Diluted Earnings per share - Basic and diluted (in ₹) (annualised)	**6.22**	5.81
Face value per share (in ₹)	**10.00**	10.00

40. The Revenue Department of the Government of Goa had issued a notification under sub-section (1) of section 4 of the Land Acquisition Act, 1984 on 5th February, 2007 and further notification on 19th April, 2007 proposing to acquire 159,700 sq. mts.of the land belonging to Company for public purpose. The Company had filed an appeal with the High Court of Bombay at Goa against the notification. The High Court has quashed section 4 notification for acquisition proceedings.

41. Department of Fertilizers (DOF), Government of India, issued an office memorandum dated 8th July, 2013, whereby Imported Phosphatic and Potassic (P&K) fertilizers dispatched by the Fertiliser companies to their warehouse for onward sale during the month of February and March, 2013 without having any supply plan issued by DOF was regularized as per Nutrient Based Subsidy (NBS) rates applicable for the year 2013-14. However, these NBS rates, as per the Government of India's policy, are notified after approval by Cabinet Committee for Economic Affairs (CCEA) before the start of financial year and therefore, cannot be changed before next financial year. Accordingly, the Company has recognized ₹ 2,181.73 lacs and ₹ 41.38 lacs respectively in the last year and current year being the difference between the applicable NBS rates of 2012-13 and 2013-14 for the dispatches made to its warehouse during February and March, 2013 but sold in last year and current year respectively. The Company is in discussions with the Department of Fertilisers for receiving the short amount of subsidy and, if required, take appropriate legal steps to recover the aforesaid differential subsidy amount. The Company is hopeful to realise the aforesaid subsidy amount, hence no provision has been made in the accounts.

42. In order to rationalize operations cost at Bagging and other plants, the Company had agreed to reimburse the cost of the Voluntary Retirement Scheme introduced by Bagging and housekeeping contractors for their labour. The total amount accounted by the Company including all liabilities on this account is ₹ 1,633.04 lacs, which has been shown under exceptional items in the accounts.

43. Employee benefits :

A) Gratuity

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance Company in the form of a qualifying insurance policy.

The following table summarize the components of net benefit expense recognized in the Statement of Profit and Loss and the funded status and amounts recognized in the Balance Sheet.

Statement of Profit and Loss

Net employee benefit expense (recognized in Employee Cost) for the Year ended 31st March, 2014

₹ in lacs

Particulars	2013 - 14	2012 - 13
Current Service Cost	**308.97**	319.61
Interest Cost	**191.80**	173.34
Past Service Cost (Vested Benefits)	**–**	**253.18
Expected return on plan assets	**(203.74)**	(201.33)
Net actuarial (gain)/loss recognized in the period	**(355.44)**	(260.17)
Net benefit expense/(income)*	**(58.41)**	284.63
Actual return on plan assets	**213.24**	182.64

* Excluding ₹ Nil (Previous Year ₹ 5.92 lacs) for Gratuity expense transfer to other Company.
Excluding ₹ 7.74 lacs (Previous Year ₹ Nil) for Gratuity receipt of employees transferred from other Company.

** Due to enhancement of maximum limit of Gratuity to ₹ 25.00 lacs per employee.

Notes to financial statements for the year ended 31st March, 2014

Balance Sheet

Details of provision for gratuity benefits as at 31st March, 2014:

₹ in lacs

Particulars	2013 - 14	2012 - 13	2011 - 12
Defined benefit obligation	**2,436.90**	2,512.98	2,287.93
Fair value of plan assets	**2,503.05**	2,237.70	2,206.00
Plan asset/(liability)	**66.15**	(275.28)	(81.93)
Experience (gain)/loss on obligation	**(193.14)**	(117.01)	(71.70)
Experience gain/(loss) on plan assets	**9.50**	(18.69)	–

Changes in the present value of the defined benefit obligation for the year ended 31st March, 2014 are as follows:

₹ in lacs

Particulars	2013 - 14	2012 - 13
Opening defined obligation	**2,512.98**	2,287.93
Current service cost	**308.97**	319.61
Interest Cost	**191.80**	173.34
Past Service Cost (Vested Benefits)	**–**	253.18
Transfer In	**40.05**	–
Benefits paid	**(270.96)**	(242.22)
Service cost(Transfer in)	**–**	–
Actuarial (gain)/loss on obligation	**(345.94)**	(278.86)
Closing defined benefit obligation	**2,436.90**	2512.98

Changes in the fair value of plan assets are as follows:

₹ in lacs

Particulars	2013 - 14	2012 - 13
Opening fair value of plan assets	**2,237.70**	2,206.00
Adjustment to Opening Balance	**–**	(0.04)
Expected return	**203.74**	201.33
Contribution by employer	**283.02**	91.32
Contribution by employee	**–**	–
Benefits paid	**(270.96)**	(242.22)
Service cost (Transfer in)	**40.05**	–
Actuarial gain/(loss) on plan asset	**9.50**	(18.69)
Closing fair value of plan assets	**2,503.05**	2,237.70

The Company expects to contribute ₹ Nil (Previous year ₹ 275.28 lacs) towards gratuity during the year 2014-15.

Notes to financial statements for the year ended 31st March, 2014

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	2013 - 14	2012 - 13
Investment with insurer (Life Insurance Corporation of India)	**100 %**	100 %

The overall expected rate of return is determined based on the market prices prevailing at that date, applicable to the period over which the obligation is to be settled. These rates are different from the actual rate of return during the current year.

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

Particulars	2013 - 14	2012 - 13
Discount rate	**9.00 %**	8.00 %
Expected rate of return on assets	**9.00 %**	9.45 %
Increase in Compensation cost	**9.00 %**	9.00 %
Employee turnover	**0.50 %**	0.50 %

a) The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

b) The current year being the third year of adoption of AS 15 (revised) by the Company, disclosures as required by Para 120 (n) (i) of Accounting Standard 15 (Revised) have been furnished only for three years.

B) Provident Fund

As per the Guidance Note on implementing AS-15, Employee Benefits (revised 2005) issued by the Accounting Standard Board (ASB), provident funds set up by employers, which requires interest shortfall to be met by the employer, needs to be treated as defined benefit plan. During the current year, actuarial valuation of Provident Fund was carried out in accordance with the guidance note issued by Actuary Society of India.

The following tables summarize the components of net benefit expense recognized in the Statement of Profit and Loss and the funded status and amounts recognized in the Balance Sheet.

Statement of Profit and Loss

₹ in lacs

Particulars	2013 - 14	2012 - 13
Current Service Cost	**299.89**	283.42
Interest Cost	**–**	–
Net Liability	**–**	–
Reversal of provision	**–**	(54.38)
Net benefit expense/(income)	**299.89**	229.04

Balance Sheet

Funding Status and amount recognized in the Balance Sheet

₹ in lacs

Particulars	2013 - 14	2012 - 13	2011 - 12
Defined benefit obligation	**10,189.21**	9,725.10	9,251.53
Fair value of plan assets	**10,300.22**	9,815.42	9,205.55
Plan asset*/(liability)	**111.01**	90.32	(45.98)

* Plan asset has not been recognized in the financial statement, as the surplus of the trust is distributable among the beneficiaries of the provident fund trust.

Notes to financial statements for the year ended 31st March, 2014

The current year being the third year of adoption of Guidance Note on implementing AS-15, Employee Benefits (revised 2005) issued by the Accounting Standard Board (ASB), provident funds set up by employers; disclosures have been furnished only from the year of adoption.

Changes in the present value of the defined benefit obligation for the year ended 31st March, 2014 are as follows:

₹ in lacs

Particulars	2013 - 14	2012 - 13
Opening defined benefit obligation	**9,725.10**	9,251.53
Current service cost	**299.89**	283.42
Interest Cost	**850.94**	786.38
Contributions by Employee / plan participants	**475.08**	439.35
Benefits Paid out of funds	**(1,145.24)**	(1,046.75)
Actuarial (gain)/loss on obligation	**(38.43)**	(63.46)
Settlements / transfer in	**21.87**	74.63
Closing defined benefit obligation	**10,189.21**	9,725.10

Changes in the fair value of plan assets are as follows:

₹ in lacs

Particulars	2013 - 14	2012 - 13
Opening fair value of plan assets	**9815.42**	9,205.55
Expected return on plan assets	**858.85**	782.47
Employer Contribution	**299.89**	283.42
Plan participants / Employee contribution	**475.08**	439.35
Benefits paid	**(1145.24)**	(1,046.75)
Actuarial gains/ (loss) on plan assets	**(25.65)**	76.75
Settlements / Transfer in	**21.87**	74.63
Closing fair value of plan assets	**10,300.22**	9,815.42

1) The Company expects to Contribute ₹ 300.00 lacs (Previous year ₹ 300.00 lacs) to provident fund trust in the financial year 2014-15.

2) The information related to experience adjustment on plan assets and liabilities are not available but the amount would not be material in the opinion of the management.

The principal assumptions used in determining provident fund obligations:

Particulars	31st March, 2014	31st March, 2013
Discount Rate	**8.75%**	8.50%
Expected Rate of Return	**8.75%**	8.50%
Employee Turnover Rate	**1-3%**	1-3%

Notes to financial statements for the year ended 31st March, 2014

C) Defined Contribution Plan

₹ in lacs

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Contribution to Superannuation Fund	**251.10**	236.65
Contribution to Family Pension Scheme	**52.74**	49.85
Contribution to Contributory pension fund	**118.16**	131.66
Total	**422.00**	418.16

44. Disclosure as per Section 22 of "The Micro, Small and Medium Enterprises Development Act, 2006".

₹ in lacs

Sl. No.	Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
i)	The principal amount and the interest due thereon remaining unpaid to any supplier:		
	- Principal amount	–	–
	- Interest thereon	**0.29**	0.25
ii)	the amount of interest paid by the buyer in terms of section 18, along with the amounts of the payment made to the supplier beyond the appointed day.	–	–
iii)	the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	–	–
iv)	the amount of interest accrued and remaining unpaid	**0.04**	0.01
v)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small investor	–	–

45. The Company has obtained office premises, apartments, warehouses and vehicles on operating leases for the period upto 6 years. In all the cases, the agreements are further renewable at the option of the Company except in case of vehicle lease agreement. There is an escalation clause in the respective lease agreements except on vehicle lease. All these leases are cancellable in nature. The total lease payments in respect of such leases recognized in the Statement of Profit and Loss for the year are ₹ 2,338.29 lacs (31st March, 2013: ₹ 2,591.65 lacs).

46. Based on the circulars received for revision in uniform freight relating to secondary freight and direct road movement, the Company has accrued additional freight subsidy income of ₹ 614.39 lacs (upto Previous year ₹ 856.95 lacs) relating to Urea and ₹ 608.08 lacs (upto previous year ₹ 2,302.54 lacs) for Phosphoric and Potassic Fertilisers, for which the claims are yet to be submitted. The Company is hopeful to realise above entire amount of ₹ 4,381.96 lacs.

47. During the year, Company had sold part of freehold Land at a consideration of ₹ 16,359.32 lacs. The possession of the said parcel of land was handed over on 28th March, 2014, however the transfer of title is under progress. The Company has received full consideration from the buyer during the year. The profit on sale of the same, of ₹ 16,353.19 lacs has been shown under exceptional items.

48. During the year, Company has floated Voluntary Retirement Scheme for the employees working in the Administrative Office at Goa. Total 8 employees have opted for deferred payment under Voluntary Retirement Scheme. The total outgo will be ₹ 119.92 lacs, which has been fully charged as an exceptional item in the Statement of Profit and Loss as per accounting policy followed.

49. Exception item includes foreign exchange variation attributable to sharp depreciation of rupee in the month of June / July, 2013.

Notes to financial statements for the year ended 31st March, 2014

50. During the year, Ministry of Agriculture, Government of India has declared 47,635 MT of Di-Ammonia Phosphate (DAP) imported by the Company did not meet the standards specified by the Fertiliser Control Order, 1985 (FCO) as per tests conducted on a sample by the laboratory authorized by the Government of India, even though the inspection report at the port of loading confirmed that the product meets the standards prescribed by the Fertiliser Control Order, 1985. Out of the total quantity, Department of Fertilisers (DOF) has given permission to re-export / return 31,174.15 MT valuing ₹ 9,964.03 lacs and remaining material i.e. 16,460.85 MT lying in the field as to be used as raw material for non-agriculture purpose on which the subsidy of ₹ 2,032.91 lacs has been withheld by Government of India. Out of 16,460.85 MT DAP, the Company has already sold 9,791.65 MT on which subsidy of ₹ 1,209.27 lacs has been recognized in the books and balance material 6,669.20 MT is lying in the warehouses valuing ₹ 2,266.73 lacs. The Company is in the process of filing a claim for loss suffered by it against the supplier. The contract with the supplier provides that the Company has the right to claim entire amount as compensation from the supplier in the event it is found the goods are not conforming to FCO norms by laboratory authorized by Government of India. Therefore, the Company has considered the aforesaid amount of stock and subsidy withheld as fully realizable / recoverable.

51. The Company has revised its Income Tax return for the accounting year 2011-12 (Assessment year 2012-13) by claiming refund of ₹ 1,215.80 lacs. The said refund amount is included under Income Tax credit of earlier years in the Statement of Profit and Loss.

52. In terms of Demerger of fertilizer undertaking from Zuari Global Limited in an earlier year, the title deeds of Immovable properties are in the process of being transferred in the name of the Company.

53. DAP/Complex fertilizers plants which were under shutdown from 4th December, 2012 resumed operations intermittently in June and July, 2013. However, plants started operating normally from August, 2013 after successful settlement of Contract labour and good monsoon in the Company's marketing area. Further, Ammonia and Urea plant which was under shutdown from 24th March, 2013 onwards due to annual turnaround and water constraints commenced production from 1st June, 2013. All the plants were operating normally till 17th April, 2014 when the annual planned shutdown was undertaken for Ammonia / Urea plant.

54. The agreement with Zuari Maroc Phosphates Limited (ZMPL) for providing management services to Paradeep Phosphates Limited, which got suspended on 1st October, 2005, continues to remain so and consequently no management services fees has been accounted for the year.

55. Previous year's figures have been reclassified /regrouped where ever necessary to confirm to current years classification.

As per our report of even date

For S. R. Batliboi & Co. LLP
Chartered Accountants
Firm's Registration No. 301003E

per Anil Gupta
Partner
Membership No. 87921

Place : Gurgaon
Date : 8th May, 2014

For and on behalf of the Board of Directors of Zuari Agro Chemicals Limited

S. K. Poddar
Chairman

N. Suresh Krishnan
Managing Director

Marco Wadia
Director

V. Seshadri
Vice President – Finance

R. Y. Patil
Chief General Manager
& Company Secretary

Place : Gurgaon
Date : 8th May, 2014

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Zuari Agro Chemicals Limited

We have audited the accompanying consolidated financial statements of Zuari Agro Chemicals Limited ("the Company") and its subsidiaries, which comprise the consolidated Balance Sheet as at 31st March, 2014 and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

a. in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2014;

b. in the case of the consolidated Statement of Profit and Loss, of the loss for the year ended on that date; and

c. in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Other Matter

We did not audit total assets of ₹ 29,027.69 lacs as at 31st March, 2014 total revenues of ₹ 685.80 lacs and net cash inflows amounting to ₹ 54.64 lacs for the year then ended, included in the accompanying consolidated financial statements. The financial information and other

financial information for one joint venture has been taken based on the management accounts and for one subsidiary has been audited by other auditors and whose reports have been furnished to us. Our opinion, in so far as it relates to the affairs of such subsidiary is based solely on the report of other auditors. Our opinion is not qualified in respect of this matter.

For S. R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 301003E

per Anil Gupta
Partner
Membership No. 87921

Place of Signature : Gurgaon
Date : 8th May, 2014

Consolidated Balance Sheet as at 31st March, 2014

₹ in lacs

		Notes	31st March, 2014	31st March, 2013
I.	**EQUITY AND LIABILITIES**			
	Shareholders' funds			
	(a) Share capital	3	**4,205.80**	4,205.80
	(b) Reserves and surplus	4	**97,534.41**	1,02,695.50
			1,01,740.21	1,06,901.30
	Minority interest	5	**9,929.70**	11,160.17
	Non-current liabilities			
	(a) Long-term borrowings	6	**16,977.95**	5,845.10
	(b) Deferred tax liabilities	7	**1,741.52**	1,577.57
	(c) Other long term liabilities	8	**7,601.79**	5,686.49
	(d) Long-term provisions	9	**369.07**	2,114.06
			26,690.33	15,223.22
	Current liabilities			
	(a) Short-term borrowings	10	**3,56,991.97**	4,36,393.16
	(b) Trade payables	8	**69,446.55**	55,258.39
	(c) Other current liabilities	8	**33,208.42**	17,660.56
	(d) Short-term provisions	9	**6,814.73**	7,017.20
			4,66,461.67	5,16,329.31
	Total		**6,04,821.91**	6,49,614.00
II.	**ASSETS**			
	Non-current assets			
	(a) Goodwill on consolidation (Refer note no. 32 (a))		**1,832.98**	1,832.98
	(b) Fixed assets			
	i Tangible assets	11.1	**42,507.13**	35,019.37
	ii Intangible assets	11.2	**643.47**	538.79
	iii Capital work-in-progress		**28,175.14**	13,446.71
	(c) Non current investments	12	**20,505.94**	-
	(d) Loans and advances	13	**9,664.37**	17,052.55
	(e) Other non-current assets	14	**868.31**	861.01
			1,04,197.34	68,751.41
	Current assets			
	(a) Current investments	15	**78.39**	77.41
	(b) Inventories	16	**85,546.17**	94,345.23
	(c) Trade receivables	17	**3,75,951.57**	4,33,993.86
	(d) Cash and bank balances	18	**2,986.37**	21,155.80
	(e) Loans and advances	13	**10,818.16**	5,690.04
	(f) Other current assets	14	**25,243.91**	25,600.25
			5,00,624.57	5,80,862.59
	Total		**6,04,821.91**	6,49,614.00
	Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For and on behalf of the Board of Directors of Zuari Agro Chemicals Limited

For S. R. Batliboi & Co. LLP
Chartered Accountants
Firm's Registration No. 301003E

S. K. Poddar
Chairman

N. Suresh Krishnan
Managing Director

Marco Wadia
Director

per Anil Gupta
Partner
Membership No. 87921

V. Seshadri
Vice President – Finance

R. Y. Patil
Chief General Manager
& Company Secretary

Place : Gurgaon
Date : 8th May, 2014

Place : Gurgaon
Date : 8th May, 2014

Consolidated Statement of Profit and Loss for the year ended 31st March, 2014

₹ in lacs

		Notes	31st March, 2014	31st March, 2013
I.	**Income**			
	(a) Revenue from operations (gross)	19	**7,36,479.74**	7,90,790.42
	Less: excise duty	19	**2,404.44**	1,876.92
	(b) Revenue from operations (net)		**7,34,075.30**	7,88,913.50
	(c) Other income	20	**8,005.34**	10,149.53
	Total Revenue		**7,42,080.64**	7,99,063.03
II.	**Expenses**			
	(a) Cost of raw material consumed	21	**3,53,374.86**	3,20,352.12
	(b) Purchase of traded goods	22	**2,28,484.32**	3,01,703.07
	(c) (Increase) / decrease in inventories of finished goods, work-in-progress and traded goods	23	**(10,137.29)**	9,289.96
	(d) Employee benefits expense	24	**13,353.57**	12,693.30
	(e) Depreciation and amortisation expense (including ₹ Nil, 31st March, 2013:: ₹ 431.07 lacs for earlier years)	26	**3,401.63**	3,809.36
	(f) Finance costs	27	**37,982.41**	30,334.46
	(g) Other expenses	25	**1,28,201.06**	1,10,878.05
	(h) Exceptional items	28	**(5,979.63)**	488.25
	Total		**7,48,680.93**	7,89,548.57
III.	**Profit / (Loss) before tax (I-II)**		**(6,600.29)**	9,514.46
IV.	**Tax expenses**			
	(a) Current tax		**404.69**	2,481.01
	(b) MAT credit entitlement		**(143.75)**	(1.86)
	(c) Deferred tax charge		**163.96**	1,443.81
	(d) Income tax credit of earlier years (Net) (Refer note no. 57)		**(1,369.33)**	(1,850.88)
	Total tax expense		**(944.43)**	2,072.08
V.	**Profit / (Loss) for the year (III-IV)**		**(5,655.86)**	7,442.38
VI.	**Less: Shares of Minority interest in profits / (Loss)**		**(1,230.47)**	1,012.51
VII.	**Net Profit / (Loss) attributable to shareholders of Zuari Agro Chemicals Limited**		**(4,425.39)**	6,429.87
	Basic	33		
	Earnings per equity share (nominal value of share ₹ 10/-)		**₹ (10.52)**	₹ 15.29
	Diluted			
	Earnings per equity share (nominal value of share ₹ 10/-)		**₹ (10.52)**	₹ 15.29
	Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For and on behalf of the Board of Directors of Zuari Agro Chemicals Limited

For S. R. Batliboi & Co. LLP
Chartered Accountants
Firm's Registration No. 301003E

S. K. Poddar
Chairman

N. Suresh Krishnan
Managing Director

Marco Wadia
Director

per Anil Gupta
Partner
Membership No. 87921

V. Seshadri
Vice President – Finance

R. Y. Patil
Chief General Manager
& Company Secretary

Place : Gurgaon
Date : 8th May, 2014

Place : Gurgaon
Date : 8th May, 2014

Consolidated Cash Flow Statement for the year ended 31st March, 2014

₹ in lacs

	Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
A.	**CASH FLOW FROM OPERATING ACTIVITIES:**		
	Profit before tax	**(6,600.29)**	9,514.46
	Adjustment for :		
	Depreciation / amortisation	**3,401.63**	3,809.37
	Diminution in the value of Fertiliser Companies' Government of India Special Bonds	**1,199.01**	–
	Loss on fixed assets sold / discarded (net)	**156.52**	177.12
	Bad debts, claims and advances written off	**3.42**	8.33
	Provision for doubtful debts, claims and advances	**181.54**	118.60
	Loss on Sale of current investments	**3.70**	–
	Unrealized foreign exchange fluctuation loss	**138.73**	277.61
	Excess provision / unclaimed liabilities / unclaimed balances written back	**(2,440.62)**	(1,969.24)
	Profit on sale of free hold land	**(16,353.19)**	–
	Reversal of charge of diminution in the value of Fertiliser Companies Government of India Special Fertiliser Bonds	–	(1,062.30)
	Interest expense	**24,403.95**	15,568.02
	Interest income	**(2,163.65)**	(3,201.18)
	Dividend income	**(305.44)**	(1,236.59)
		8,225.60	12,489.72
	Operating profit before working capital changes	**1,625.30**	22,004.18
	Changes in working Capital :		
	Decrease / (Increase) in inventories	**8,799.06**	13,340.47
	Decrease / (Increase) in trade receivables	**57,857.33**	(59,687.31)
	Decrease / (Increase) in other assets	**(1,048.87)**	722.70
	Decrease / (Increase) in Loans and advances	**(7201.73)**	7,060.30
	Increase / (Decrease) in trade payables and other current liabilities	**34,417.56**	(42,626.24)
	Increase / (Decrease) in provisions	**(194.95)**	(1,160.69)
		92,628.40	(82,350.79)
	Cash from / (used) in operations	**94,253.71**	(60,346.60)
	Direct tax paid (net of refunds)	**(2,319.38)**	(2,536.72)
	Net cash flow from / (used) in operating activities (A)	**91,934.32**	(62,883.32)
B.	**CASH FLOW FROM INVESTING ACTIVITIES:**		
	Purchase of fixed assets, including tangible assets, CWIP and capital advances	**(23,002.45)**	(15,412.90)
	Proceeds from sale of fixed assets	**16,490.27**	157.90
	Proceeds from sale of current investments	**79,417.11**	3,90,169.53
	Purchase of non current investments	**(9,550.81)**	–
	Purchase of non current investments in Associate	**(1,814.67)**	(4,945.11)
	Purchase of current investments	**(79,421.78)**	(3,90,165.96)
	Dividend received	**305.44**	1,236.59
	Interest received	**2,685.78**	2,457.08
	Redemption / maturity of bank deposits (having original maturity of more than three months)	**63.89**	50.00
	Investment in bank deposits (having original maturity of more than 3 months)	**(62.72)**	(67.09)
	Net cash flow (used in) investing activitites (B)	**(14,889.93)**	(16,519.97)

Consolidated Cash Flow Statement for the year ended 31st March, 2014

₹ in lacs

	Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
C.	**CASH FLOW FROM FINANCING ACTIVITIES:**		
	Proceeds from long term borrowing	**11,831.02**	5,438.93
	Repayment of long term borrowing	**(415.89)**	(2,976.58)
	Proceeds from buyers credit	**4,03,947.44**	4,09,204.32
	Repayment of buyers credit	**(4,46,806.29)**	(5,20,552.97)
	Proceeds / (Proceeds) from short term borrowings	**(36,542.34)**	1,93,581.99
	Dividend Paid	**(1,471.27)**	(1,461.70)
	Interest paid	**(25,736.88)**	(16,512.68)
	Net cash flow from / (used in) financing activitites (C)	**(95,194.21)**	66,721.29
	Net (decrease) in cash and cash equivalents (a + b + c)	**(18,149.82)**	(12,681.98)
	Cash and cash equivalents (opening)	**21,092.47**	33,774.45
	Cash and cash equivalents (closing) (Refer below)	**2,942.63**	21,092.47

₹ in Lacs

Cash and Cash Equivalents	As at 31st March, 2014	As at 31st March, 2013
Cash in hand	**49.05**	3.24
Balances with banks		
– on current accounts	**883.96**	265.77
– on cash credit accounts	**–**	15,818.74
– on unclaimed Dividends*	**9.62**	4.72
– on deposits accounts	**2,000.00**	5,000.00
Cash and Cash Equivalents	**2,942.63**	21,092.47

* These balances are not available for use as they represent corresponding unpaid dividend liabilities.

As per our report of even date

For and on behalf of the Board of Directors of Zuari Agro Chemicals Limited

For S. R. Batliboi & Co. LLP
Chartered Accountants
Firm's Registration No. 301003E

S. K. Poddar
Chairman

N. Suresh Krishnan
Managing Director

Marco Wadia
Director

per Anil Gupta
Partner
Membership No. 87921

V. Seshadri
Vice President – Finance

R. Y. Patil
Chief General Manager
& Company Secretary

Place : Gurgaon
Date : 8th May, 2014

Place : Gurgaon
Date : 8th May, 2014

Notes to Consolidated Financial Statements of the group for the financial year ended 31st March, 2014

1. Basis for preparation

The Consolidated Financial Statements relate to Zuari Agro Chemicals Limited (hereinafter referred to as the "Company") and its subsidiary companies (collectively hereinafter referred to as the "Group").

The name of the Company was changed to Zuari Agro Chemicals Limited from Zuari Holdings Limited vide fresh certificate of incorporation dated 28th September, 2012 issued by the Registrar of Companies, Goa Daman and Diu.

These financial statements have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Group has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956 read with General Circular 8/2014 dated 4th April, 2014 issued by the Ministry of Corporate Affairs. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies have been consistently applied by the Group and are consistent with those used in previous year.

2.1 Summary of Significant Accounting Policies

I) Basis of classification of Current and Non Current

Assets and liabilities in the Balance Sheet have been classified as either current or non-current based upon the requirements of revised Schedule VI notified under the Companies Act, 1956.

An asset has been classified as current if (a) it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle ; or (b) it is held primarily for the purpose of being traded; or (c) it is expected to be realized within twelve months after the reporting date; or (d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date. All other assets have been classified as non-current.

A liability has been classified as current when (a) it is expected to be settled in the Company's normal operating cycle; or (b) it is held primarily for the purpose of being traded; or (c) it is due to be settled within twelve months after the reporting date; or (d) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. All other liabilities have been classified as non-current.

An operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents.

II) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (Indian GAAP) requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, uncertainty about the assumptions and estimates could result in the outcomes requiring material adjustments to the carrying amounts of assets and liabilities in future period.

III) Principles of Consolidation

In the preparation of these Consolidated Financial Statements, investments in Subsidiaries and Joint Venture entities have been accounted for in accordance with AS 21(Accounting for Consolidated Financial Statements) and AS –27 (Financial Reporting of Interests in Joint Ventures) respectively "notified under the Companies (Accounting Standards) Rules, 2006" (as amended). The Consolidated Financial Statements have been prepared on the following basis-

i) Subsidiary companies have been consolidated on a line-by-line basis by adding together the book values of the like items of assets, liabilities, income and expenses, after eliminating all significant intra-group balances and intra-group transactions and also unrealized profits or losses.

ii) Interests in the assets, liabilities, income and expenses of the Joint Ventures have been consolidated using proportionate consolidation method. For the purpose of proportionate consolidation, consolidated financial statements of the Joint Ventures and their subsidiaries have been used. Intra Group balances, transactions and unrealized profits / losses have been eliminated to the extent of the Group's proportionate share.

iii) The difference of the cost to the Company of its investment in Subsidiaries and Joint Ventures over its proportionate share in the equity of the investee Company as at the date of acquisition of stake is recognized in the financial statements as Goodwill or Capital Reserve, as the case may be.

iv) Minorities interest in net profit of consolidated subsidiaries for the year has been identified and adjusted against the income in order to arrive at the net income attributable to the shareholders of the Company. Their share of net assets has been identified and presented in the Consolidated Balance Sheet separately. Where accumulated losses

attributable to the minorities are in excess of their equity, in the absence of the contractual obligation on the minorities, the same have been accounted for by the holding Company.

v) As far as possible, the consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company's stand alone financial statements. Differences in accounting policies have been disclosed separately.

vi) The financial statements of the Group entities used for the purpose of consolidation are drawn up to same reporting date as that of the Company i.e. year ended 31st March, 2014.

IV) Tangible Assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price, borrowing costs if capitalization criteria are met and any attributable cost of bringing the asset to its working condition for its intended use.

Machinery spares which are specific to a particular item of fixed asset and whose use is expected to be irregular are capitalized as fixed assets.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the Statement of Profit and Loss for the year during which such expenses are incurred.

Gains or losses arising from derecognition of tangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is derecognised.

Expenditure directly relating to construction activity are capitalized. Indirect expenditure incurred during construction period are capitalized as part of the indirect construction cost to the extent to which the expenditure are related to construction activity. Other indirect expenditure (including borrowing costs) incurred during the construction period which are not related to the construction activity nor are incidental thereto are charged to the Statement of Profit and Loss. Income earned during construction period is deducted from the total of the indirect expenditure.

All direct capital expenditure on expansion are capitalized. As regards indirect expenditure on expansion, only that portion is capitalized which represents the marginal increase in such expenditure involved as a result of capital expansion. Both direct and indirect expenditure are capitalized only if they increase the value of the asset beyond its original standard of performance.

V) Intangibles

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in an amalgamation in the nature of purchase is their fair value as at the date of amalgamation. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangibles representing computer software are amortized using the Straight Line Method over the estimated useful lives of three years.

Research and development Costs

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the Company can demonstrate all the following:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete the asset
- Its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of adequate resources to complete the development and to use or sell the asset
- The ability to measure reliably the expenditure attributable to the intangible asset during development.

Following the initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized on a straight line basis over the period of expected future benefit from the related project, i.e., the estimated useful life of five years. Amortization is recognized in the Statement of Profit and Loss. During the period of development, the asset is tested for impairment annually.

In case of a subsidiary Company, Goodwill is amortized over a period of twenty years, subject to available surplus for the year before amortization of goodwill, based on the order of Hon'ble High Court of Bombay at Panaji (Goa).

Notes to Consolidated Financial Statements of the group for the financial year ended 31st March, 2014

VI) Depreciation

i) Depreciation on tangible fixed assets (other than specific asset referred under para ii to vii below) is provided using the Straight Line Method as per the useful lives of the assets as estimated by the management, which are equal to the rates prescribed under Schedule XIV of the Companies Act, 1956 . For this purpose, a major portion of the plant has been considered as continuous process plant.

ii) In case of the parent Company, a subsidiary Company, subsidiary of a joint venture and a joint venture entity, keeping in view the rapid technological advancement and high rate of obsolescence, computers and peripherals are depreciated /amortized over the useful lives of three years.

iii) Premium paid on acquisition of Leasehold Land is being amortized over the period of the respective leases i.e. 90 years.

iv) Leasehold Improvements are being depreciated over the respective lease periods of three years or useful lives of the assets, whichever is shorter.

v) Insurance / Machinery spares are depreciated prospectively over the estimated remaining useful lives of the respective mother assets, which are depreciated as per para (i) above.

vi) Fixed assets whose value is less than ₹ 5000/- are depreciated fully in the year of purchase.

vii) In respect of a subsidiary, depreciation on office equipments are provided @ 33.33% on straight line method as per the useful lives of the assets estimated by the management (1.50 % of total depreciation).

VII) Goodwill

Goodwill represents the difference between the Group's share in the net worth of the investee Company and the cost of acquisition at each point of time of making the investment. For this purpose, the Group's share of net worth of the investee Company is determined on the basis of the latest financial statements of that Company available at the date of acquisition, after making necessary adjustments for material events between the date of such financial statements and the date of respective acquisition.

VIII) Impairment

The carrying amounts of Tangible and Intangible fixed assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-discount rate that reflects current market assessment of the time value of money and rates specific to the asset. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

IX) Inventories

i) Inventories are valued at the lower of Cost and Net Realizable Value (except to the extent stated in (ii) below). The Cost for this purpose is determined as follows:

a) Stores and Spares, Fuel Oil, Raw Materials and Packing Materials: Moving weighted average method.

b) Work-in-process: Material cost on Moving weighted average method and appropriate manufacturing overheads based on normal operating capacity

c) Finished goods (manufactured): Material cost on Moving weighted average method and appropriate manufacturing overheads based on normal operating capacity including Excise Duty

d) Finished goods (traded): Moving weighted average method

e) Materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

Net Realisable Value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

ii) In respect of subsidiary of a joint venture, inventory of waste product lying at various warehouses other than factory are valued at net realizable value.

X) Investments

Investments that are readily realisable and intended to be held for not more than a year from the date of which such investments are made are classified as current investments. All other investments are classified as long-term investments. On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary

in the value of the investments. On disposal of investments, the difference between its carrying amount and net disposal proceeds is charged to the Statement of Profit and Loss.

XI) Retirement and other Employee Benefits

i) Provident Fund

Retirement benefits in the form of Provident Fund is a defined benefit obligation in respect of the Parent Company and a subsidiary of joint venture Company and is provided for on the basis of actuarial valuation of projected unit credit method made at the end of each financial year. The difference between the actuarial valuation of the provident fund of employees at the year end and balance of own managed fund is provided for as liability in the books in terms of the provisions under the provisions under Employee Provident Fund and Miscellaneous Provisions Act, 1952. Actuarial gains and losses for defined obligation are recognized in full in the period in which they occur in the Statement of Profit and Loss.

In case of other companies in the Group, Provident fund is a define contribution scheme. The companies do not have any other obligation other than contribution made to the fund. The companies recognize contribution payable to the fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the Balance Sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the Balance Sheet date, then excess is recognized as an asset to the extent that the pre payment will lead to, for example, a reduction in future payment or a cash refund.

ii) Family Pension Fund

Family Pension Funds is a defined contribution scheme. The Group do not have any other obligation other than contribution made to the fund. The Group recognize contribution payable to the fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the Balance Sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the Balance Sheet date, then excess is recognized as an asset to the extent that the pre payment will lead to, for example, a reduction in future payment or a cash refund.

iii) Gratuity

In respect of the Group, retirement benefit in the form of gratuity is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year except in case of a Joint Venture Company where the number of employees are below 20 and it is provided for on actual computation basis. The Company estimates the impact of actuarial valuation to be negligible. (Nil gratuity expenses for the year ended 31st March, 2014) (0.38% of the total gratuity expenses for the year ended 31st March, 2013).

The Parent Company, a subsidiary and a subsidiary of joint venture have taken insurance policy under the Group Gratuity Scheme with the Life Insurance Corporation of India (LIC) to cover the gratuity liability of the employees and actuarial gains and losses for defined benefit plan is recognized in full in the period in which they occur in the Statement of Profit and Loss.

iv) Post Employment Medical Benefit

In respect of a subsidiary of a joint venture, post employment medical benefit is a defined benefit obligation which is provided for based on actuarial valuation on projected unit credit method made at the end of each financial year. Actuarial gains/losses are immediately taken to the Statement of Profit and Loss and are not deferred.

v) Leave Encashment

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

The Group treats accumulated leave expected to be carried forward beyond twelve months as long term employee benefit for measurement purpose. Such long term compensated absences are provided for based on actuarial valuation using the projected unit credit method at the year end. Actuarial gains / losses are immediately taken to the Statement of Profit and Loss and are not deferred.

The Group presents the leave as a current liability in the Balance Sheet; to the extent it does not have an unconditional right to defer the settlement for 12 months after the reporting date. Where the Group has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

vi) Superannuation, Contributory Pension Fund and Death Benevolent Fund

The Parent Company, a subsidiary Company and a subsidiary of the joint venture have approved Superannuation Fund and Contributory Pension Fund which are defined contribution schemes. These companies have no obligation, other than contribution payable to the Superannuation Fund and Contributory Pension Fund to Life Insurance Corporation of India (LIC) against the insurance policies taken with them. These companies recognize contribution payable to the fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the Balance Sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the Balance Sheet date, then excess is recognized as an asset to the extent that the pre payment will lead to, for example, a reduction in future payment or a cash refund.

One of the subsidiary of joint venture Company also has a Death Benevolent Fund which is a defined contribution scheme, the Company has no obligation other than contribution payable to the Fund to Life Insurance Corporation of India (LIC) against the insurance policy taken with them. This Company recognizes contribution payable to the fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the Balance Sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the Balance Sheet date, then excess is recognized as an asset to the extent that the pre payment will lead to, for example, a reduction in future payment or a cash refund.

XII) Foreign Currency Transactions

i) Initial recognition:

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

ii) Conversion :

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

iii) Exchange Differences:

The Group accounts for exchange differences arising on translation / settlement of foreign currency monetary items as below:

(a) Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset.

(b) Exchange differences arising on other long-term foreign currency monetary items are accumulated in the 'Foreign Currency Monetary Item Translation Difference Account' and amortized over the remaining life of the concerned monetary item.

(c) All other exchange differences are recognized as income or as expense in the period in which they arise

For the purpose of (a) and (b) above, the Group treat a foreign monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination. In accordance with MCA circular dated 9th August, 2012, exchange differences for this purpose, are total differences arising on long-term foreign currency monetary items for the period. In other words, the Group do not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

iv) Forward exchange contracts entered into to hedge foreign currency risk of an existing asset / liability:

The premium or discount arising at the inception of forward exchange contracts is amortized as expense or income over the life of the contract. Exchange differences on such contracts are recognized in the Statement of Profit and Loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year. Any gain / loss (including premium or discount arising at the inception of foreign exchange contract till the date the concerned fixed asset is put to use) arising on forward contracts which are long-term foreign currency monetary items is recognized in accordance with paragraph (iii)(a) and (iii)(b) above.

XIII) Government Grants and subsidies

In case of the Parent Company and a joint venture, grants and subsidies from the government are recognized when there is a reasonable assurance that the grant or subsidy will be received and all attaching conditions will be complied with.

When the grant or subsidy relates to an expense item, it is recognized as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate.

Where the grant or subsidy relates to an asset, its value is deducted from the gross value of the asset concerned in arriving at the carrying amount of the related asset.

XIV) Leases

Operating Lease

Where the Company is the lessee:

Leases, where the lessor effectively retain substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

XV) Accounting for taxes

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Deferred income taxes reflect the impact of timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date.

Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company (within the Group) has carry forward of unabsorbed depreciation and tax losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realized against future taxable profits. Unrecognized deferred tax assets of earlier years are re-assessed at each Balance Sheet date and recognized to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each Balance Sheet date. The Company (within the Group), writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Minimum alternate tax (MAT) paid in a year is charged to the Statement of Profit and Loss as current tax. MAT Credit is recognized as an asset only when and to the extent there is convincing evidence that the Company (within the Group) will pay normal income tax during the specified period. In the year in which the Minimum Alternate Tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT Credit Entitlement. The Company (within the Group) reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company (within the Group) will pay normal income tax during the specified period.

XVI) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

i) Revenue from sale of goods, including concession in respect of Urea, Di-ammonium Phosphate (DAP), Muriate of Potash (MOP) and Complex Fertilisers receivable from the Government of India under the New Pricing Scheme / Concession Scheme, is recognized when the significant risk and rewards of ownership of the goods have passed to the customers. The Company collects sales taxes and value added taxes (VAT) on behalf of the government and therefore these are not economic benefits flowing to the Company. Hence, they are excluded from revenue. Excise Duty deducted from turnover (gross) is the amount that is included in the amount of turnover (gross) and not the entire amount of liability assessed during the year.

   Concessions in respect of Urea as notified under the New Pricing Scheme is recognized with adjustments for escalation/ de-escalation in the prices of inputs and other adjustments as estimated by the management in accordance with the known policy parameters in this regard.

   Subsidy for Phosphatic and Potassic (P&K) fertilizers are recognized as per the rates notified by the Government of India in accordance with Nutrient Based Subsidy Policy from time to time.

   Uniform freight subsidy on Urea, Complex fertilizers, Imported DAP and MOP has been accounted for in accordance with the parameters and notified rates.

ii) Scrap / Waste products lying at the factory gate are accounted for in the year of sale.

iii) Insurance claim and receivable on account of interest from dealers on delayed payment are accounted for to the extent the Group is reasonably certain of their ultimate collection.

iv) Other interest Income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

v) Dividend is recognized when the shareholders' right to receive payment is established by the reporting date.

XVII) Borrowing costs

Borrowing costs includes interest, exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and amortization of ancillary costs incurred in connection with the arrangement of borrowings.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

XVIII) Provision

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimates required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

XIX) Earnings per Share

Basic Earnings per Share (EPS) is calculated by dividing the net profit or loss for the year attributable to the equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive Potential Equity Shares.

XX) Derivative Instruments

In accordance with the ICAI announcement, derivative contracts, other than foreign currency forward contracts covered under AS 11, are marked to market on portfolio basis and the net loss, if any, after considering the offsetting effect of gain on the underlying hedged item, is charged to the Statement of Profit and Loss. Net gain, if any, after considering the offsetting effect of loss on the underlying hedged item, is ignored.

XXI) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A Contingent liability also arises in extremely rare cases where there is liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

XXII) Research and Development Expenditure

Research and Development expenditure of revenue nature are charged to Statement of Profit and Loss, while capital expenditure are added to the cost of fixed assets in the year in which these are incurred.

XXIII) Cash and Cash Equivalents

Cash and cash equivalents in the cash flow statement comprises cash at bank and in hand and short term investments with original maturity periods of three months or less.

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Notes to Consolidated Financial Statements of the group for the financial year ended 31st March, 2014

3. Share Capital

₹ in lacs

Particulars	31st March, 2014	31st March, 2013
Authorised :		
4,20,58,006 (31st March, 2013:: 4,20,58,006) Equity Shares of ₹ 10/- Each	**4,205.80**	4,205.80
	4,205.80	4,205.80
Issued		
4,20,58,006 (31st March, 2013:: 4,20,58,006) Equity Shares of ₹ 10/- Each Fully paid	**4,205.80 ***	4,205.80
Subscribed and Paid-up		
4,20,58,006 (31st March, 2013:: 4,20,58,006) Equity Shares of ₹ 10/- Each Fully paid	**4,205.80 ***	4,205.80
Total	**4,205.80**	4,205.80

a. Reconcilation of shares outstanding at the beginning and end of the reporting year

₹ in lacs

Equity Shares	31st March, 2014		31st March, 2013	
	in Numbers	**₹ in lacs**	in Numbers	₹ in lacs
At the beginning of the year	**420,580,060**	**4,205.80**	12,617,402	1,261.74
Issued during the year	**–**	**–**	29,440,604	2,944.06
Outstanding at the end of the year	**420,580,060**	**4,205.80**	42,058,006	4,205.80

b. Terms / Rights attached to equity shares

The parent Company has only one class of equity shares having a par value of ₹ 10/- per share. Each share holder of equity shares is entitled to one vote per share. The parent Company declares and pay dividends in Indian rupees. The dividend proposed by Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting.

During the year ended 31st March, 2014 the amount of per share dividend recognised as distribution by the parent Company to equity shareholders was ₹ 3/- per share, subject to the approval of shareholders (31st March, 2013 :: ₹ 3/-)

In the event of liquidation of the Parent Company, the holders of equity shares will be entitled to receive remaining assets of the Parent Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Details of Shareholders holding more than 5% of shares in the Company

₹ in lacs

Name of Shareholder	31st March, 2014		31st March, 2013	
	No. of Shares held	**% Holding in Class**	No. of Shares held	% Holding in Class
Zuari Global Limited	**8,411,601**	**20.00**	8,411,601	20.00
SIL Investments Limited	**3,208,000**	**7.63**	3,208,000	7.63
Texmaco Infrastructure and Holdings Limited	**3,000,125**	**7.13**	2,817,941	6.70
Globalware Trading and Holdings Limited	**7,012,000**	**16.67**	7,012,000	16.67
Zuari Management Services Limited	**5,078,909**	**12.08**	4,205,801	10.00

As per records of the Parent Company including its register of share holders / members and other declarations received from share holders regarding beneficial interest, the above share holding represents both legal and beneficial ownership of shares.

Notes to Consolidated Financial Statements of the group for the financial year ended 31st March, 2014

d. Shares issued for consideration other than cash, during the period of five years immediately preceding the reporting date:

Equity Shares	31st March, 2014		31st March, 2013	
	in Numbers	**₹ in lacs**	in Numbers	₹ in lacs
Equity shares allotted as fully paid-up pursuant to the Scheme of Arrangement and Demeger for consideration other than cash	–	–	29,440,604	2,944.06

* Pursuant to the Scheme of Arrangement and Demerger ("the Scheme") between Zuari Agro Chemicals Limited (formerly known as Zuari Holdings Limited) and Zuari Global Limited (formerly known as Zuari Industries Limited), Zuari Agro Chemicals Limited had issued 29,440,604 equity shares of ₹ 10/- each aggregating to ₹ 2944.06 lacs to the existing shareholders of Zuari Global Limited (formerly known as Zuari Industries Limited) in the ratio of 1 fully paid up Equity share of ₹ 10/- each of Zuari Agro Chemicals Limited (formerly known as Zuari Holdings Limited) during the financial year ending 31st March, 2013. Out of the above shares issued pursuant to the Scheme, 8,051 (previous year 8,051) Equity Shares entitlements have been kept in abeyance pursuant to Section 206A of the Companies Act, 1956 in accordance with instructions from the Special Court (Trial of Offences relating to Transactions in Securities) Act, 1992 and in respect of shareholders who could not exercise their rights in view of disputes, mistakes, discrepancy in holdings, etc.

4. Reserves and Surplus

₹ in lacs

Particulars	31st March, 2014	31st March, 2013
Capital Reserve		
Balance as per last financial statements	**17,364.59**	17,364.59
Arising on Consolidation (Refer note no. 32 (b))	**740.46**	–
Closing Balance	**18,105.05**	17,364.59
Business Restructuring Reserve *		–
Balance as per last financial statements	**65,404.84**	65,404.84
Add : Additions during the year	**–**	–
Closing Balance	**65,404.84**	65,404.84
General Reserve		
Balance as per last financial statements	**5,500.00**	5,000.00
Add: Amount transferred from surplus balance in the Statement of Profit and Loss	**500.00**	500.00
Closing Balance	**6,000.00**	5,500.00
Surplus / (deficit) in the Statement of Profit and Loss		
Balance as per last financial statements	**14,426.08**	9,972.37
Net Profit / (Loss) for the year	**(4,425.39)**	6,429.87
Less : Appropriations		
Proposed final equity dividends:: ₹ 3/- per equity share (31st March, 2013:: ₹ 3/- Per Equity Share)	**1,261.74**	1,261.74
Tax on proposed equity dividend	**214.43**	214.43
Transfer to general reserve	**500.00**	500.00
Total appropriations	**1,976.17**	1,976.17
Net surplus in the Statement of Profit and Loss	**8,024.52**	14,426.07
Total Reserves and Surplus	**97,534.41**	102,695.50

* The said reserve be treated as free reserve and be restricted and not utilised for declaration of dividend by the Parent Company.

Notes to Consolidated Financial Statements of the group for the financial year ended 31st March, 2014

5. Minority Interest

₹ in lacs

Particulars	31st March, 2014	31st March, 2013
Percentage Share of Minority	**19.55%**	19.55%
Share in Equity Share Capital	**5,624.45**	5,624.45
Share in the Reserves	**4,305.25**	5,535.72
Total	**9,929.70**	11,160.17

6. Long Term Borrowings

₹ in lacs

Particulars	Non Current		Current Maturities	
	31st March, 2014	31st March, 2013	**31st March, 2014**	31st March, 2013
Foreign currency term loan from financial institution (Secured)	**15,024.95**	5,438.93	**–**	–
Indian Rupee Term Loan from Banks (secured)	**1,953.00**	406.17	**688.58**	406.30
	16,977.95	5,845.10	**688.58**	406.30
Less: Amount disclosed under the head Other Current Liabilities (Refer note no. 8)	**–**	–	**688.58**	406.30
Total	**16,977.95**	5,845.10	**–**	–

1. In case of a subsidiary, an Indian rupee loan from Bank of ₹ 240.13 lacs (including current maturities ₹ 240.13 lacs) (31st March, 2013 :: ₹ 499.72 lacs (including current maturities ₹ 250 lacs)) carries interest @ BPLR plus 1%. The loan is repayable in 10 half yearly installments along with interest, from the date of loan (7th April, 2010). The loan is secured by equitable mortgage of land, hypothecation of stock in trade, book debt, plant and machinery and vehicles, both present and future.

2. An Indian rupee loan from Bank of ₹ 2,245.00 lacs (including current maturities ₹ 292.00 lacs) (31st March, 2013 :: Nil (including current maturities Nil) carries interest rate of 12.00 % p.a. The loan is repayable in 24 quarterly installments starting from September, 2014. The loan is secured by equitable mortgage of land at Mahad and hypothecation of plant, machinery and other movables of the subsidiary Company.

3. Foreign Currency Loan taken from International Financial Corporation(IFC) in respect of subsidiary of a joint venture at an interest rate of 6 month LIBOR + 2.85% p.a and repayable in 9 half yearly installments of USD 55.55 lacs commencing from 15th June, 2015. The loan is secured by way of First pari passu with the mortgages and charges created in respect of immovable properties and movable properties and Second pari passu with the charges created in respect of current assets.

4. In case of joint venture Company, an Indian rupee loan of ₹ 156.45 lacs (including current maturities of ₹ 156.45 lacs) (31st March, 2013 :: ₹ 312.75 lacs (including current maturities ₹ 156.45 lacs) carries floating interest rate at Corporation Bank Benchmark Advance Rate (COBAR) plus 1.85%. The loan is repayable in 54 monthly installments starting from October, 2010. The loan is secured by first charge against the factory land and building, plant and machinery, movable assets of the project and a negative lien on the assets of the Company.

7. Deferred tax liabilities (Net)

₹ in lacs

Particulars	31st March, 2014	31st March, 2013
Deferred tax liabilities		
Fixed assets Impact of difference between tax depreciation and depreciation / amortisation charged for the financial reporting	**5,442.64**	4,876.79
Payment of statutory dues, not debited to Statement of Profit and Loss but claimed in Income tax	**309.00**	339.90

Notes to Consolidated Financial Statements of the group for the financial year ended 31st March, 2014

₹ in lacs

Particulars	31st March, 2014	31st March, 2013
Others	**9.62**	–
Gross deferred tax liabilities	**5,761.26**	5,216.69
Deferred tax assets		
Provision for doubtful debts and advances	**115.67**	163.80
Expenses allowable in Income tax on payment basis and deposition of Statutory dues	**2,988.18**	3,475.32
Brought forward losses and unabsorbed depreciation	**2,703.68**	–
Gross deferred tax assets	**5,807.53**	3,639.12
	(46.27)	1,577.57
Less deferred tax assets (net) not recognised by the subsidiary of a Joint venture	**1,787.79**	–
Net deferred tax liabilities / (assets)	**1,741.52**	1,577.57

In respect of subsidiary of joint venture, deferred tax asset in respect of unabsorbed depreciation and business losses has not been created in the absence of taxable profit which will be available for set off against profits in future years in terms of Accounting Standard AS-22 (Accounting for taxes on income).

8. Other Liabilities

₹ in lacs

Particulars	Non Current		Current	
	31st March, 2014	31st March, 2013	31st March, 2014	31st March, 2013
Trade payables (Refer note no. 48 for details of dues to Micro and Small Enterprises)	–	–	**69,446.55**	55,258.39
	–	–	**69,446.55**	55,258.39
Other Liabilities				
Trade deposits - dealers	**6,710.18**	5,624.82	**289.31**	448.17
Current maturities of long term borrowings	–	–	**688.58**	406.30
Unclaimed statutory liabilities as referred in Section 205(c) of the Companies Act, 1956 to be credited to Investor Education and Protection Fund as and when due				
– Unclaimed dividends	–	–	**9.62**	4.72
Interest accrued but not due on loans and deposits	–	–	**375.91**	711.97
Deferred income - PSI grant	**46.02**	42.61	**3.07**	2.66
Interest accrued and due on borrowings	–	–	**20.68**	3.25
Forward cover payable	**124.45**	–	**11,290.06**	3,967.17
Advances from dealers and others	–	–	**12,081.24**	3,442.41
Book overdraft in bank	–	–	–	2.29
Payables towards capital goods	**721.14**	19.06	**758.22**	1,542.63
Interest on other dues	–	–	**66.77**	296.73
Statutory obligations	–	–	**7,624.96**	6,832.26
	7,601.79	5,686.49	**33,208.42**	17,660.56
Total	**7,601.79**	5,686.49	**102,654.97**	72,918.95

Notes to Consolidated Financial Statements of the group for the financial year ended 31st March, 2014

9. Provisions

₹ in lacs

Particulars	Long-term		Short-term	
	31st March, 2014	31st March, 2013	**31st March, 2014**	31st March, 2013
Provision for employee benefits				
Gratuity (Refer note no. 44 (i))	**1.97**	0.82	**13.74**	303.24
Provision for voluntary retirement scheme	**68.73**	–	**35.57**	–
Post retirement medical benefits (Refer note no. 44 (ii))	**162.78**	163.75	**31.30**	31.30
Leave encashment	**–**	–	**3,820.67**	3,915.26
	233.48	164.57	**3,901.28**	4,249.80
Others provisions				
Provision for current tax	**–**	1,869.39	**146.95**	30.07
Provision for wealth tax	**–**	–	**5.65**	29.04
Provision for proposed equity dividend	**–**	–	**1,261.74**	1,261.74
Provision for tax on proposed equity dividend	**–**	–	**214.43**	214.43
Provision for contractors	**135.59**	80.10	**–**	3.95
Others	**–**	–	**1,284.68**	1,228.17
	135.59	1,949.49	**2,913.45**	2,767.40
Total	**369.07**	2,114.06	**6,814.73**	7,017.20

a) The movement for "Provision – Contractors" during the year is as follows :–

₹ in lacs

Particulars	**31st March, 2014**	31st March, 2013
Opening balance	**84.05**	60.27
Additions during the year	**51.54**	27.50
Amount used during the year	**–**	(3.72)
Closing balance	**135.59**	84.05

b) The movement for "Provision – Others" during the year is as follows :–

₹ in lacs

Particulars	**31st March, 2014**	31st March, 2013
Opening balance	**1,228.17**	2,749.98
Additions during the year	**105.16**	95.47
Amount used during the year	**(48.65)**	–
Unused amount reversed during the year	**–**	(1,617.28)
Closing balance **	**1,284.68**	1,228.17

** Includes the following provisions

Notes to Consolidated Financial Statements of the group for the financial year ended 31st March, 2014

₹ in lacs

Particulars	31st March, 2014	31st March, 2013
Ground rent (Refer note no. 38 below)	**715.64**	649.53
Employees' state insurance (Refer note no. 41 below)	**83.60**	80.24
Land compensation (including interest) (Refer note no. 39 below)	**175.09**	223.74
Provision for others (Interest on water charges and freight claim)	**310.35**	274.66
Total	**1,284.68**	1,228.17

10. Short term borrowings

₹ in lacs

	Particulars	31st March, 2014	31st March, 2013
Secured - From Banks			
a.	**Cash Credit (Including working capital demand loans)** (The rate of Interest on Cash Credit varies between 10.20% – 18.50% and are repayable on demand)	**69,774.40**	1,23,485.19
b.	**Buyers Credit** (The rate of interest on buyers credit varies between 0.65% – 1.66% and are repayable over a period of 148 – 360 days)	**1,17,839.46**	1,60,799.10
c.	**Short Term Loans**		
	i) 11.25% bridge loan to be secured against subsidy receivable of the Parent Company. Repayable at the end of 60th day from the date of allotment	**30,000.00**	–
	(ii) The loan is taken at rate of Interest of 10.40% - 11.25%. Repayable within 8 to 89 days	**40,248.14**	47,497.80
d.	**Short term loan from SBI consortium** (10.40% (31st March, 2013: 10.70%) (including 8.00% (31st March, 2013: 8.00%) paid directly by Government of India to the bank) secured against subsidy receivable of equal amount from GOI, Ministry of Chemicals and Fertlizer under Special Banking Arrangement.)	**55,014.06**	28,088.45
e.	**Bill discounted with Bank** (The rate of interest 10.30% and repayable over a period of 19 to 45 days)	**4,280.16**	250.00
f.	**Suppliers Credit** (The loan is taken at a rate 1.25% – 1.81 % and repayable over a period of 180 days)	**–**	12,537.81
g.	**Others** (The loan is taken at a rate of 10.05 – 10.50 % (31st March, 2013: 10.05% to 10.50%) and repayable within 13 to 57 days. The loan is secured by Government of India Fertiliser Bonds held by the Company)	**19,734.97**	19,734.81
		3,36,891.19	392,393.16
Unsecured			
a.	**Short term loan from banks** (The rate of Interest on loans varies between 10.00% – 11.60% (31st March, 2013 10.25% – 11.50%) and are repayable over a period of 32 to 90 days)	**20,000.00**	44,000.00

Notes to Consolidated Financial Statements of the group for the financial year ended 31st March, 2014

₹ in lacs

	Particulars	31st March, 2014	31st March, 2013
b.	**Buyers Credit** (The loan carries an interest LIBOR plus 0.65% – 1.66% and are repayable and has a tenure of 9 months)	**100.78**	–
		20,100.78	44,000.00
	Total	**356,991.97**	436,393.16

(a) The Cash Credit of ₹ 67,648.03 lacs (31st March, 2013 :: ₹ 1,17,500 lacs) and Buyers credit of ₹ 91,895.40 lacs (31st March,2013 :: ₹ 109,285.71 lacs) are secured by the first charge by way of hypothecation on the current assets, both present and future, wherever situated pertaining to the Parent Company and the Parent Company's present and future book debts outstanding, moneys receivable, claims, bills, contracts, engagements, rights and assets excluding some subsidy receivable amount exclusively charged to certain Banks.

(b) The Buyers Credit of ₹ 25,944.06 lacs (31st March, 2013 :: ₹ 51,513.39), Cash Credit of ₹ 1,159.77 lacs (31st March, 2013 :: ₹ 5,451.88), Short Term Loan of ₹ 40,248.14 lacs (31st March, 2013 :: ₹ 47,497.80) and Suppliers Credit of ₹ Nil are secured by first charge by way of hypothecation on all the current assets and second charge on all immovable and movable properties of the subsidiary of the joint venture Company (other than current assets hypothecated in favour of Banks by way of First Charge) both present and future, on pari passu basis in favour of all consortium banks.

(c) In respect of a subsidiary, Cash Credit of ₹ 712.87 lacs (31st March, 2013:: ₹ 178.76 lacs) from banks is secured by equitable mortgage of, land, hypothecation of stock in trade, book debt, plant and machinery and vehicles, both present and future. The cash credit is repayable on demand. The cash credit is also secured by corporate guarantee provided by Zuari Global Limited.

(d) In respect of joint venture Company, Cash credit ₹ 253.72 lacs (31st March, 2013 :: ₹ 354.56 lacs) is availed from Corporation Bank and is repayable on demand and is secured by hypothecation of inventory cum book debts and all current assets of the Company.

(e) In respect of the subsidiary of the joint venture Company, bill discounted from bank is against letter of credit issued by another bank which is having security by First Charge by way of hypothecation on all current assets and Second Charge on all immovable and movable properties of the Company (other than current assets hypothecated in favour of Banks by way of First Charge) both present and future on pari-passu basis in favour of all consortium banks.

11.1 Tangible assets

₹ in lacs

Particulars	Freehold Land	Land (leasehold)	Leasehold Improve-ments	Buildings	Railway Siding	Plant and machinery	Furniture and fixtures	Office equipment	Vehicles	Total
Cost										
As at 1st April, 2012	485.62	40.18	6.27	14,317.23	1,941.78	70,337.89	838.10	2,005.94	913.87	90,886.88
Additions during the year	299.12	–	–	684.68	–	5,619.77	117.60	141.04	95.29	6,957.50
Disposals during the year	141.48	–	–	3.30	–	3,532.48	22.77	119.46	54.14	3,873.63
Exchange differences	–	–	–	–	–	24.14	–	–	–	24.14
Borrowing Costs	–	–	–	–	–	16.18	–	–	–	16.18
Adjustments	–	–	–	–	–	(40.16)	(53.67)	78.32	–	(15.51)
As at 31st March, 2013	643.26	40.18	6.27	14,998.61	1,941.78	72,425.34	879.26	2,105.84	955.02	93,995.56
Additions during the year	389.71	63.17	–	1,244.75	–	8,871.42	31.00	380.49	33.24	11,013.78
Disposals during the year	20.58	–	–	0.40	–	1,113.36	16.45	43.52	150.04	1,344.35
Exchange differences	–	–	–	–	–	73.77	–	–	–	73.77
Borrowing Costs	–	–	–	–	–	11.47	–	–	–	11.47
Adjustments	–	–	–	–	–	–	–	–		–

Notes to Consolidated Financial Statements of the group for the financial year ended 31st March, 2014

₹ in lacs

Particulars	Freehold Land	Land (leasehold)	Leasehold Improve-ments	Buildings	Railway Siding	Plant and machinery	Furniture and fixtures	Office equipment	Vehicles	Total
As at 31st March, 2014	**1,012.39**	**103.35**	**6.27**	**16,242.96**	**1,941.78**	**80,268.64**	**893.81**	**2,442.81**	**838.22**	**103,750.23**
Depreciation										
As at 1st April, 2012	–	7.35	5.98	6,889.83	1,375.88	48,488.71	519.42	1,333.83	259.36	58,880.36
Charge for the year	–	0.44	0.29	410.35	72.93	2,861.07	45.02	156.57	87.77	3,634.44
Deductions during the year	–	–	–	2.31	–	3,385.29	19.01	109.98	22.02	3,538.61
Adjustments	–	–	–	–	–	(17.40)	(9.62)	27.02	–	–
As at 31st March, 2013	–	7.79	6.27	7,297.87	1,448.81	47,947.09	535.81	1,407.44	325.11	58,976.19
Charge for the year	–	0.44	–	439.62	72.93	2,551.37	46.20	126.70	80.40	3,317.65
Deductions during the year	–	–	–	0.11	–	919.48	11.25	39.16	80.74	1,050.74
Adjustments	–	–		–	–	–	–	–	–	–
As at 31st March, 2014	**–**	**8.23**	**6.27**	**7,737.38**	**1,521.74**	**49,578.98**	**570.76**	**1,494.98**	**324.77**	**61,243.10**
Net block										
As at 31st March, 2013	643.26	32.39	–	7,700.74	492.97	24,478.25	343.45	698.40	629.91	35,019.37
As at 31st March, 2014	**1,012.39**	**95.12**	**–**	**8,505.58**	**420.04**	**30,689.67**	**323.05**	**947.83**	**513.45**	**42,507.13**

(1) Capital subsidy of ₹ Nil (31st March, 2013:: ₹ 15.51 lacs) received from the Department of Agriculture and Cooperation, Ministry of Agriculture, Government of India.

(2) Additions to buildings during the year include ₹ 17.50 lacs constructed / errected on rented land.

(3) In respect of a subsidiary of a joint venture conveyance deed / patta have been executed for 2,104.05 acres (Zuari Agro Group's proportionate share 1,052.03 acres) against possession of 2,282.40 acres (Zuari Agro Chemicals Group's proportionate share 1,141.20 acres of land owned by the entity).

(4) In respect of a subsidiary Company, vehicles of the cost of ₹ 2.15 lacs (previous year ₹ 2.15 lacs) is held in the name of person other than the subsidiary Company.

(5) Addition to plant and machinery in the previous financial year included addition of ₹ 433.91 lacs on account of cost of insurance spares not capitalised in the earlier years. Depreciation charged in the previous financial year included ₹ 431.07 lacs for earlier years.

11.2 Intangible assets

₹ in lacs

Particulars	Software	Internally Generated Asset	Goodwill (as per scheme of amalgamation)	Total
Gross block				
As at 1st April, 2012	1,188.04	273.04	576.57	2,037.65
Additions during the year	16.11	–	–	16.11
Disposal during the year	–	–	–	–
As at 31st March, 2013	1,204.15	273.04	576.57	2,053.76
Additions during the year	188.65	–	–	188.65
Disposal during the year	–	–	–	–
As at 31st March, 2014	**1,392.80**	**273.04**	**576.57**	**2,242.41**

Notes to Consolidated Financial Statements of the group for the financial year ended 31st March, 2014

₹ in lacs

Particulars	Software	Internally Generated Asset	Goodwill (as per scheme of amalgamation)	Total
Amortization				
As at 1st April, 2012	1,025.66	170.25	144.14	1,340.05
Charge for the year	116.85	29.24	28.83	174.92
Deductions	–	–	–	–
As at 31st March, 2013	1,142.51	199.49	172.97	1,514.97
Charge for the year	59.00	24.97	–	83.97
Deductions	–	–	–	–
As at 31st March, 2014	**1,201.51**	**224.46**	**172.97**	**1,598.94**
Net block				
As at 31st March, 2013	61.64	73.55	403.60	538.79
As at 31st March, 2014	**191.29**	**48.58**	**403.60**	**643.47**

In respect of a subsidiary Company, goodwill had been amortized during the last year, pursuant to the scheme of Amalgamation approved by the High Court of Bombay at Panaji (Goa) in an earlier year. As per the order of the High Court of Bombay at Panaji (Goa), Goodwill needs to be amortized over a period of twenty years, without having regard to the Accounting Standard, subject to available surplus for the year before amortization of goodwill.

11.3 Pre-operative and Trial run expenses (pending allocation) (included under Capital Work in Progress)

₹ in lacs

Particulars	As at 31st March, 2014	As at 31st March, 2013
Opening Balance brought forward	**889.24**	73.56
Cost of raw materials consumed	**–**	5.55
Employee benefits expenses		
Salaries, wages and bonus	**483.42**	173.41
Staff welfare expenses	**6.02**	6.09
Other Expenses		
Stores and spares consumed	**–**	2.07
Power and fuel	**6.42**	3.23
Rent	**9.85**	–
Rates and taxes	**16.43**	–
Insurance	**29.94**	25.58
Exchange differences (net)	**382.14**	307.75
Miscellaneous expenses	**239.69**	59.79
Borrowing Cost		
Interest expenses	**784.35**	239.89
Bank charges	**53.98**	247.30
Interest Income on Bank Deposits	**(304.82)**	(176.00)

Notes to Consolidated Financial Statements of the group for the financial year ended 31st March, 2014

₹ in lacs

Particulars	As at 31st March, 2014	As at 31st March, 2013
Income Tax expenses		
Current Income Tax	–	52.63
Deferred Tax	–	(55.13)
Sub–Total (A)	**2,596.66**	**965.72**
Less:		
Closing Stock of Finished Goods (Transferred to note no. 23)	–	3.67
Sub-Total (B)	–	3.67
Total (A-B)	**2,596.66**	962.05
Less: Allocated to Fixed Assets	**(96.11)**	(72.81)
Closing Balance carried forward	**2,500.55**	889.24

12. Non-Current Investments

₹ in lacs

Particulars	31st March, 2014	31st March, 2013
Trade Investments (valued at cost, unless stated otherwise)		
Other than Trade, Quoted 1,94,71,787 (31st March, 2013: Nil) Equity Shares of ₹ 10/- each fully paid up of Mangalore Chemicals and Fertilisers Limited	**9,550.81**	–
Trade, Quoted		
Associate		
1,72,99,492 (31st March, 2013: Nil) Equity Shares of Fostafos Pacifico S.A. of 1 Peruvian Nuevo Sol fully paid up	**10,955.13**	–
Total	**20,505.94**	–
Aggregate market value of quoted investments	**26,365.67**	–
Total	**26,365.67**	–

13. Loans and Advances
(Considered good unless otherwise stated)

₹ in lacs

Particulars	Non Current		Current	
	31st March, 2014	31st March, 2013	31st March, 2014	31st March, 2013
Capital advances				
Unsecured, considered good				
Related Parties (Refer note no. 46 below)	**1,924.23**	2,543.07	–	–
Others	**2,092.48**	4,090.09	–	–
	4,016.71	6,633.16	–	–

Notes to Consolidated Financial Statements of the group for the financial year ended 31st March, 2014

₹ in lacs

Particulars	Non Current		Current	
	31st March, 2014	31st March, 2013	**31st March, 2014**	31st March, 2013
Sales tax and entry tax deposits				
Unsecured, considered good	**–**	–	**1,021.81**	1,070.90
Doubtful	**2.23**	2.23	**–**	–
	2.23	2.23	**1,021.81**	1,070.90
Less: Provision for doubtful advances	**2.23**	2.23	**–**	–
	–	–	**1,021.81**	1,070.90
Security deposits				
Unsecured, considered good	**769.22**	466.26	**110.04**	248.50
	769.22	466.26	**110.04**	248.50
Loans and advances to related parties				
Unsecured, considered good (Refer note no. 46)	**–**	8,400.00	**1,340.59**	26.18
	–	8,400.00	**1,340.59**	26.18
Advances recoverable in Cash or Kind				
Unsecured, considered good				
Inter corporate deposits	**–**	–	**2,000.00**	2,000.00
Others	**1,500.00**	–	**5,140.59**	1,566.40
Doubtful	**51.81**	5.11	**–**	–
	1,551.81	5.11	**7,140.59**	3,566.40
Less: Provision for doubtful advances	**51.81**	5.11	**–**	–
	1,500.00	–	**7,140.59**	3,566.40
Other Loans and Advances				
Secured, considered good				
Loans to employees	**64.29**	99.66	**27.02**	35.73
Unsecured, considered good				
Loans to employees	**170.09**	226.79	**47.84**	57.88
MAT credit entitlement	**176.13**	32.38	**–**	–
Advance income tax (net of provision for income tax)	**2,967.93**	1,194.30	**143.65**	385.77
Prepaid expenses	**–**	–	**712.28**	198.63
VAT credit receivable	**–**	–	**121.92**	98.82
Balances with customs, port trust, excise authorities and other government authorities	**–**	–	**152.42**	1.23
	3,378.44	1,553.13	**1,205.13**	778.06
	9,664.37	17,052.55	**10,818.16**	5,690.04

Notes to Consolidated Financial Statements of the group for the financial year ended 31st March, 2014

Loans to employees include

Due from Managing Director of the Parent Company	**18.00**	22.80	**4.80**	4.80

(i) The Parent Company and one of the joint venture Company have till date recognised ₹ 176.13 lacs (upto 31st March, 2013 :: ₹ 32.38 lacs) as Minimum Alternate Tax (MAT) credit entitlement which represents that portion of the MAT Liability, the credit of which would be available based on the provision of Section 115 JAA of the Income tax Act, 1961. The management based on the future profitability projections and also profit earned during the year is confident that there would be sufficient taxable profits in future which enable the parent Company and Joint venture Company to utilize the above MAT credit entitement.

14. Other Assets

(Unsecured, considered good unless stated otherwise stated)

₹ in lacs

Particulars	Non Current		Current	
	31st March, 2014	31st March, 2013	**31st March, 2014**	31st March, 2013
Interest accrued on GOI bonds, loans and advances and deposits	**0.42**	–	**457.99**	530.54
Interest receivable from customers	**–**	–	**946.63**	1,073.02
Interest accrued on loans to employees	**104.18**	119.03	**17.02**	20.96
Claim receivable	**–**	–	**411.81**	654.78
Accrued non operating income				
– Related parties (Refer note no. 46)	**606.74**	728.09	**202.25**	182.03
– Others	**–**	–	**46.53**	105.61
Unamortised premium on forward contracts*	**124.67**	–	**3,120.48**	1,800.30
PSI grant receivable	**–**	–	**28.31**	21.43
Discarded fixed assets	**–**	–	**1.70**	1.38
Fertilisers Companies Government of India Bonds (net of diminution)	**–**	–	**20,011.19**	21,210.20
	836.01	847.12	**25,243.91**	25,600.25
Non current bank balances (Refere note no. 18)	**32.30**	13.89	**–**	–
Total	**868.31**	861.01	**25,243.91**	25,600.25

(i) * The unamortised foreign exchange premium on outstanding forward exchange contracts is being carried forward to be charged to Statement of Profit and Loss of subsequent year.

(ii) Interest accrued on employee's loan include amount due from officer of the Parent Company ₹ 9.48 lacs (including ₹ 7.42 lacs from the Managing Director of the Parent Company (31st March, 2013 : ₹ 5.77 lacs)), (31st March, 2013 : ₹ 9.51 lacs).

(iii) Details of value of Fertiliser Companies' Government of India Special Bonds which are pledged as security towards borrowings are as follows:

₹ in lacs

Particulars	**31st March, 2014**	31st March, 2013
7.00% Fertiliser Companies' Government of India Special Bonds 2022	**13,448.50**	13,448.50
6.20 % Fertiliser Companies' Government of India Special Bonds 2022	**2,571.28**	2,571.28
6.65 % Fertiliser Companies' Government of India Special Bonds 2023	**7,271.25**	7,271.25

Notes to Consolidated Financial Statements of the group for the financial year ended 31st March, 2014

₹ in lacs

Particulars	31st March, 2014	31st March, 2013
Sub total	**23,291.03**	23,291.03
Less: Diminution in the value of GOI Bonds	**3,279.83**	2,080.83
Total	**20,011.20**	21,210.20

(represents proportionate share of the Zuari Agro Chemicals Group, in respect of the subsidiary of the joint venture)
The afforesaid bonds have been valued at market rates published by Clearing Corporation of India Limited (CCIL).

15. Current Investments

₹ in lacs

Particulars	31st March, 2014	31st March, 2013
Investments in Mutual Funds Unquoted Mutual Funds (Valued at lower of cost and fair value, unless stated otherwise) 5,127.615 @ ₹ 1,000/- per each (31st March, 2013: 5,063.745 @ ₹ 1,000/- per each) Units of Reliance Liquid Fund – Treasury Plan-Institutional Option - Daily Dividend	**78.39**	77.41
Total	**78.39**	77.41
Net asset value of unqouted current investment	**78.39**	77.41
Aggregate amount of unquoted investment	**78.39**	77.41
Total	**78.39**	77.41

16. Inventories (valued at lower of cost and net realisable value)

₹ in lacs

Particulars	31st March, 2014	31st March, 2013
Raw materials [includes in transit ₹ 4,750.06 lacs (31st March, 2013 :: ₹ 4,566.75 lacs)]	**22,159.76**	39,582.93
Packing materials [includes material lying with others ₹ 81.31 lacs (31st March, 2013 :: ₹ 66.20 lacs)]	**1,279.39**	964.26
Work-in-progress	**6,233.65**	5,392.57
Finished goods [includes in transit ₹ 2,418.05 lacs (31st March, 2013 :: ₹ 57.78 lacs and includes material lying with others ₹ 168.59 lacs (31st March, 2013 :: ₹ Nil)]	**14,954.90**	24,859.98
Traded goods [includes in transit ₹ 5,923.72 lacs (31st March, 2013 :: ₹ 15.20 lacs) and includes material lying with others ₹ 728.41 lacs (31st March, 2013 :: ₹ 275.92 lacs)]	**33,582.50**	14,426.17
Fuel oil	**722.97**	2,857.52
Stores and spares	**6,575.88**	6,220.25
Waste (Treated Gypsum)	**37.12**	41.55
Total	**85,546.17**	94,345.23

Notes to Consolidated Financial Statements of the group for the financial year ended 31st March, 2014

17. Trade receivables

₹ in lacs

Particulars	Non Current		Current	
	31st March, 2014	31st March, 2013	**31st March, 2014**	31st March, 2013
Trade receivables outstanding for a period exceeding six months from the date they are due for payment				
Secured, considered good	–	–	**752.47**	1,117.67
Unsecured, considered good (including subsidy receivable ₹ 35,876.50 lacs (31st March, 2013 :: ₹ 52,119.39 lacs)	–	–	**60,262.34**	56,102.66
Unsecured, considered doubtful	**72.34**	184.63	**316.40**	194.82
	72.34	184.63	**61,331.21**	57,415.15
Less: Provision for doubtful debts	**72.34**	184.63	**316.40**	194.82
	–	–	**61,014.81**	57,220.33
Other receivables				
Secured by deposits held	–	–	**3,565.04**	3,652.08
Unsecured, considered good (including subsidy receivable ₹ 2,13,099.68 lacs (31st March, 2013 ₹ 219,754.21 lacs)	–	–	**311,371.72**	373,121.45
	–	–	**314,936.76**	376,773.53
Total	–	–	**375,951.57**	433,993.86

18. Cash and bank balances

₹ in lacs

Particulars	Non Current		Current	
	31st March, 2014	31st March, 2013	**31st March, 2014**	31st March, 2013
Cash and cash equivalents				
a. Balances with banks				
– On current accounts	–	–	**883.96**	265.77
– On cash credit accounts	–	–	–	15,818.74
– On unpaid dividend accounts	–	–	**9.62**	4.72
– On deposits accounts with original maturity less than three months	–	–	**2,000.00**	5,000.00
b. Cash on hand	–	–	**49.05**	3.24
	–	–	**2,942.63**	21,092.47
Other bank balances				
Deposits with more than 12 months original maturity	**18.98**	–	**43.74**	63.33
Margin money deposits (pledged with sales tax authorities)	**13.32**	13.89	–	–
	32.30	13.89	**2,986.37**	21,155.80
Amount disclosed under non current assets (Refer note no. 14)	**(32.30)**	(13.89)	–	–
Total	–	–	**2,986.37**	21,155.80

Notes to Consolidated Financial Statements of the group for the financial year ended 31st March, 2014

19. Revenue from operations

₹ in lacs

Particulars	31st March, 2014	31st March, 2013
Revenue from operations		
Sale of products		
Finished / Waste products	**5,01,086.71**	4,23,717.25
Traded products	**2,35,074.94**	3,66,837.79
Other operating revenues		
Scrap Sales	**318.09**	235.38
Revenue from operations (gross)	**7,36,479.74**	7,90,790.42
Less : Excise duty	**2,404.44**	1,876.92
Revenue from operations (net)	**7,34,075.30**	7,88,913.50

Details of products sold

a. Sales of Finished Product and Traded Product include government subsidies. Subsidies include ₹ 203.26 lacs (31st March, 2013 :: ₹ 8,501.77 lacs [including Nil (31st March, 2013 :: ₹ 2,580.03 lacs) in respect of a subsidiary of a joint venture being proportionate share of Zuari Agro Chemicals Group)] in respect of earlier years, notified during the year.

b. Subsidy for Urea has been accounted based on Stage III parameters of the New Pricing Scheme and other adjustments as estimated in accordance with the known Policy parameters in this regard. The stage III of New Pricing Scheme which was operational for the period 1st October, 2006 to 31st March, 2010 was extended on provisional basis. Department of Fertilisers have notified on 2nd April, 2014, Modified NPS-III for existing urea units for a period of one year ending March, 2015.

c. Excise duty on sales amounting to ₹ 2,404.44 lacs (31st March, 2013 :: ₹ 1,876.92 lacs) has been reduced from sales in Statement of Profit and Loss and excise duty on increase / decrease in stock amounting to ₹ 17.22 lacs (31st March, 2013 :: ₹ 43.99 lacs) has been considered as expense in financial statements.

20. Other income

₹ in lacs

Particulars	31st March, 2014	31st March, 2013
Interest Income on		
Income Tax Refund	**131.86**	171.20
Bank deposits	**43.84**	108.48
Interest on Government of India Fertiliser Bonds	**1,584.35**	1,584.35
Intercorporate loans	**360.00**	361.07
Overdue debtors, employee loans etc.	**43.60**	1,147.28
Dividend Income on		
Current investments (Non Trade)	**71.78**	1,236.59
Non-current investments (Non Trade)	**233.66**	–
Rent income	**111.65**	93.10
Service Income - Staff development and other supports	**1,912.47**	2,291.81
Reversal of charge of diminution in the value of Fertiliser Companies Government of India Special Fertiliser Bonds.	**–**	1,062.30
Excess provisions / unclaimed liabilities / unclaimed balances written back	**2,440.62**	1,969.24
Miscellaneous income	**1,071.51**	124.11
Total	**8,005.34**	10,149.53

Notes to Consolidated Financial Statements of the group for the financial year ended 31st March, 2014

21. Cost of raw materials consumed:

₹ in lacs

Particulars	31st March, 2014	31st March, 2013
Opening Stock	**39,582.92**	41,389.35
Add : Purchases	**335,902.31**	318,697.90
Add : Trading products transferred to raw materials	**326.40**	–
Less : Stock of raw material transfer to Traded Goods	**(277.01)**	(152.21)
Less: Inventory at the end of the year	**(22,159.76)**	(39,582.92)
Cost of raw materials consumed	**353,374.86**	320,352.12

22. Details of purchase of traded products:

₹ in lacs

Particulars	31st March, 2014	31st March, 2013
Traded goods purchase details		
Traded fertilisers:		
DAP	**137,053.08**	223,461.63
MOP	**63,567.75**	45,582.45
Phosphoric Acid	**2,629.65**	1,455.08
SSP	**758.67**	1,083.22
Speciality Fertilisers	**5,633.71**	4,605.79
NPK	**5,192.23**	21,388.98
Seeds	**(0.13)**	11.86
Ammonia	**3,994.63**	1,318.98
Pesticides	**9,400.94**	2,474.29
Others	**253.79**	320.79
Total	**228,484.32**	301,703.07

23. (Increase) / decrease in inventories

₹ in lacs

Particulars	31st March, 2014	31st March, 2013
Inventories at the end of the year		
Finished products	**14,954.90**	24,859.98
Traded products	**33,582.50**	14,426.17
Work-in-progress	**6,233.65**	5,392.57
Waste - Treated Gypsum	**37.12**	41.55
Add: Traded Goods transferred to raw materials consumption	**326.40**	–
Less : Traded product transfer from Raw materials	**(277.01)**	(152.21)
Less : Trial run stock transfer	**–**	(3.67)
	54,857.56	44,564.39

Notes to Consolidated Financial Statements of the group for the financial year ended 31st March, 2014

₹ in lacs

Particulars	31st March, 2014	31st March, 2013
Inventories at the beginning of the year		
Finished products	**24,859.98**	15,970.49
Traded products	**14,426.17**	32,782.59
Work-in-progress	**5,392.57**	5,100.16
Waste Traded Gypsum	**41.55**	1.11
	44,720.27	53,854.35
Total	**(10,137.29)**	9,289.96

24. Employee benefit expense

₹ in lacs

Particulars	31st March, 2014	31st March, 2013
Salaries, wages and bonus	**10,312.74**	9,419.48
Contribution to provident and other funds (Refer note no. 44 (iii) and (iv))	**1,114.81**	962.20
Gratuity (Refer note no. 44 (i))	**–**	308.06
Post employment medical benefits [Refer note no. 44 (iii)]	**4.97**	69.51
Staff welfare expenses	**1,921.05**	1,934.05
Total	**13,353.57**	12,693.30

25. Other expenses

₹ in lacs

Particulars	31st March, 2014		31st March, 2013	
Stores and spares consumed		**2,893.81**		1,657.34
Consumption of packing materials		**6,055.83**		4,066.81
Increase in excise duty and cess on stocks		**17.22**		43.99
Foundation seeds expenses		**26.40**		12.39
Power, fuel and water		**44,570.23**		40,043.72
Bagging and other contracting charges		**3,717.02**		3,383.99
Outward freight and handling		**38,929.61**		36,200.06
Rent		**4,033.68**		3,659.31
Lease rentals		**176.88**		310.12
Rates and taxes		**228.49**		256.45
Insurance		**928.28**		744.96
Repairs and maintenance				
Plant and machinery	**4,567.56**		**6,105.71**	
Buildings	**754.33**		**557.59**	
Others	**556.78**	**5,878.67**	**619.43**	7,282.73

Notes to Consolidated Financial Statements of the group for the financial year ended 31st March, 2014

₹ in lacs

Particulars	31st March, 2014		31st March, 2013	
Cash rebate		**3,904.60**		2,124.77
Commission		**333.56**		57.68
Project expenses written off (shelved Project)		**26.76**		100.52
Subsidy claims written off		**28.43**		23.77
Diminution in the value of Fertiliser Companies' Government of India Bonds		**1,199.01**		–
Bad debts, claims and advances written off	**25.07**		**25.07**	
Less: Adjusted against provision	**(21.65)**	**3.42**	**(16.74)**	8.33
Provision for doubtful debts, claims and advances		**181.54**		118.60
Loss on fixed assets sold /discarded (net)		**156.52**		177.12
Loss on sale of current investments		**3.70**		–
Exchange differences (net)		**8,173.29**		3,370.22
Miscellaneous expenses*		**6,734.11**		7,235.17
Total		**128,201.06**		110,878.05

* includes Research and Development expenditure of ₹ 40.95 lacs (31st March, 2013: ₹ 44.76 lacs) on revenue account .

26. Depreciation and amortisation expense

₹ in lacs

Particulars	31st March, 2014	31st March, 2013
Depreciation of tangible assets	**3,317.65**	3,634.44
Amortization of intangible assets	**83.98**	174.92
Total	**3,401.63**	3,809.36

27. Finance costs

₹ in lacs

Particulars	31st March, 2014	31st March, 2013
Interest expense (including interest on income tax reversal ₹ 85.91 lacs (31st March, 2013 :: interest on income tax of ₹ 11.58 lacs))	**24,403.95**	15,568.02
Foreign exchange variation on buyers credit to the extent considered as an adjustment to borrowing cost	**12,806.91**	13,780.78
Bank charges	**771.55**	985.66
Total	**37,982.41**	30,334.46

Notes to Consolidated Financial Statements of the group for the financial year ended 31st March, 2014

28. Exceptional Items

₹ in lacs

Particulars	31st March, 2014		31st March, 2013	
Income				
Profit on sale of freehold land (Refer note no. 51)		**(16,353.19)**		–
Expenses				
Compensation reimbursed to contract labour (Refer note no. 55)	**1,633.04**		488.25	
Voluntary Retirement Scheme payment to employees (Refer note no. 53)	**119.92**		–	
Exchange variation (attributable to the sharp depreciation of rupee) (Refer note no. 52)	**8,620.60**	**10,373.56**	–	488.25
Total		**(5,979.63)**		488.25

29. List of Subsidiaries and Joint Ventures considered for consolidation:

a. Following Subsidiaries have been consolidated on line by line basis:

Name of the Company	Country of Incorporation	Proportion of Ownership Interest as at 31st March, 2014	Proportion of Ownership Interest as at 31st March, 2013
Zuari Seeds Limited	India	100.00%	100.00%
Zuari Fertilisers and Chemicals Limited	India	100.00%	100.00%

b. Following Joint Ventures have been consolidated on proportionate basis:

Name of the Company	Country of Incorporation	Proportion of Ownership Interest as at 31st March, 2014	Proportion of Ownership Interest as at 31st March, 2013
Zuari Maroc Phosphates Limited (consolidated including its 80.45% subsidiary – Paradeep Phosphates Limited)	India	50 .00 %	50 .00 %
Zuari Rotem Speciality Fertilisers Limited (ZRSFL)	India	50 .00 %	50 .00 %
MCA Phosphate Pte. Limited (w.e.f. 27th March, 2014) (including its associate Fostafos Pacifico S.A.) (refer note (ii) below)	Singapore	30 .00 %	–

(i) During the year, Group has acquired stake in MCA Phosphates Pte.Limited, Singapore resulting in this Company becoming joint venture of the Group. The aforesaid acquisition has effect of increase in assets and liabilities by ₹ 10,961.99 lacs and ₹ 11.31 lacs respectively and increase in results by ₹ Nil in consolidated financial statement during the year ended 31st March, 2014.

(ii) Financial Statement of MCA Phosphates Pte Limited for the year ended 31st March, 2014 is unaudited. Also, financial statements of its associate Fostafos Pacifio S.A. have been audited for the year ended 31st December, 2013 and unaudited for the period from 1st January, 2014 to 31st March, 2014.

Notes to Consolidated Financial Statements of the group for the financial year ended 31st March, 2014

30. a) Contingent liabilities (not provided for)

₹ in lacs

	Particulars	As at 31st March, 2014		As at 31st March, 2013	
		Parent Company and its subsidiaries	***Joint ventures**	Parent Company and its subsidiaries	*Joint ventures
I. Demands / Claims from Government Authorities **					
(A)	**Demands from Income Tax Authorities**				
i)	Income Tax Dept has filed an appeal before Hon'ble Supreme Court against the joint venture towards penalty for the Assessment year 2004-05, but disputed by the joint venture Company.	–	**324.38**	–	324.38
ii)	The Income Tax Department had raised a demand of ₹ 54,109.10 lacs (being proportionate share of Group) for the FY 2009-10 under Section 143 (3) of the Income Tax Act, 1961 vide order dated 28th February, 2014 in line with assessment made for the FY 2008-09. The demand was mainly on account of disallowance of import purchases on the pretext of no TDS made u/s 195 of the Income Tax Act, 1961. Being aggrieved with the aforesaid order, the subsidiary of the joint venture filed an appeal before the CIT (A). The aforesaid disallowance was quashed by CIT (A) vide Order dtd 22nd April, 2014 by relying on the decision of Supreme Court in the matter of GE India Technology Centre P. Ltd. v CIT (327 ITR 456). However, certain other disallowances were confirmed by CIT (A), against which the subsidiary of joint venture will file an appeal before ITAT.	–	**29.89**	–	–
iii)	The Income Tax Dept. completed the denovo assessment for the FY 2006-07 based on instruction of Commissioner of Income Tax (CIT), where expenses of ₹ 373.15 lacs (being proportionate share of Group) were disallowed along with demand on account of Short Term Capital Gain for ₹ 14.38 lacs (being proportionate share of Group) has been raised. The Subsidiary of the Joint Venture is hopeful to succeed on all the disallowances made by the AO in appeal forum. In the mean time the denovo assessment for the FY 2001-02 was completed by the Assessing Officer by allowing further expenses of ₹ 102.40 lacs (being proportionate share of Group).	–	**112.89**	–	–
iv)	The Income Tax Department had raised a demand of ₹ 1,18,706.75 lacs (being proportionate share of Group) for the FY 2008-09 under Section 143 (3) of the Income Tax Act, 1961, mainly on account of disallowance of import purchases. The aforesaid disallowance was quashed by the CIT (A) vide order dated 28th October, 2013 by relying on the decision of Supreme Court in the matter of GE India Technology Centre P. Ltd. v CIT (327 ITR 456). However, certain other disallowances have been confirmed by CIT (A), against which the subsidiary of the joint venture has filed appeal before ITAT.	–	**1,128.60**	–	116,680.42
(B)	**Demands from Sales Tax and Other Authorities**				
i)	Sales tax demand for the year 2007-08 in Uttar Pradesh Region was stayed by the Hon'ble Allahabad High Court. The Appellate Authority rejected the appeal filed by subsidiary of the joint venture, which has now filed an appeal before the Sales Tax Tribunal and the matter is pending for hearing.	–	**45.27**	–	45.27
ii)	Odisha Sales Tax Authority demanded entry tax on sale of finished goods i.e. fertilizer. The matter was remanded to the original authority for fresh assessment by the Appellate Authority as fertilizer is non scheduled goods under the Odisha Entry Tax Act. The matter is pending before the original authority for further hearing.	–	**36.77**	–	36.77

Notes to Consolidated Financial Statements of the group for the financial year ended 31st March, 2014

₹ in lacs

	Particulars	As at 31st March, 2014		As at 31st March, 2013	
		Parent Company and its subsidiaries	***Joint ventures**	Parent Company and its subsidiaries	*Joint ventures
iii)	In respect of a subsidiary of a joint venture, branch transfers and export sales were disallowed and considered as interstate sales.				
	(a) The matter was disposed off by the Additional Commissioner of Sales Tax (Appellate Authority) in the previous year confirming the original demand of Assistant Commissioner of Sales Tax. However, the Commissioner of Commercial Taxes granted stay at the March end of last year on payment of ₹ 10 crores (being proportionate share of Group) till the disposal of the case by the Tribunal. The matter is pending with Tribunal. Further, the matter was also referred to Supreme Court by means of an Interlocutory Application. The Hon'ble Supreme Court vide order dated 30th April, 2012 clarified for hearing of the preliminary issue of jurisdiction involved in the Appeal at a priority.	–	**5,210.26**	–	5,210.26
	(b) The matter is pending before the Appellate Authority in connection with the branch transfer for which stay has been obtained.		**28.18**		28.18
iv)	Entry Tax demand for the period 1st April, 2007 to 31st March, 2014. The Entry Tax Assessment for the aforesaid period was completed vide order dated 6th January, 2014.(Refer note no. 58 below)	–	**4,508.18**	–	–
v)	Odisha Sales Tax Authority levied penalty on Entry Tax on account of Custom Duty. The Subsidiary of the Joint Venture filed an appeal before the Appellate Authority against such demand which is yet to be disposed off.	–	**32.55**	–	32.55
vi)	Countervailing Duty (CVD) paid and refund claimed on import of MOP for trading purpose.	–	**28.84**	–	28.84
vii)	Sales Tax Demand for non submission of declaration forms.	–	**3.80**	–	–
viii)	VAT Demand for the year 2005-06 in Bihar region on account of VAT Assessment. Entire demand amount has been deposited by the subsidiary of the joint venture.	–	**18.85**	–	18.85
ix)	Excise demand at Begusarai for the year 2008-09 and 2009-10. The demand is raised on account of bagging of gypsum.	–	–	–	11.35
x)	Demand Notice from Commercial Tax Department, Jaipur towards non submission of "F Form" for the year 2010-11 in respect of the parent Company.	**27.46**	–	27.46	–
xi)	Demand Notice from Commercial Tax Department, Jaipur towards non submission of "F Form" for the year 2011-12 in respect of the parent Company.	**22.38**	–	–	–
xii)	Demand notice from Commercial Tax Department, Jaipur towards excess input tax credit availed for the year 2011-12 in respect of the parent Company.	**22.33**	–	–	–

Notes to Consolidated Financial Statements of the group for the financial year ended 31st March, 2014

₹ in lacs

	Particulars	As at 31st March, 2014		As at 31st March, 2013	
		Parent Company and its subsidiaries	***Joint ventures**	Parent Company and its subsidiaries	*Joint ventures
xiii)	Demand notice from Customs department, Mumbai towards non eligibility of exemption under notification no. 04/06-CE dt 01/03/2006 (as amended by notification no. 4/2011-CE dt. 01/03/2011) towards Counter-Vailing Duty (CVD) for the imports at Navasheva port for the period 24th March, 2011 to 2nd December, 2011. Parent Company has filed an appeal with West Zonal Branch of the Customs, Excise and Service Tax Appellate Tribunal at Mumbai for waiver of pre-deposit and penalty.	**26.10**	–	–	–
xiv)	Demand notice from Customs Department, Chennai towards denial of import of MOP at concessional rate of duty for the period 1st April, 2001 to 28th February, 2006. Appeal filed with South Regional branch of the Customs, Excise and Service Tax Appellate Tribunal at Bangalore for waiver of pre-deposit and stay of impugned order by the Parent Company.	**284.74**	–	–	–
xv)	Demand notice from Customs Department, Chennai towards denial of import of MOP at concessional rate of duty for the period 2002-03 and 2003-04. Appeal filed with South Regional branch of the Customs, Excise and Service Tax Appellate Tribunal at Bangalore for waiver of pre-deposit and stay of impugned order by the Parent Company.	**148.28**	–	–	–
xvi)	Department of Fertilizer, Government of India withheld the payment of subsidy on Imported DAP in one consignment amounting to ₹ 2,139.48 lacs (being proportionate share of Group), being 90% of the subsidy amount. The amount has been with held on the basis of samples collected by the Department from Mundra Port which were reported to be deficient on account of water soluble P2O5 content as per FCO but there was no deficiency as regards to the nutrient content. The Subsidiary of the Joint Venture has represented to the Department of Fertilizers to re examine the case on the following grounds – a) Failure is on account of water solubility and not on account of nutrient content. The nutrient content on which the Nutrient Based Subsidy is paid meets the FCO specifications b) Water Solubility is more than 85% of the total P2O5 c) All precautions were taken at the load port on having an international recognized inspection agency based on which the goods were shipped and dispatched and d) The intimation on the original sample failure as well as the referee sample failure were received long after materials were dispatched well beyond the dispatch of the material to various destinations. Both Indian Council of Agriculture Research (ICAR) and Department of Agriculture and Cooperation (DAC) have suggested that wherever water solubility is 85% or more of total P2O5, it should be considered as 'standard' in terms of nutritional value to fertilizers having 100% water soluble P2O5 content. Since, in the present case water solubility is more than 85% of water solubility as per FCO, there is no scope for recovery of any subsidy amount by GOI. Therefore, the subsidiary of the joint venture Company expects a favourable outcome.	–	**2,139.48**	–	–

Notes to Consolidated Financial Statements of the group for the financial year ended 31st March, 2014

₹ in lacs

	Particulars	As at 31st March, 2014		As at 31st March, 2013	
		Parent Company and its subsidiaries	***Joint ventures**	Parent Company and its subsidiaries	*Joint ventures
xvii)	In respect of subsidiary of the joint venture, the Company has arranged for Dealer Channel Financing under Pass Through Arrangement with Yes Bank Ltd and HDFC Bank Ltd. at competitive rates wherein they have offered short term loans for a period of 180 days to the fertilizer dealers of the subsidiary of the joint venture based on the letters of recommendation issued by the subsidiary of the joint venture. During the year, the subsidiary of the joint venture has availed ₹ 4,090 lacs (being proportionate share of Group) [₹ 2,500 lacs (being proportionate share of Group) from Yes Bank Ltd and ₹ 1,590 lacs (being proportionate share of Group) from HDFC Bank Ltd] under this arrangement. The Subsidiary of the Joint Venture being the Pass Through Agent for these transactions has also provided Corporate Guarantee to the Banks for repayment of the loan in case of default by the dealers. The Subsidiary of the Joint Venture has collected Letters of Authority from the dealers for repayment of the Principal and Interest of the aforesaid loans to the banks directly as and when they become due. The subsidiary of the joint venture is confident that the loans will be repaid by the dealers to the subsidiary of the joint venture within the extended credit period and hence no default would arise.	–	**4,090**	–	–
II	**Other claims against the Company not acknowledged as debts****				
(i)	Penal interest on loan from Government of India, due to delay.	–	**172.22**	–	172.22
(ii)	Industrial Dispute and Miscellaneous Labour cases pending at various forums at different stages of dispute.	–	**239.01**	–	400.80
(iii)	Interest on electricity duty on captive power generation	–	**197.81**	–	129.79
(iv)	Others	**151.17**	**6.26**	151.17	9.48

* Figures given in respect of Joint ventures represent proportionate share of Group in the contingent liabilities of these joint ventures.

** Based on discussions with the solicitors / favourable decisions in similar cases / legal opinions taken by the Joint Venture, the management does not expect these claims to succeed and hence, no provision there against is considered necessary.

₹ in lacs

	Particulars	As at 31st March, 2014		As at 31st March, 2013	
		Parent Company and its subsidiaries	***Joint ventures**	Parent Company and its subsidiaries	*Joint ventures
(b)	Aggregate amount of guarantees issued by the banks to various Government Authorities and Others***	**8,127.26**	**835.16**	6,271.50	770.70

* Figures given in respect of Joint ventures represent proportionate share of Group in the contingent liabilities of these joint ventures.

*** Bank guarantees of ₹ 8,126.74 lacs (31st March, 2013: ₹ 6,256.96 lacs) in respect of Parent Company, are secured by a charge created by way of hypothecation on the current assets, both present and future, wherever situated pertaining to the Parent Company and the Parent Company's present and future book debts outstanding, moneys receivable, claims, bills, contracts, engagements, rights and assets.

(c) The Parent Company has given a letter of Comfort to Ratnakar Bank Limited for the purpose of facilitating the loans of ₹ 5,000.00 lacs taken by Gobind Sugar Mills Limited.

Notes to Consolidated Financial Statements of the group for the financial year ended 31st March, 2014

31 (a). Estimated amount of contracts remaining to be executed not provided for

₹ in lacs

Particulars	As at 31st March, 2014		As at 31st March, 2013	
	Parent Company and its subsidiaries	***Joint ventures**	Parent Company and its subsidiaries	*Joint ventures
Estimated amount of contracts remaining to be executed on capital account not provided for	**6,682.62**	**14,724.07**	6,516.52	27,192.42

* Figures given in respect of Joint ventures represent proportionate share of Group in the contingent liabilities of these joint ventures.

(b) Other Commitments

(i) A subsidiary of a joint venture had entered into a borrowing agreement dated 4th August, 2011 with International Finance Corporation (IFC), Washington, USA for availment of External Commercial Borrowing (ECB) USD 25 Million (being proportionate share of Group) for Brown-Field project at Paradeep Plant. The first tranche of ECB, USD 10 Million (being proportionate share of Group) was availed in April 2012 and balance amount of USD 15 Million (₹ 8,158.40 lacs) (being proportionate share of Group) was disbursed on August, 2013. As per ECB guidelines, loan has been registered with Reserve Bank of India (RBI) having LRN No. 2011720. In the absence of permission from Odisha Industrial Infrastructure Development Corporation (IDCO), the security agreement between the subsidiary of the joint venture and IFC is yet to be perfected. The matter was pursued with IDCO and Government Of Odisha (GOO) for obtaining No Objection Certificate (NOC) for mortgaging lease-hold land of 241.02 acres (being proportionate share of Group).GOO has now authorized IDCO to issue such permission to various industrial units in the State after entering into an revised agreement through supplementary deed to be executed between IDCO and the concerned District Collector having jurisdiction over the lease-hold area. The Subsidiary of the Joint Venture approached IDCO for expediting the matter for quick issue of NOC. Meanwhile, IDCO has issued a letter of comfort vide their letter no. 2899 dated 10th February, 2014 for issuing NOC in favour of the subsidiary of the joint venture once the supplementary deed is executed. In this connection, subsidiary of the joint venture has approached IFC to provide time up to end of June, 2014 for perfecting the security by obtaining the NOC from IDCO. The Subsidiary of the Joint Venture expects a favorable response from IFC. The subsidiary of the joint venture has obtained confirmation from IFC on 31st March, 2014 wherein there is no other liability on the subsidiary of the joint venture other than the normal loan liability and accrued interest thereon till 31st March, 2014.

32. Goodwill / Capital Reserve on consolidation

(a) Goodwill (on Consolidation)

The Goodwill in the Consolidated Financial Statements represents the excess of the purchase consideration of investment over the Parent Company's share in the net assets of its subsidiaries – Zuari Seeds Limited and Zuari Fertilisers and Chemicals Limited.

₹ in lacs

Investment in		Particulars	31st March, 2014	31st March, 2013
1.	Zuari Seeds Limited	(a) Cost of Investment	**1,417.60**	1,417.60
		(b) Parent Company's share in the net assets	**(377.78)**	(377.78)
	Sub-Total (1)	**Goodwill (a-b)**	**1,795.38**	1,795.38
2.	Zuari Fertilisers and Chemicals Limited	(c) Cost of Investment	**5.00**	5.00
		(d) Parent Company's share in the net assets	**(32.60)**	(32.60)
	Sub-Total (2)	**Goodwill (c-d)**	**37.60**	37.60
	Total (1+2)	**Total Goodwill (1+2)**	**1,832.98**	1,832.98

(i) The Group has recognized and is carrying forward a goodwill of ₹ 1795.38 lacs (31st March, 2013: ₹ 1795.38 lacs) in respect of Zuari Seeds Limited, a wholly owned subsidiary of the Group. Based on the financial statement of the subsidiary, its net worth is substantially lower than the Company's investment in this subsidiary Company.

(ii) Goodwill in other Company has been tested for impairment using the cash flow projections, which are based on most recent financial budgets / forecasts approved by the management.

Notes to Consolidated Financial Statements of the group for the financial year ended 31st March, 2014

(b) Capital Reserve (on Consolidation)

The Capital Reserve in the Consolidated Financial Statements represents the excess of the Zuari Agro Chemicals Limited's share in the net assets of its joint ventures (Zuari Maroc Phosphates Limited, Zuari Rotem Speciality Fertilisers Limited and MCA Phosphates Pte. Limited) over the purchase consideration of investment.

₹ in lacs

Investment in		Particulars	31st March, 2014	31st March, 2013
1.	Zuari Maroc Phosphates Limited	(a) Parent Company's share in the net assets	**53,282.40**	53,282.40
		(b) Cost of investments	**17,981.62**	17,981.62
		(c) Adjustment of Goodwill appearing in joint venture's consolidated accounts	**(18,029.27)**	(18,029.27)
	Sub-Total (1)	**Capital Reserve (a+b+c)**	**17,271.51**	17,271.51
2.	Zuari Rotem Speciality Fertilisers Limited	(a) Parent Company's share in the net assets	**438.83**	438.83
		(b) Cost of investments	**345.75**	345.75
	Sub-Total (2)	**Capital Reserve (a-b)**	**93.08**	93.08
3.	MCA Phosphates Pte. Limited	(a) Parent Company's share in the net assets	**10,950.68**	–
		(b) Cost of investments	**10,210.22**	–
	Sub-Total (3)	**Capital Reserve (a-b)**	**740.46**	–
	Total (1+2+3)	**Total Capital Reserve**	**18,105.45**	17,364.59

33. Earnings Per Share (EPS):

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Profit/(Loss) after taxation as per Statement of Profit and Loss (₹ in lacs)	**(4,425.40)**	6,429.88
Weighted average number of shares used in computing earnings per share – Basic and Diluted (Nos.)	**42,058,006**	42,058,006
Earnings per share - Basic (in ₹)	**(10.52)**	15.29
Face value per share (in ₹)	**10.00**	10.00

34. The Revenue Department of the Government of Goa had issued a notification under sub-section (1) of Section 4 of the Land Acquisition Act, 1984 on 5th February, 2007 and further notification on 19th April, 2007 proposing to acquire 1,59,700 sq. mts. of the land belonging to the Parent Company for public purpose. The Parent Company had filed an appeal with the High Court of Bombay at Goa against the notification. The High Court has quashed section 4 notification for acquisition proceedings.

35. Particulars of Foreign Currency Exposures:

(a) Forward Contracts outstanding as at the Balance Sheet Date (for the Parent Company and its subsidiaries):

Details of Derivatives	**31st March, 2014**	31st March, 2013	Purpose
Buy (Amount in USD)	**206,062,361**	142,334,967	To hedge the purchases of raw materials, traded goods and buyers credit

(b) Forward Contracts outstanding as at the Balance Sheet Date for the joint venture entities (being the proportionate share of Group):

Details of Derivatives	**31st March, 2014**	31st March, 2013	Purpose
Buy (Amount in USD)	**43,168,297**	110,972,774	To hedge the purchases of raw materials and traded goods

Notes to Consolidated Financial Statements of the group for the financial year ended 31st March, 2014

(c) Unhedged foreign currency exposures as at the Balance Sheet Date (for the Parent Company and its subsidiaries):

Nature of Exposure	Outstanding amount in foreign currency as at 31st March, 2014	Outstanding amount in foreign currency as at 31st March, 2013	Foreign currency involved
Trade Payables	**11,292,372**	37,965,419	USD
	6,765.80	20,649.13	₹ in lacs
Trade Payables	–	46,984	EURO
	–	32.67	₹ in lacs
Claims receivable	**8,482,611**	727,484	USD
	5,082.36	395.67	₹ in lacs
Trade Receivables	–	14,400	USD
	–	7.83	₹ in lacs
Accrued Interest	**868**	673,761	USD
	0.52	366.45	₹ in lacs
Borrowings	–	58,597,395	USD
	–	31,870.71	₹ in lacs
	1 USD = 59.9150 INR	1 USD = 54.3893 INR	Exchange Rate
	1 EURO = 82.6850 INR	1 EURO = 69.5438 INR	

(d) Unhedged foreign currency exposures as at the Balance Sheet Date for the joint venture entities (being the proportionate share of Group):

Nature of Exposure	Outstanding amount in foreign currency as at 31st March, 2014	Outstanding amount in foreign currency as at 31st March, 2013	Foreign currency involved
Trade Payables	**3,210,282**	7,185,753	USD
	1,929.37	3,908.28	₹ in lacs
Interest Accrued but not due on Borrowings	**70,856**	379,204	USD
	42.59	206.25	₹ in lacs
Claims receivable	**834,379**	–	USD
	501.46	–	₹ in lacs
Advances to Suppliers	–	16,354	USD
	–	8.89	₹ in lacs
Foreign Currency Loan from financial institution including interest accrued but not due and commitment fees	**19,679,633**	10,223,990	USD
	11,827.42	5,560.76	₹ in lacs
Suppliers Credit	–	9,373,489	USD
	–	5,098.18	₹ in lacs
	1 USD = 60.0998 INR	1 USD = 54.3893 INR	Exchange Rate
	1 EURO = 82.5765 INR	1 EURO = 69.5438 INR	

(e) In respect of Subsidiary of the Joint Venture, the Joint Venture has entered into Principal Only Swap arrangement with HDFC Bank Limited for USD 5.55 million (being proportionate share of Group) out of which USD 2.78 million (being proportionate share of Group) is repayable at the rate of ₹ 67.06 per USD on 15th June, 2015 and the balance at the rate of ₹ 69.50 per USD on 15th December, 2015.

36. Operating Leases:

(a) The Parent Company has obtained office premises, apartments, warehouses and vehicles on operating leases for the period up to 6 years. In all cases, the agreements are further renewable at the option of the Parent Company except in the case of vehicle lease agreements. There is escalation clause in the respective lease agreements except on vehicle lease. All the leases are cancellable in nature. The total lease payments in respect of such leases recognized in the Statement of Profit and Loss for the year are ₹ 2,337.30 lacs (31st March, 2013: ₹ 2,591.65 lacs).

(b) In case of a subsidiary, operating leases are mainly in the nature of lease of office premises and godowns with no restrictions and are renewable / cancellable at the option of either of parties. There are no subleases. The aggregate amount of operating lease payments recognized in the Statement of Profit and Loss is ₹ 132.07 lacs (31st March, 2013: ₹ 113.54 lacs).

(c) In case of Subsidiary of a Joint Venture and a Joint Venture, rent expense of ₹ 1,564.31 lacs (31st March, 2013: ₹ 954.12 lacs) (being proportionate share of Group) represents expenses incurred in respect of only cancellable operating leases relating to premises (residential, office etc.) which are renewable by mutual consent.

37. (a) The subsidiary of a Joint Venture entity in an earlier year had received an Arbitration Award in its favour in the matter of Cargo Charges Tariff dispute with Paradeep Port Trust (PPT) for the years 1993-1999. PPT in earlier year had appealed with the higher authorities against such award which was confirmed by the Appellate Authority. However, as against the above order, the PPT had gone into further appeal with the Hon'ble High Court of Odisha, which in its interim order has directed the Joint Venture not to execute award at this stage. The Subsidiary of the Joint Venture has not recognised this award as income in the Statement of Profit and Loss.

(b) Paradeep Port Trust (PPT) proposed a revision in scale of rates applicable to the Subsidiary of a Joint Venture for cargo handling in the Joint Venture's captive berth w.e.f. 1st April, 1999. The matter was referred to Tariff Authority of Major Ports (TAMP) on mutual consent of the parties under the direction of Hon'ble High Court of Orissa. During the previous year, TAMP had finalized the rates but PPT had not agreed with the order and filed a writ petition before the High Court of Odisha against the said order. Pending disposal of the case, the subsidiary of the joint venture has not recognised the amount receivable from PPT towards the excess amount paid over the applicable TAMP order.

38. In case of a subsidiary of a joint venture, the Land Policy of Port land has been revised as per the Land Policy Guidelines issued by the Ministry of Shipping, Government of India. Pursuant to the said Policy and pending outcome of negotiation with Paradeep Port Trust, the subsidiary of the joint venture, has made provision towards ground rent, interest and taxes amounting to ₹ 715.64 lacs (including ₹ 66.51 lacs for the current year) (being proportionate share of Group) against the demand raised by Paradeep Port Trust.

39. In respect of a subsidiary of a joint venture entity, in terms of meeting for amicable settlement of dispute for additional compensation to the land losers, under the chairmanship of the Collector and District Magistrate, Jagatsinghpur, it was decided to pay additional compensation at the rate fixed to the claimants through the Special Land Acquisition Officer (Spl. LAO), Government of Odisha. Since the disbursement process to land losers has started in the financial year 2010-11 through Spl. LAO, the joint venture accounted for total estimated liability of ₹ 283.01 lacs (including interest of ₹ 209.01 lacs) (being proportionate share of Group) during the financial year 2010-11. The outstanding liability as on 31st March, 2014 stands at ₹ 175.09 lacs (being proportionate share of Group) after making payment to Spl. LAO.

40. In respect of a Joint Venture, the joint venture is in the process of taking the necessary steps to comply with the provisions of section 383A of the Companies Act, 1956 and / or applicable provisions of the Companies Act, 2013.

41. In respect of a subsidiary of the joint venture, Employees' State Insurance Corporation (ESIC) raised various demands from subsidiary of the joint venture in respect of both Contract Labours and Employees in earlier years, which were contested by the subsidiary of the joint venture in various Courts and Authorities. The subsidiary of the joint venture is continuing with the provision existing in the books.

42. In respect of Parent Company, based on the circulars received for revision in uniform freight relating to secondary freight and direct road movement, the Parent Company has, during the year, accrued additional freight subsidy income of ₹ 614.39 lacs (upto 31st March, 2013: ₹ 856.95 lacs) relating to Urea and ₹ 608.08 lacs (upto 31st March, 2013: ₹ 2,302.54 lacs) for Phosphoric and Potassic Fertilisers, for which the claims are yet to be submitted. The Parent Company is hopeful to realise above entire amount of ₹ 4,381.96 lacs.

Notes to Consolidated Financial Statements of the group for the financial year ended 31st March, 2014

43. In respect of one of the subsidiary, it has accumulated losses of ₹ 2,581.96 lacs as at 31st March, 2014 (31st March, 2013: ₹ 1,678.79 lacs) resulting in complete erosion of net worth. Based on the future projections of the subsidiary Company and releasing of new products, management is confident that the subsidiary Company will be able to generate sufficient profits in future years. As such, the financial statements of that subsidiary Company are prepared on a going concern basis.

44. Employee Benefits

(i) The Group has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service.

In respect of the Parent Company, one of the subsidiary and a subsidiary of joint venture, scheme is funded with an insurance Company in the form of a qualifying insurance policy.

The current year disclosures in the following tables summarize the components of the net gratuity expense recognized in the consolidated Statement of Profit and Loss for the Group.

Statement of Profit and Loss

Net employee benefit expense (recognized in Employee Cost) for the Year ended 31st March, 2014:

₹ in lacs

Particulars	Funded		Unfunded	
	31st March, 2014	31st March, 2013	**31st March, 2014**	31st March, 2013
Current Service Cost	**385.46**	402.97	**2.40**	1.78
Interest cost on benefit obligation	**307.08**	284.51	**0.27**	0.22
Expected return on plan assets	**(326.05)**	(320.12)	**–**	–
Net actuarial (gain)/loss recognized in the year	**(373.36)**	(320.88)	**(0.94)**	(0.69)
Past Service Cost (Vested Benefits)***	**–**	253.18	**–**	–
Effect of limit Para 59(b) of AS-15-R	**–**	–	**–**	–
Net benefit expense*	**(6.87)**	299.66	**1.73**	1.31**

* Excluding ₹ Nil (31st March, 2013: ₹ 5.92 lacs) in respect of the Parent Company for Gratuity Expense transferred to other Company, excluding ₹ 7.74 lacs (31st March, 2013: ₹ Nil) for Gratuity receipt of employees transferred from other Company, excluding ₹ 1.14 lacs income (31st March, 2013: ₹ 0.56 lac expense) in respect of joint venture. (Refer note 'c' below).

** in respect of Subsidiary (ZFCL), provision made on actual basis at the end of previous year has been considered as opening actuarial valuation , consequently an amount of ₹ 0.60 lacs has been charged to Statement of Profit and Loss.

*** Due to enhancement of gratuity limit from 10.00 lacs to 25.00 lacs.

Balance Sheet

Details of Provision for gratuity benefit as at 31st March, 2014:

₹ in lacs

Particulars	Funded			Unfunded		
	31st March, 2014	31st March, 2013	31st March, 2012	**31st March, 2014**	31st March, 2013	31st March, 2012
Present Value of Defined benefit obligation	**4,030.81**	4,030.99	3,736.53	**5.06**	3.33	–
Fair value of plan assets	**4,022.13**	3,731.09	3.635.16	**–**	–	–
Plan assets/(liability)*	**(8.68)**	(299.90)	(101.37)	**(5.06)**	(3.33)	–
Experience (gain)/loss on obligation	**(100.26)**	(144.56)	(32.48)	**–**	–	–
Experience gain/(loss) on plan assets	**21.70**	(7.48)	15.81	**–**	–	–

* Excluding 1.97 lacs (31st March, 2013: 0.83 lac) in respect of joint venture which has computed the provision on actual computation basis. (Refer note 'c' below)

Notes to Consolidated Financial Statements of the group for the financial year ended 31st March, 2014

Changes in the present value of the defined benefit obligation for the year ended 31st March, 2014 are as follows:

₹ in lacs

Particulars	Funded		Unfunded	
	31st March, 2014	31st March, 2013	**31st March, 2014**	31st March, 2013
Opening defined benefit obligation	**4,030.99**	3,736.53	**3.33**	2.80
Interest cost	**307.08**	284.51	**0.27**	0.22
Current service cost	**385.46**	402.97	**2.40**	1.77
Service Cost (Transfer in)	**40.05**	–	**–**	–
Past Service cost (vested benefit)	**–**	253.18	**–**	–
Benefits paid	**(381.83)**	(319.09)	**–**	(0.77)
Actuarial (gains) / losses on obligation	**(350.94)**	(327.11)	**(0.94)**	(0.69)
Closing defined benefit obligation	**4030.81**	4,030.99	**5.06**	3.33

Changes in the fair value of plan assets are as follows:

₹ in lacs

Particulars	Gratuity (Funded)	
	31st March, 2014	31st March, 2013
Opening fair value of plan assets	**3,731.10**	3,635.15
Adjustment to opening balance	**–**	(0.90)
Expected return on plan asset	**326.05**	320.12
Contributions by employer	**284.36**	101.17
Benefits paid	**(381.83)**	(319.09)
Actuarial gains / (losses)	**22.40**	(5.35)
Settlement / Transfer In	**40.05**	–
Closing fair value of plan assets	**4,022.13**	3.731.10

1) Parent Company expects to contribute ₹ Nil (31st March, 2013: ₹ 275.28 lacs) towards gratuity during the year 2014–15.

2) The subsidiary of a joint venture expects to contribute ₹ 60.00 lacs (previous year ₹ 57.50 lacs) (being proportionate share of Group) to the gratuity fund during 2014-15.

3) The subsidiary expects to contribute ₹ 17.22 lacs to gratuity fund for the year ended 31st March, 2014.

The major categories of plan assets as a percentage of the fair value of total plan assets in respect of the Group are as follows:

Investment with insurer (Life Insurance Corporation of India)	**Gratuity 2013-14**	Gratuity 2012-13
	100%	100%

The overall expected rate of return is determined based on the market prices prevailing at that date, applicable to the period over which the obligation is to be settled. These rates are different from the actual rate of return during the current year.

The principal assumptions used in determining gratuity liability are shown below:

Particulars	**2013-14**	2012-13
Discount Rate	**8.00% – 9.00%**	7.00% – 8.00%
Expected rate of return on plan assets	**8.50% – 9.00%**	8.50% – 9.45%
Increase in Compensation cost	**7.50% – 10.00%**	6.00% – 10.00%
Employee turnover	**0.50% – 6.00%**	0.50% – 6.00%

Notes to Consolidated Financial Statements of the group for the financial year ended 31st March, 2014

a) The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

b) In case of the Parent Company, the current year being the third year of adoption of AS-15 (Revised) by the Company, disclosures as required by Para 120 (n) (i) of Accounting Standard 15 (Revised) have been furnished only for three years.

c) In the case of a joint venture, the joint venture Company has not performed any separate actuarial valuation for arriving at the Gratuity liability of the Gratuity Scheme as at 31st March, 2014 as the number of employees of the joint venture as at and for the year ended 31st March, 2014 was below 20. These liabilities as at 31st March, 2014, as reflected in the financials, have been determined on gross undiscounted basis.

(ii) The following table summarizes the present value of obligation relating to long term post-retirement medical benefit which is unfunded, in respect of a subsidiary of a joint venture. The information regarding the plan assets has not been furnished as the joint venture has not created any assets for the given obligation.

Statement of Profit and Loss

Net employee benefit expense (recognized in Employee Cost) for the year ended 31st March, 2014:

₹ in lacs

Sl. No.	Particulars	2013-14	2012-13
1	Current Service Cost	**9.15**	9.20
2	Interest Cost on benefit obligation	**15.18**	10.78
3	Net Actuarial (Gains)/ Losses recognized in the year	**(19.36)**	49.53
4	Net Benefit Expense	**4.97**	69.51

Balance Sheet

Details of Net (Asset) / Liability recognized in the Balance Sheet as at 31st March, 2014

₹ in lacs

Sl. No.	Particulars	2013-14	2012-13
1	Present value of Defined Benefit Obligation as at 31st March, 2014	**194.08**	195.04
2	Fair Value of Plan Assets as at 31st March, 2014	**–**	–
3	Un recognised Past service cost	**–**	–
4	Un recognised past service cost – non-vested benefits	**–**	–
5	Net(Asset)/ Liability as at 31st March, 2013	**194.08**	195.04

Changes in the present value of the defined benefit obligation for the year ended 31st March, 2014

₹ in lacs

Sl. No.	Particulars	2013-14	2012-13
1	Present value of Obligation at the beginning of the year	**195.04**	131.08
2	Current Service Cost	**9.15**	9.20
3	Interest Cost	**15.18**	10.78
4	Benefits paid by the Company	**(5.93)**	(5.55)
5	Actuarial (Gains)/Losses on obligation	**(19.36)**	49.53
6	Present Value of Defined Benefit Obligation at the end of the year	**194.08**	195.04

Notes to Consolidated Financial Statements of the group for the financial year ended 31st March, 2014

The principal assumptions used in determining liability are shown below:

₹ in lacs

Sl. No.	Particulars	2013-14	2012-13
1	Discount Rate	9.00 % p.a.	7.90 % p.a.
2	Rate of increase in salary	10.00 % p.a.	10.00 % p.a.
3	Withdrawal Rate	6.00 % p.a.	6.00 % p.a.
4	Medical cost escalation rate	4.00 % p.a.	3.00 % p.a.
5	Mortality retirement	LIC (1994-96) Ultimate Mortality Table	LIC (1994-96) Ultimate Mortality Table

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

(iii) Provident Fund

The Parent Company and a subsidiary of joint venture Company has set up provident fund trust, which are managed by respective Companies. As per the Guidance Note on implementing AS-15, Employee Benefits (revised 2005) issued by the Accounting Standard Board (ASB), provident funds set up by employers, which requires interest shortfall to be met by the employer, needs to be treated by as defined benefit plan. The actuarial valuation of Provident Fund was carried out in accordance with the guidance notes issued by Actuary Society.

In case of other companies in the Group, they do not have provident fund trust.

The following tables summarize the components of net benefit expense recognized in the Statement of Profit and Loss and the funded status and amounts recognized in the Balance Sheet in respect of provident fund trust.

Statement of Profit and Loss

₹ in lacs

Sl. No.	Particulars	2013-14	2012-13
1	Current Service Cost	**531.76***	445.33
2	Reversal of provision	–	(54.38)
3	Net Benefit Expense	**531.76**	390.95

* Excludes Contribution for Managing Director's Provident Fund (PF) amounting to ₹ 4.32 lacs (being proportionate share of Group) [31st March, 2013: ₹ 3.96 lacs (being proportionate share of Group)] which has been transferred to trust maintained elsewhere. Further, during the year, ₹ 1.30 lacs (being proportionate share of Group) [31st March, 2013: ₹ Nil (being proportionate share of Group)] has been paid directly to ex-employees of the joint venture relating to arrear PF whose PF accounts have already been settled.

Balance Sheet

Funding Status and amount recognised in the Balance Sheet as at 31st March, 2014

₹ in lacs

Sl. No.	Particulars	2013-14	2012-13
1	Defined benefit obligation	**15,889.04**	14,681.02
2	Fair value of plan assets	**16,031.12**	14,799.47
3	Plan asset*/(liability)	**142.08**	118.45

* Plan asset has not been recognised in the financial statements, as the surplus of the trust is distributable among the beneficiaries of the provident fund trust.

Notes to Consolidated Financial Statements of the group for the financial year ended 31st March, 2014

Changes in the present value of the defined benefit obligation for the year ended 31st March, 2014

₹ in lacs

Sl. No.	Particulars	2013-14	2012-13
1	Opening defined benefit obligation	**14,681.02**	13,782.11
2	Current Service Cost	**531.76**	445.33
3	Interest Cost	**1286.36**	1171.48
4	Contribution by Employee/ Plan Participants	**929.03**	764.97
5	Benefits paid out of funds	**(1608.63)**	(1495.98)
6	Actuarial (Gains)/Losses on obligation	**(11.88)**	(78.23)
7	Settlements/ Transfer In	**81.38**	91.34
8	Closing defined benefit obligation	**15,889.04**	14,681.02

Changes in the fair value of the plan assets for the year ended 31st March, 2014

₹ in lacs

Sl. No.	Particulars	2013-14	2012-13
1	Opening fair value of plan assets	**14,799.48**	13,734.69
2	Expected return on plan assets	**1295.00**	1167.45
3	Employer Contribution	**531.76**	445.33
4	Plan Participants/ Employee Contribution	**929.03**	764.97
5	Benefits paid out of funds	**(1608.63)**	(1495.98)
6	Actuarial (Gains)/Losses on plan assets	**3.12**	91.67
7	Settlements/ Transfer In	**81.38**	91.34
8	Closing fair value of plan assets	**16,031.14**	14,799.47

The principal assumptions used in determining liability are shown below:

Sl. No.	Particulars	2013-14	2012-13
1	Discount Rate	**8.75% p.a.**	8.50% p.a.
2	Expected rate of Return	**8.75% p.a.**	8.50% p.a.
3	Employee turnover rate	**1-3%**	1-3%

Details of contribution to provident fund in respect of other companies in the Group:

₹ in lacs

Particulars	2013-14	2012-13
Contribution to Provident Fund	**27.68**	31.05

Notes to Consolidated Financial Statements of the group for the financial year ended 31st March, 2014

(iv) Details of Defined Contribution Plan in respect of the Group:

₹ in lacs

Particulars	2013-14	2012-13
Contribution to Superannuation Fund	**344.19**	320.41
Contribution to Contributory pension fund	**155.24**	165.34
Employees Death Benevolent Fund	**0.67**	0.64
Contribution to Family pension Fund	**49.66**	49.85
Total	**549.76**	536.24

1. The Parent Company and subsidiary of the joint venture expects to contribute ₹ 535 lacs (approx.) to provident fund trust in the financial year 2014-15.
2. The information related to experience adjustment on plan assets and liabilities are not available but the amount would not be material in the opinion of the management.

45. Segment Reporting

* Primary Segment - The Group is engaged in the manufacture, sale and trading of fertilizers and seed which in the context of Accounting Standard 17 (Segmental Information) notified by Companies (Accounting Standard) Rules, 2006 (as amended), is considered as the only business segment. Accordingly no separate segmental information has been provided herein.

* Secondary Segment – Geographical Segment

  The Group operates in India and therefore caters to the needs of the domestic market. Therefore, there is only one geographical segment and hence, segment information is not required to be disclosed.

46. Related party disclosures under Accounting Standard – 18

a. The list of Related Parties as identified by the management is as under:

(i) Joint ventures of the Group

1 Zuari Maroc Phosphates Limited

2 Paradeep Phosphates Limited –Subsidiary of Zuari Maroc Phosphates Limited

3 Zuari Rotem Speciality Fertilisers Limited

4 MCA Phosphates Pte. Limited (w.e.f. 27th March, 2014)

(ii) Associate of the Group

1 Fostafos Pacifico S.A. (w.e.f. 27th March, 2014)

(iii) Key Management Personnel of the Group

1 Mr. S. S. Nandurdikar, Managing Director of Paradeep Phosphates Limited

2 Mr. N. Suresh Krishnan, Managing Director of Zuari Agro Chemicals Limited and Zuari Maroc Phosphates Limited.

3 Mr. Akshay Poddar – Executive Director of Zuari Agro Chemicals Limited

4 Mr. Kaushal Jaiswal – Chief Executive Officer of Zuari Rotem Speciality Fertlisers Limited

(iv) Relatives of Key Management Personnel

1. Mr. S. K. Poddar (Father of Mr. Akshay Poddar)

(v) Other Venturers in respect of JV Entities

1 OCP S.A. Morocco (w.e.f. 27th September, 2012)

2 Rotem Amfert Negev Limited

3 Indo Maroc Phosphore Limited

4 Bunge Maroc Phosphore

5 Phosphate De Boucraa SA

(vi) Parties having Significant Influence

1 Zuari Global Limited

2 Indian Furniture Products Limited

3 Simon India Limited

4 Zuari Management Services Limited

5 Zuari Infaworld India Limited (formerly known as Adventz Infaworld India Limited)

6 Gulbarga Cement Limited

7 Globex Limited

8 Zuari Investment Limited

9 Zuari Insurance Brokers Limited- Subsidiary of Zuari Investment Limited

10 Zuari Commodity Trading Limited- Subsidiary of Zuari Investment Limited

11 Zuari Financial Services Limited- Subsidiary of Zuari Investment Limited

12 Zuari Indian Oiltanking Limited- Joint Venture of Zuari Global Limited

13 Style Spa Furniture Limited

(vii) Enterprises owned or significantly influenced by key management personnel or their relatives

1 Gobind Sugar Mills Limited

b. The transactions with related parties are given below :

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Notes to Consolidated Financial Statements of the group for the financial year ended 31st March, 2014

Related Party disclosures under Accounting Standard - 18

b) Following transactions were carried out with related parties in the ordinary course of business.

₹ in lacs

Sl. No	Transaction details	2013–14						2012–13				
		Joint Ventures	Joint Venturers	" Key manage–ment personnel (KMP) "	Enterprises Having Significant Influences	Enterprises owned or significantly influenced by key manage–ment personnel or their relatives	Total	Joint Ventures	Joint Venturers	" Key manage–ment personnel (KMP) "	Enterprises Having Significant Influences	Total
1	**Payment made on their behalf**											
	– Zuari Maroc Phosphates Limited	0.03	–	–	–	–	0.03	0.04	–	–	–	0.04
	– Paradeep Phosphates Limited	41.39	–	–	–	–	41.39	28.94	–	–	–	28.94
	– Zuari Rotem Speciality Fertilisers Limited	0.32	–	–	–	–	0.32	0.88	–	–	–	0.88
	– Zuari Indian Oiltanking Limited	–	–	–	–	–	–	–	–	–	38.86	38.86
	– Zuari Investment Limited	–	–	–	1.42	–	1.42	–	–	–	–	–
	– Globex Limited	–	–	–	9.33	–	9.33	–	–	–	–	–
	– Zuari Management Services Limited	–	–	–	31.97	–	31.97	–	–	–	26.47	26.47
	– Zuari Infraworld India Limited*	–	–	–	5.28	–	5.28	–	–	–	72.41	72.41
	– Simon India Limited	–	–	–	20.27	–	20.27	–	–	–	16.39	16.39
	– Indian Furniture Products Limited	–	–	–	0.07	–	0.07	–	–	–	0.58	0.58
	– Zuari Global Limited	–	–	–	19.86	–	19.86	–	–	–	7.67	7.67
	– OCP, Morocco	–	0.38	–	–	–	0.38	–	–	–	–	–
	– Style Spa Furniture Limited	–	–	–	0.23	–	0.23	–	–	–	–	–
2	**Payment made on our behalf**											
	– Paradeep Phosphates Limited	3.62	–	–	–	–	3.62	3.77	–	–	–	3.77
	– Style Spa Furniture Limited	–	–	–	9.16	–	9.16	–	–	–	0.97	0.97
	– Zuari Global Limited	–	–	–	1.38	–	1.38	–	–	–	0.04	0.04
	– Simon India Limited	–	–	–	0.18	–	0.18	–	–	–	0.69	0.69
	– Zuari Infraworld India Limited*	–	–	–	–	–	–	–	–	–	0.02	0.02
	– Zuari Management Services Limited	–	–	–	6.15	–	6.15	–	–	–	1.29	1.29
	– Zuari Investment Limited	–	–	–	0.22	–	0.22	–	–	–	–	–
3	**Material Taken on Swap basis**											
	– Paradeep Phosphates Limited	2,356.80	–	–	–	–	2,356.80	–	–	–	–	–
4	**Material Given on Swap basis**											
	– Paradeep Phosphates Limited	3,630.03	–	–	–	–	3,630.03	–	–	–	–	–
5	**Purchase of Fixed Assets**											
	– Style Spa Furniture Limited	–	–	–	0.07	–	0.07	–	–	–	20.35	20.35
	– Simon India Limited	–	–	–	7,261.63	–	7,261.63	–	–	–	1,645.52	1,645.52
	– Indian Furniture Products Limited	–	–	–	1.02	–	1.02	–	–	–	30.87	30.87
6	**Service / Consultancy/Corporate Guarantee charges paid**											
	– Zuari Indian Oiltanking Limited	–	–	–	–	–	–	–	–	–	173.70	173.70
	– Zuari Investment Limited	–	–	–	0.01	–	0.01	–	–	–	0.114	0.114

Notes to Consolidated Financial Statements of the group for the financial year ended 31st March, 2014

₹ in lacs

Sl. No	Transaction details	2013–14						2012–13				
		Joint Ventures	Joint Venturers	" Key manage–ment personnel (KMP) "	Enterprises Having Significant Influences	Enterprises owned or significantly influenced by key manage–ment personnel or their relatives	Total	Joint Ventures	Joint Venturers	" Key manage–ment personnel (KMP) "	Enterprises Having Significant Influences	Total
	– Zuari Management Services Limited	–	–	–	212.20	–	212.20	–	–	–	121.33	121.33
	– Zuari Global Limited	–	–	–	58.46	–	58.46	–	–	–	111.71	111.71
	– Simon India Limited	–	–	–	–	–	–	–	–	–	402.87	402.87
	– Indian Furniture Products Limited	–	–	–	0.81	–	0.81	–	–	–	46.61	46.61
	– Gobind Sugar Mills Limited	–	–	–	–	44.94	44.94	–	–	–	–	–
	– Zuari Insurance Brokers Limited	–	–	–	5.62	–	5.62	–	–	–	–	–
7	**Purchase of Investment**											
	– Zuari Global Limited	–	–	–	10,184.96	–	10,184.96	–	–	–	–	–
8	**Managerial remuneration**											
	– Mr. S.S. Nandurdikar	–	–	90.79	–	–	90.79	–	–	81.69	–	81.69
	– Mr.N.Suresh Krishnan	–	–	173.47	–	–	173.47	–	–	133.20	–	133.20
	– Mr.Akshay Poddar	–	–	44.88	–	–	44.88	–	–	44.88	–	44.88
	– Mr.Kaushal Jaiswal	–	–	16.37	–	–	16.37	–	–	–	–	–
9	**Purchase of finished goods, raw material,spares, etc**											
	– OCP S.A., Moracco	–	33,144.38	–	–	–	33,144.38	–	46,912.17	–	–	46,912.17
	– Zuari Rotem Speciality Fertilisers Ltd	1,581.17	–	–	–	–	1,581.17	2,097.39	–	–	–	2,097.39
	– Zuari Global Limited	–	–	–	10,362.63	–	10,362.63	–	–	–	–	–
	– Paradeep Phosphates Limited	–	–	–	–	–	–	2,249.63	–	–	–	2,249.63
	– Zuari Seeds Limited	–	–	–	–	–	–	–	–	–	51.48	51.48
	– Rotem Amfert Nagev Ltd.	–	190.00	–	–	–	190.00	–	878.18	–	–	878.18
	– Indo Maroc Phosphores S.A.Morocco	–	5,084.00	–	–	–	5,084.00	–	3,707.63	–	–	3,707.63
10	**Sale of finished goods, raw material,spares, etc**											
	– Paradeep Phosphates Limited	22.50	–	–	–	–	22.50	–	–	–	–	–
	– Gobind Sugar Mills Limited	–	–	–	–	1,005.26	1,005.26	–	–	–	–	–
11	**Demmuarge Expenses**											
	– OCP S.A., Moracco	–	104.91	–	–	–	104.91	–	22.22	–	–	22.22
	– Indo Maroc Phosphores S.A.Morocco	–	1.09	–	–	–	1.09	–	1.51	–	–	1.51
12	**Write back, Claims and Demmuarges**											
	– OCP S.A., Moracco	–	246.66	–	–	–	246.66	–	–	–	–	–
13	**Royalty paid**											
	–Rotem Amfert Nagev Ltd.	–	–	–	–	–	–	–	32.97	–	–	32.97
14	**Miscelleaneous Income /Rebate Received**											
	– Zuari Indian Oiltanking Limited	–	–	–	–	–	–	–	–	–	900.00	900.00
	– Paradeep Phosphates Limited	20.86	–	–	–	–	20.86	–	–	–	–	–

Notes to Consolidated Financial Statements of the group for the financial year ended 31st March, 2014

₹ in lacs

Sl. No	Transaction details	2013–14						2012–13				
		Joint Ventures	Joint Venturers	" Key manage–ment personnel (KMP) "	Enterprises Having Significant Influences	Enterprises owned or significantly influenced by key manage–ment personnel or their relatives	Total	Joint Ventures	Joint Venturers	" Key manage–ment personnel (KMP) "	Enterprises Having Significant Influences	Total
15	**Miscelleaneous Expenses / Rebate Paid**											
	– Paradeep Phosphates Limited	9.88	–	–	–	–	9.88	–	–	–	–	–
	– Gobind Sugar Mills Limited	–	–	–	–	20.76	20.76	–	–	–	–	–
16	**Management Fee Paid**											
	– Zuari Global Limited	–	–	–	43.38	–	43.38	–	–	–	–	–
17	**Management Fee Received**											
	– Zuari Management Services Limited	–	–	–	20.22	–	20.22	–	–	–	–	–
	– Zuari Global Limited	–	–	–	31.31	–	31.31	–	–	–	140.70	140.70
18	**Rent Paid**											
	– Zuari Global Limited	–	–	–	44.17	–	44.17	–	–	–	47.45	47.45
	– Zuari Management Services Limited	–	–	–	2.63	–	2.63	–	–	–	–	–
	– Gobind Sugar Mills Limited	–	–	–	–	1.07	1.07	–	–	–	–	–
19	**Sitting Fee Paid**											
	– Mr.S.K.Poddar	–	–	1.00	–	–	1.00	–	–	1.10	–	1.10
20	**Deposit Received**											
	– Gobind Sugar Mills Limited	–	–	–	–	0.25	0.25	–	–	–	–	–
21	**Interest received on loan/deposit**											
	– Mr.N.Suresh Krishnan	–	–	1.65	–	–	1.65	–	–	1.96	–	1.96
	– Zuari Rotem Speciality Fertilisers Ltd	–	–	–	–	–	–	0.73	–	–	–	0.73
22	**Interest Paid**											
	– Zuari Rotem Speciality Fertilisers Ltd	–	21.05	–	–	–	21.05	–	–	–	–	–
	– Gobind Sugar Mills Limited	–	–	–	–	0.01	0.01	–	–	–	–	–
23	**Sale of fixed assets**											
	– Zuari Global Limited	–	–	–	16,359.52	–	16,359.52	–	–	–	–	–
24	**Corporate Guarantee Matured**											
	– Paradeep Phosphates Limited	–	–	–	–	–	–	1,18,500.00	–	–	–	1,18,500.00
25	**Dividend paid**											
	– Zuari Global Limited	–	–	–	252.35	–	252.35	–	–	–	252.35	252.35
	– Zuari Management Services Limited	–	–	–	129.17	–	129.17	–	–	–	126.17	126.17
26	**Commission paid**											
	– Mr.S.K.Poddar	–	–	–	–	–	–	–	–	3.50	–	3.50

*The name of the Company "Adventz Infraworld India Limited' has been changed to "Zuari Infraworld India Limited" w.e.f.28th May, 2013.

Notes to Consolidated Financial Statements of the group for the financial year ended 31st March, 2014

Related Party disclosures under Accounting Standard - 18

Balance Outstanding at the year end

₹ in lacs

Sl. No	Transaction details	2013–14						2012–13				
		Joint Ventures	Joint Venturers	" Key manage–ment personnel (KMP) "	Enterprises Having Significant Influences	Enterprises owned or signifi–cantly influenced by key manage–ment personnel or their relatives	Total	Joint Ventures	Joint Venturers	" Key manage–ment personnel (KMP) "	Enterprises Having Significant Influences	Total
1	**Loan/ICD given**											
	– Mr. N.Suresh Krishnan	–	–	22.80	–	–	22.80	–	–	27.60	–	27.60
	– Paradeep Phosphates Limited	1,273.23	–	–	–	–	1,273.23	–	–	–	–	–
2	**As Advance Recoverable**											
	– Paradeep Phosphates Limited	19.02	–	–	–	–	19.02	–	–	–	–	–
	– Simon India Limited	–	–	–	1,924.47	–	1,924.47	–	–	–	2,543.08	2,543.08
	– Zuari Global Limited	–	–	–	–	–	–	–	–	–	8,400.00	8,400.00
	– Adventz Industries India Limited	–	–	–	2.03	–	2.03	–	–	–	2.03	2.03
	– Bunge Maroc Phosphore	–	9.83	–	–	–	9.83	–	8.90	–	–	8.90
	– Zuari Infraworld India Limited*	–	–	–	–	–	–	–	–	–	5.75	5.75
	– OCP S.A., Moracco	–	9.81	–	–	–	9.81	–	9.43	–	–	9.43
	– Zuari Indian Oiltanking Limited	–	–	–	808.99	–	808.99	–	–	–	910.12	910.12
	– Zuari Management Services Limited	–	–	–	24.30	–	24.30	–	–	–	0.06	0.06
	– Globex Limited	–	–	–	2.33	–	2.33	–	–	–	–	–
	– Style Spa Furniture Limited	–	–	–	0.18	–	0.18	–	–	–	0.01	0.01
3	**As Trade receivable**											
	– Paradeep Phosphates Limited	13.50	–	–	–	–	13.50	–	–	–	–	–
	– Gobind Sugar Mills Limited	–	–	–	–	516.08	516.08	–	–	–	–	–
4	**As Trade Payable**											
	– Zuari Indian Oiltanking Limited	–	–	–	–	–	–	–	–	–	22.73	22.73
	– OCP S.A., Moracco	–	813.81	–	–	–	813.81	–	2,828.07	–	–	2,828.07
	– Paradeep Phosphates Limited	–	–	–	–	–	–	2,241.85	–	–	–	2,241.85
	– Zuari Seeds Limited	–	–	–	–	–	–	–	–	–	12.80	12.80
	– Zuari Rotem Speciality Fertilisers Ltd	114.10	–	–	–	–	114.10	852.59	–	–	–	852.59
	– Zuari Maroc Phosphates Limited	9.34	–	–	–	–	9.34	9.37	–	–	–	9.37
	– Simon India Limited	–	–	–	331.75	–	331.75	–	–	–	–	–
	– Rotem Amfert Nagev Ltd.	–	216.82	–	–	–	216.82	–	494.11	–	–	494.11
	– Indo Maroc Phosphores S.A.Morocco	–	11.34	–	–	–	11.34	–	9.28	–	–	9.28
	– Zuari Management Services Limited	–	–	–	–	–	–	–	–	–	10.74	10.74
	– Zuari Investment Limited	–	–	–	–	–	–	–	–	–	0.13	0.13
	– Phosphates De Boucraa SA	–	–	–	–	–	–	–	–	–	2.66	2.66
	– Simon India Limited	–	–	–	–	–	–	–	–	–	933.57	933.57
	– Indian Furniture Products Limited	–	–	–	2.09	–	2.09	–	–	–	6.92	6.92
	– Zuari Global Limited	–	–	–	4,031.06	–	4,031.06	–	–	–	46.28	46.28
	– Style Spa Furniture Limited	–	–	–	0.13	–	0.13	–	–	–	1.48	1.48
5	**Interest on Loan/ICD**											
	– Mr. N. Suresh Krishnan	–	–	7.42	–	–	7.42	–	–	5.77	–	5.77
6	**Commission Payable**											
	–Mr. S.K.Poddar	–	–	–	–	–	–	–	–	3.50	–	3.50

Notes :–

1 *The name of the Company "Adventz Infraworld India Limited' has been changed to "Zuari Infraworld India Limited" w.e.f.28th May, 2013.

2 The Parent Company has given a letter of comfort to Ratnakar Bank Limited for the purpose of facilitating the loans of Rs 5000.00 lacs taken by Gobind Sugar Mills Limited

Notes to Consolidated Financial Statements of the group for the financial year ended 31st March, 2014

47. Details of the Group in Joint Ventures included in the Consolidated Financial Statements are as follows :

₹ in lacs

	Particulars	As at 31st March, 2014	As at 31st March, 2013
I.	**EQUITY AND LIABILITIES**		
	Reserves and surplus	**41,833.68**	46,336.85
	Minority Interest	**9,929.70**	11,160.17
	Non-current liabilities		
	Long term borrowings	**15,024.95**	5,595.38
	Deferred tax liabilities (Net)	**100.01**	409.39
	Other long term liabilities	**1,171.88**	282.71
	Long-term provisions	**300.34**	2,114.05
	Current liabilities		
	Short-term borrowings	**96,175.56**	144,833.37
	Trade payables	**9,098.06**	8,665.61
	Other current liabilities	**6,633.69**	7,926.97
	Short-term provisions	**2,544.26**	2,198.91
	Total	**182,812.13**	229,523.41

₹ in lacs

	Particulars	As at 31st March, 2014	As at 31st March, 2013
II	**ASSETS**		
	Non-current assets		
	Tangible assets	**18,040.03**	15,648.06
	Intangible assets	**52.57**	60.68
	Capital work-in-progress (including pre-operative expense)	**16,489.96**	4,496.73
	Non-current investment	**10,955.13**	–
	Long-term loans and advances	**3,544.02**	5,761.62
	Other non current assets	**176.42**	–
	Current assets		
	Current investments	**78.39**	77.41
	Inventories	**27,500.39**	34,676.60
	Trade receivables	**88,608.58**	139,164.35
	Cash and bank balances	**2,260.05**	5,355.59
	Short-term loans and advances	**4,254.87**	1,903.08
	Other current assets	**21,360.07**	22,667.41
	Total	**193,320.48**	229,811.53

Notes to Consolidated Financial Statements of the group for the financial year ended 31st March, 2014

₹ in lacs

	Particulars	31st March, 2014	31st March, 2013
I	**INCOME**		
	Revenue from operations (gross)	**214,543.87**	266,757.61
	Less: excise duty	**1,135.47**	1,095.13
	Revenue from operations (net)	**213,408.40**	265,662.48
	Other income	**4,733.40**	5,039.96
	Total Revenue (I)	**218,141.80**	270,702.44
II	**EXPENDITURE**		
	Cost of raw materials consumed	**114,206.00**	120,969.00
	Purchase of traded goods	**51,607.09**	91,429.03
	(Increase)/decrease in inventories	**3,320.57**	3,044.87
	Employee benefit expense	**5,048.01**	4,609.99
	Depreciation and amortization expense	**1,278.14**	1,342.72
	Finance costs	**11,807.03**	9,100.49
	Other expenses	**37,749.21**	33,546.68
	Total Expenditure (II)	**225,016.05**	264,042.78
III	**Profit/(Loss) before tax**	**(6,874.25)**	**6,659.66**
	Tax expenses		
	Current income tax	**0.15**	1,520.84
	MAT Credit Entitlement	**–**	(1.86)
	Deferred tax	**(301.27)**	1,770.04
	Income tax expenses of earlier years	**(99.01)**	(1,850.88)
IV	**Total tax expense**	**(400.13)**	**1,438.14**
V	**Profit/(Loss) after tax**	**(6474.12)**	**5,221.52**
VI	**Share of Minority in (Profits)/Losses**	**1,230.47**	**(1,012.51)**
VII	**Profit/(Loss) for the year**	**(5,243.65)**	**4,209.01**

48. Disclosure as per Section 22 of "The Micro, Small and Medium Enterprises Development Act, 2006".

₹ in lacs

Sl. No.	Particulars	2013-14	2012-13
i)	The principal amount and the interest due thereon remaining unpaid to any supplier:		
	– Principal amount	**–**	–
	– Interest thereon	**0.29**	0.25
ii)	the amount of interest paid by the buyer in terms of section 18, along with the amounts of the payment made to the supplier beyond the appointed day.	**–**	–

Notes to Consolidated Financial Statements of the group for the financial year ended 31st March, 2014

₹ in lacs

Sl. No.	Particulars	2013-14	2012-13
iii)	the amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	–	–
iv)	the amount of interest accrued and remaining unpaid	**0.04**	0.01
v)	the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small investor	–	–

49. In respect of Parent Company, Department of Fertilizers (DOF), Government of India, issued an office memorandum dated 8th July, 2013, whereby Imported Phosphatic and Potassic (P&K) fertilizers dispatched by the Fertiliser companies to their warehouse for onward sale during the month of February and March, 2013 without having any supply plan issued by DOF was regularized as per Nutrient Based Subsidy (NBS) rates applicable for the year 2013-14. However, these NBS rates, as per the Government of India's policy, are notified after approval by Cabinet Committee for Economic Affairs (CCEA) before the start of financial year and therefore, cannot be changed before next financial year. Accordingly, the Company has recognized ₹ 2,181.73 lacs and ₹ 41.38 lacs respectively in the last year and current year being the difference between the applicable NBS rates of 2012-13 and 2013-14 for the dispatches made to its warehouse during February and March, 2013 but sold in last year and current year respectively. The Parent Company is in discussions with the Department of Fertilisers for receiving the short amount of subsidy and, if required, take appropriate legal steps to recover the aforesaid differential subsidy amount. The Parent Company is hopeful to realise the aforesaid subsidy amount, hence no provision has been made in the accounts.

50. In case of a Joint Venture, the Joint venture has been granted Eligibility Certificate by the Directorate of Industries, Government of Maharashtra vide letter No JDI/PUNE/PSI-2007/EC-12/2012/732 dated 19th July, 2012. As per the Eligibility Certificate, the Joint Venture is entitled to:

(a) Electricity Duty Exemption for a period of 15 years from date of Commercial production.

(b) 25% refund of annual VAT and CST liability (after set-off) on sale of manufactured goods.

In terms of the Accounting Standard (AS 12) "Accounting for Government Grants" notified under the Companies Act, 1956 the eligible incentive is considered as a capital grant and has been set-up as deferred income, being recognised in the Statement of Profit and Loss over the life of the eligible fixed assets.

Incentive receivable in respect of VAT and CST liability aggregating ₹ 49.08 lacs (being proportionate shares of Group) as at 31st March, 2014 has been set up as deferred income and is being recognised in the Statement of Profit and Loss on systematic basis over the life of the eligible fixed assets. During the year, ₹ 3.07 lacs (being proportionate share of Group) [31st March, 2013: ₹ 2.67 lacs (being proportionate share of Group)] has been credited to the Statement of Profit and Loss. The Joint Venture received an amount of ₹ Nil [31st March, 2013: ₹ 29.06 lacs (being proportionate share of Group)] from the sales tax department as refund claims.

Incentive in respect of electricity duty exemption is accounted for during the year as a reduction from the electricity charges i.e. the electricity charges recognised in note 25 are considered net of electricity duty as per payments made to the electricity board.

51. In respect of Parent Company, Company had sold part of freehold Land at a consideration of ₹ 16,359.32 lacs. The possession of the said parcel of land was handed over on 28th March, 2014, however the transfer of title is under progress. The Parent Company has received full consideration from the buyer during the year. The profit on sale of the land of ₹ 16,353.19 lacs has been shown under exceptional items.

52. In respect of Parent Company and a subsidiary of joint venture, exceptional item represent foreign exchange variation attributable to sharp depreciation of rupee in the month of June / July, 2013.

53. In respect of Parent Company, Voluntary Retirement Scheme was floated to the employees working in the Administrative office at Goa. Total 8 employees have opted for deferred payment under Voluntary retirement scheme. The total outgo will be ₹ 119.92 lacs, which has been fully charged as an exceptional item in the Statement of Profit and Loss as per accounting policy followed.

54. In respect of Parent Company, Ministry of Agriculture, Government of India has declared 47,635 MT of Di-Ammonia Phosphate (DAP) imported by the Company did not meet the standards specified by the Fertiliser Control Order, 1985 (FCO) as per tests conducted on a sample by the laboratory authorized by the Government of India, even though the inspection report at the port of loading confirmed that the product meets the standards prescribed by the Fertiliser Control Order, 1985. Out of the total quantity, Department of Fertilisers (DOF) has given permission to re-export / return 31,174.15 MT valuing ₹ 9,964.03 lacs and remaining material i.e. 16,460.85 MT lying in the field as to be used as raw material for non-agriculture purpose on which the subsidy of ₹ 2,032.91 lacs

has been withheld by Government of India. Out of 16,460.85 MT DAP, the Parent Company has already sold 9,791.65 MT on which subsidy of ₹ 1,209.27 lacs has been recognized in the books and balance material 6,669.20 MT is lying in the warehouses valuing ₹ 2,266.73 lacs. The Parent Company is in the process of filing a claim for loss suffered by it against the supplier. The contract with the supplier provides that the Parent Company has the right to claim entire amount as compensation from the supplier in the event it is found the goods are not conforming to FCO norms by laboratory authorized by Government of India. Therefore, the Parent Company has considered the aforesaid amount of stock and subsidy withheld as fully realizable / recoverable.

55. In respect of Parent Company, in order to rationalize operations cost at Bagging and other plants, the Parent Company had agreed to reimburse the cost of the Voluntary Retirement Scheme introduced by Bagging and housekeeping contractors for its labour. The total amount accounted by the Parent Company including all liabilities on this account is ₹ 1,633.04 lacs, which has been shown under exceptional items in the accounts.

56. In respect of Parent Company, DAP/Complex fertilizers plants which were under shutdown from 4th December, 2012 resumed operations intermittently in June and July, 2013. However plants started operating normally from August, 2013 after successful settlement of Contract labour and good monsoon in the Company's marketing area. Further, Ammonia and Urea plant which was under shutdown from 24th March, 2013 onwards due to annual turnaround and water constraints commenced production from 1st June, 2013. All the plants were operating normally till 17th April, 2014 when the annual planned shutdown was undertaken for Ammonia / Urea plant.

57. In respect of Parent Company, the Company has revised its Income Tax return for the accounting year 2011-12 (Assessment year 2012-13) by claiming refund of ₹ 1,215.80 lacs. The said refund amount is included under Income Tax credit of earlier years in the Statement of Profit and Loss.

58. In respect of subsidiary of joint venture, Entry Tax on imported raw materials was exempted as per the sanctioned scheme of Board for Industrial and Financial Reconstruction (BIFR) applicable for a period from 1st April 2007 to 31st March, 2014, the implementation of which was pending partially with the State Government. In the current year, the joint venture filed a writ before the Hon'ble High Court of Odisha for giving direction to implement the BIFR's sanctioned scheme so far as it relates to entry tax. The Odisha High Court (OHC) has issued direction to State Government to respond to the application filed by the joint venture for implementation of the Sanctioned Scheme within a period of two months from the date of the receipt of copy of the order. However the joint venture based on decision by the Supreme Court of India has paid 50% of entry tax amount on imported raw materials till 31st March, 2012. The Joint Venture had till last year recognised 100% liability of entry tax on imported raw materials. However during the year, the joint venture has accounted for 50% of entry tax liability on imported raw materials. The Joint Venture , on the conservative basis on difficulty in getting refund of 50% of amount of entry tax liability on imported raw materials already paid till 31st March, 2012 and entry tax liability on the imported raw materials of the year 2012-13 and 2013-14, yet to be paid and based on the legal opinion obtained, the joint venture has the strong belief of availing the benefits envisaged in BIFR Order relating to Entry Tax on Imported Raw Materials and accordingly has written back liability of ₹ 1,457.39 lacs (being proportionate share of Group) equivalent to 50% of entry tax on imported raw material and has not made provision for 50% of entry tax of ₹ 252.71 lacs (being proportionate share of Group) on imported raw materials purchased during the year.

59. In respect of Parent Company, In terms of Demerger of fertilizer undertaking from Zuari Global Limited in an earlier year, the title deeds of Immovable properties are in the process of being transferred in the name of the Company.

60. Figures pertaining to the subsidiaries and joint ventures companies have been reclassified wherever considered necessary to bring them in line with the Company's financial statements. Figures reported with respect to the joint ventures and their subsidiaries represent the Company's proportionate share only.

61. Previous year figures have been regrouped/ recasted wherever necessary to confirm to this year's classification.

As per our report of even date

For and on behalf of the Board of Directors of Zuari Agro Chemicals Limited

For S. R. Batliboi & Co. LLP
Chartered Accountants
Firm's Registration No.301003E

S. K. Poddar
Chairman

N. Suresh Krishnan
Managing Director

Marco Wadia
Director

per Anil Gupta
Partner
Membership No. 87921

V. Seshadri
Vice President – Finance

R. Y. Patil
Chief General Manager
& Company Secretary

Place : Gurgaon
Date : 8th May, 2014

Place : Gurgaon
Date : 8th May, 2014

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT,1956 RELATING TO SUBSIDIARY COMPANIES

Rs. in Lacs

Particulars	Share capital	Reserves	Total Assets	Total Liabilities	Details of Investments	Total Income	Profit/(Loss) before tax	Tax	Profit/(Loss) after Tax
Zuari Seeds Limited	2,817.42	(2,581.96)	5,019.78	4,784.32	-	4,602.36	(903.18)	-	(903.18)
Zuari Fertiliser and Chemicals Limited	1,535.00	(1,245.48)	18,065.70	17,776.18	9,550.81	687.53	(758.98)	-	(758.98)

S. K. Poddar
Chairman

N. Suresh Krishnan
Managing Director

Marco Wadia
Director

V. Seshadri
Vice President – Finance

R. Y. Patil
Chief General Manager
& Company Secretary

Place : Gurgaon
Date : 8th May, 2014

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