

ZUARI GLOBAL LIMITED
(formerly known as Zuari Industries Limited) 
Registered Office : Jai Kisaan Bhawan, Zuarinagar, Goa 403 726

NOTICE

NOTICE is hereby given that the Forty Fourth 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 10th September, 2012 at 10.30 a.m. to transact the following business:

Ordinary Business

1. To receive, consider and adopt the audited Balance Sheet of the Company, as at 31st March, 2012 and the Profit and Loss Account for the financial year ended on that date together with the Reports of the Directors and Auditors.
2. To declare dividend on Equity Shares for the financial year ended 31st March, 2012.
3. To appoint a Director in the place of Mr. H.S. Bawa, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in the place of Mrs. Jyotsna Poddar, who retires by rotation and is eligible for re-appointment.
5. To appoint a Director in the place of Air Chief Marshal (Retd) S. P. Tyagi, who retires by rotation and is eligible for re-appointment.
6. To re-appoint M/s. S. R. Batliboi & Co., Chartered Accountants, as Statutory Auditors of the Company.

Special Business :

- *7. To consider, and if thought fit, to pass with or without modification the following resolution as a Special Resolution

RESOLVED THAT pursuant to provisions of Section 372A and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the financial institutions, if so required, consent of the Company be and is hereby granted to provide Corporate Guarantee on behalf of Zuari Holdings Limited (ZHL), for an amount not exceeding Rs. 3,900 crores to consortium of bankers lead by State Bank of India, notwithstanding that such Guarantee including investments and loans will be in excess of limits prescribed Under Section 372A or that such Guarantee together with Company's investments, loans and guarantees in all other bodies corporate will exceed the limit prescribed under section 372A of the Act.

- *8. To consider, and if thought fit, to pass with or without modification the following resolution as a Special Resolution.

RESOLVED THAT pursuant to provisions of Section 372A and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the financial institutions, if so required, consent of the Company be and is hereby granted to provide Corporate Guarantee on behalf of Indian Furniture Products Limited (IFPL), for an amount not exceeding Rs. 66 crores, notwithstanding that such Guarantee including investments and loans will be in excess of limits prescribed Under Section 372A or that such Guarantee together with Company's investments, loans and guarantees in all other bodies corporate will exceed the limit prescribed under section 372A of the Act.

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

RESOLVED THAT pursuant to Section 372A of the Companies Act, 1956 and other applicable provisions of the Companies Act, 1956 if any, provisions of the Memorandum and Articles of Association of the Company and SEBI (Substantial Acquisition of Shares and Takeovers), Regulations 2011, consent of the Company be and is hereby granted to purchase such numbers of equity shares of Re. 1/- each of Texmaco Infrastructure and Holdings Limited, for an amount not exceeding Rs. 50 crores at the prevailing market price, notwithstanding that such investments including loans in all other bodies corporate will exceed the limit prescribed under section 372A of the Act.

By Order of the Board of Directors

SWAPNIL YELGAONKAR
Company Secretary

Date : 1st August, 2012
Registered Office :
Jai Kisaan Bhawan,
Zuarinagar-Goa 403 726

- * In respect of Item Nos. 7 & 8 the approval of the shareholders is being sought through the Postal Ballot as required u/s 192A of the Companies Act, 1956 read with the Companies (passing of Postal Ballot) Rules 2001 amended from time to time.

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
2. The dividend, if any, declared at this meeting will be payable on or after 13th September 2012 to the members whose names appear on the Register of Members, as on 29th May, 2012 or to their mandates registered with the Company. The dividend will be payable on the basis of beneficial ownership as per details furnished by the National Securities Depository Limited and Central Depository Services (India) Limited for this purpose.
3. Pursuant to section 205 C of the Companies Act, 1956, Notice is hereby given that the amount of unclaimed/unpaid dividend and interest on fixed deposits, as well as principal amount of deposits remaining unclaimed or unpaid upto 31.03.2012 for a period of 7 years from the date they became due for payment, have been transferred to the Investors Education & Protection Fund of the Central Government. No claims shall lie against the fund or the Company in respect of individual amounts which are transferred to the Fund. For the information of the shareholders it is hereby notified that the following amounts will be due for transfer to the fund.
 - a. Dividend paid for the financial year 2004-2005.
 - b. Interest on deposits paid on March, 2004 to February, 2005.
 - c. Principal amount of deposits matured during March, 2004 to February, 2005.Shareholders/depositors who have not yet encashed dividend warrants / interest warrants or have not claimed the principal amount of deposit by submitting the duly discharged Fixed Deposit Receipts are requested to do so immediately.
4. A brief profile of Mr. H. S. Bawa, Mrs. Jyotsna Poddar and Air Chief Marshal (Retd) S. P. Tyagi, is provided in the corporate governance Report along with details as to their shareholding.

ANNEXURE TO THE NOTICE

(Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956)

Item No. 7:

Pursuant to the Scheme of Arrangement and Demerger between the Company and Zuari Holdings Limited, an application for sanctioning the Scheme was filed in the Hon'ble High Court of Bombay at Goa for convening the meeting of the shareholders for dispensing of the meeting of Secured and Unsecured Creditors.

The Secured Creditors included State Bank of India (SBI), the leader of consortium of Bankers for the working capital facilities. SBI vide its letter dated 11th July, 2011 had given its No Objection to the Scheme with a condition for providing Guarantee in favour of the consortium of bankers.

The Company had credit facilities for an aggregate principal amount of not exceeding Rs. 3200 crores with the consortium. The said limit was transferred to Zuari Holdings Limited (ZHL) which was basically meant for fertiliser operations with subject to providing of Guarantee on behalf of ZHL for securing the aforesaid credit facilities.

During the review of credit facilities for the current year the consortium bankers have transfer the credit facility to ZHL and enhanced the limit from Rs. 3,200 crores to Rs. 3,900 crores, with a condition that corporate guarantee should be given for the full value of credit facilities. The Corporate Guarantee will be valid till the tangible network of ZHL reaches to Rs. 1,200 crores to reflect the leverage of 1:45 or better.

Section 372A of the Companies Act, 1956 provides for giving of Corporate Guarantee. The giving of Guarantee of not exceeding Rs.3900 crores will exceed the limits prescribed under the said section and hence, the approval of the shareholders by Special Resolution by Postal Ballot would be required for giving of Guarantee.

The Board of Directors at its meeting held on 9th May, 2012 and 30th July, 2012 have accorded approval to for giving Corporate Guarantee on behalf of ZHL to the consortium of bankers

None of the Directors except Mr. S.K. Poddar, Mr. H.S. Bawa, Mr. N. Suresh Krishnan, Mr. Arun Duggal, Mr. J.N. Godbole, Mr. Akshay Poddar and Mr. Marco Wadia, being Directors on the Board of the Company are concerned or interested in the resolution.

Item No. 8:

Indian Furniture Products Limited (IFPL), a wholly owned subsidiary of the company was provided with Corporate Guarantee on its behalf for availing credit facilities from the bankers. Considering the expansion of the factory and collaboration with an European Furniture major, IFPL, has plans for further expansion of its facilities.

In view of the above, IFPL, has approached its bankers for increase in credit facilities. Consequently, the bankers have requested for the enhancement in Corporate Guarantee from the Company for an amount not exceeding Rs.66 crores.

None of the Directors except Mr. N. Suresh Krishnan, being Director on the Board of IFPL is concerned or interested in the resolution.

Item No.9:

Currently, your Company is holding 82,07,712 equity shares of Texmaco Infrastructure and Holdings Limited (Texmaco). For sanctioning the Scheme, a No Objection Certificate from the Secured Creditors/Financial Institutions was obtained.

State Bank of India, the lead consortium of bankers had given their approval subject to execution of a Corporate Guarantee for and on behalf of Zuari Holdings Limited (Resultant Company).

Consequent to the execution of Corporate Guarantee, as above, the Company will exceed the limits prescribed u/s 372A of the Companies Act, 1956 for the purposes of investments/guarantees, etc.

Hence, the approval of the shareholders by Special Resolution in the General Meeting would be required for making an investment in equity shares of Texmaco.

None of the Directors except Mr. S.K. Poddar and Mr. Akshay Poddar, being Directors on the Board of Texmaco Infrastructure and Holdings Limited are concerned or interested in the resolution.

By Order of the Board of Directors

SWAPNIL YELGAONKAR
Company Secretary

Date : 1st August, 2012
Registered Office :
Jai Kisaan Bhawan,
Zuarinagar-Goa 403 726

NOTICE
POSTAL BALLOT

To

The Shareholders,

As per Sections 192A of the Companies Act, 1956 read with Companies (Passing of the Resolutions by Postal Ballot) Rules 2001, consent of shareholders by voting of Postal Ballot is required in respect of, providing Corporate Guarantee on behalf of Zuari Holdings Limited (ZHL) for an amount not exceeding Rs. 3,900 crores to the consortium of bankers led by State Bank of India (SBI) and Corporate Guarantee on behalf of Indian Furniture Products Limited (IFPL), for an amount not exceeding Rs. 66 crores.

We now request you to peruse the proposed resolution along with the explanatory statement which is reproduced below and, thereafter send your assent or dissent by filling the necessary details by putting your signature at the marked place in the postal ballot and putting the ballot in the enclosed postage prepaid business reply envelope directed to the Scrutinizer, to reach on or before 7th September, 2012. Your assent or dissent received after 7th September, 2012 would be strictly treated as if reply from you has not been received. This is in accordance with the rules prescribed by the Ministry of Corporate Affairs, Government of India.

As the resolution needs to be passed as a Special Resolution, the resolution would be deemed to have been passed effective from the date of the Annual General Meeting (AGM), when the votes cast in favour of the resolution is

three times more than the votes cast against the resolution.

Your Board has appointed Mr. S.M. Sanzgiri, Advocate, as the Scrutinizer for conducting the postal ballot voting process in a fair and transparent manner.

Text of the Special Resolution to be passed by the shareholders through Postal Ballot

Item No.7

RESOLVED THAT pursuant to provisions of Section 372A and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the financial institutions, if so required, consent of the Company be and is hereby granted to provide Corporate Guarantee on behalf of Zuari Holdings Limited (ZHL), for an amount not exceeding Rs. 3,900 crores to consortium of bankers led by State Bank of India, notwithstanding that such Guarantee including investments and loans will be in excess of limits prescribed Under Section 372A or that such Guarantee together with Company's investments, loans and guarantees in all other bodies corporate will exceed the limit as mentioned in section 372A of the Act.

Item No. 8

RESOLVED THAT pursuant to provisions of Section 372A and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the financial institutions, if so required, consent of the Company be and is hereby granted to provide

Corporate Guarantee on behalf of Indian Furniture Products Limited (IFPL), for an amount not exceeding Rs.66 crores, notwithstanding that such Guarantee including investments and loans will be in excess of limits prescribed Under Section 372A or that such Guarantee together with Company's investments, loans and guarantees in all other bodies corporate will exceed the limit as mentioned in section 372A of the Act.

Explanatory Statement :

Item No.7 :

Pursuant to the Scheme of Arrangement and Demerger between the Company and Zuari Holdings Limited, an application for sanctioning the Scheme was filed in the Hon'ble High Court of Bombay at Goa for convening the meeting of the shareholders for dispensing of the meeting of Secured and Unsecured Creditors.

The Secured Creditors included State Bank of India (SBI), the leader of consortium of Bankers for the working capital facilities. SBI had given its No Objection to the Scheme with a condition for providing Guarantee in favour of the consortium of bankers.

The Company had credit facilities for an aggregate principal amount of not exceeding Rs.3200 crores with the consortium and the said limit was transferred to Zuari Holdings Limited (ZHL) which was basically meant for fertiliser operations with a condition to provide Guarantee on behalf of ZHL for securing the aforesaid credit facilities. The limit was increased to Rs. 3900 crores subsequently.

Section 372A of the Companies Act, 1956 provides for giving of Corporate Guarantee. With the split in financials on account of the Scheme of Arrangement and Demerger between ZIL and ZHL, the giving of Guarantee will exceed the limits prescribed under the said section and hence, the approval of the shareholders by Special Resolution in the General Meeting would be required for giving of Guarantee.

The Board of Directors at its meeting held on 9th May, 2012 have accorded approval to for giving Corporate Guarantee on behalf of ZHL to the consortium of bankers

None of the Directors except Mr. S.K. Poddar, Mr. H.S. Bawa, Mr. Suresh Krishnan, Mr. Arun Duggal, Mr. J.N. Godbole, Mr. Akshay Poddar and Mr. Marco Wadia, being Directors on the Board of ZHL are concerned or interested in the resolution.

Item No.8 :

Indian Furniture Products Limited (IFPL), a wholly owned subsidiary of the company was provided with Corporate Guarantee on its behalf for availing credit facilities from the bankers. Considering the expansion of the factory and collaboration with an European Furniture major, IFPL,

has plans for further expansion of its facilities.

In view of the above, IFPL, has approached its bankers for increase in credit facilities. Consequently, the bankers have requested for the enhancement in Corporate Guarantee from the Company for an amount not exceeding Rs.66 crores.

None of the Directors except Mr. N. Suresh Krishnan, being Director on the Board of IFPL is concerned or interested in the resolution.

By Order of the Board of Directors

SWAPNIL YELGAONKAR
Company Secretary

Date : 1st August, 2012

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

Encl.:

- 1) Postal Ballot
- 2) Postage Prepaid Business Reply Envelope

**ZUARI GLOBAL LIMITED**

Formerly known as Zuari Industries Limited)

Registered Office :

Jai Kisaan Bhawan, Zuarinagar, Goa 403 726

Sr. No.

POSTAL BALLOT FORM

1.	Name(s) of Shareholder(s) (in block letters) (including joint holders, if any) :	
2.	Registered address of the sole/first named shareholder :	
3.	Registered Folio No./DP ID No./Client ID No.* (*Applicable to investors holding shares in dematerialised form) :	
4.	Number of shares held :	

I/We hereby exercise my/our vote in respect of the special resolution to be passed through postal ballot for the business stated in the notice of the Company by sending my/our assent or dissent to the said resolution by placing the () mark at the appropriate box below.

Item No.	No. of shares	I/We assent to the resolution (FOR)	I/We dissent to the resolution (AGAINST)
1			

Place :

Date :

Signature of the Shareholder

**ZUARI GLOBAL LIMITED**

Formerly known as Zuari Industries Limited)

Registered Office :

Jai Kisaan Bhawan,
Zuarinagar, Goa 403 726

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

PROXY FORM

I/We..... of
in the district of being a Member / Members
of the above named Company hereby appoint of
..... in the district ofor failing
him/her/Mr./Ms. of
in the district of as my/our proxy
to vote for me / us / on my / our behalf at the 44th Annual General Meeting of the Company to be held on Monday,
the 9th day of September, 2012 and at any adjournment thereof.

As witness my / our hand/s this..... day of 2012.

Affix Re. 1
Revenue
Stamp

Signed by the said

INSTRUCTIONS

1. A member desiring to exercise vote by postal ballot may complete this Postal Ballot Form and send it to the scrutinizer in the attached self-addressed envelope. Postage will be borne and paid by the Company. However, envelope containing postal ballots, if sent by courier at the expense of the registered shareholder will also be accepted.
2. The self addressed envelope bears the address of the scrutinizer appointed by the Board of Directors of the Company.
3. This Postal Ballot Form should be completed and signed by the shareholder. In case of joint holding, this form should be completed and signed as per the specimen signature registered with the Company by the first named shareholder and in his absence, by the next named shareholder.
4. Unsigned Postal Ballot Form will be rejected.
5. Duly completed Postal Ballot Form should reach the scrutinizer not later than the close of working hours on 9th day of September, 2012. Postal Ballot Form received after this date will be strictly treated as if the reply from the member has not been received.
6. Voting rights shall be reckoned on the paid up value of shares registered in the name of the shareholders on 28th May, 2012 and in respect of shares held in electronic form, 20th May, 2012.
7. The Board of Directors of the Company has appointed Mr. H. S. Bawa, Managing Director and Mr. R. Y. Patil, General Manager-Legal Affairs & Company Secretary, as the persons, responsible for the entire Postal Ballot voting process.



Notes :

The proxy form should be deposited at the Registered office of the Company at Zuarinagar 48 hours before the time of Meeting.

All those members wishing to ask questions during the 44th Annual General Meeting should forward them to the Registered office, 7 days before the date of Annual General Meeting.

A Member entitled to attend and vote is entitled to appoint a Proxy to attend and vote instead of himself, and the proxy need not be a member of the Company.

POSTAGE
WILL BE PAID
BY
ADDRESSEE

BUSINESS REPLY ENVELOPE

PERMIT NO. GOA - 29

NO POSTAGE
STAMP
NECESSARY
IF POSTED
IN INDIA

To,

Shri S. M. Sanzgiry
2nd Floor, Our Lady of Guia Building
F. L. Gomes Road,
Vasco Da Gama, GOA - 403 802

ZUARI INDUSTRIES LIMITED
TEN YEARS AT A GLANCE #

(₹ in Lacs)

Particulars	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
Sales Turnover	1,24,415	5,52,388	4,27,755	6,09,060	2,61,794	2,39,696	2,18,063	1,75,711	1,19,921	1,17,419
Capital Employed	38,536	1,85,913	1,87,352	96,314	1,42,191	1,37,959	80,982	51,580	48,968	49,073
Net Worth	57,762	1,22,039	1,06,886	92,740	84,445	78,137	39,644	37,698	35,620	34,161
Gross Profit	7,893	30,253	25,636	20,383	15,837	46,639	9,998	9,336	8,028	7,195
Interest	(1,077)	(4,175)	(1,721)	(6,066)	(5,677)	(6,103)	(5,494)	(5,465)	(5,443)	(5,310)
Depreciation	(611)	(2,134)	(1,951)	(1,775)	(1,728)	(1,731)	(1,602)	(1,610)	(1,262)	(1,282)
Profit Before Exceptional Items & Tax	6,205	23,945	21,964	12,542	11,482	5,406	3,148	2,796	2,041	1,956
Exceptional Items	–	–	–	–	–	35,387	329	–	–	–
Profit After Exceptional Items & before Tax	6,205	23,945	21,964	12,542	11,482	40,794	3,477	2,796	2,041	1,956
Profit After Tax	4,756	16,688	15,696	9,328	7,341	39,355	2,617	2,682	1,957	2,084
Dividends	589	1,325	1,325	883	883	736	589	530	442	442
"Earnings per Equity Share (₹)"	16.15	56.68	53.31	31.69	24.94	133.67	8.89	9.11	6.65	7.08
"Net Worth per Equity Share (₹)"	196.20	414.53	363.06	315.01	286.83	265.41	134.66	128.05	120.99	116.03
No. of Shareholders	35,264	35,291	35,077	36,669	36,760	38,907	35,994	37,553	38,953	40,400
No. of Employees	41	776	740	725	713	703	734	750	788	928

Previous years figures have been regrouped wherever necessary.

DIRECTORS	:	Saroj Kumar Poddar, Chairman H. S. Bawa, Executive Vice Chairman Suresh Krishnan, Managing Director (upto 31st March, 2012) Jyotsna Poddar Shyam Bhartia Arun Duggal D. B. Engineer J. N. Godbole S. P. Tyagi Marco Wadia
COMPANY SECRETARY	:	Swapnil Yelgaonkar
PRESIDENT AGRI-BUSINESS	:	Naveen Kapoor
CFO & VICE PRESIDENT	:	Binayak Datta
BANKERS	:	State Bank of India HDFC Bank Limited Corporation Bank
LEGAL ADVISERS	:	Crawford Bayley & Co., Mumbai Khaitan & Co., Kolkata
AUDITORS	:	S. R. Batliboi & Co. Chartered Accountants, Gurgaon
REGISTERED OFFICE	:	Jai Kisaan Bhawan Zuarinagar, Goa 403 726.

DIRECTORS' REPORT

To the Members,

1. Your Directors place before you the Forty-Fourth Annual Report of the Company together with Statement of Accounts for the accounting year ended 31st March, 2012.

2. Financial Results and Appropriation :

Particulars	Current Year ₹ in lacs	Previous Year ₹ in lacs
Profit for the year before depreciation and taxation	6815.87	26078.63
Less : Depreciation for the year	610.72	2133.87
Profit/(loss) before tax	6205.15	23944.76
Less : Provision for taxation		
– Current Tax	906.35	6900.00
– Tax adjustment relating to earlier year	77.73	(79.83)
– Deferred Tax charge	1099.16	437.06
– MAT Credit Entitlement	(634.08)	–
Profit/(loss) after tax	4755.99	16687.53
Add : Balance of profit brought forward	62366.97	62214.07
Less : Transfer to general reserve	2500.00	15000.00
Proposed Dividend : 20% (PY 45%)	588.81	1324.83
Tax on dividend (Including Surcharge)	95.52	209.80
Balance of profit carried forward	63938.63	62366.97

3. Dividend:

The Directors recommend a dividend of ₹ 2/- per equity share (₹ 4.50 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. Fixed Deposits:

As reported in the year 2008-09, the Fixed Deposit Scheme of the Company has been discontinued and the company has stopped renewals and accepting fresh deposits. Deposits accepted during the Scheme and matured during the year, have been repaid alongwith interest as on 31st March, 2012 in accordance with the terms of deposits. 156 deposits amounting to ₹ 28.90 lakhs which had matured have not been claimed. The Company advises the depositors at regular intervals for repayment of the deposits. During the year, the Company has transferred an amount of ₹ 2.81 lakhs towards unclaimed / unpaid deposits and interest thereon to 'The Investors Education and Protection Fund', pursuant to Section 205 C of the Companies Act, 1956.

6. Directors:

The Board of Directors of the Company at its meeting held on 9th May, 2011 appointed Mr. Akshay Poddar as an Alternate Director.

Mr. H. S. Bawa, Mrs. Jyotsna. Poddar and Mr. S. P. Tyagi, retire by rotation at the forthcoming Annual General Meeting and are eligible for re-appointment. The resume and details of other directorships and committee memberships of Mr. H. S. Bawa, Mrs. Jyotsna. Poddar and Mr. S. P. Tyagi, are given in Annexure 'C' to this report.

7. Auditors:

The Auditors M/s. S.R. Batliboi & Co., Chartered Accountants, Gurgaon, retire at the forthcoming Annual General Meeting and are eligible for re-appointment.

8. Cost Auditor :

The Company re-appointed Mr. Savari Muthu I., Cost Accountant, Membership No.6716, as the Cost Auditor for the year 2011-12. The Cost Audit Report for the year ended 31-3-2011 was filed by the Company with The Ministry of Corporate Affairs on 31-08-2011.

9. Conservation of Energy:

Per Order of the Hon'ble High Court of Bombay at Goa, dated 2nd March, 2012 the Fertiliser Business of the Company has been demerged into Zuari Holdings Limited with effect from the Appointed date of 1st July 2011. Ever after that date these details are not applicable to this Company any more. However, the information disclosing particulars of conservation of Energy for the period 1st April, 2011 to 30th June, 2011 is given in Annexure 'A' of the Annual Report.

10. Technology Absorption:

No new technology was absorbed during the year 2011-12.

11. Foreign Exchange earnings and outgo:

By producing fertilizers, of which the country is a net importer, there has been savings of valuable foreign exchange to the National exchequer. Foreign exchange earnings and outgo is noted under note to financial statements having reference Nos. 29,31,32 and 33 of the Annual Report.

12. Environment & Safety:

The man-made green belt around the Complex continues to flourish and attract a variety of wild life.

The Company received the following prestigious awards instituted by Green Triangle Society in collaboration with Inspectorate of Factories and Boilers, Goa, for most outstanding contribution in Corporate Social Responsibility (CSR) activities:

1. Best CSR activities in education category
2. Best CSR activities in work place practices category

13. Personnel:

Focusing on the opportunities in the economy and growth plans of the Company leadership at different levels are being built up through training activities for effective succession plan.

Particulars of employees to be furnished under Section 217 (2A) of the Companies Act, 1956 and the rules framed thereunder, are annexed to this Report as Annexure 'B'.

14. Scheme of Arrangement and Demerger :

You are aware that with a view to optimize the potential of the various businesses of your Company viz. fertilizers, pesticides, seeds, furniture, engineering, real estate etc. and effectively cater to their management and growth, a Scheme of Arrangement and Demerger was envisaged as a measure of Corporate restructuring, to demerge the Fertiliser undertaking of Zuari Industries Limited (ZIL), into erstwhile subsidiary Zuari Holdings Limited (ZHL). The Scheme provides for allotment of shares of ZHL to the existing shareholders of ZIL in the ratio of 1:1, thereby enabling them to efficiently fulfill their investment objectives through separate holdings. Consequent to the order of the Hon'ble High Court of Bombay at Goa, on 2nd March 2012, the fertilizer undertaking of ZIL has been demerged, effective from 1st July 2011. The financial performance of the Company as given in the Balance Sheet therefore necessarily reflects this change by taking into account the first quarter of full fertiliser operation and only 30% in the subsequent nine months of fiscal 2011-12, which is the extent of ZIL's present stake in ZHL.

ZHL, has announced dividend of ₹ 3/- per equity share of ₹ 10/- each for the financial year 2011-12 on a share capital of ₹ 42.06 crores.

15. Subsidiary Companies:

In accordance with Accounting Standard 21, Consolidated Financial Statements presented by the Company include the financial information of its subsidiaries. Pursuant to General Circular No. 2/2011 dated February 8, 2011 issued by the Ministry of Corporate Affairs, the Board of Directors at its Meeting held on 3rd February, 2012 decided not to attach

the Balance Sheet i.e. financial information of 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 to 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 Subsidiaries.

c. Simon India Limited :

Simon India Limited (SIL), a wholly owned subsidiary of your company, is engaged in Engineering, Procurement & Construction (EPC) activities and has achieved a turnover of ₹ 107 crores during the current financial year. SIL is currently executing several major projects in India and Overseas.

The project activities of “Ammonia Emission Abatement & New Vent Gas Flare System” for the Saudi Basic Industrial Ltd (SABIC) in their four fertilizer plants at Jubail, Saudi Arabia are almost complete.

Currently, SIL is executing 600 TPD Granulated SSP Fertilizer Project on EPC basis for Chambal Fertilizers and Chemicals Limited at Gadepan. SIL has also secured another order from Zuari Fertilizers and Chemicals Limited for identical capacity of SSP fertilizer plant proposed at Mahad in Maharashtra. Another order from KIIQ, Qatar for Engineering, Procurement service and Construction Management for Caustic Soda Plant of the capacity 200 TPD was secured by SIL.

d. Adventz Infraworld India Limited :

Adventz Infraworld India Limited, (AILL), (formerly known as Zuari Developers Limited), a wholly owned subsidiary of your Company is engaged in the business of real estate. AILL is currently, in the process of development of approx. 73 acres of land at Hulikeri, Srirangapatnam Taluk, Mandya District, Mysore, Karnataka, for Company's “Zuari Garden City” Project. AILL, represents the group's foray into both commercial and residential properties. The company aims to create world-class yet affordable home and office spaces.

Zuari Garden City, the first-of-its-kind integrated township in Mysore, boasts of exclusive Villas, 2 Club Houses with 100 key spa resort operated by internationally reputed Operator, mall, multiplexes, school, sports complex, numerous parks, health center, large office space, convenience center & temple which creates a self-sustaining habitat. The project effortlessly blends the comforts of city living with the calm of sprawling greenery with spacious, environment friendly, vastu compliant integrated residential-cum-commercial complex with modern amenities and facilities.

All required permissions and approvals are obtained and well renowned architects and contractors are on board having commenced the infrastructure work for the first phase of the project and the whole project is expected to be completed in five years.

e. Zuari Management Services Limited :

Zuari Management Services Limited, a wholly owned subsidiary of your company, is engaged in the business of rendering management services.

f. Zuari Holdings Limited :

Zuari Holdings Limited (ZHL), is no longer a subsidiary of your Company w.e.f. 13th April, 2012.

ZHL was initially setup to carry on a business of investment, holding of investment and investment company however, ZHL, will now carry on business of manufacture and sale of fertilisers and other agri inputs following demerger of fertiliser undertaking of the Company. The shareholders of the Company are allotted 1:1 equity shares of ZHL pursuant to the Scheme of Arrangement and Demerger.

A brief review of subsidiaries and joint ventures of the Company is given here in below:-

Subsidiaries :

a. Globex Ltd. :

Globex, an offshore subsidiary Company was established at Jebel Ali Free Zone on 9th August, 2009. Currently, Globex is engaged in General Trading in fertilizers and commodities.

b. Indian Furniture Products Limited :

Your Company's wholly owned subsidiary, Indian Furniture Products Limited (IFPL), is engaged in manufacturing of Ready-To-Assemble (RTA) furniture of international quality at its state-of-the-art plant at Kakkalur near Chennai. The Plant is highly automated and is CNC (Computer Numeric Control) operated. The factory has a floor area of 225,000 sq.ft. and has capacity to produce 200,000 units of furniture annually. The company has been awarded with ISO 9001:2000 by TUV Sudeutschland accredited by TUV, Germany.

IFPL has achieved a turnover of ₹ 152 crores during the current financial year, an increase of 15% as compared to the previous year. The mass distribution channel under 'Zuari' brand has grown by 34% which will continue to be a major growth driver in the coming years. The Style Spa Furniture Limited (SSFL), a major buyer of IFPL sales, had stagnant sales during the year due to general slowdown in the economy which resulted in lower sales for IFPL.

During the year, the Company started its activities under a franchise arrangement with Chateau d'Ax of France for premium and luxury range of furnitures. The company has opened 3 upper end showrooms in 3 metros dealing with this range and the reception and footfalls have been very encouraging.

IFPL's factory expansion has been completed by Straight lining machines at an outlay of ₹ 8 Crores. This is expected to enhance output by 20% and efficiency in operations by 10% during the financial year 2012-13. IFPL has further added leased warehousing space of 100,000 sq ft during the year to take care of its enhanced operations.

Some good break throughs have been achieved in Institutional business and the company expects substantial leap of business under this segment next year.

The two subsidiaries of Zuari Holdings Limited are :-

i) Zuari Seeds Limited :

Zuari Seeds Limited (ZSL), a wholly owned subsidiary of the Company, is engaged in R&D, production and marketing of hybrid seeds.

The Company reports a Turnover of ₹ 46 crores an increase of 13% over last year. It is currently in a technology assimilation phase and it is expected that the consolidation of these assimilation processes shall take place in the next financial year.

ii) Zuari Fertilisers & Chemicals Limited :

Zuari Fertilisers & Chemicals Limited (ZFCL) is a wholly owned subsidiary of the Company, which proposes to set up 12 lakhs MTPA of Urea manufacturing plant, based on the Liquefied Natural Gas (LNG), at Mastihole Village, Hukkeri Taluka in Belgaum District of Karnataka.

ZFCL is also implementing a project for the setting up a 600 tpd facility for manufacture of Granulated Single Super Phosphate at MIDC, Mahad in Maharashtra.

The two Joint Ventures of Zuari Holdings are :-

(i) Zuari Maroc Phosphates Limited :

Zuari Maroc Phosphates Limited (ZMPL), a 50:50 joint venture with Maroc Phosphore S.A., Morocco, was established as Special Purpose Vehicle (SPV) for acquisition of Paradeep Phosphates Limited (PPL). At present, ZMPL is holding 80.45% of the equity stake in PPL.

(ii) Zuari Rotem Speciality Fertilisers Limited :

Zuari Rotem Speciality Fertilisers Limited (ZRSFL), a 50:50 joint venture with Rotem Amfert Negev Limited, Israel, has Water Soluble Fertilizers manufacturing facility at Baramati, Maharashtra. ZRSFL, has a capacity of 24000 MT per annum with two shift basis for production of different NPK blends. Plant is currently working on one shift basis & producing 30Mt per day on an average basis.

g. Zuari Investments Limited :

Zuari Investments Limited, (Zuari Investment), a subsidiary of the Company, is a member of both National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) for Capital as well as Future & Option (F&O) segment. It is a depository participant with National Securities Depository Limited (NSDL), Central Depository Services Limited (CDSL), National Commodity Derivative Exchange Limited (NCDEX), Multi Commodity Exchange Limited (MCX) and National Spot Exchange Limited (NSEL). Besides being empanelled with Association of Mutual Fund of India (AMFI) for distribution of Mutual Fund products, the company is also a Dealer on OTC Exchange of India (OTCEI) and a Category-II Registrar and Share Transfer Agent registered with Securities and Exchange Board of India (SEBI). Zuari Investment, has 20 branches in different parts of India.

The year passed by was quite turbulent for Indian economy as well as for global economy. The slow down of world economies and unresolved sovereign debt problem of European countries have contributed to bearish sentiments in the financial

markets world over. The situation in Indian economy have further worsened due to higher crude prices, uncontrollable inflation, ever rising interest rate, negative industrial output data resulted into slowing down of Indian economy. The policy paralysis and unfolding of scams has further aggravated the already grim scenario. Due to all this the investors are shying away from the capital markets. The volumes are drying up at the exchanges. Most of the investors are investing in safe assets only.

Zuari Investment has complete bouquet of financial services and providing one stop shop for Stock Broking, Depository Services, Investment Advisory Services, Insurance Broking Services and Commodity Broking Services through its subsidiaries viz.

i. Zuari Insurance Brokers Ltd. :

Zuari Insurance Brokers Ltd., is a Licensed Direct Insurance Broker for Life and Non-life segment registered with Insurance Regulatory and Development Authority (IRDA).

ii. Zuari Commodity Trading Ltd. :

Zuari Commodity Trading Ltd., has become a member of National Commodity Derivative Exchange Limited (NCDEX) and Multi Commodity Exchange Limited (MCX). The Trading activity has started in all the branches.

iii. Zuari Financial Services Ltd. :

Zuari Financial Services Ltd., was incorporated with an object to provide financial services. However, the company is yet to commence its operation.

16. Joint Ventures:

a. Gulbarga Cement Limited :

Gulbarga Cement Limited (GCL) holds limestone Mining Lease of 989.89 hectares at Ferozabad in Gulbarga District of Karnataka. GCL ceases to be subsidiary of the Company effective from 9th September, 2011, following allotment of shares to Zuari Cement Limited. Your Company holds 26% stake in GCL.

GCL has acquired 986 acres of land for setting up Cement Plant of 3.23 million tonnes per annum and coal based Power Plant of 50MW and is in the process of acquiring remaining land for the project.

b. MCA Phosphates Pte Limited :

MCA Phosphates Pte Limited, (MCA), a company incorporated in Singapore, is a joint venture between your Company and Mitsubishi Corporation, Japan with Mitsubishi Corporation holding 70% equity stake in the joint venture and your company holding the balance 30%. MCA has been set up as a special purpose vehicle 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 mtpa. Your Company, through Mitsubishi has agreed to purchase significant quantity of concentrated rock phosphate for a minimum of 20 years.

c. Zuari Indian Oiltanking Limited :

Zuari Indian Oiltanking Limited (ZIOL), has state-of-the-art terminalling facility for petroleum products namely Naphtha, Motor Spirit, High Speed Diesel & Superior Kerosene.

ZIOL provides terminalling services to your Company, Hindustan Petroleum Corporation Limited and Bharat Petroleum Corporation Limited. For the period 01-01-12 to 31-03-12, the Oil Terminal has achieved a throughput of 193784 KL @Nat. and received 85941 KL of Naphtha.

17. 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 'C'. The Auditor's Certificate on Compliance of conditions of Corporate Governance is enclosed as Annexure 'D', Declaration of Executive Vice-Chairman as Annexure 'E' and the Management Discussion & Analysis as Annexure 'F'.

18. Corporate Social Responsibility:

The Adventz Group, as part of Corporate Social Responsibility and with a view to achieve larger and focused impact on the activities, established "Adventz Foundation", a Society registered under The Societies Registration Act, 1940. The Foundation will undertake various activities in furtherance to the objectives set out by the Adventz Group, of which, your Company is part.

Dissemination of Information on CSR :

Company is flashing information on CSR and allied activities on its website (<http://zuari.in>) regularly.

19. Directors' Responsibility Statement:

Your Directors hereby report:

- i. that in the preparation of 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 and made 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 at 31st March, 2012 and of the profit and loss account for the period ended 31st March, 2012;
- 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.

20. Directors Comments on 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.

21. Acknowledgements :

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

For and on behalf of the Board

Gurgaon
May 9, 2012

S. K. PODDAR
Chairman

Annexure 'A' to the Directors' Report
FORM A (See Rule 2)

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

PARTICULARS			Current Year 1-4-11 to 30-6-11	Previous Year 1-4-10 to 31-3-11
A.	POWER & FUEL CONSUMPTION			
1.	Electricity			
	(a)	Purchased		
		Unit (KWH)	31,64,107	90,63,665
		Total Amount (₹ in lacs)	148.13	481.57
		Rate/Unit (₹)	4.68	5.31
	(b)	Own generation (KWH)		
	(i)	Through Diesel Generator		
		Unit (KWH)	60,94,490	2,69,75,950
		Units per kg. of Diesel/LSHS/Fuel Oil	4.049	4.11
		Cost/Unit (₹)	8.54	6.30
	(ii)	Through Steam Turbine/Generator		
		Unit (KWH)	1,10,11,721	4,88,56,547
		Units per kg. of Fuel Oil / LSHS	4.284	4.344
		Cost/Unit (₹)	8.07	5.96
2.	(a)	Furnace Oil		
		Quantity (MT)	18,466	80,508
		Total cost (₹ in lacs)	6,383.50	20,846.99
		Average rate (₹/MT)	34,569.76	25,894.45
3.	Other/internal generation (please give details)			
	Diesel :-			
	Quantity (KL) } Total cost (₹ in lacs) } Average rate (₹/KL)		N. A.	N. A.
B.	CONSUMPTION PER UNIT OF PRODUCTION			
1.	Electricity			
	Product (with details) Unit			
	(i)	Purchased Power (KWH)		
		Urea	14.52	7.20
		18:46:0	11.48	12.52
		10:26:26	8.85	8.81
		12:32:16	13.13	7.10
	(ii)	Generated Power (KWH)		
		Urea	124.16	119.94
		18:46:0	40.59	29.77
		10:26:26	41.29	38.96
		12:32:16	40.79	41.81
2.	Furnace Oil (MT)			
		Urea	0.19	0.18
		18:46:0	0.01	0.01
		10:26:26	0.01	0.01
		12:32:16	0.01	0.01
		20:20:0	-	-
3.	Others		-	-

Annexure 'B' to the Directors' Report

Information Pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

Sr. No.	Name	Designation / Nature of duties	Qualifications	Age (Years)	Date of commencement of employment	Experience (No. of Years)	Remuneration received	Name of last employer	Designation	Period
A) Employed throughout the year										
1	H. S. Bawa	Executive Vice Chairman	M.S.(CHEM ENGG.) (USA)	81	16-04-1979	56	29459051.00	Hindustan Petroleum Corp.	General Manager (Ref. Div.)	3 Years
2	S. Krishnan	Managing Director	B.E (Hons.), MSc.	48	15-11-2006	26	13288815.00	Zuari Cement Ltd.	Director (Finance)	3 Years
B) Employed for part of the year										
1	L. M. Chandrasekaran	Vice President - Operations	B.Tech. (Chemical), D.A.M., M.I.Ch.E.	62	26-07-1971	39	6661816.00	-	-	-
2	M. V. Mahambre	Dy. GM-HR	B.A, L.L.B.	60	24-01-1977	31	1849496.00	Chowgule Pvt Ltd.	Senior Assistant	1 year & 7 months
3	M. Deendayal	Dy. GM- Production	B.Tech(Chemical)	58	21-12-1984	36	2144581.00	Acetylene & Actylene Black manufacturing unit P.C.M.J. Ltd.	Shift Engineer	11 months
4	Naveen Kapoor	President - Agri Business	B.Sc , M.B.A	59	01-09-2004	35	2434948.00	Chambal Fertilisers & Chem. Ltd.	General Manager-Sales	7 Years
5	V. K. Sinha	Vice President-Special Projects	B.E.(Chemical)	49	01-01-2009	25	2279630.00	Minda Management Services Ltd.	President-Corporate Strat. & Planning	1 Year & 3 months

**Annexure 'C' to the Directors' Report
Report on Corporate Governance**

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

Zuari Industries Limited, is committed to develop and sustain a highly coveted and durable brand image and presence amongst all its stakeholders, as well as the community at large, both in India and abroad, through nurturing and strengthening its cherished lineage of professional excellence and respect for all and by building, fostering and expanding the valuable equities of its diverse group businesses, through global ventures and partnerships to deliver impeccable standards of performance and service.

The Company is committed to the best Corporate Governance and has fully complied the requirements of Clause 49 of the Listing Agreement with the Stock Exchanges and continues with its initiatives towards best Corporate Governance practices.

A declaration of Executive Vice Chairman as to the compliance with the code of conduct by all the Board members and senior management personnel is provided as Annexure 'E' to the Directors' Report.

2. Board of Directors:

The Board of Directors of the Company comprises of ten members which includes Executive Vice Chairman, Executive Director and eight non-executive Directors. More than half of the Board comprises of Independent Directors and non-executive Directors which is in compliance with the requirements of Clause 49 (1)(A). The other related information concerning the Board is given hereunder.

During the year under review, eight Board meetings on 14th April, 2011, 9th May, 2011, 24th May, 2011, 11th August, 2011, 14th November, 2011, 19th December, 2011 and 3rd February, 2011 and 27th March, 2011 were held.

Attendance of each Director at the Board of Directors meetings and the last AGM and number of Companies and Committees where he/she is a Director / Member:

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 Co's*	
						Chairman	Member
S. K. Poddar	Promoter/ Chairman	13	6	79406	No	2	1
H. S. Bawa	Executive Vice Chairman	11	7	NIL	No	N.A.	4
N. Suresh Krishnan***	MD	12	8	NIL	No	3	N.A.
Shyam Bhartia	NED	6	4	NIL	No	NA	N.A.
Arun Duggal	NED / I	12	6	NIL	Yes	3	2
D. B. Engineer	NED / I	8	4	NIL	Yes	3	3
J. N. Godbole	NED / I	14	7	NIL	Yes	2	8
Jyotsna Poddar €	NED	10	1	71621	No	N.A.	N.A.
S. P. Tyagi	NED/I	1	5	NIL	Yes	N.A.	N.A.
Marco Wadia	NED / I	10	7	2811	Yes	3	6
Akshay Poddar £	NED	12	1	NIL	No	2	6

MD-Managing Director, I-Independent, NED-Non-Executive Director

* Excludes Committees other than Audit Committee and Shareholders / Investor's Grievance Committee.

** The number of directorships excludes Companies other than Public Limited Companies.

*** Resigned and ceases to be Managing Director effective 1st April, 2012

€ Appointed as Whole Time Director effective 1st April, 2012

£ Appointed as Alternate Director to Mr. Shyam Bhartia w.e.f. 9th May, 2011

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

Mr. H. S. Bawa, Mrs. Jyotsna Poddar and Mr. S. P. Tyagi, Directors, are liable for retirement by rotation and are eligible for re-appointment during the forthcoming Annual General Meeting.

As required under Clause 49 of the listing agreement, brief resume and information regarding other directorships are given here in below :-

Mr. H. S. Bawa

Born on March 20, 1931, Mr. Harbachan Singh Bawa, holds an MS degree in Chemical Engineering from the University of Tulsa, USA.

Mr. Bawa is presently the Executive Vice-Chairman of Zuari Industries Ltd. He has also served as Vice Chairman of Chambal Fertilizers and Chemicals Ltd., from January 1990 to August 2011.

Mr. Bawa began his career with Bahrain Petroleum Company, Bahrain after getting his Masters degree in 1955. In 1957, he joined ESSO India (now Hindustan Petroleum Corporation Limited) and held several senior positions, both in India and overseas.

In 1979, he joined Zuari Industries Ltd (formerly Zuari Agro Chemicals Ltd) in Goa as the Executive President. He took over as Managing Director in 1994. Over the last four decades, Zuari Industries Ltd has diversified from its core business of fertilizers into agri-inputs, engineering services, financial services, furniture and oil tanking.

In 1988, Zuari Industries Ltd., promoted Chambal Fertilizers and Chemicals Ltd (CFCL) to set up a mega urea complex in northern India, which went into production in 1994. Chambal has since expanded from 0.8 million tonnes to 2.1 million tonnes of per annum to become the country's largest producer of Urea in the Private sector. CFCL has also set up a large joint venture project (IMACID) in Morocco in partnership with OCP, to produce phosphoric acid.

Mr. Bawa has been the Chairman of the Fertilizer Association of India (FAI), which is the second largest fertilizer association in the world and is presently member of the International Fertilizer Association Council.

Mr. Bawa has widely travelled and has participated in various key negotiations with potential business partners. He has led several committees in oil and fertiliser business.

Names of Indian Public Limited Companies in which Mr. H. S. Bawa is a Director:

Sr.No.	Name of the Company
1.	Indian Potash Limited
2.	Lionel India Limited
3.	Paradeep Phosphates Limited
4.	Simon India Limited
5.	Style Spa Furniture Limited
6.	Zuari Investments Limited
7.	Zuari Maroc Phosphates Limited
8.	Zuari Seeds Limited
9.	Zuari Industries Limited
10.	Zuari Fertilisers & Chemicals Limited
11.	Zuari Holdings Limited

Mrs. Jyotsna Poddar

Mrs. Jyotsna Poddar, a Psychology Honors student from Loreto House, Kolkata, is the Chairperson of Lionel India Limited, and is actively involved in providing strategic direction to the company. She is also a Director of Poddar Heritage Enterprises and Chairperson & MD of Gobind Sugar Mills Ltd, one of India's primary sugar manufacturing companies.

She is the wife of Mr Saroj Kumar Poddar, Chairman and daughter of Late Dr. K.K. Birla, one of India's leading industrialists.

A person with wide and diverse interests, Mrs. Poddar has a passion for cricket and runs a trust – Young Cricketer's Organization. This trust promotes young cricketing talent and supports former cricketers. Mrs. Poddar has authored a book – Cricketing Memories, the foreword for which was written by Sir Don Bradman. In 1987, she was a member of the Reliance World Cup Organizing Committee.

Mrs. Poddar is an active social worker, and she runs a private trust - Jeevan Jyoti Medical Society, which provides free medical facilities to the economically disadvantaged.

Names of Indian Public Limited Companies in which Mrs. Jyotsna Poddar is a Director:

Sr.No.	Name of the Company
1.	Gobind Sugar Mills Limited
2.	Nilgiri Plantations Limited
3.	Sangha Shree Investment & Trading Company Limited
4.	Adventz Investments and Holdings Limited (formerly Poddar Heritage Investments Limited)
5.	Yashovardhan Investment & Trading Company Limited
6.	Ronson Traders Limited
7.	Lionel Edwards Limited
8.	Lionel India Limited
9.	Syndak Teatech Limited
10.	Zuari Industries Limited

Mr. S. P. Tyagi

Air Chief Marshal (Retd) S.P. Tyagi, an M.Sc. Graduate, who retired in March, 2007 is recipient of three Presidential Awards of Param Vishist Seva Medal, Ati Vishist Seva Medal and Vayu Sena Medal, for his exemplary leadership and distinguished service for the nation of highest order.

Air Chief Marshal (Retd) S.P. Tyagi, a veteran fighter pilot flew combat missions during both the 1965 and 1971 Indo-Pakistan wars and climbed the career ladder holding many key commands. He is a visionary with vast domain expertise on application of India's aerospace power in both the 'hard power' and 'soft power' scenarios and the related imperatives for growth and development of indigenous defence industry.

Air Chief Marshal (Retd) S.P. Tyagi, provided vital operational inputs for evolving futuristic strategies, research and development foundation and human-capital base for manufacture of aircraft, weapons systems, unmanned aerial vehicles, electronic warfare systems, missiles and military space sub-systems.

Names of Indian Public Limited Companies in which Mr. S. P. Tyagi is a Director:

Sr. No.	Name of the Company
1	Zuari Industries Limited

4. Board Agenda :

The Board meetings are scheduled well in advance and Board members are normally given a notice of at least one month before the meeting date. The Board members are provided with information mandatory required under clause 49 of the Listing Agreement. All major agenda items are backed by in-depth background information and analysis, required wherever possible, to enable the Board members to take informed decisions.

5. Board Committees:

The Company has following Committees of the Board:

a. Audit Committee :

The Audit Committee comprises of four independent, non-executive Directors. The permanent invitees includes Executive Vice Chairman, CFO & Vice President-Finance and Company Secretary, as the Secretary of the Committee. The Committee has met 6 times during the financial year ended March 31, 2012.

Terms of Reference:

The role of Audit Committee includes review of Company's financial reporting process and its financial statements, review of 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 recommending to the Board, re-appointment of statutory auditors and fixation of audit fees.

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

Name of the member	Status	No. of meetings attended
Mr. D. B. Engineer	Chairman	4
Mr. Marco Wadia	Member	6
Mr. Arun Duggal	Member	3
Mr. J. N. Godbole	Member	5

b. Investors' Grievance Committee :

Investors' Grievance Committee comprises of two independent and one Executive Director. The Board has designated Mr. Swapnil Yelgaonkar, Company Secretary, as the Compliance Officer for the committee

Terms of Reference:

The Board has constituted Investors' Grievance Committee which oversees the performance of the share transfer work and recommends measures to improve the level of investor services. Besides the Committee also looks into Investor Grievances such as non receipt of dividend, Annual Reports and other complaints related to share transfer.

There were 138 complaints received and replied to the shareholders during the year. There were no outstanding complaints or share transfers pending as on 31st March, 2012.

During the year the Committee had met 8 times and the attendance of the members at the meeting was as follows:

Name of the member	Status	No. of meetings attended
Mr. D. B. Engineer	Chairman	8
Mr. Marco Wadia	Member	8
Mr. H. S. Bawa	Member	4

c. Other Committees:

Apart from above, the Board has constituted Committees of Board of Directors for Banking & Finance. 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:

The Company does not have a Remuneration Committee. At present no remuneration is paid to non-executive Directors except sitting fees for attending the Meetings of Board and Committees thereof.

Payment of remuneration to the Executive Vice Chairman/Managing Director is as approved by the Board and the Shareholders. The remuneration comprises salary, incentive, perquisites, contribution to Provident Fund, Superannuation and Gratuity.

Amount ₹ in lacs

Executive Directors	Salary	Perquisites	Retirement benefits
H. S. Bawa*	240.58	15.66	38.88
N. Suresh Krishnan**	115.14	6.62	11.50

* Appointed as Executive Vice Chairman w.e.f. 1st Sept., 2010

** Appointed as Managing Director w.e.f. 1st Feb, 2011.

- The term of Executive Vice Chairman is for a period of three years with effect from 1/9/2010. Notice period for termination of appointment of Executive Vice Chairman is three months on either side.
- No severance pay is payable on termination of appointment of Executive Vice Chairman and Managing 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, 2012 for attending the meetings of the Board and the Committees thereof:

Sr. No.	Name of Director	Amount (₹)
1.	Mr. S. K. Poddar	97,500
2.	Mr. Shyam Bhartia	60,000
3.	Mr. Arun Duggal	1,12,500
4.	Mr. D. B. Engineer*	1,80,000
5.	Mr. J. N. Godbole	1,42,500
6.	Mrs. Jyotsna Poddar	15,000
7.	Mr. S. P. Tyagi	75,000
8.	Mr. Marco Wadia*	2,40,000
9.	Mr. Akshay Poddar	15,000

* Mr. D. B. Engineer & Mr. Marco Wadia, are Partners of Crawford Bayley & Co., Solicitors & Advocates, who have professional relationship with the Company. The professional fees of ₹ 1.95 lakhs paid to Crawford Bayley & Co., during the year are not considered material enough to infringe on the independence of Mr. Engineer and Mr. Wadia.

6. General Body Meetings :

Details of the last 3 Annual General Meetings are:

Year	Location	Date	Time	Whether any special resolutions passed
2008-2009	Jai Kisaan Bhawan, Zuarinagar, Goa 403726	14-9-2009	11.00 a.m.	YES
2009-2010	-same as above-	27-9-2010	11.00 a.m.	YES
2010-2011	-same as above-	19-9-2011	10.30 a.m.	YES

7. Disclosures :

Disclosures 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:

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 during the year.

Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets, during the last three years:

There were no instances of non-compliance on any matters relative to the capital markets during the last three years.

8. Means of communication :
a. Half-yearly Unaudited financial results:

Unaudited financial results for the half-year ended 30th September, 2011 were sent to each household of shareholders, apart from publishing in one National Daily and local dailies, one of which is in vernacular language.

b. Quarterly Results:

Quarterly results are published in one National Daily and local dailies, one of which is in vernacular language.

c. Web-site on which results are displayed:

www.zuari.in

d. Presentation was made to Institutional Investors or to the Analysts during the year under review.
9. Code of Conduct & Ethics :

The Company has adopted revised "Code of Conduct and Ethics" for the Directors and Senior Executives of the Company. The purpose of the code is to promote conduct of business ethically in an efficient and transparent manner and to meet its obligations to its shareholders and all other stakeholders. The Company has revised its Code of Conduct during the year with a view to create larger framework and mechanism of ethical business practices, responsibility, accountability and transparency. 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 Executive Vice Chairman of the Company with respect to affirmation of compliance of the code by the Board of Directors and Senior Executives of the Company is enclosed as Annexure-E.

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 Directors and designated employees of the Company while in possession of unpublished price sensitive information related to the Company.

11. General Shareholders Information:

a. Annual General Meeting, Date, Time and Venue:

Annual General Meeting will be held on 10th September, 2012 at 10.30 A.M., at Jai Kisaan Bhawan, Zuarinagar, Goa.

b. Financial calendar (Tentative)

Results for the quarter ended 30th June, 2012	- 2nd week of August, 2012
Results for the half-year ended 30th Sept. 2012	- 2nd week of November, 2012
Results for the quarter ended 31st Dec. 2012	- 2nd week of February, 2013
Audited Annual Results 2012-13	- May, 2013

c. Date of book closure : 24th May, 2012 to 31st May, 2012 (inclusive of both days)

d. Dividend payment date :

On or after 13th September, 2012 but within the time stipulated under the Companies Act, 1956.

e. Management Discussion and Analysis forms part of this Report as Annexure 'F'

f. Listing on Stock Exchanges:

Company's equity shares are listed on:

1. The Bombay Stock Exchange Ltd., Mumbai,
2. The National Stock Exchange of India Ltd., Mumbai

The Company has paid listing fees to both the stock exchanges on time.

g. Stock Code:

1. The Bombay Stock Exchange Ltd, Mumbai : 500780
2. The National Stock Exchange of India Ltd., Mumbai: ZUARIAGRO

h. Stock Market Data:

High/low share prices during the year 1st April, 2011 to 31st March, 2012:

Month	High	Low	BSE Sensex	
			High	Low
April, 2011	730.00	629.00	19811.14	18976.19
May, 2011	688.45	606.05	19253.87	17786.13
June, 2011	668.00	618.25	18873.39	17314..38
July, 2011	704.80	632.50	18131.86	18197.20
August, 2011	704.75	606.00	15765.53	16676.75
September, 2011	641.00	537.00	15801.01	16453.76
October, 2011	604.00	533.00	15745.43	17705.01
November, 2011	608.00	491.05	15478.69	16123.46
December, 2011	537.70	440.00	15135.86	15454.92
January, 2012	493.00	436.15	15358.02	17193.55
February, 2012	522.00	444.00	17061.55	17752.68
March, 2012	530.90	473.30	16920.61	17404.20
Annual Average	619.38	537.20	18263.30	16622.93

i. Share Transfer System:

The Share Transfers in physical mode above 1000 equity shares are approved by Investors Grievance Committee at regular intervals as required under Listing Agreement.

The Company has authorised the Chief General Manager & Company Secretary to approve the share transfers involving upto 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
E-mail : rnt.helpdesk@linkintime.co.in
Website : www.linkintime.com

j. An exclusive e-mail id : investor_redressal@zuari.adventz.com. in is maintained by the company 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 daily basis.

k. Shareholding:

The distribution of shareholding as on 31st March, 2012 was as follows:

No. of shares	No. of shareholders	% of shareholders
Upto 500	34283	97.22
501 – 1000	503	1.43
1001 – 2000	224	0.63
2001 – 3000	73	0.21
3001 – 4000	25	0.07
4001 – 5000	20	0.06
5001 – 10000	39	0.11
10001 and above	97	0.27
TOTAL	35264	100.00

Shareholding Pattern as on 31st March, 2012:

Category	No. of shares held	% shareholding
Promoters	17131373	58.19
Banks/Financial Institutions and Insurance Companies	2438034	8.28
Foreign Institutional Investors	2271564	7.71
Mutual Funds	3847945	13.07
NRIs/OCBs	41345	0.14
Private Bodies Corporate	1044202	3.55
Public	2666141	9.06
TOTAL	29440604	100.00

l. Dematerialisation of shares and liquidity:

2,90,02,805 equity shares (98.51%) have been dematerialised as on 31st March, 2012.

m. Plant Location:

Jai Kisaan Bhawan,
Zuarinagar, Goa – 403726

n. The Address for correspondence is:

Zuari Industries Limited,
Jai Kisaan Bhawan,
Zuarinagar, Goa – 403 726.

Tel. : 91-0832-2592431

Fax : 91-0832-2555279

E-mail : shares@zuari.adventz.com and/or investor_redressal@zuari.adventz.com

Web site : www.zuari.in

o. Non-Mandatory requirement :

The Company has adopted the non-mandatory requirement of providing half-yearly unaudited financial results of the Company to each household of the shareholders.

**ANNEXURE 'D' TO THE DIRECTORS' REPORT
AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

To

The Members of Zuari Industries Limited,

We have examined the compliance of conditions of Corporate Governance by Zuari Industries Limited (The Company), for the year ended on March 31, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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.
Firm's Registration No.: 301003E
Chartered Accountants

Place : Gurgaon
Date : 9th May, 2012

per ANIL GUPTA
Partner
Membership No: 87921

**ANNEXURE 'E' TO THE DIRECTORS' REPORT
DECLARATION OF EXECUTIVE VICE CHAIRMAN**

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, I, H. S. Bawa, Executive Vice Chairman of Zuari Industries 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 2011-12.

Place : Gurgaon
Date : 9th May, 2012

H. S. BAWA
Executive Vice Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

The Board of Directors is pleased to present the business analysis and outlook for Zuari Industries Limited (ZIL) based on the current Government policies and market conditions. The Company's business was manufacture and sale of fertilisers and trading in agri inputs including pesticides upto 30th June, 2011. Following demerger of fertiliser operations, the Company's business is trading in agri inputs and pesticides.

(i) The Global Economic Backdrop:

The year has been one of uncertainties and disturbances in the International business space.

Euro Area crisis enters "Perilous Phase" – per IMF. Withdrawal of the post meltdown stimuli at the US, various fiscal accommodations at the UK, growths in the advanced economies down by 0.75%, rebuilding efforts on in Japan, political and social issues continuing in the Middle East and North African Countries (MENA) general downscalings at the Brazil, Russia, India, China and South Africa (BRICS) and Latin America (LATAM) altogether contributed to the global scenario of uncertainties.

In major advanced economies, economic growth is modest, especially considering the depth of the recession. In the United States and the euro area, the economy is following a path as weak as that following the recessions of the early 1990s, despite a much deeper fall.

The global recovery is broadly moving at two speeds, with large output gaps in advanced economies and closing or closed gaps in emerging and developing economies.

In advanced economies, investment is recovering with the rebound of industrial production because capital stocks are down and little excess capacity remains. The rebound in production is benefiting from low interest rates, easing financing conditions, and generally healthy corporate balance sheets and profitability.

At the same time, consumption is being spurred by reduced job layoffs, the gradual recovery of employment, and previously postponed purchases of durable goods.

The emerging economies were however still in low ebb.

During the quarter of 2012, there has been modest improvement in the global macroeconomic situation. The recent macroeconomic data for the US economy show some positive signs. In particular, labour market conditions have improved. However, the US Fed expects that economic conditions warrant exceptionally low levels for the federal funds rate at least through late 2014.

The immediate financial market pressures in the euro area have been alleviated to some extent by the European Central Bank (ECB) injecting liquidity of more than one trillion euro through the two long-term refinancing operations. Growth in the euro area, however, turned negative in quarter.

As stated the Emerging and Developing Economies (EDEs) are showing signs of growth slowdown. As a result, the global growth for 2012 and 2013 is expected to be lower than earlier anticipated.

Inflation pressures in both advanced economies and EDEs moderated towards the end of 2011 on account of subdued domestic demand and correction in non-fuel commodity prices. Global crude prices, however, have spiked suddenly reflecting both geo-political concerns and abundant global liquidity, accentuating the risks to growth and inflation.

(ii) The Global Pesticides and Crop Protection Scenario:

The pesticide industry is generally affected by regulatory factors. Greater awareness of environmental factors has led to changes in the pesticide industry, with some products or ingredients being substituted, reduced or banned. The US Environmental Protection Agency has declared some products to be of reduced risk, including glyphosate. Though most nations regulate the pesticide industry, countries known for particularly strict pesticide regulations include the US, Japan and Western Europe.

The world's herbicide industry is forecast to record close to 5% yearly growth between 2012 and 2016 to exceed 1,350 kilo tons. The market is forecast to record close to 6% yearly growth in revenue generating close to \$25,000 million by 2016. This growth will not be across the board, with India and a few other nations recording lower growth. This is largely due to the fact that the country's most commonly used pesticides are insecticides, which represent 40% of the overall market. The world insecticides market is expected to reach almost 535 kilo tons by 2016, recording in excess of 4% yearly growth for the five preceding years.

The global biopesticides market is expected to reach almost \$3.5 billion by 2017, according to research from Global Industry Analysts. Demand for biopesticides is fuelled by environmental awareness and changing regulations limiting the use of traditional products such as methyl bromide, azinphosmethyl and endosulfan. Consumers are becoming increasingly aware of the potential consequences of conventional toxic pesticides on health. This rising awareness is driving demand for alternatives such as organically or naturally grown foods

(iii) The India Picture:

The macros last year were by and large significantly down.

All round slowdown continued, Government Borrowings up by ₹ 53,000 Crores – Fiscal Deficit were severely breached from the Budgeted levels ending up at 5.9%. Tax Revenues were down by 12%. Practically no Disinvestments were done, several Banks were downgraded.

(iv) The Indian Pesticides Industry:

Production in the Indian pesticide industry has remained stable at 82,000 -85,000 MT during the last year. In value terms, the size of the Indian pesticide industry was estimated at ₹ 180 bn during FY11, including exports of ₹ 100 bn. The Indian pesticides industry is dominated by insecticides, whereas globally herbicides and fungicides are the key segments.

Pesticides are the last input in the agricultural process but are important for the sustainable development of agriculture. Despite the fact that judicious use of pesticides can prevent crop losses and provide economic benefits to the farmers, pesticide consumption in India is limited to about 25% of the arable land. This abysmally low penetration level is largely due to the lack of awareness among farmers regarding the benefits of use of pesticides, fragmented land holdings, together with farmers' financial inability to buy the requisite pesticides.

(v) Policy Initiatives:

The Company has laid major thrust on this most vital segment of Business and have drawn up elaborate plans for its growth.

In the Investing Business the Company shall look out for better yields, growth and safety. It will maintain its exposures on Group Assets and other Portfolio investments.

(vi) Internal Control Systems and their Adequacy :

The Company has in place adequate systems of internal control commensurate with its size and the nature of its operations. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, executing transactions with proper authorization and ensuring compliance of corporate policies through documented standard operating procedure together with Limits of Financial Authority Manual.

The operational managers exercise their control over business processes through documented procedure manuals and financial limits of authority manual, which 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 system to record data for accounting and management information with adequate security procedure and controls.

The Company places prime importance on an effective internal audit system. During the year, the internal audit was carried out by M/s. Deloitte Haskins & Sells, Chartered Accountants based on the internal audit programme duly approved by the Audit Committee of the Board of Directors and endorsed by the statutory auditors. The Internal Audit Programme was developed / aligned based on the following :-

- a. Risk profiling of different business areas / processes
- b. Evaluation of observations noted in past two financial years' internal audits
- c. Suggestions received from the Managing Director, Functional Heads and Operating Managers
- d. Feedback from the Statutory Auditors
- e. Internal Control Over Financial Reporting (ICOFR) document, and
- f. Efficacy of existing policies and procedures, financial limits of authority.

The Internal Audit process is designed to review the adequacy of internal control checks in the system and covers all significant areas of the Company's operations. The Internal Audit is also designed to evaluate the risk regarding statutory non-compliances.

The internal audit is carried out effectively throughout the year covering all the areas of operations and follow up reviews are also undertaken in subsequent audits.

(vii) Material development in human resources :

Training at all levels are provided and effective compliment of professionals have been recruited to facilitate the growth of agribusiness.

The Company has developed an environment of harmonious and cordial industrial relations.

Auditors' Report

To

The Members of Zuari Industries Limited

1. We have audited the attached balance sheet of Zuari Industries Limited ('the Company') as at March 31, 2012 and also the profit and loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. 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.
 - iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account.
 - iv. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - v. On the basis of the written representations received from the directors, as on March 31, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, 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 March 31, 2012;
 - b) in the case of the profit and loss account, of the profit for the year ended on that date; and
 - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

For S.R. BATLIBOI & CO.

Firm's Registration No.: 301003E
Chartered Accountants

per Anil Gupta

Partner

Membership No.: 87921

Place : Gurgaon

Date : 9th May, 2012

Annexure referred to in paragraph [3] of our report of even date

Re: Zuari Industries 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 substantial disposal 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 not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Therefore, the provisions of paragraph 4 (iii) (a), (b), (c) and (d) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 and as such, clauses 4 (iii) (e) to 4 (iii) (g) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (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, no major weakness has been noticed in the internal control system in respect of these areas. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system of the Company. Due to the nature of its business, the Company is not required to sell any services.
- (v) According to the information and explanations provided by the management, we are of the opinion that there are no transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956. Therefore, the provisions of clause 4(v) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (vi) In respect of deposits accepted in earlier years, in our opinion and according to the information and explanations given to us, directives issued by the Reserve Bank of India and the provisions of Sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed thereunder, to the extent applicable, have been complied with. We are informed by the management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (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) The Company is regular in depositing with appropriate authorities 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 and other material statutory dues applicable to it.

Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.
- (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, there are no dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, other than the following:

Name of the statute	Nature of dues	Amount (₹ in lacs)	Period to which the amount relates	Forum where dispute is pending
Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976	Penalty on Professional Tax paid on Company's registered godowns.	21.28	2005-06 to 2008-09	Joint Commissioner of Commercial Taxes (Appeals)
Chapter V of Finance Act 1994	Service tax under Goods Transport Agency Services	84.10	2006-07 to 2009-10	Additional Commissioner, Customs and Central Excise, Panaji, Goa

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and 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 given guarantee for loans taken by others from bank or financial institutions, the terms and conditions whereof in our opinion are not prima-facie prejudicial to the interest of the Company.
- (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 any preferential allotment of shares to parties or 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.
Firm's Registration No.: 301003E
Chartered Accountants

per Anil Gupta
Partner

Place : Gurgaon
Date : 9th May, 2012

Membership No.: 87921

BALANCE SHEET AS AT 31ST MARCH, 2012

₹ in Lacs

	Notes	31st March 2012	31st March 2011
I. EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	3	2,944.11	2,944.11
(b) Reserves and surplus	4	54,817.84	119,095.09
Total		57,761.95	122,039.20
Non-current liabilities			
(a) Long term borrowings	5	-	-
(b) Deferred tax liabilities (Net)	6	25.07	449.94
(c) Other long term liabilities	7	-	3,802.54
(d) Long term provisions	8	-	-
Total		25.07	4,252.48
Current liabilities			
(a) Short term borrowings	9	-	97,058.71
(b) Trade payables	7	938.88	66,892.25
(c) Other Current Liabilities	7	3,627.50	3,940.16
(d) Short term provisions	8	3,477.68	4,974.83
Total		8,044.06	172,865.95
Total		65,831.08	299,157.63
II. ASSETS			
Non-current assets			
(a) Fixed assets			
i Tangible assets	10	1,211.76	16,707.51
ii Intangible assets	10(a)	-	276.13
iii Capital work-in-progress		-	4,967.25
(b) Non-current investments	11	41,415.37	47,086.54
(c) Long term loans and advances	12	7,500.86	6,017.22
(d) Other non-current assets	13	10.04	167.59
Total		50,138.03	75,222.24
Current assets			
(a) Current investments	14	-	5,001.08
(b) Inventories	15	3,715.00	71,775.68
(c) Trade receivables	16	2,816.48	76,291.42
(d) Cash and bank balances	17	1,382.83	28,663.21
(e) Short term loans and advances	12	7,326.93	20,955.37
(f) Other current assets	13	451.81	21,248.63
Total		15,693.05	223,935.39
Total		65,831.08	299,157.63

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 Industries Limited

For S. R. BATLIBOI & CO.
Firm's Regn. No.: 301003E
Chartered Accountants

S. K. Poddar
Chairman

H. S. Bawa
Executive Vice-Chairman

Marco Wadia
Director

Per Anil Gupta
Partner
Membership No. : 87921

Binayak Datta
CFO & Vice President – Finance

Swapnil Yelgaonkar
Company Secretary

Place : Gurgaon
Date : 9th May, 2012

Place : Gurgaon
Date : 9th May, 2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

₹ in Lacs

	Notes	31st March 2012	31st March 2011
I. Income			
(a) Revenue from operations (gross)	18	124,667.43	552,420.31
Less: excise duty		252.80	32.43
(b) Revenue from operations (net)		124,414.63	552,387.88
(c) Other income	19	5,793.27	7,891.67
Total Revenue		130,207.90	560,279.55
II. Expenses			
(a) Cost of raw materials consumed	20	69,142.67	223,172.58
(b) Purchase of traded goods	21	57,451.37	251,565.38
(c) (Increase) in inventories of finished goods, work-in-progress and traded goods	22	(26,642.42)	(21,539.91)
(d) Employee benefits expense	23	2,635.35	7,946.75
(e) Other expenses	24	19,728.18	68,881.47
Total		122,315.15	530,026.27
III. Earnings before interest, tax, depreciation and amortization (EBITDA) (I) - (II)		7,892.75	30,253.28
(a) Depreciation and amortization expense	25	610.72	2,133.87
(b) Finance costs	26	1,076.88	4,174.65
Profit before tax		6,205.15	23,944.76
IV. Tax expenses			
(a) Current income tax (including Minimum Alternate Tax)		906.35	6,900.00
(b) MAT Credit Entitlement		(634.08)	-
(c) Income tax adjustment for earlier years		77.73	(79.83)
(d) Deferred tax charge		1,099.16	437.06
Total tax expense		1,449.16	7,257.23
Profit for the year (III-IV)		4,755.99	16,687.53
Basic			
Earnings per equity share (nominal value of share ₹ 10/- (31st March 2011 - ₹ 10/-))	42	16.15	56.68
Diluted			
Earnings per equity share (nominal value of share ₹ 10/- (31st March 2011 - ₹ 10/-))		16.15	56.68

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 Industries Limited

For S. R. BATLIBOI & CO.
Firm's Regn. No.: 301003E
Chartered Accountants

S. K. Poddar
Chairman

H. S. Bawa
Executive Vice-Chairman

Marco Wadia
Director

Per Anil Gupta
Partner
Membership No. : 87921

Binayak Datta
CFO & Vice President – Finance

Swapnil Yelgaonkar
Company Secretary

Place : Gurgaon
Date : 9th May, 2012

Place : Gurgaon
Date : 9th May, 2012

Cash flow statement for the year ended 31st March, 2012

PARTICULARS	Year ended 31st March,2012 (₹ in lacs)	Year ended 31st March,2011 (₹ in lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Profit before tax	6,205.15	23,944.76
Adjustments For :		
Depreciation / amortisation	610.72	2,133.87
Bad debts provision written back	(27.70)	—
(Profit)/loss on sale of assets (net)	(104.05)	28.77
Provision for doubtful debts	—	(2.74)
Unrealised Gain/ loss on foreign exchange variation (net)	—	(1,359.60)
(Profit) on sale of non current investments	(312.82)	—
Interest expense	982.36	3,831.94
Interest income	(2,027.50)	(4,752.83)
Dividend income	(1,643.60)	(2,085.10)
Diminution in the value of Fertiliser Companies' Government of India special bonds	400.30	548.03
	(2,122.29)	(1,657.66)
Operating Profit before Working Capital Changes	4,082.86	22,287.10
Changes in :		
Inventories	(21,655.33)	(33,905.81)
Sundry debtors	(19,774.69)	(14,641.55)
Other current assets	(281.83)	19,106.18
Loans and advances	446.87	(2,226.86)
Current liabilities and provisions	11,522.35	12,574.85
	(29,742.63)	(19,093.19)
Cash from/(used in) Operations	(25,659.77)	3,193.91
Direct taxes (net of refunds)	2,433.19	(8,303.27)
Net Cash flow (used in) Operating Activities (A)	(23,226.58)	(5,109.36)
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of fixed assets	(663.12)	(5,763.00)
Sale of fixed assets	122.54	15.73
Purchases of investments	(71,124.98)	(2,71,596.46)
Sale of investments in subsidiaries **	1,422.60	—
Purchase of investments in subsidiaries **	(827.83)	(1,260.96)
Sale/redemption of other investments	81,515.28	3,25,422.56
Fixed Deposits with Banks	(35.00)	(3,559.76)
Fixed deposits matured	3,559.76	30.00
Interest received	2,076.93	4,566.06
Dividends received on investments	1,643.60	2,085.10
Loans given to bodies corporates	(26,905.56)	(13,560.00)
Loans given to bodies corporates received back	6,956.95	3,833.59
Net Cash flow from (used in) Investing Activities (B)	(2258.83)	40,212.86

PARTICULARS	Year ended 31st March,2012 (₹ in lacs)	Year ended 31st March,2011 (₹ in lacs)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long-term borrowings	(151.60)	(339.31)
Proceeds/(Repayment) of short-term borrowings	6084.94	(9867.40)
Interest paid	(1187.27)	(3911.74)
Dividend paid on equity shares (including dividend tax)	(1536.38)	(1543.11)
Net Cash flow from/(used in) Financing Activities (C)	<u>3,209.70</u>	<u>(15,661.56)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS (A + B + C)	(22275.71)	19,441.94
CASH AND CASH EQUIVALENTS (OPENING)		
Cash and Bank Balances (Refer below)	25,103.45	5,661.51
Less : Transfer due to Demerger (Refer note no. 50)	(1479.91)	—
CASH AND CASH EQUIVALENTS (CLOSING)		
Cash and Bank Balances (Refer below)	1,347.83	25,103.45

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

CASH AND CASH EQUIVALENTS	As at 31st March,2012 (₹ in lacs)	As at 31st March,2011 (₹ in lacs)
Cash on hand	—	2.17
Cheques/ drafts on hand	0.08	4.72
With banks- on current account	—	9,941.03
— on deposit account	1,300.00	15,100.00
— unpaid dividend accounts*	34.41	31.01
— On Interest warrant accounts	13.34	24.52
Total cash and cash equivalents	<u>1,347.83</u>	<u>25,103.45</u>

Notes :

- 1) * These balances are not available for use as they represent corresponding unpaid dividend and interest warrant liabilities.
- 2) Pursuant to the scheme of arrangement and demerger, all that assets and liabilities pertaining to fertilizer undertaking as on 1st July, 2011 have been transferred to Zuari Holdings Limited at the book value, the said demerger is considered as cash neutral for the purpose of cash flow.
- 3)** Sale and purchase of investments in subsidiaries has happened through cash and cash equivalent.

As per our report of even date

For and on behalf of the Board of Directors of Zuari Industries Limited

For S. R. BATLIBOI & CO.
Firm's Regn. No.: 301003E
Chartered Accountants

S. K. Poddar
Chairman

H. S. Bawa
Executive Vice-Chairman

Marco Wadia
Director

Per Anil Gupta
Partner
Membership No. : 87921

Binayak Datta
CFO & Vice President – Finance

Swapnil Yelgaonkar
Company Secretary

Place : Gurgaon
Date : 9th May, 2012

Place : Gurgaon
Date : 9th May, 2012

Notes to financial statements for the year ended 31st March, 2012

1. Corporate Information

The Company is a public Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company is the manufacturer of chemical fertilizers. The Company is also into trading business of complex and water soluble fertilisers and seeds. The Company caters to the demand of the Farmers all over the country, through its "Jaikisaan" brand of Fertilisers.

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 statement to comply in all material respects with the Notified Accounting Standards by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in previous year except for the change in accounting policy explained below.

2.1 Statement of Significant Accounting Policies

Change in Accounting Policies

i) Presentation and disclosure of financial statements

During the year ended 31st March 2012, the revised Schedule VI notified under the Companies Act 1956 has become applicable to the Company, for preparation and presentation of its financial statements. Except accounting for dividend on investment in subsidiary companies (see note below) the adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous figures in accordance with the requirements applicable in the current year.

Dividend on investment in subsidiary companies

Till the year ended 31st March 2011, the Company in accordance with the pre-revised Schedule VI requirement, was recognizing dividend declared by subsidiary companies after reporting date in the current year's statement of profit and loss if such dividend pertained to the period ending on or before the reporting date. The revised Schedule VI applicable for the financial years commencing on or after 1st April 2011, does not contain this requirement. Hence to comply with AS 9 Revenue Recognition, the Company has changed its accounting policy for the recognition of dividend income from Subsidiary Companies. In accordance with the revised policy the Company recognizes the dividend as income only when the right to receive the same is established by the reporting date. However there is no impact on the operating result for the year of the company.

ii) 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 atleast 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 atleast 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.

iii) 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, actual results could differ from these estimates.

iv) Tangible Assets

Fixed assets are stated at cost less accumulated depreciation/amortisation and impairment losses, if any. 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 period during which such expenses are incurred.

v) Depreciation

Depreciation is provided using the Straight Line Method as per the useful lives of the fixed assets (other than machinery spares) as estimated by the management, which are equal to the rates prescribed under Schedule XIV of the Companies Act, 1956 except for computers and peripherals which are depreciated/amortised over the useful lives of three years. For this purpose, a major portion of the plant has been considered as continuous process plant.

Machinery spares are depreciated prospectively over the estimated remaining useful lives of the respective mother assets.

vi) 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. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred. Intangibles representing computer software are amortized using the Straight Line Method over their estimated useful lives of three years.

vii) Impairment

The carrying amounts of 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.

viii) 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. 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.

ix) 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.

x) 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. Pension Funds is a defined contribution scheme and the contributions are charged to the Statement of Profit and Loss of the year when the contributions to the respective funds are due.

- b) **Gratuity**
 Gratuity liability 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. 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 and amount paid/ payable in respect of the present value of liability for past services as determined on actuarial valuation is charged to the Statement of Profit & Loss every year.
- c) **Leave Encashment**
 Accumulated leave which is expected to be utilized within the next twelve months is treated as Short Term Employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.
 The Company treats accumulated leave expected to be carried forward beyond twelve months as long term employee benefit for measurement purposes. Such long term compensated absences are provided for based on actuarial valuation using the projected unit credit method at the year end. The Company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer the settlement for 12 months after the reporting date.
- d) **Superannuation and Contributory Pension Fund**
 The Company has approved superannuation fund and contributory pension Fund which are defined contribution schemes and the contributions paid to Life Insurance Corporation of India (LIC) against the insurance policy taken with them are charged to the Statement of Profit & Loss each year. The Company does not have any other obligation other than contributions paid to LIC.
- e) **Actuarial gains/losses related to gratuity, long term compensated absence 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 under the Voluntary Retirement Scheme are charged to the Statement of Profit and Loss immediately.**
- xi) **Foreign currency translation**
Foreign currency transactions and balances
- 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 reported using the closing rate. 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 Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.
- d) **Forward Exchange Contracts not intended for trading or speculation purposes**
 The premium or discount arising at the inception of forward exchange contracts is amortised 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.
- xii) **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 Fertilisers receivable from the Government of India under the New Pricing Scheme/Concession Scheme, is recognised 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 recognised 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.

Interest Income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

Claims receivable on account of Despatch money on shipment (net of demurrage payable) and Insurance claims are accounted for to the extent the Company is reasonably certain of their ultimate collection.

Dividend is recognized when the shareholders' right to receive payment is established by the balance sheet date.

xiii) Borrowing costs

Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalized to the extent they relate to the period till such assets are capitalized to the extent they relate to the period till such assets are ready to be put to use. A qualifying asset is an asset that necessarily takes substantial period of time to get ready for its intended use. Other borrowing costs are recognised as an expense in the year in which they are incurred.

xiv) Operating Leases

Where the Company is the lessee

Leases where the lessor effectively retains 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 recognised 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, 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.

xvi) 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.

xvii) Earnings per Share

Basic Earnings per Share 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.

xviii) Derivative Instruments

The Company uses derivative financial instruments such as forward exchange contracts to hedge its risk associated with foreign currency fluctuations. Accounting policy for forward exchange contracts is given in note xi (d) above.

xix) 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.

xx) 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.

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 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.

xxii) Measurement of EBIDTA

As permitted by the guidance note on the Revised Schedule VI to the Companies Act, 1956, the Company has elected to present earnings before interest, tax, depreciation and amortization (EBIDTA) as a separate line item on the face of Statement of Profit and Loss. The Company measures EBIDTA on the basis of Profit/(Loss) from continuing operation, In its measurement, the Company does not include depreciation and amortization expense, finance costs and tax expense.

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Notes to financial statements for the year ended 31st March, 2012

3. Share Capital

Particulars	31st March 2012 ₹ In Lacs	31st March 2011 ₹ In Lacs
Authorised :		
3,57,50,000 (31st March 2011:: 3,57,50,000) Equity Shares of ₹ 10/- each	3,575.00	3,575.00
1,00,00,000 (31st March 2011:: 1,00,00,000) Redeemable Cumulative Preference shares of ₹ 100/- each	10,000.00	10,000.00
	13,575.00	13,575.00
Issued		
2,94,51,168 (31st March 2011:: 2,94,51,168) Equity Shares of ₹ 10/- each fully Paid-up	2,945.12	2,945.12
Subscribed and Paid-up		
2,94,40,604 (31st March 2011:: 2,94,40,604) Equity Shares of ₹ 10/- fully paid-up	2,944.06	2,944.06
Add : 1100 (31st March 2011:: 1100) Forfeited Shares (amount paid-up) fully paid up	0.05	0.05
Total	2,944.11	2,944.11

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

Equity Shares	31st March 2012		31st March 2011	
	in Numbers	₹ In Lacs	in Numbers	₹ In Lacs
At the beginning of the year	29,440,604	2,944.06	29,440,604	2,944.06
Issued during the year	–	–	–	–
Outstanding at the end of the year	29,440,604	2,944.06	29,440,604	2,944.06

b. Terms/Rights Attached to equity Shares

The Company has only one class of equity shares having a par value of ₹ 10/- each. Each share holder of equity shares is entitled to one vote per share. The 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 31st March 2012, the amount of per share dividend recognised for distribution to equity share holders was ₹ 2/-, subject to approval of shareholders (31st March 2011:: ₹ 4.50/-)

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 shares in the Company

Name of Shareholder	As at 31 March 2012		As at 31 March 2011	
	No. of Shares held	% Holding in Class	No. of Shares held	% Holding in Class
OSI Limited / Globalware Trading and Holdings Limited #	7,012,000	23.82	7,012,000	23.82
SIL Investment Limited	3,208,000	10.90	3,208,000	10.90
Texmaco Limited	2,557,941	8.69	2,557,941	8.69

OSI Limited had merged with Globalware Trading and Holdings Limited with effect from September 2011

As per records of the Company including its register of share holders/members and other declarations received from shareholders 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, 2012 Contd....

4. Reserves and Surplus

Particulars		31st March 2012 ₹ In Lacs	31st March 2011 ₹ In Lacs
Capital reserve			
Balance as per last financial statements		0.01	0.01
Less :	Transfer to Zuari Holdings Limited as per the Scheme of Arrangement and Demerger (Refer note no.50)	0.01	-
Closing balance		-	0.01
Capital redemption reserve			
Balance as per last financial statements		412.49	412.49
Less :	Transfer to Zuari Holdings Limited as per the Scheme of Arrangement and Demerger (Refer note no.50)	412.49	-
Closing balance		-	412.49
General reserve			
Balance as per last financial statements		56,315.62	41,315.62
Less :	Transfer to Zuari Holdings Limited as per the Scheme of Arrangement and Demerger (Refer note no.50)	56,315.62	-
Add :	Amount transferred from surplus balance in the statement of profit and loss	2,500.00	15,000.00
Closing balance		2,500.00	56,315.62
Surplus / (deficit) in the statement of profit and loss			
Balance as per last financial statements		62,366.97	62,214.07
Less :	Transferred to Zuari Holdings Limited as per the Scheme of Arrangement and Demerger (Refer note no.50)	11,620.79	-
Net Profit for the year		4755.99	16,687.53
Less :	Appropriations		
	Proposed final equity dividend of ₹ 2/- Per Equity Share (31st March 2011:: ₹ 4.50)	588.81	1,324.83
	Tax on proposed equity dividend	95.52	209.80
	Transfer to general reserve	2,500.00	15,000.00
	Total appropriations	3,184.33	16,534.63
Net surplus in the statement of profit and loss		52,317.84	62,366.97
Total reserves and surplus		54,817.84	119,095.09

5. Long Term Borrowings

Particulars	Non Current Portion		Current Maturities	
	31st March 2012 ₹ In Lacs	31st March 2011 ₹ In Lacs	31st March 2012 ₹ In Lacs	31st March 2011 ₹ In Lacs
Fixed deposits from public	-	-	-	134.98
Total	-	-	-	134.98
Amount disclosed under the head "Other current liabilities" (note no. 7)	-	-	-	(134.98)
Total	-	-	-	-

Fixed deposit from public were fully matured and paid along with interest during the year.

Notes to financial statements for the year ended 31st March, 2012 Contd....

6. Deferred tax liabilities (Net)

Particulars	31st March 2012 ₹ In Lacs	31st March 2011 ₹ In Lacs
Deferred tax liabilities		
Fixed assets Impact of difference between tax depreciation and depreciation/ amortisation charged for the financial reporting	21.13	2,695.27
Income considered in the income tax but not in the books	46.44	46.44
Gross deferred tax liabilities	67.57	2,741.71
Deferred tax assets		
Diminution in the value of Fertiliser Companies Government Bonds	-	1,056.32
Provision for doubtful debts	-	27.86
Expenses allowable in Income tax on payment basis and deposition of Statutory dues	42.50	1,207.59
Gross deferred tax assets	42.50	2,291.77
Net deferred tax (liabilities)	(25.07)	(449.94)

7. Other Liabilities

Particulars	Non Current		Current	
	31st March 2012 ₹ In Lacs	31st March 2011 ₹ In Lacs	31st March 2012 ₹ In Lacs	31st March 2011 ₹ In Lacs
Trade payables (Including acceptance)(refer note 45 for details of dues to Micro and Small Enterprises)	-	-	938.88	66,892.25
	-	-	938.88	66,892.25
Other Liabilities				
Trade deposits - dealers	-	3,802.54	-	-
Current maturities of long term borrowings	-	-	-	134.98
Unclaimed statutory liabilities as referred in Section 205(c) of the Companies Act, 1956, to be credited as and when due				
Unclaimed dividends	-	-	34.41	31.01
Unclaimed deposits	-	-	28.90	45.52
Unclaimed Interest warrants	-	-	13.34	24.52
Unclaimed preference warrants	-	-	5.87	5.90
Interest accrued but not due on loans and deposits	-	-	-	331.83
Advances from dealers and others	-	-	29.82	901.91
Payables towards capital goods	-	-	-	757.51
Advance towards sale of investments	-	-	3,454.89	-
Statutory dues and other obligations	-	-	60.27	1,706.98
	-	3,802.54	3,627.50	3,940.16
Total	-	3,802.54	4,566.38	70,832.41

Notes to financial statements for the year ended 31st March, 2012 Contd....

8. Provisions

Particulars	Long-term		Short-term	
	31st March 2012 ₹ In Lacs	31st March 2011 ₹ In Lacs	31st March 2012 ₹ In Lacs	31st March 2011 ₹ In Lacs
Provision for employee benefits				
Gratuity (funded) (Refer note no.44)	-	-	35.80	7.95
Leave encashment (unfunded)	-	-	698.61	3,377.13
	-	-	734.41	3,385.08
Others provisions				
Provision for current income tax (net of advance tax)	-	-	2,058.94	-
Provision for wealth tax	-	-	-	50.00
Provision for proposed equity dividend	-	-	588.81	1,324.83
Provision for tax on proposed equity dividend	-	-	95.52	214.92
	-	-	2,743.27	1,589.75
Total	-	-	3,477.68	4,974.83

9. Short term borrowings

	31st March 2012 ₹ In Lacs	31st March 2011 ₹ In Lacs
Secured		
a. Cash credit from banks (including 9.50% working capital demand Loan of ₹ 10,000 lacs repayable within 60 days from date of drawdown)	-	9,665.91
b. Buyers Credit (The rate of Interest on buyers credit varies between 1.00% - 3.50% and are repayable over a period of 180 - 360 days)	-	47,392.80
	-	57,058.71
Unsecured		
a. Short term loan from banks		
7.75% loan from HDFC Bank Limited (Repayable within 165 days from date of drawdown)	-	10,000.00
8.75% loan from Axis Bank Limited (Repayable within 180 days from date of drawdown)	-	30,000.00
	-	40,000.00
Total	-	97,058.71

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.

Notes to financial statements for the year ended 31st March, 2012 Contd....

10. Tangible assets

(₹ in lacs)

Particulars	Freehold Land	Buildings	Railway Siding	Plant & machinery	Furniture & fixtures	Office equipment	Vehicles	Total
Cost								
As at 01.04.2010	865.16	2,250.93	1,500.59	34,617.84	344.33	1,287.84	468.39	41,335.08
Additions	-	199.91	-	2,144.39	70.60	178.19	176.62	2,769.71
Deductions	-	-	-	94.76	3.76	20.21	48.25	166.98
As at 31.03.2011	865.16	2,450.84	1,500.59	36,667.47	411.17	1,445.82	596.76	43,937.81
Additions	-	56.39	-	4,558.09	14.81	7.15	64.75	4,701.19
Deductions	-	5.38	-	15.32	0.76	-	15.52	36.98
Less: Due to De-Merger Scheme (Refer Note No. 50)	93.52	2,070.51	1,500.59	41,149.33	423.91	1,447.20	641.78	47,326.84
As at 31.03.2012	771.64	431.34	-	60.91	1.31	5.77	4.21	1,275.18
Depreciation								
As at 01.04.2010	-	1,026.69	830.19	22,465.64	269.52	718.02	109.16	25,419.22
Charge for the year	-	56.65	71.74	1,588.96	14.69	151.84	49.69	1,933.57
Deductions	-	-	-	81.14	3.60	17.07	20.68	122.49
As at 31.03.2011	-	1,083.34	901.93	23,973.46	280.61	852.79	138.17	27,230.30
Charge for the year	-	20.06	17.92	462.81	3.83	27.95	14.91	547.48
Deductions	-	1.77	-	6.76	0.42	-	9.52	18.47
Less: Due to De-Merger Scheme (Refer Note No. 50)	-	1,081.37	919.85	24,387.48	283.43	880.37	143.39	27,695.89
As at 31.03.2012	-	20.26	-	42.03	0.59	0.37	0.17	63.42
Net block								
As at 31.03.2011	865.16	1,367.50	598.66	12,694.01	130.56	593.03	458.59	16,707.51
As at 31.03.2012	771.64	411.08	-	18.88	0.72	5.40	4.04	1,211.76

10 (a). Intangible assets

(₹ in lacs)

Particulars	Software	Total
Gross block		
As at 01.04.2010	734.48	734.48
Purchase	51.43	51.43
Deductions	-	-
As at 31.03.2011	785.91	785.91
Purchase	-	-
Deductions	-	-
Less: Due to De-Merger Scheme (Refer note No.50)	785.91	785.91
As at 31.03.2012	-	-
Amortization		
As at 01.04.2010	309.48	309.48
Charge for the year	200.30	200.30
Deductions	-	-
As at 31.03.2011	509.78	509.78
Charge for the year	63.24	63.24
Deductions	-	-
Less: Due to De-Merger Scheme (Refer note No.50)	573.02	573.02
As at 31.03.2012	-	-
Net block		
As at 31.03.2011	276.13	276.13
As at 31.03.2012	-	-

Notes to financial statements for the year ended 31st March, 2012 Contd....

11. Non-Current Investments

Particulars	31st March 2012 ₹ In Lacs	31st March 2011 ₹ In Lacs
Trade Investments (valued at cost less provision)		
Unquoted		
Investment in subsidiaries		
2,30,00,080 (31st March 2011:: 2,30,00,080) Equity Shares of ₹ 10/- each fully paid up of Indian Furniture Products Limited	2,300.01	2,300.01
50,00,000 (31st March 2011:: 50,00,000) Equity Shares of ₹ 10/- each fully paid up of Simon India Limited	350.01	350.01
Nil (31st March 2011:: 1,41,74,162) Equity Shares of ₹ 10/- each fully paid up of Zuari Seeds Limited**	-	1,417.60
50,000 (31st March 2011:: 50,000) Equity Shares of ₹ 10/- each fully paid up of Zuari Management Services Limited	5.00	5.00
50,000 (31st March 2011:: 50,000) Equity Shares of ₹10/- each fully paid up of Adventz Infra World India Limited	832.82	832.82
3,74,45,790 (31st March 2011:: 3,74,45,790) Equity Shares of ₹ 10/- each fully paid up of Zuari Investments Limited	5,057.83	5,057.83
100 (31st March 2011:: 100) Equity Shares of AED 1000/- each fully paid up of Globex Limited	13.40	13.40
Nil (31st March 2011:: 20,00,000) Equity Shares of ₹ 10/- each fully paid up of Zuari Holdings Limited	-	200.00
Nil (31st March 2011:: 50,000) Equity Shares of ₹ 10/- each fully paid up of Zuari Fertilisers and Chemicals Limited	-	5.00
Nil (31st March 2011:: 60,12,670) Equity Shares of ₹ 10/- each fully paid up of Gulbarga Cement Limited	-	601.27
1,33,350 (31st March 2011:: Nil) Equity Shares of ₹ 100/- each fully paid up Style SPA Furniture Limited	186.67	-
2,66,665 (31st March 2011:: Nil) Convertible Preference Shares of ₹ 100/- each fully paid up Style SPA Furniture Limited *	266.67	-
Investment in Joint Ventures		
Nil (31st March 2011:: 17,98,16,178) Equity shares of ₹ 10/- each fully paid up of Zuari Maroc Phosphates Limited	-	17,981.62
Nil (31st March 2011:: 1,00,20,000) Equity shares of ₹ 10/- each fully paid up of Zuari Indian Oil tanking Limited	1,002.00	1,002.00
Nil (31st March 2011:: 34,57,501) Equity shares of ₹ 10/- each fully paid up of Zuari Rotem Speciality Fertilisers Limited	-	345.75
60,12,682 (31st March 2011:: Nil) Equity Shares of ₹ 10/- each fully paid up of Gulbarga Cement Limited	601.27	-
1,39,80,000 (31st March 2011:: Nil) Equity shares of USD 1/-each fully paid of MCA Phosphate Pte Limited	7,374.48	-
Investment in Associate		
Nil (31st March 2011:: 4,00,000)10% Non Cumulative Redeemable Preference Shares of ₹ 100 each fully paid up Style SPA Furniture Limited *	-	400.00
84,11,601 (31st March 2011:: 20,00,000) Equity Shares of ₹ 10/- each fully paid up of Zuari Holdings Limited	841.16	

Notes to financial statements for the year ended 31st March, 2012 Contd....

Particulars	31st March 2012 ₹ In Lacs	31st March 2011 ₹ In Lacs
Non trade Investments		
Unquoted, Others		
72,000 (31st March 2011:: 72,000) Equity shares of ₹ 10/- each fully paid up of Indian Potash Limited	3.60	3.60
1,00,000 (31st March 2011:: 1,00,000) Equity shares of ₹ 10/- each fully paid up of Biotech Consortium of India Limited	10.00	10.00
2,58,250 (31st March 2011:: 2,58,250) Equity shares of ₹ 100/- each fully paid up of Lionel India Limited	258.90	258.90
3,22,67,741 (31st March 2011:: Nil) Equity Shares of Re.1/- each fully paid up in Nagarjuna Fertilisers and Chemicals Limited	2,115.39	-
Quoted - Others		
5,90,15,360 (31st March 2011:: 5,90,15,360) Equity Shares of ₹ 10 each fully Paid up of Chambal Fertilisers and Chemicals Limited	9,055.72	9,055.72
82,07,712 (31st March 2011:: 50,39,480) Equity Shares of ₹ 1/- each fully paid up of Texmaco Infrastructure and Holdings Limited	1,631.17	645.72
40,35,000 (31st March 2011:: 40,35,000) Equity Shares of Re. 1/- each fully Paid up of Texmaco Rail and Engineering Limited	330.06	330.06
2,93,34,310 (31st March 2011:: Nil) Equity Shares of Re. 1/- each fully paid up of Nagarjuna Oil Refinery Limited	6,944.09	-
Nil (31st March 2011:: 2,13,90,900) Equity Shares of ₹ 10/- each fully paid up of Nagarjuna Fertilisers and Chemicals Limited	-	6,583.05
22,22,222 (31st March 2011:: Nil) Equity Shares of USD 0.01/- each fully paidup of Synthesis Energy System Inc	2,235.12	-
Total	41,415.37	47,399.36
Less : Provision for dimunition in the value of Investments of Subsidiary (Zuari Seeds Limited)*	-	312.82
Total	41,415.37	47,086.54
Aggregate Amount of Quoted Investments [Market value ₹ 53,768.22 lacs (31st March 2011:: ₹ 56,889.26)]	20,196.17	16,614.55
Aggregate Amount of Un Quoted Investments	21,219.20	30,784.81
Aggregate provision for diminution in the value of investments	-	(312.82)

- (a) Pursuant to the Composite Scheme of Arrangement and Amalgamation among iKisan Limited, Kakinada Fertilisers Limited (KFL), Nagarjuna Fertilisers and Chemicals Limited (NFCL) and Nagarjuna Oil Refinery Limited (NORL), the Company has got one fully paid up equity share of Nagarjuna Oil Refinery Limited of Re.1/- each for every one equity share of ₹ 10/- held in NFCL and eleven equity shares in KFL of Re.1/- each for every ten equity shares of Re.10/- held in NFCL. The name of KFL, subsequent to Merger, has changed to NFCL. The cost of shares held in Nagarjuna Fertilisers and Chemicals Limited has been allocated in the ratio of 76.65% and 23.35% to the shares of Nagarjuna Oil Refinery Limited and Nagarjuna Fertilisers and Chemicals Limited(formarly known as Kakinada Fertilisers Limited).
- (b) (i) The Company's investment in Nagarjuna Oil Refinery Limited aggregated to ₹ 6944.09 lacs (based on cost allocation as above in (a)) and market value of this investment is ₹ 1,862.72 lacs. Hence, there is a diminution in the value of investment by ₹ 5,081.37 lacs.
- (ii) The Company has an investment of ₹ 258.90 lacs in the equity shares of Lionel India Limited (LIL). As per the latest audited financial statements of LIL, it has accumulated losses which have resulted in erosion of a major portion of its net worth. LIL is continuously incurring losses.
- *(iii) The Company has investment of ₹ 453.34 lacs in equity and preference share capital of its subsidiary "Style Spa Furniture Limited" (ceases to be associate of Zuari Industries Limited on 27th July, 2011). As per the latest audited financial statements, it has accumulated losses which have resulted in erosion of a substantial portion of its net worth.

Notes to financial statements for the year ended 31st March, 2012 Contd....

(iv) The Company has an investment of ₹ 2,235.12 lacs in the equity shares of Sythesis Energy Systems Inc. and market value of this investment is ₹ 1671.11 lacs . Hence, there is a diminution in the value of this investment by ₹ 564.01 lacs .

These being long term investments, management is of the view that the diminution in the value of these investments is temporary in nature and hence no provision is required to be made thereagainst.

(c) The Company has sold the equity shares of Zuari Seeds Limited, Zuari Fertilisers and Chemicals Limited, Zuari Maroc Phosphates Limited and Zuari Rotem Speciality Fertilisers Limited to its then subsidiary, Zuari Holdings Limited, at cost in the month of May and June 2011.

12. Loans and Advances :

Particulars	Non Current		Current	
	31st March 2012 ₹ in lacs	31st March 2011 ₹ in lacs	31st March 2012 ₹ in lacs	31st March 2011 ₹ in lacs
Capital advances				
Unsecured, considered good	-	636.97	-	
	-	636.97	-	-
Security deposits				
Unsecured, considered good	-	431.20	-	-
	-	431.20	-	-
Loans and advances to related parties (Refer note No. 41)				
Unsecured, considered good	6,826.37	4,416.11	7,074.79	17,441.47
	6,826.37	4,416.11	7,074.79	17,441.47
Advances recoverable in Cash or Kind				
Unsecured, considered good	-	-	213.62	1,885.03
	-	-	213.62	1,885.03
Other Loans and Advances				
Secured, considered good				
Loans to Employees	4.07	148.25	2.60	97.94
Unsecured, considered good				
Loans to Employees	36.34	384.69	9.46	42.49
Advance Income Tax (net of provision for income tax and MAT credit entitlement)	-	-	-	1,358.34
MAT Credit entitlement	634.08	-	-	-
Prepaid expenses	-	-	26.46	60.58
VAT credit receivable	-	-	-	62.43
Balances with Customs, Port Trust and Excise Authorities	-	-	-	7.09
	674.49	532.94	38.52	1,628.87
Total	7,500.86	6,017.22	7,326.93	20,955.37
Loans to employees include				
Due from officer of the Company	-	1.13	1.13	1.68
Due from Managing Director of the Company	27.60	32.40	4.80	4.80

The Company has till date recognised ₹ 634.08 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 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

Notes to financial statements for the year ended 31st March, 2012 Contd....

be sufficient taxable profits in future which will enable the Company to utilize the above MAT credit entitlement.

13. Other Assets :

	Non Current		Current	
	31st March 2012 ₹ in lacs	31st March 2011 ₹ in lacs	31st March 2012 ₹ in lacs	31st March 2011 ₹ in lacs
Interest Accrued on Loans, Advances and Deposits	-	-	449.62	371.93
Interest receivable from subsidiaries	-	-	-	529.30
Interest receivable from customers	-	-	-	181.24
Interest Accrued on Loans to employees	10.04	166.74	2.19	21.68
Unamortised Premium on Forward Contracts	-	-	-	1,241.55
Fertilisers Companies Government of India Special Bonds	-	-	-	18,902.93
Total	10.04	166.74	451.81	21,248.63
Non Current bank balances (note 17)	-	0.85	-	-
	-	0.85	-	-
Total	10.04	167.59	451.81	21,248.63

(a) Fertiliser Companies Government of India Special Bonds

Particulars	31st March 2012 ₹ In Lacs	31st March 2011 ₹ In Lacs
7.00% Fertiliser Companies' Government of India Special Bonds 2022 (at lower of Cost and Market Value)	-	5,635.12
6.20 % Fertiliser Companies' Government of India Special Bonds 2022 (at lower of Cost and Market Value)	-	3,608.21
6.65 % Fertiliser Companies' Government of India Special Bonds 2023 (at lower of Cost and Market Value)	-	9,659.60
Total	-	18,902.93

(b) Interest accrued on employee's loan include amount due from officer of the Company ₹ 7.53 lacs (including ₹ 3.80 lacs from the Managing Director of the Company (31st March 2011:: ₹ 1.53 lacs), (31st March 2011 ₹ 5.67 lacs).

14. Current Investments (valued at lower of cost and fair value unless stated otherwise)

Particulars	31st March 2012 ₹ in lacs	31st March 2011 ₹ in lacs
Unquoted		
Investments in Mutual Funds Nil (31st March, 2011:: 2,24,359.69) Units of ₹ 1000/- each in Tata Liquid Super High	-	2,500.54
Investment Fund- Daily Dividend Nil (31st March, 2011:: 24,99,915.71) Units of ₹ 10/- each in IDFC Cash Plan Daily Dividend- Reinvestment Option	-	2,500.54
Total	-	5,001.08
Net asset value of unquoted current Investments	-	5,001.08

Notes to financial statements for the year ended 31st March, 2012 Contd....

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

Particulars	31st March 2012 ₹ In Lacs	31st March 2011 ₹ In Lacs
Raw materials [includes materials in transit ₹ Nil (31st March 2011 ₹ 7,043.47 lacs) and includes material lying with others ₹ 197.86 lacs (31st March 2011:: ₹ 492.91 lacs)]	197.86	29,773.93
Packing materials [includes material lying with others ₹ 462.03 lacs (31st March 2011:: ₹ 338.98 lacs)]	462.03	1,155.52
Work-in-progress	-	1,222.36
Finished products (includes material lying with others ₹ 1.29 lacs (31st March 2011:: ₹ 400.05 lacs))	1,401.42	9,483.54
Traded products [includes material in transit ₹ Nil (31st March 2011:: ₹ 3,261.24 lacs) and includes material lying with Others ₹ Nil (31st March 2011:: ₹ Nil)]	1,653.69	21,160.59
Fuel Oil	-	5,085.25
Stores and spares	-	3,894.49
Total	3,715.00	71,775.68

16. Trade receivables :

Particulars	Current	
	31st March 2012 ₹ in lacs	31st March 2011 ₹ in lacs
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Secured, considered good	-	12.51
Unsecured, considered good (including subsidy receivable ₹ Nil (31st March, 2011:: ₹ 562.01 lacs))	3.14	569.17
Unsecured, considered doubtful	-	85.88
	3.14	667.56
Less: Provision for doubtful debts	-	85.88
(A)	3.14	581.68
Other receivables		
Secured, considered good	-	2,644.47
Unsecured, considered good (including subsidy receivable ₹ Nil (31st March, 2011:: ₹ 67,355.18 lacs))	2,813.34	73,065.27
(B)	2,813.34	75,709.74
Total	2,816.48	76,291.42

Notes to financial statements for the year ended 31st March, 2012 Contd....

17. Cash and bank balances :

Particulars	Non Current		Current	
	31st March 2012 ₹ in lacs	31st March 2011 ₹ in lacs	31st March 2012 ₹ in lacs	31st March 2011 ₹ in lacs
Cash and cash equivalents				
a. Balances with banks				
- On Current accounts	-	-	-	9,941.03
- On Cash credit accounts	-	-	-	
- On Deposits accounts with original maturity less than three months	-	-	1,300.00	15,100.00
- On Unpaid dividend account	-	-	34.41	31.01
- On Interest warrant accounts	-	-	13.34	24.52
b. Cheques on hand	-	-	0.08	4.72
c. Cash on hand	-	-	-	2.17
	-	-	1,347.83	25,103.45
Other bank balances				
Deposits with original maturity for more than 12 months (pledged with sales tax authorities ₹ Nil, 31st March 2011:: ₹ 0.85 lac)	-	0.85	35.00	34.76
Deposits with original maturity for more than 3 months but less than 12 months	-	-	-	3,525.00
Total	-	0.85	35.00	3,559.76
Amount disclosed under non current assets (note 13)	-	(0.85)		
	-	-	1,382.83	28,663.21

18. Revenue from operations

Particulars	31st March 2012 ₹ in lacs	31st March 2011 ₹ in lacs
Revenue from operations		
Sale of products		
Finished products	90,225.33	292,612.42
Traded products	34,391.53	259,702.81
Other operating revenues		
Scrap Sales	50.57	105.08
Revenue from operations (gross)	124,667.43	552,420.31
Less: Excise duty	252.80	32.43
Revenue from operations (net)	124,414.63	552,387.88
Details of products sold		
Finished products sold:		
Urea	27,537.26	120,228.55
Complex fertilisers of the grades:		
18:46:0	29,788.16	37,394.20
10:26:26	1,075.70	84,028.24
12:32:16	20,070.24	38,701.68

Notes to financial statements for the year ended 31st March, 2012 Contd....

Particulars		31st March 2012 ₹ in lacs	31st March 2011 ₹ in lacs
	20:20:0	-	(19.06)
	CO2	64.71	263.43
	SSP	871.69	1,467.78
	Pesticides	10,817.57	10,547.60
		90,225.33	292,612.42
Traded products sold:			
	MOP	5,973.92	81,622.96
	DAP	17,739.30	144,628.90
	SSP	29.39	231.55
	SOP	55.24	690.99
	NPK Fertilisers	2,427.25	18,724.04
	Speciality Fertilisers	1,609.54	5,684.66
	Pesticides	6,497.85	7,441.18
	Seeds	59.04	678.53
		34,391.53	259,702.81
		124,616.86	552,315.23

- (a) Sale of finished and traded products include Government Subsidies. Subsidies include ₹ 118.72 lacs (31st March 2011:: ₹ 6,708.40 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 known policy parameters in this regard.
- (c) Excise duty on sales amounting to ₹ 252.80 lacs (31st March, 2011:: ₹ 32.43 lacs) has been reduced from sales in statement of profit and loss and excise duty on increase / decrease in stock amounting to ₹ (8.44) lacs (31st March, 2011 ₹ 8.44 lacs) has been considered as (income)/expense in the financial statement.

19. Other income

Particulars		31st March 2012 ₹ in lacs	31st March 2011 ₹ in lacs
Interest Income on			
	Income tax refunds	404.20	-
	Bank deposits	252.31	264.21
	Government of India Fertiliser Bonds	369.03	2,905.20
	Intercompany loans	883.84	972.72
	Overdue debtors, employee loans etc.	118.11	610.70
Dividend Income on			
	Current investments	103.50	805.21
	Long-term investments	1,540.10	1,279.89
	Net gain on sale of non-current investments	312.82	-
	Profit on disposal of fixed assets(net)	104.05	-
	Rent received	153.09	148.75
	Other non-operating income	1,552.22	904.99
	Total	5,793.27	7,891.67

Notes to financial statements for the year ended 31st March, 2012 Contd....

20. Cost of raw materials consumed:

Particulars	31st March 2012 ₹ in lacs	31st March 2011 ₹ in lacs
Inventory at the beginning of the year	29,773.93	20,255.02
Add : Purchases	65,335.57	232,691.49
Add : Transfer of Stock for captive consumption	3,230.71	-
Less: Stock Transferred on account of Demerger to Zuari Holdings Limited	28,999.68	-
Less: Inventory at the end of the year	197.86	29,773.93
Cost of raw materials consumed	69,142.67	223,172.58
Details of raw materials consumed	31st March 2012 ₹ in lacs	31st March 2011 ₹ in lacs
Naphtha	22,787.59	77,898.90
Phosphoric acid	26,171.12	80,547.88
Muriate of potash	3,904.68	34,761.31
Ammonia	7,329.46	20,160.34
Rock phosphate	342.47	891.71
Purchased urea	563.62	1,254.41
Pesticides raw materials	8,043.73	7,658.03
Total	69,142.67	223,172.58
Details of inventory: Raw materials	31st March 2012 ₹ in lacs	31st March 2011 ₹ in lacs
Naphtha	-	16,206.23
Phosphoric acid	-	9,643.85
Muriate of potash	-	1,296.76
Ammonia	-	1,953.56
Rock phosphate	-	20.13
Pesticides raw materials	197.86	445.92
Furnace Oil	-	12.44
Other raw materials	-	195.03
Total	197.86	29,773.92

21. Details of purchase of traded products:

Traded products purchase details	31st March 2012 ₹ in lacs	31st March 2011 ₹ in lacs
Traded fertilisers:		
DAP	39,324.59	135,974.43
MOP	698.03	84,007.04
SSP	33.81	233.06
SOP	-	562.23
NPK Fertilisers	8,909.03	17,033.89
Speciality Fertilisers	1,745.25	5,409.18
Pesticides	6,017.11	7,787.68
Seeds	723.55	557.87
Total	57,451.37	251,565.38

Notes to financial statements for the year ended 31st March, 2012 Contd....

22. (Increase) in inventories

Particulars		31st March 2012 ₹ in lacs	31st March 2011 ₹ in lacs
Inventories at the end of the year			
	Finished products	1,401.42	9,483.54
	Traded products	1,653.69	21,160.59
	Work-in-progress	-	1,222.36
		3,055.11	31,866.49
Inventories at the beginning of the year			
	Finished products	9,483.55	2,594.72
	Traded products	21,160.59	6,120.50
	Work-in-progress	1,222.36	1,611.37
	Less : Stocks Transferred on account of demerger to		
	Zuari Holdings Limited		
	Finished products	6,288.16	-
	Traded Products	43,830.91	-
	Work-in-progress	2,104.03	-
	Captive consumption	3,230.71	-
		(23,587.31)	10,326.59
Total		(26,642.42)	(21,539.91)
Details of Inventory			
Traded Products			
	DAP	-	4,962.68
	SSP	-	1.29
	MOP	-	12,249.42
	SOP	-	49.11
	NPK Fertilisers	-	50.98
	Speciality Fertilisers	-	2,333.51
	Pesticides	1,653.69	1,424.22
	Seeds	-	89.38
		1,653.69	21,160.59
Finished Products			
	Urea	-	194.12
	18:46:00	-	6,285.34
	10:26:26	-	1,326.74
	12:32:16	-	77.70
	SSP	-	323.54
	Pesticides	1,401.42	1,276.10
		1,401.42	9,483.54
Work in Progress			
	Ammonia	-	331.93
	Sweet Naphtha	-	890.43
		-	1,222.36

Notes to financial statements for the year ended 31st March, 2012 Contd....

23. Employee benefit expense

Particulars	31st March 2012 ₹ In Lacs	31st March 2011 ₹ In Lacs
Salaries, wages and bonus	1,944.98	5,091.11
Contribution to provident and other funds	260.84	775.86
Gratuity (Refer note no.44)	34.23	697.80
Staff welfare expenses	395.30	1,381.98
Total	2,635.35	7,946.75

24. Other expenses

Particulars	31st March 2012 ₹ In Lacs	31st March 2011 ₹ In Lacs
Consumption of Packing materials	1,601.34	3,822.29
Stores and spares consumed	301.46	542.37
Power, fuel and water	6,818.92	22,361.60
Bagging and other contracting charges	1,151.51	2,961.26
Outward freight and handling	5,260.84	24,979.86
Rent	101.17	1,037.48
Lease rentals	27.42	87.57
Rates and taxes	26.77	131.42
Insurance	123.02	305.12
Repairs and maintenance		
Buildings	24.63	142.77
Plant & machinery	602.79	3,480.72
Others	206.86	1,116.34
Payment to Statutory auditors (Refer details below)	77.94	81.19
Consultancy and Professional charges	1,276.78	476.56
Cash rebate	35.76	58.60
Subsidy claims written off	19.48	35.90
Bad debts written off	27.70	-
Excise duty on increase/(decrease) on inventory	(8.44)	8.44
Loss on sale of Fertiliser Companies' Government of India Special Bonds	-	429.37
Diminution in the value of Fertiliser Companies' Government of India Special Bonds	400.30	548.03
Donations	35.60	5.00
Loss on fixed assets sold/discarded (net)	-	28.77
Miscellaneous expenses	1,616.33	6,240.81
Total	19,728.18	68,881.47

Payments to statutory auditors as

As statutory auditors	31st March 2012 ₹ In Lacs	31st March 2011 ₹ In Lacs
Audit fees	30.26	22.06
Tax audit fee	3.37	5.52
Limited review	11.03	8.27

Notes to financial statements for the year ended 31st March, 2012 Contd....

Particulars		31st March 2012 ₹ In Lacs	31st March 2011 ₹ In Lacs
In other capacity			
	Certification fees, etc.	27.05	37.84
	Reimbursement of expenses	6.23	7.50
Total		77.94	81.19

25. Depreciation and amortisation expense

Particulars		31st March 2012 ₹ In Lacs	31st March 2011 ₹ In Lacs
Depreciation of tangible assets		547.48	1,933.57
Amortization of intangible assets		63.24	200.30
Total		610.72	2,133.87

26. Finance costs

Particulars		31st March 2012 ₹ In Lacs	31st March 2011 ₹ In Lacs
Interest expense [including interest on income tax ₹ Nil, (31st March 2011:: ₹ 69.54)]		982.36	3,831.94
Bank charges		94.52	342.71
Total		1,076.88	4,174.65

27 Contingent liabilities not provided for :

Particulars		Year ended 31 st March, 2012 ₹ in lacs	Year ended 31 st March, 2011 ₹ in lacs
A.	Demand Notices received from Sales Tax authorities		
	i) Demand notice from Karnataka Sales Tax Authorities (VAT) for levying penalty on Professional tax for the years 2005-06 to 2008-09. The Company has filed appeal before Joint Commissioner of Commercial Taxes (Appeals), Bangalore, against the same. (The Company had deposited ₹ 21.28 lacs against the same which was appearing in the schedule of Loans & Advances) (Transferred to Zuari Holdings Limited in term of the Scheme of Arrangement and Demerger. Refer note no. 50)	-	42.56
B.	Demand raised by Excise Authorities on Service Tax matters *		
	Demand notice from Service Tax Authorities towards Service Tax under Goods Transport Agency Services for the period 2006-07 to 2010-11.	-	94.10

* Based on discussions with the solicitors/ favourable decisions in similar cases/ legal opinions taken by the Company, the management believes that the Company has a good chance of success in above mentioned cases and hence, no provision there against was considered necessary.

28. Estimated amount of contracts remaining to be executed on capital account not provided for :

Particulars	Year Ended 31st March 2012 ₹ in lacs	Year Ended 31st March 2011 ₹ in lacs
Estimated amount of contracts remaining to be executed on capital account not provided for	-	2056.49

Notes to financial statements for the year ended 31st March, 2012 Contd....

29. Value of imports on CIF basis are in respect of :

Particulars	Year Ended 31st March 2012 ₹ in lacs	Year Ended 31st March 2011 ₹ in lacs
Raw Materials	33,776.53	1,30,079.01
Spare Parts	32.77	77.84
Capital goods	-	336.02
Traded goods	45,719.24	2,13,032.93

30. (a) Imported and indigenous raw materials consumption :

Particulars	%	Year Ended 31st March 2012 ₹ in lacs	%	Year Ended 31st March 2011 ₹ in lacs
Indigenously obtained	12.91	8,929.41	5.02	11,202.75
Imported	87.09	60,213.26	94.98	2,11,969.83
Total	100.00	69,142.67	100.00	2,23,172.58

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

31. Expenditure in foreign currency (Accrual Basis) :

Particulars	Year Ended 31st March 2012 ₹ in lacs	Year Ended 31st March 2011 ₹ in lacs
Travelling expenses	26.73	105.66
Professional fees	662.41	186.95
Interest expense	141.59	1,317.17
Others	-	5.64

32. Earnings in foreign currency (Accrual basis) :

Particulars	Year Ended 31st March 2012 ₹ in lacs	Year Ended 31st March 2011 ₹ in lacs
Consideration on cancellation of material purchase contract	-	678.29

33. Remittances in foreign currency in respect of dividend :

₹ in lacs

Particulars	Year Ended 31st March 2012 ₹ in lacs	Year Ended 31st March 2011 ₹ in lacs
Related to the year 2010 – 2011 (Related to the year 2009 - 2010) Number of non-resident shareholders -3 (previous year - 4) Number of equity shares held by them 74,91,750 (previous year 83,92,200)	337.13	377.65

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

34. Aggregate amount of guarantees issued by the Banks to various government authorities and others are secured by a charge created by way of hypothecation ₹ Nil (Previous year ₹ 15,534.46 lacs)

Notes to financial statements for the year ended 31st March, 2012 Contd....

35. Corporate guarantees given in favour of banks and others on behalf of :

Particulars	Year Ended 31st March 2012 ₹ in lacs	Year Ended 31st March 2011 ₹ in lacs
Zuari Seeds Limited	2,100.00	2,205.00
Simon India Limited	17,184.00	16,584.00
Indian Furniture Products Limited:	4,950.00	4,050.00
Globex Limited	-	5,000.00

36. a) Net Foreign exchange variation charged to Statement of profit and loss :

Particulars	Year Ended 31st March 2012 ₹ in lacs	Year Ended 31st March 2011 ₹ in lacs
Net Foreign exchange variation	1,406.48	7,895.31

b) Particulars of Foreign Currency Exposures:

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

Details of derivatives	31.03.2012	31.03.2011	Purpose
Buy (Amount in USD)	NIL	19,78,87,924	To hedge the purchases of raw materials and traded goods and buyer's credit

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

Particulars		31.03.2012	31.03.2011
Trade Payables	USD	12,94,868	23,72,735
	INR (₹ in lacs)	662.41	1,058.36
Claims receivable	USD	NIL	21,38,249
	INR (₹ in lacs)	NIL	953.77
Advance to Suppliers	EURO	NIL	2,66,000
	INR (₹ in lacs)	NIL	168.22
	Exchange Rate	1 USD = 51.156 INR	1 USD = 44.605 INR
		1 EURO = 68.340 INR	1 EURO = 63.24 INR

37. Managerial Remuneration

Particulars	Year Ended 31st March 2012 ₹ in Lacs	Year Ended 31st March 2011 ₹ in Lacs
Salary	355.72	220.97
Contribution to Provident Fund	50.38	40.39
Perquisites	22.29	21.77
Total	428.39*	283.13*

* Managerial Remuneration is paid within the limits of Schedule XIII of the Companies Act, 1956. As the liabilities for 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.

Notes to financial statements for the year ended 31st March, 2012 Contd....

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

₹ in lacs

Sr. No	Particulars	Name of the entity	Balance outstanding as on 31st March, 2012	Maximum amount outstanding during the year
1	Loans and advances in the nature of Loans to Subsidiaries	Indian Furniture Products Limited (Repayable within 1 year)	1011.11 (1044.44)	1044.44 (1508.04)
		Adventz Infracworld India Limited, (Repayable within 1 to 2 years)	8178.00 (6528.00)	8178.00 (6528.00)
		Gulbarga Cements Limited, (Repayable after 60 months from date of loan (01/09/2011) in 12 quarterly installments)	1548.30 (6587.32)	8487.00 (6587.32)
		Zuari Investment Limited (Repayable within 1 year)	2500.00 (1000.00)	2500.00 (1000.00)
		Zuari Fertilisers & Chemicals Ltd.	Nil (4200.00)	4200.00 (4200.00)
		Styles Spa Furniture Limited (Repayable within 1 year)	500.00 Nil	500.00 Nil
		Zuari Holdings Limited	Nil Nil	19100 Nil
2	Loans and advances in the nature of Loans where there is no repayment schedule or repayment is beyond seven years		Nil (Nil)	(Nil) (Nil)
3	Loans and advances in the nature of loans where there is no interest or interest is below Section 372A of the Companies Act.	Adventz Infracworld India Limited	8178.00 (6528.00)	8178.00 (6528.00)
		Zuari Fertilisers & Chemicals Ltd.	Nil (4200.00)	Nil (4200.00)
4	Loans and advances in the nature of loans to firms / companies in which directors are interested	-	Nil (Nil)	Nil (Nil)
5	Investments by the loanees in the shares of the Company or any of its subsidiaries	-	Nil (Nil)	Nil (Nil)

39. Information in respect of Joint Ventures:

(₹ in lacs)

Sr. No	Particulars	Zuari Indian Oil Tanking Limited (Audited)		MCA Phosphates Limited (Unaudited)		Gulbarga Cements Limited (Unaudited)		Zuari Rotem Speciality Fertilisers (Audited)		Zuari Maroc Phosphates Limited (Audited)	
		31.03.12	31.03.11	31.03.12	31.03.11	31.03.12	31.03.11	31.03.12	31.03.11	31.03.12	31.03.11
1	Proportion of ownership interest	50% (Previous year 50%)		30% (w.e.f 22/12/2011) (Previous year NIL)		26% (w.e.f 09/09/2011) (Previous year 100%)		50% (up to 30/06/2011) (Previous year 50%)		50% (up to 27/06/2011) (Previous year 50%)	
2	Country of incorporation	India		Singapore		India		India		India	
3	Accounting period ended	31.03.12	31.03.11	31.03.12	31.03.11	31.03.12	31.03.11	31.03.12	31.03.11	31.03.12	31.03.11
4	Assets	2,463.37	2,681.89	7148.80	-	3936.03	-	-	1527.63	-	75,787.038
5	Liabilities	776.65	971.32	10.29	-	2336.05	-	-	1090.86	-	1,37,057.37
6	Revenue	812.48	957.43	-	-	-	-	557.76	2304.91	35,280.79	1,81,486.28
7	Depreciation / Amortization	134.67	134.69	-	-	0.17	-	9.60	38.23	286.47	1,235.01
8	Other expenses	374.72	370.29	12.34	-	34.94	-	515.18	2151.99	34,230.35	1,68,283.29
9	Exceptional items	354.13	-	-	-	-	-	-	-	-	-
10	Profit / (Loss) before tax	(51.05)	452.45	(12.34)	-	(35.11)	-	32.98	114.69	763.98	11,967.98
11	Contingent Liabilities	7.62	7.62	-	-	-	-	0.06	0.61	-	5,937.4
12	Capital Commitments	-	-	-	-	1905.10	-	-	-	-	2,594.47

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

40. Segmental Information

§ Primary Segment

The Company is engaged in the manufacture, sale and trading of fertiliser, seeds and pesticides 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 are no reportable geographical segments.

41. Related Party disclosures under Accounting Standard – 18

a) The list of related parties as identified by the management are as under:

i) Subsidiaries of the Company:

- (1) Indian Furniture Products Limited
- (2) Zuari Seeds Limited (up to 30/06/2011 and thereafter as Associate)
- (3) Simon India Limited
- (4) Zuari Management Services Limited
- (5) Adventz Infracore India Limited
- (6) Gulbarga Cement Limited (up to 08/09/2011 and thereafter as Joint Venture)
- (7) Zuari Holdings Limited –(up to 30/06/2011 and thereafter as Associate)
- (8) Zuari Fertilisers & Chemicals Limited (up to 30/06/2011 and thereafter as Associate)
- (9) Globex Limited
- (10) Styles Spa Furniture Limited (w.e.f 27/09/2011)
- (11) Zuari Investments Limited
- (12) Zuari Insurance Brokers Limited – Subsidiary of Zuari Investments Limited
- (13) Zuari Commodity Trading Limited – Subsidiary of Zuari Investments Limited
- (14) Zuari Financial Services Limited – Subsidiary of Zuari Investments Limited

ii) Joint Ventures of the Company:

- (1) Zuari Indian Oiltanking Limited
- (2) Zuari Maroc Phosphates Limited (up to 27/06/2011 and thereafter as Associate)
- (3) Gulbarga Cement Limited (w.e.f 09/09/2011)
- (4) Paradeep Phosphates Limited - Subsidiary of Zuari Maroc Phosphates Limited (up to 30/06/2011 and thereafter as Associate)
- (5) Zuari Rotem Speciality Fertiliser Limited (up to 30/06/2011 and thereafter as Associate)
- (6) MCA Phosphates Pte Limited (w.e.f 22/12/2011)

iii) Associates of the Company*:

- (1) Style Spa Furniture Limited
(An associate of a Zuari Investments Limited up to 27/09/2011 and thereafter as Subsidiary)
- (2) Zuari Holdings Limited (w.e.f 01/07/2011)
- (3) Zuari Seeds Limited – Subsidiary of Zuari Holdings Limited (w.e.f. 01/07/2011)
- (4) Zuari Fertilisers & Chemicals Limited – Subsidiary of Zuari Holdings Limited (w.e.f. 01/07/2011)
- (5) Zuari Rotem Speciality Fertiliser Limited -Joint Venture of Zuari Holdings Limited (w.e.f. 01/07/2011)
- (6) Zuari Maroc Phosphates Limited- Joint Venture of Zuari Holdings Limited (w.e.f. 01/07/2011)
- (7) Paradeep Phosphates Limited- Subsidiary of Joint Venture of Zuari Holdings Limited (w.e.f. 01/07/2011)

* The Company holds more than 20% of the voting power of a body corporate. The Company has been legally advised that it does not have any "significant influence" in the said body corporate as defined in Accounting Standard 18 "Related Party Disclosures" and accordingly has not considered the above investee as related party under AS-18 for the above disclosure.

iv) Key Management Personnel of the Company:

- (1) Mr. H. S. Bawa, Executive Vice Chairman
- (2) Mr. Suresh Krishnan, Managing Director (upto 31-03-2012)

v) Relatives of Key Management Personnel of the Company:

- (1) Mrs. Veena Bawa
- (2) Mrs. Seema Behl
- (3) Mrs. Meenakshi Bawa

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	2011 – 12					2010 – 11				
		Subsidiaries	Joint Ventures	Associates	Key Management Personnel (KMP)	Relatives of KMP	Subsidiaries	Joint Ventures	Associates	Key Management Personnel (KMP)	Relatives of KMP
1	Payment made on their behalf										
	- Indian Furniture Products Limited	-	-	-	-	-	3.50	-	-	-	-
	- Zuari Seeds Limited	-	-	-	-	-	0.16	-	-	-	-
	- Simon India Limited	1.21	-	-	-	-	6.47	-	-	-	-
	- Zuari Management Services Limited	117.96	-	-	-	-	83.62	-	-	-	-
	- Zuari Maroc Phosphates Limited	-	0.29	-	-	-	-	0.05	-	-	-
	- Paradeep Phosphates Limited	-	15.93	-	-	-	-	71.24	-	-	-
	- Style Spa Furniture Limited	0.01	-	-	-	-	-	-	4.55	-	-
	- Adventz Infraworld India Limited	68.67	-	-	-	-	13.23	-	-	-	-
	- Zuari Rotem Speciality Fertilisers Limited	-	16.39	-	-	-	-	20.53	-	-	-
	- Zuari Holdings Limited	39.42	-	-	-	-	0.04	-	-	-	-
	- Zuari Fertilisers & Chemicals Ltd	20.55	-	-	-	-	214.24	-	-	-	-
	- Gulbarga Cements Ltd.	227.29	105.25	-	-	-	278.61	-	-	-	-
	- Zuari Indian Oiltanking Limited	-	0.05	-	-	-	-	5.52	-	-	-
2	Payment made on our behalf										
	- Paradeep Phosphates Limited	-	0.05	-	-	-	-	1.60	-	-	-
	- Style Spa Furniture Limited	0.02	-	0.04	-	-	-	-	-	-	-
	- Zuari Seeds Limited	-	-	-	-	-	2.41	-	-	-	-
	- Zuari Investments Limited	3,461.89	-	-	-	-	7,489.29	-	-	-	-
	- Adventz Infraworld India Limited	-	-	-	-	-	0.01	-	-	-	-
	- Zuari Fertilisers & Chemicals Ltd	-	-	120.95	-	-	-	-	-	-	-
	- Zuari Management Services Limited	0.22	-	-	-	-	-	-	-	-	-
3	Equity contribution made										
	- Zuari Holdings Limited	641.16	-	-	-	-	-	-	-	-	-
	- Style Spa Furniture Limited	186.67	-	-	-	-	-	-	-	-	-
	- MCA Phosphate Pte Limited	-	7,374.48	-	-	-	-	-	-	-	-
4	Sale of Investments										
	- Zuari Holdings Limited	19,745.36	-	-	-	-	-	-	-	-	-
5	Purchase of Assets										
	- Indian Furniture Products limited	15.72	-	-	-	-	110.97	-	-	-	-
	- Style Spa Furniture Limited	9.86	-	-	-	-	-	3.53	-	-	-
6	Purchase of Investments										
	- Zuari Investments Limited	-	-	-	-	-	200.00	-	-	-	-
7	Conversion of Preference Shares into Equity										
	- Style Spa Furniture Limited	133.34	-	-	-	-	-	-	-	-	-
8	Service charges paid										
	- Zuari Indian Oiltanking Limited	-	34.39	-	-	-	-	131.72	-	-	-
	- Simon India Limited	15.38	-	-	-	-	7.50	-	-	-	-
	- Indian Furniture Products Limited	-	-	-	-	-	344.49	-	-	-	-
	- Zuari Management Services Limited	31.69	-	-	-	-	-	-	-	-	-
9	Inter-corporate Deposits / loans given										
	- Adventz Infraworld India Limited	1,650.00	-	-	-	-	1,300.00	-	-	-	-
	- Zuari Investments Limited	1,500.00	-	-	-	-	1,300.00	-	-	-	-

Sl. No.	Transaction details	2011 – 12					2010 – 11				
		Subsidiaries	Joint Ventures	Associates	Key Management Personnel (KMP)	Relatives of KMP	Subsidiaries	Joint Ventures	Associates	Key Management Personnel (KMP)	Relatives of KMP
	- Gulbarga Cement Limited	1,900.00	-	-	-	-	5,160.00	-	-	-	-
	- Zuari Fertilisers & Chemicals Ltd	300.00	-	-	-	-	4,200.00	-	-	-	-
	- Zuari Holdings Limited	19,100.00	-	-	-	-	-	-	-	-	-
	- Style Spa Furniture Limited	500.00	-	-	-	-	-	-	-	-	-
10	Receipt of Inter-corporate Deposits / loans given										
	- Indian Furniture Products Limited	33.33	-	-	-	-	463.59	-	-	-	-
	- Zuari Investments Limited	-	-	-	-	-	435.00	-	-	-	-
	- Adventz Infracore India Limited	-	-	-	-	-	235.00	-	-	-	-
	- Gulbarga Cement Limited	-	6,939.03	-	-	-	-	-	-	-	-
	- Zuari Holdings Limited	18.00	-	-	-	-	-	-	-	-	-
11	Rent paid										
	- Mr. H. S.Bawa	-	-	-	42.11	-	-	-	-	55.42	-
	- Ms. Veena Bawa	-	-	-	-	-	-	-	-	10.59	-
12	Managerial remuneration										
	- Mr. H. S. Bawa	-	-	-	295.13	-	-	-	-	264.64	-
	- Mr. N. S. Krishnan	-	-	-	133.26	-	-	-	-	18.49	-
13	Brokerage Paid										
	- Zuari Investments Limited	13.13	-	-	-	-	20.18	-	-	-	-
14	Purchase of finished goods										
	- Zuari Seeds Limited	723.55	-	-	-	-	546.78	-	-	-	-
	- Zuari Rotem Speciality Fertilisers Limited	-	1,068.88	-	-	-	-	4,792.30	-	-	-
	- Globex Limited	-	-	-	-	-	4,101.30	-	-	-	-
15	Interest Income										
	- Indian Furniture Products Limited	119.86	-	-	-	-	144.10	-	-	-	-
	- Zuari Investments Limited	132.74	-	-	-	-	60.09	-	-	-	-
	- Gulbarga Cement Limited	492.67	99.27	-	-	-	596.86	-	-	-	-
	- Mr. N. S. Krishnan	-	-	-	2.28	-	-	-	-	1.53	-
	- Style Spa Furniture Limited	12.92	-	-	-	-	-	-	-	-	-
	- Zuari Holdings Limited	29.05	-	-	-	-	-	-	-	-	-
	- Zuari Rotem Speciality Fertilisers Limited	-	4.82	-	-	-	-	-	-	-	-
16	Dividend Received										
	- Zuari Indian Oiltanking Limited	-	75.15	-	-	-	-	75.15	-	-	-
	- Style Spa Furniture Limited	-	-	-	-	-	-	-	40.00	-	-
17	Lease Rentals Received										
	- Zuari Indian Oiltanking Limited	-	106.90	-	-	-	-	101.81	-	-	-
18	Corporate Guarantee issued										
	- Simon India Limited	600.00	-	-	-	-	-	-	-	-	-
	- Zuari Seeds Limited	-	-	-	-	-	25.00	-	-	-	-
	- Globex Limited	-	-	-	-	-	5,000.00	-	-	-	-
	- Indian Furniture Products Limited	900.00	-	-	-	-	-	-	-	-	-
19	Management Fees Received										
	- Zuari Indian Oiltanking Limited	-	11.03	-	-	-	-	11.03	-	-	-
	- Zuari Seeds Limited	10.75	-	-	-	-	35.30	-	-	-	-
	- Gulbarga Cement Limited	78.36	-	-	-	-	-	-	-	-	-

Balance Outstanding at the year end.

(₹ in Lacs)

Sl. No.	Transaction details	2011 – 12					2010 – 11				
		Subsidiaries	Joint Ventures	Associates	Key Management Personnel (KMP)	Relatives of KMP	Subsidiaries	Joint Ventures	Associates	Key Management Personnel (KMP)	Relatives of KMP
1	Loan/ ICD Given										
	- Indian Furniture Products Limited	1,011.11	-	-	-	-	1,044.44	-	-	-	-
	- Adventz Infraworld India Limited	8,178.00	-	-	-	-	6,528.00	-	-	-	-
	- Gulbarga Cement Limited	-	1,548.29	-	-	-	6,587.32	-	-	-	-
	- Zuari Investment Limited	2,500.00	-	-	-	-	1,000.00	-	-	-	-
	- Zuari Fertilisers & Chemicals Ltd	-	-	-	-	-	4,200.00	-	-	-	-
	- Zuari Holdings Ltd	-	-	-	-	-	-	-	-	-	-
	- Style Spa Furniture Limited	500.00	-	-	-	-	-	-	-	-	-
	- Mr. N. S. Krishnan	-	-	-	32.40	-	-	-	-	37.20	-
2	As Trade Payables										
	- Zuari Indian Oiltanking Limited	-	-	-	-	-	-	11.22	-	-	-
	- Zuari Maroc Phosphates Limited	-	-	-	-	-	-	18.84	-	-	-
	- Zuari Rotem Speciality Fertilisers Limited	-	-	-	-	-	-	7.15	-	-	-
	- Indian Furniture Products Ltd	-	-	-	-	-	153.66	-	-	-	-
	- Globex Limited	-	-	-	-	-	4,099.29	-	-	-	-
	- Zuari Management Services Limited	18.46	-	-	-	-	-	-	-	-	-
	- Style Spa Furniture Limited	1.41	-	-	-	-	-	-	-	-	-
3	As Advances Recoverable										
	- Paradeep Phosphates Limited	-	-	-	-	-	-	28.80	-	-	-
	- Globex Limited	2.01	-	-	-	-	-	-	-	-	-
	- Simon India Limited	6.68	-	-	-	-	3.24	-	-	-	-
	- Style Spa Furniture Limited	-	-	-	-	-	-	-	0.43	-	-
	- Indian Furniture Products Ltd	4.08	-	-	-	-	-	-	-	-	-
	- Zuari Seeds Limited	-	-	-	-	-	1,611.26	-	-	-	-
	- Gulbarga Cement Limited	-	0.08	-	-	-	400.91	-	-	-	-
	- Zuari Investment Limited	150.41	-	-	-	-	170.44	-	-	-	-
	- Adventz Infraworld India Limited	0.49	-	-	-	-	6.33	-	-	-	-
	- Zuari Management Services Limited	-	-	-	-	-	83.62	-	-	-	-
	- Zuari Fertilisers & Chemicals Ltd	-	-	-	-	-	222.02	-	-	-	-
4	Corporate Guarantee										
	- Zuari Seeds Limited	-	-	2,205.00	-	-	2,205.00	-	-	-	-
	- Indian Furniture Products Limited	4,950.00	-	-	-	-	4,050.00	-	-	-	-
	- Simon India Limited	17,184.00	-	-	-	-	16,584.00	-	-	-	-
	- Globex Limited	-	-	-	-	-	5,000.00	-	-	-	-
5	Interest on ICD/Loan										
	- Gulbarga Cement Limited	-	89.34	-	-	-	520.42	-	-	-	-
	- Indian Furniture Products Ltd	-	-	-	-	-	8.88	-	-	-	-
	- Zuari Holdings Limited	-	-	26.15	-	-	-	-	-	-	-
	- Mr. N. S. Krishnan	-	-	-	3.80	-	-	-	-	1.53	-
	- Zuari Fertilisers & Chemicals Ltd	-	-	-	-	-	-	-	-	-	-
6	Advance against sale of investments										
	-Zuari Holdings Limited	-	-	3,454.88	-	-	-	-	-	-	-

42. Earnings Per Share (EPS):

Particulars	Year ended 31.03.2012	Year ended 31.03.2011
Profit after taxation as per Statement of Profit and Loss (₹ in lacs)	4,755.97	16,687.53
Number of shares used in computing earnings per share – Basic and Diluted	29,440,604	29,440,604
Earnings per share – Basic and diluted (in Rupees)	16.15	56.68
Face value per share (in Rupees)	10.00	10.00

43. In the Extraordinary General Meeting of the Company held on April 30, 2012 the shareholders have approved the change in the name of the Company from **Zuari Industries Limited to Zuari Global Limited.**

The Company has made an application to the Registrar of Companies, Goa (ROC) and fresh certificate of incorporation consequent to change of name is awaited from ROC.

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

Statement of Profit and Loss account

Net employee benefit expense (recognized in Employee Cost) for the year ended 31st March, 2012

(₹ in Lacs)

Particulars	2011 – 12	2010 - 11
Current Service Cost	15.18	224.73
Interest cost on benefit obligation	76.25	107.67
Past service cost(Non Vested Benefits)	-	3.80
Past service cost(Vested Benefits)	-	1,080.89**
Expected return on plan assets	(110.40)	(166.82)
Net actuarial (gain)/loss recognized in the year	53.21	(555.46)
Net benefit expense*	34.23	694.82

* Excluding ₹ NIL (Previous year 2.98 Lacs) in respect of earlier years liabilities adjusted.

** Due to enhancement of maximum limit of gratuity to ₹ 10.00 lacs per employee under the Payment of Gratuity Act, 1972.

Balance sheet

Details of Provision for gratuity benefits as at 31st March, 2012:

(₹ in Lacs)

Particulars	2011-12	2010 – 11	2009 – 10	2008 – 09	2007-08	2006-07
Defined benefit obligation	181.36	2318.06	1,628.06	1,385.16	1300.10	1107.04
Fair value of plan assets	145.54	2310.11	1,398.87	1,387.35	1306.86	1116.31
Less: Unrecognized Past service cost	-	-	-	-	-	-
Plan asset/(liability)	(35.80)	(7.94)	(229.19)	2.19*	6.76*	9.27*
Experience (gain)/loss on obligation	(60.46)	(619.86)	47.22	-	-	-
Experience (gain)/loss on plan assets	8.69	(11.57)	(9.48)	-	-	-

* The amounts being immaterial, have not been recognized in the financial statements.

Changes in the present value of the defined benefit obligation for the year ended 31st March, 2012 are as follows:

(₹ in Lacs)

Particulars	2011 – 12	2010 – 11
Opening defined benefit obligation	2318.06	1,628.06
Adjustment to opening balance	-	3.47
Interest cost	76.25	107.67
Current service cost	15.18	224.73
Benefits paid	-	(186.68)
Past service cost(Transfer out)	(2290.03)*	-
Past service cost(Non Vested Benefits)	-	3.80
Past service cost(Vested Benefits)	-	1,080.89
Actuarial (gain)/loss on obligation	61.90	(543.89)
Closing defined benefit obligation	181.36	2318.05

* Past service cost transfer out on Demerger

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

(₹ in Lacs)

Particulars	2011 –12	2010 – 11
Opening fair value of plan assets	2,310.11	1,398.87
Expected return	110.40	166.82
Contributions by employer	6.38	919.52
Benefits paid	-	(186.68)
Past service cost (Transfer out)	(2290.03)*	-
Actuarial gains/(losses)	8.68	11.57
Closing fair value of plan assets	145.54	2310.11

The Company expects to contribute ₹ 35.80 lacs (Previous year ₹ 7.94 lacs) towards gratuity during the year 2012-13.

* Past service transfer out on Demerger

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

Particulars	2011-12	2010-11
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	2011-12	2010-11
Discount Rate	8.00%	6.50%
Expected rate of return on assets	9.45%	9.45%
Increase in Compensation cost	10.00%	7.50%
Employee turnover	0.50%	0.50%

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. Provident Fund

The Company has set up Provident Fund Trust, which was managed by the Company as per the Guideline 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. With the transfer of Fertiliser

undertaking to Zuari Holdings Limited, on demerger with effect from 1st July, 2011, the Trust is being managed by Zuari Holdings Limited and hence, no provision if any has been made in the books of the Company towards shortfall of provident fund liability on actuarial valuation, which is the opinion of the management would not be material.

(₹ in Lacs)

Particulars	2011 – 12	2010- 11
Contribution to Provident Fund *	121.85	415.55

* The Company as per its accounting policy stated above in Note No. 2(x)(a) has provided ₹ NIL (Previous year ₹ 111.63 lacs) to meet up deficit incurred by the Provident Fund Trust in making interest payment by the Trust to its members as per statutory rate announced by Government of India.

C. Defined Contribution Plan

(₹ In lacs)

Particulars	2011 – 12	2010- 11
Contribution to Superannuation Fund	99.96	212.26
Contribution to Contributory pension fund	39.06	140.09
Total	139.02	352.35

45. Disclosure as per Section 22 of “The Micro, Small and Medium Enterprises Development Act, 2006”.

(₹ In lacs)

S.No.	Particulars	2011-12	2010-11
i)	The principal amount and the interest due thereon remaining unpaid to any supplier: - Principal amount - Interest thereon	Nil Nil	Nil 0.12
ii)	the amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day.	Nil	Nil
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	Nil	Nil
iv)	the amount of interest accrued and remaining unpaid	Nil	Nil
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	Nil	Nil

46. Pending receipt of appeal effect orders for the assessment years 1998-99 to 2000-01 and 2002-03 to 2005-06, where appeal has been decided partly in favour of the Company by the Income Tax Appellate Tribunal, Interest on income tax refund has not been recognized thereof as the amount is presently not reasonably determinable. Interest income on this refund will be recognized in the year the appeal effect order is received from Income Tax Department.
47. The Company has obtained office premises, apartments and warehouses on operating leases for the period ranging from 2-6 years. In all the cases, the agreements are further renewable at the option of the Company. There is escalation clause in the respective lease agreements. 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 ₹ 101.17 lacs (Previous year ₹ 1037.48 lacs).
48. Department of Fertilizer, Government of India has issued an Office Memorandum dated July 11, 2011 where by subsidy rate applicable on closing stock of Finished Goods, Traded Goods and Raw Materials as on 31st March 2011 has been revised to subsidy rates applicable for the financial year 2010-11 as per the Nutrient Based subsidy policy. Accordingly the Company has adjusted its subsidy income for the current year by ₹ 4787.88 lacs, to give impact of above mopping up adjustment.
49. Under 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., 10,564 (previous year 10,564) Rights' Equity Shares entitlements have been kept in abeyance pursuant to Section 206A of the Companies Act, 1956
50. Demerger
a) Pursuant to the Scheme of Arrangement and Demerger ('the Scheme') between Zuari Industries Limited and Zuari Holdings Limited approved by the Hon'ble High Court of Bombay at Goa on 2nd March 2012, all the Assets, Liabilities pertaining to Fertiliser Undertaking as on 1st July, 2011 have been transferred to Zuari Holdings Limited (ZHL) at their book values and accordingly ₹ 68348.90 lacs being the surplus of Assets over the Liabilities of the Fertiliser undertaking so Demerged, has been

reduced from Capital Redemption Reserve, Capital Reserve, General Reserve and Statement of Profit and Loss in terms of the Order of the Hon'ble High Court of Bombay at Goa. The said reserve be treated as free reserve and may be restricted and not utilized for declaration of dividend by the Company. The said Order has been filed with Registrar of Companies on 21st March 2012.

b) The summary of the assets and liabilities transferred to ZHL as on July 1, 2011 is as below:

(₹ in Lacs)

Particulars	Amount
Fixed Assets (Net)	21,410.02
Current Assets , Loans and advances	2,35,545.04
	2,56,955.06
Less: Current Liabilities and Provisions	83,938.44
Less: Loans and Borrowings (Secured and unsecured)	1,03,143.66
Less: Deferred Tax liabilities	1,524.06
	1,88,606.16
Net Transfer	68,348.90

- c) Pursuant to the Scheme, Zuari Holdings Limited has since issued 294,40,604 Equity Shares of ₹ 10/- each aggregating to ₹ 2944.06 lacs to the existing shareholders of the Company, in the ratio of 1 fully paid up Equity Share of ₹ 10/- each of Zuari Holdings Limited for each share of ₹ 10/- each held in the Company.
- d) The results of the Company for the current year ended 31st March, 2012 are after giving effect to the Scheme, whereby the Fertiliser Undertaking have been Demerged to Zuari Holdings Limited with appointed date of 1st July, 2011 and accordingly its previous year's figures are not comparable with current year.
- e) As per the Scheme, during the period between the Appointed date and the Effective date, the Company deemed to have carried on the Fertiliser Undertaking in "trust" on behalf of Zuari Holdings Limited. Further all profits or incomes earned and losses and expenses incurred for Fertiliser Undertaking, shall for all purpose, be deemed to be profits or income or expenditure or losses of Zuari Holdings Limited.
- f) The title deeds for immovable properties, licenses, agreements, loan documents etc. of the Company are in the process of being transfer in the name of Zuari Holdings Limited.
51. Till the year ended 31 March 2011, the Company was using pre-revised Schedule VI to the Companies Act 1956, for preparation and presentation of its financial statements. During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company. The Company has reclassified previous year figures to conform to this years' classification. Except accounting for dividend on investments in subsidiaries, the adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it significantly impacts presentation and disclosures made in the financial statements, particularly presentation of balance sheet. Previous year's figures have been regrouped/reclassified wherever necessary to confirm to this year's presentation.

As per our report of even date

For and on behalf of the Board of Directors of Zuari Industries Limited

For S. R. BATLIBOI & CO.
Firm's Regn. No.: 301003E
Chartered Accountants

S. K. Poddar
Chairman

H. S. Bawa
Executive Vice-Chairman

Marco Wadia
Director

Per Anil Gupta
Partner
Membership No. : 87921

Binayak Datta
CFO & Vice President – Finance

Swapnil Yelgaonkar
Company Secretary

Place : Gurgaon
Date : 9th May, 2012

Place : Gurgaon
Date : 9th May, 2012

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Consolidated Financial Statements

AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF ZUARI INDUSTRIES LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF ZUARI INDUSTRIES LIMITED, ITS SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

1. We have audited the attached consolidated balance sheet of Zuari Industries Limited (the "Company"), its subsidiaries, joint ventures and associates (collectively, the "Zuari Group") as at March 31, 2012, the consolidated statement of profit and loss and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Zuari Group's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of certain subsidiaries of the Zuari Group, whose financial statements reflect total assets of ₹. 18187.69 lacs as at March 31, 2012, total revenues of ₹. 3032.24 lacs and cash flows amounting to ₹. (125.42) lacs for the year then ended. We also did not audit the financial statements of the joint ventures of the Zuari Group, whose financial statements reflect total assets of ₹. 11084.80 lacs as at March 31, 2012, total revenues of ₹. Nil and cash flows amounting to ₹. (15.78) lacs for the year then ended. These financial statements and other financial information have been audited by other auditors, whose reports have been furnished to us and our opinion is based solely on the reports of the other auditors.
4. Based on our audit and on consideration of report of other auditors on separate financial statements and on other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements of the Zuari Group 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 Zuari Group as at March 31, 2012;
 - b) in the case of the Consolidated Statement of Profit and Loss, of the loss of the Zuari Group for the year then ended; and
 - c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Zuari Group for the year then ended.

As per our report of even date

For S. R. BATLIBOI & CO.
Firm's Regn. No.: 301003E
Chartered Accountants

Per Anil Gupta
Partner
Membership No. : 87921

Place : Gurgaon
Date : 9th May, 2012

Consolidated Balance Sheet as at 31st March 2012

₹ in Lacs

	Notes	31st March, 2012	31st March, 2011
I. EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	3	2,944.11	2,944.11
(b) Reserves and surplus	4	66,253.52	156,217.37
		<u>69,197.63</u>	<u>159,161.48</u>
Minority Interest	5	381.84	8,410.69
Non-current liabilities			
(a) Long term borrowings	6	2,081.53	7,288.53
(b) Deferred tax liabilities (Net)	7	441.06	870.25
(c) Trade payables	8	1.93	2.07
(d) Other long term liabilities	8	315.66	3,948.71
(e) Long-term provisions	9	98.41	274.78
		<u>2,938.59</u>	<u>12,384.34</u>
Current liabilities			
(a) Short-term borrowings	10	2,572.54	148,090.30
(b) Trade payables	8	8,717.08	85,349.46
(c) Other current liabilities	8	7,320.58	16,222.10
(d) Short-term provisions	9	7,475.26	13,604.21
		<u>26,085.46</u>	<u>263,266.07</u>
	Total	<u>98,603.52</u>	<u>443,222.58</u>
II. ASSETS			
Goodwill (on consolidation)		2,057.18	19,930.12
Non-current assets			
(a) Fixed assets			
i. Tangible assets	11	5,490.89	32,748.26
ii. Intangible assets	11(a)	255.56	721.64
iii. Capital work-in-progress		1,905.47	9,332.86
(b) Deferred tax assets (Net)	7	67.05	1,099.15
(c) Non-current investments	12	42,443.96	23,515.14
(d) Long-term loans and advances	13	4,078.04	10,029.55
(e) Other non-current assets	14	202.94	521.62
		<u>54,443.91</u>	<u>77,968.22</u>
Current assets			
(a) Current investments	15	7,809.67	14,571.74
(b) Inventories	16	15,815.47	107,579.83
(c) Trade receivables	17	7,100.38	107,087.20
(d) Cash and bank balances	18	6,663.02	67,390.91
(e) Short-term loans and advances	13	3,107.21	6,594.48
(f) Other current assets	14	1,606.68	42,100.08
		<u>42,102.43</u>	<u>345,324.24</u>
	Total	<u>98,603.52</u>	<u>443,222.58</u>

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 Industries Limited

For S. R. BATLIBOI & CO.
Firm's Regn. No.: 301003E
Chartered Accountants

S. K. Poddar
Chairman

H. S. Bawa
Executive Vice-Chairman

Marco Wadia
Director

Per Anil Gupta
Partner
Membership No. : 87921

Binayak Datta
CFO & Vice President – Finance

Swapnil Yelgaonkar
Company Secretary

Place : Gurgaon
Date : 9th May, 2012

Place : Gurgaon
Date : 9th May, 2012

Consolidated Statement of Profit and Loss for the year ended 31st March, 2012

₹ in Lacs

	Notes	31st March, 2012	31st March, 2011
I. Income			
(a) Revenue from operations (gross)	19	189,049.51	761,182.09
Less: excise duty		1,298.43	1,021.47
(b) Revenue from operations (net)		187,751.08	760,160.62
(c) Other income	20	6,781.46	14,637.32
Total Revenue		194,532.54	774,797.94
II. Expenses			
(a) Cost of raw materials consumed	21	99,886.78	340,751.67
(b) Purchase of traded goods	22	63,621.35	286,160.09
(c) (Increase) in inventories of finished goods, work-in-progress and traded goods	23	(28,534.04)	(27,874.63)
(d) Employee benefits expense	24	7,682.85	14,771.42
(e) Other expenses	25	40,804.68	109,021.54
Total		183,461.62	722,830.09
III. Earnings before interest, tax, depreciation and amortization (EBITDA) (I) - (II)		11,070.92	51,967.85
(a) Depreciation and amortization expense	26	1,617.79	3,940.53
(b) Finance costs	27	2,577.90	9,621.93
IV. Profit before tax and Exceptional items		6,875.23	38,405.39
V. Exceptional Items (net)	28	31,390.51	-
VI. Profit/(loss) before tax (IV-V)		(24,515.28)	38,405.39
VII. Tax expenses			
(a) Current income tax (including Minimum Alternative Tax)		1,890.14	12,566.81
(b) Deferred tax charge		1,018.52	1,119.79
(c) MAT Credit Entitlement		(677.65)	(41.76)
(d) Income tax adjustment for earlier years		82.29	(1,760.62)
(e) Fringe benefit tax (credit) relating to earlier year		-	0.03
Total tax expense		2,313.30	11,884.25
Profit/(Loss) after Tax (VI-VII)		(26,828.58)	26,521.14
Share in Profits/(Losses) of Associates		4,875.96	(38.09)
Less: Share of minority interests in profits / (losses)		(163.95)	1,730.81
Profit/(Loss) for the year		(21,788.67)	24,752.24
Earnings per Share			
Basic			
Earnings per equity share nominal value of share ₹10/- (31st march 2011 - ₹10/-)	35	(74.01)	90.08
Diluted			
Earnings per equity share nominal value of share ₹10/- (31st march 2011 - ₹10/-)		(74.01)	90.08

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 Industries Limited

For S. R. BATLIBOI & CO.
Firm's Regn. No.: 301003E
Chartered Accountants

S. K. Poddar
Chairman

H. S. Bawa
Executive Vice-Chairman

Marco Wadia
Director

Per Anil Gupta
Partner
Membership No. : 87921

Binayak Datta
CFO & Vice President – Finance

Swapnil Yelgaonkar
Company Secretary

Place : Gurgaon
Date : 9th May, 2012

Place : Gurgaon
Date : 9th May, 2012

Consolidated Cash Flow Statement for the year ended 31 March 2012

Sl. No.	PARTICULARS	Year ended 31st March,2012 (₹ in lacs)	Year ended 31st March,2011 (₹ in lacs)
A.	CASH FLOW FROM OPERATING ACTIVITIES:		
	Profit/(Loss) before tax	(24,515.28)	38,405.38
	Add: Exceptional Items (net) Loss/(Profit) on divestment of stake in Subsidiaries / Joint Ventures (net)	31,036.38	-
	Profit before tax and Exceptional items	6,521.10	38,405.38
	Adjustment for :		
	Depreciation / amortisation	1,617.79	3,940.53
	Diminution in the value of Fertiliser Companies' Government of India Special Bonds	685.82	603.07
	Foreign currency translation reserve	200.43	-
	Loss / (Gain) on fixed assets sold / discarded (net)	(105.83)	81.53
	Provision for doubtful debts, loans, claims and advances	49.79	1,259.76
	Profit on disposal of long term Investments	(29.60)	(12.31)
	Profit on disposal of current Investments	(1.34)	(117.88)
	Bad debts written off	-	152.04
	Unrealized foreign exchange fluctuation loss	102.77	(1,398.75)
	Interest expense	2,282.98	9,216.26
	Interest income	(1,944.16)	(7,924.21)
	Dividend income	(2,740.28)	(2,672.83)
		<u>118.38</u>	<u>3,127.21</u>
	Operating Profit before Working Capital Changes	6,639.47	41,532.59
	Changes in working capital :		
	Inventories	(28,193.35)	(41,977.58)
	Sundry debtors	(17,600.49)	(5,421.90)
	Other current assets	(1,181.38)	39,802.46
	Loans & advances	(1,654.76)	(1,616.78)
	Current liabilities & provisions	15,723.23	(5,996.16)
		<u>(32,906.75)</u>	<u>(15,209.96)</u>
	Cash from / (used in) Operations	(26,267.28)	26,322.63
	Direct Tax refund / (Paid) (net of refunds)	537.84	(8,612.24)
	Net cash flow (used in) / from Operating Activities (A)	(25,729.44)	17,710.39
B.	CASH FLOW FROM INVESTING ACTIVITIES:		
	Purchase of Fixed Assets,	(5,799.05)	(16,664.61)
	Proceeds from sale of fixed assets	136.88	55.50
	Purchase of investments ***	(1,74,185.50)	(5,59,403.56)
	Proceeds from Sale of Investments***	1,61,868.89	606,864.16
	Dividend received	2,740.27	2,672.83
	Interest received	1,653.13	8,725.76
	Redemption/ maturity of bank deposits (having original maturity of more than three months)	5,320.73	8,356.02
	Fixed Deposits with Banks	(745.45)	(12,980.76)
	Loans given to Bodies Corporates	(3,145.82)	-
	Loans given to Bodies Corporates received back	-	1,600.00
	Net cash flow (used in) / from Investing Activities (B)	(12,155.92)	39,225.34

Sl. No.	PARTICULARS	Year ended 31st March,2012 (₹ in lacs)	Year ended 31st March,2011 (₹ in lacs)
C. CASH FLOW FROM FINANCING ACTIVITIES:			
	Securities premium	1,058.51	-
	Proceeds from long term borrowings	1,675.51	11,073.09
	Repayment of long term borrowings	(3,543.30)	(4,801.00)
	Proceeds / (Repayment) of short term borrowings	(9,258.77)	(12,102.87)
	Dividend paid (including dividend tax)	(1,548.86)	(1,555.59)
	Interest paid	(1,646.25)	(11,409.11)
	Net cash flow from/(used in) Financing Activities (C)	(13,263.16)	(18,795.48)
	NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS (A + B + C)	(51,148.52)	38,140.25
	CASH AND CASH EQUIVALENTS (OPENING)	60,201.60	22,061.35
	Less : Transfer to Demerged Fertilizer Business to Zuari Holdings Limited	1,479.91	-
	Less : Net Transfer of Cash and Cash Equivalents of other Group Companies on disposal / acquisition	3,560.36	-
	CASH AND CASH EQUIVALENTS (CLOSING)	4,012.81	60,201.60

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

CASH AND CASH EQUIVALENTS	As at 31st March,2012 (₹ in Lacs)	As at 31st March,2011 (₹ in Lacs)
Cash on hand	107.14	11.02
Cheques/drafts on hand	155.03	4.72
with banks -on current account	2,402.89	33,491.19
- On Unpaid dividend account *	34.41	31.01
- On Interest warrant accounts *	13.34	24.52
- On EEFC accounts	-	1,326.41
with banks -on cash credit account	-	137.73
on deposit account (with original maturity less than 3 months)	1,300.00	25,175.00
Cash and Cash Equivalents	4,012.81	60,201.60

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

** Pursuant to the Scheme of Arrangement and Demerger, all that assets and liabilities pertaining to fertiliser undertaking as on 1st July, 2011 have been transferred to Zuari Holdings Limited at the book value, the said Demerger is considered as cash neutral for the purpose of cash flow.

*** Includes purchase and sale of investments in subsidiaries happened through cash and cash equivalent.

As per our report of even date

For and on behalf of the Board of Directors of Zuari Industries Limited

For S. R. BATLIBOI & CO.
Firm's Regn. No.: 301003E
Chartered Accountants

S. K. Poddar
Chairman

H. S. Bawa
Executive Vice-Chairman

Marco Wadia
Director

Per Anil Gupta
Partner
Membership No. : 87921

Binayak Datta
CFO & Vice President – Finance

Swapnil Yelgaonkar
Company Secretary

Place : Gurgaon
Date : 9th May, 2012

Place : Gurgaon
Date : 9th May, 2012

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE ZUARI GROUP FOR THE FINANCIAL YEAR 2011-12

1. Basis for preparation of accounts

The Consolidated Financial Statements relate to Zuari Industries Limited (hereinafter referred to as the "Company") and its subsidiary companies, joint venture companies and associate companies (collectively hereinafter referred to as the "Zuari Group"). These financial statements have been prepared to comply in all material respects with the Notified Accounting Standards by Companies Accounting Standards Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Group and are consistent with those used in the previous year except for the change in accounting policy explained below.

2.1 Statement of significant accounting policies

I. Change in Presentation and disclosure of financial statements

During the year ended 31st March, 2012, the revised Schedule VI notified under the Companies Act, 1956 has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous figures in accordance with the requirements applicable in the current year.

II. 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.

III. Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of 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, actual results could differ from these estimates.

IV. Principles of Consolidation

In the preparation of these Consolidated Financial Statements, investments in Subsidiaries, Associate companies and Joint Venture entities have been accounted for in accordance with AS-21(Accounting for Consolidated Financial Statements), AS-23 (Accounting for Investments in Associates in 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) Investments in Associates have been accounted for using the equity method. The excess of cost of investment over the proportionate share in equity of the Associate as at the date of acquisition of stake has been identified as Goodwill and included in the carrying value of the Investment in the Associate. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the share of net assets of the Associate. However, the share of losses is accounted for only to the extent of the cost of investment. Subsequent profits of such Associates are not accounted for unless the accumulated losses (not accounted for by the Company) are recouped. Where the Associate has prepared and presented consolidated financial statements, such financial statements have been used for the purpose of equity accounting. In other cases, stand alone financial statements of Associates have been used.
- vi) 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.
- vii) 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 March 31, 2012.

V. Tangible Assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. 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 period during which such expenses are incurred.

VI. Depreciation

- i) Depreciation on Fixed Assets (except to the extent stated in para (ii) to (viii) below) is provided using the Straight Line Method as per the useful lives of the fixed assets as estimated by the management which is in accordance with the rates prescribed under Schedule XIV to the Companies Act, 1956. For the purpose, a major portion of the plant has been considered as continuous process plant for some of the companies.
- ii) In case of the parent company, some of the subsidiaries companies, and a joint venture entity, keeping in view the rapid technological advancement and high rate of obsolescence, the useful life of computer hardware and peripherals is considered as three years.
- iii) Premium paid on acquisition of Leasehold Land which is the cost of the land is being amortized over the period of 30 years, the respective lease period.
- iv) Leasehold Improvements are being depreciated over the respective lease periods.
- v) Machinery Spares are depreciated prospectively over the estimated remaining useful lives of the respective mother assets.
- vi) Depreciation on fixed assets acquired under finance lease is provided over the period of lease or the useful lives of the respective assets, whichever is lower.
- vii) Fixed assets whose value is less than ₹ 5000/- are depreciated fully in the year of purchase.
- viii) In respect of a subsidiary company and joint venture company, depreciation is provided on straight line method as per the useful lives of the assets estimated by the management which is higher than the rates as per Schedule XIV of the Companies Act, 1956, which are as follows:

(a) Subsidiary Company:

Name of the Assets	Rate as per the useful lives estimated by the management	Rates as per Schedule XIV to the Companies Act, 1956
Electrical installations	33.33%	4.75%
Office Equipment		
Telephone Equipment	33.33%	4.75%
Air Conditioners	6.67%	4.75%
Other office equipment	4.75% - 20.00%	4.75%
Furniture and Fittings		
Carpets	20.00%	6.33%
Other furniture and fixtures	10.00% - 33.33%	6.33%

(b) Joint venture company

Name of the Assets	Rate as per the useful lives estimated by the management	Rates as per Schedule XIV to the Companies Act 1956
Non Factory Building	3.34%	1.63%
Lightning Arrester (Building)	3.85%	1.63%
Security Watch Tower (Buildings)	3.85%	1.63%

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. 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. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred. Intangibles representing computer software are amortized using the Straight Line Method over their estimated useful lives of three years except in case of a subsidiary company wherein it is two to three years.

Expenditure incurred on development of new products as covered under Accounting Standard-26 for which future economic benefits will flow over a period of time is amortized, over the estimated useful life of the asset or 5 years whichever is earlier, from the time the new product starts providing economic benefits.

IX. Impairment

The carrying amounts of 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 assets over the remaining useful life.

X. Inventories

Inventories are valued at the lower of Cost and Net Realizable Value. The Cost for this purpose is determined as follows:

Stores and Spares, Fuel Oil, Raw Materials and Packing Materials: Moving weighted average method (except in respect of a joint venture company, where it is determined on weighted average method)

Work-in-process : Material cost on Moving weighted average method and appropriate manufacturing overheads based on normal operating capacity.

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

Finished goods (traded): Moving weighted average method

Project work in progress: In respect of a subsidiary company engaged in the real estate construction, expenses incurred till date is being carried over under project work in progress till date revenue is fully recognized. This inventory is being valued at cost.

Stock in trade (Securities) : On specific identification basis and are valued at lower of cost and market value.

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.

Custom duty on imported material in transit / lying in bonded warehouse is accounted for at the time of import / bonding of material.

Net Realizable 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.

XI. 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. 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.

XII. Retirement and other Employee Benefits

i) **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. Pension Funds is a defined contribution scheme and the contributions are charged to the Statement of Profit and Loss of the year when the contribution to the respective fund is due.

ii) **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 subsidiary company where it is provided for on actual computation basis.

The Parent Company, a joint venture company (ZIOL) and one of the subsidiaries (SIL) 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 the amount paid/ payable in respect of present value of liability of past services as determined on actuarial valuation is charged to the Statement of Profit and Loss every year. The difference between the amount paid/payable to LIC plus the gratuity liability as determined minus the actuarial valuation made is recognized in the Statement of Profit and Loss every year.

iii) **Leave Encashment**

Accumulated leave which is expected to be utilized within the next twelve 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.

Accumulated leave expected to be carried forward beyond twelve months are treated as long term employee benefits for measurement purposes. Long term compensated absences are provided for based on actuarial valuation made at the end of each financial year. The actuarial valuation is done as per projected unit credit method. The Company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer the settlement for 12 months after the reporting date.

iv) **Superannuation and Contributory Pension Fund**

The Parent Company has an approved Superannuation Fund and Contributory Pension Fund which are defined contribution schemes and the contributions paid to Life Insurance Corporation of India (LIC) against the insurance policy taken with them is charged to the statement of Profit & Loss each year. The Company does not have any other obligation other than contributions paid to the LIC.

Some of the other entities within the Group also have Superannuation Schemes, wherein the contributions to the respective funds / LIC are charged to the statement of Profit & Loss when due.

- v) Actuarial gains/losses related to gratuity, long term compensated absence and provident fund in form of defined obligation plan are immediately taken to the statement of profit and loss and are not deferred.
- vi) Payments made under the Voluntary Retirement Scheme are charged to the statement of profit and loss immediately.

XIII. Foreign Currency Translation

Foreign Currency transactions and balances

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 reported using the closing rate. 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:**

Exchange differences arising on the settlement of monetary items or on reporting Group'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.

Exchange differences arising on a monetary item that, in substance, form part of the Group's net investment in a non-integral foreign operation is accumulated in a foreign currency translation reserve in the financial statements until the disposal of the net investment, at which time they are recognized as income or as expenses.

iv) **Forward Exchange Contracts not intended for trading or speculation purposes:**

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.

v) **Translation of Integral and Non – Integral Foreign Operation :**

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the Company itself.

In translating the financial statements of a non-integral foreign operation for incorporation in financial statements, the assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation are translated at the closing rate; income and expense items of the non-integral foreign operation are translated at exchange rates at the dates of the transactions and all resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the net investment.

On the disposal of a non-integral foreign operation, the cumulative amount of the exchange differences which have been deferred and which relate to that operation are recognised as income or as expenses in the same period in which the gain or loss on disposal is recognised.

When there is a change in the classification of a foreign operation, the translation procedures applicable to the revised classification are applied from the date of the change in the classification.

XIV. Government Grants

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.

XV. Leases

Operating Lease

Where the Company is the lessee:

Leases, where the lessor effectively retains 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.

XVI. 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 Zuari 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 Zuari 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.

MAT Credit is recognized as an asset only when and to the extent there is convincing evidence that the company (within the Zuari 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 Zuari 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 Zuari Group) will pay normal income tax during the specified period.

XVII. 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 rewards of ownership 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 & MOP has been accounted for in accordance with the parameters and notified rates.

- ii) Interest Income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.
- iii) Insurance claim is accounted for to the extent the Group is reasonably certain of their ultimate collection.
- iv) Dividend is recognized when the shareholders' right to receive payment is established by the balance sheet date.
- v) Income from Engineering Service:

Revenue from fixed price construction services contracts is recognized by reference to the stage of completion of the project at the balance sheet date. The stage of completion of project is determined by the proportion that contract costs incurred for work performed upto the balance sheet date bear to the estimated total contract cost. The cost incurred is measured by the jointly certified progress of work done by the Company (within the Group) and its sub contractors as at the end of the financial year, if the subcontractors/supplier has not raised bills on the Company for the work completed by the subcontractor/supplier.

Income from engineering and other service contracts is recognized on accrual basis to the extent the services have been rendered/ and invoices are raised in accordance with the contractual terms with the customers and recoveries are reasonably certain.

Contract revenue earned in excess of billing has been reflected under other current assets and billing in excess of contract revenue has been reflected under current liabilities in the balance sheet.

- vi) In case of a Joint Venture company, revenue from Terminalling and Operation & Maintenance Services are recognized as per contractual terms on rendering the services.
- vii) Service Income is recognized as and when the service is performed using the percentage of completion method.

XVIII. Borrowing costs

Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalized to the extent they relate to the period till such assets are ready to be put to use. A qualifying asset is an asset that necessarily takes substantial period of time to get ready for its intended use. Other borrowing costs are recognized as an expense in the period in which they are incurred.

XIX. Provisions

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 management 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.

In respect of the subsidiaries of the Group engaged in the business of manufacturing and trading and sale of ready to assemble furniture, provisions for warranty related costs are recognized when the product is sold or service provided. Provision is based on historical experience. The estimate of such warranty related costs is revised annually. The Company gives warranty to products, undertaking to repair or replace the items that fail to perform satisfactorily during the warranty period. Warranty provisions

are made for expected future cash outflows and computed on total sales made during the year based on past experience. No reimbursements are expected. Provision for Customer Loyalty points is determined based on Actuarial Valuation on Projected unit credit method made at the end of each financial year. Actuarial gain/loss are immediately taken to statement of profit and loss.

XX. Earnings per Share

Basic Earnings per Share 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.

XXI. Derivative Instruments

Some of the entities within the Group use derivative financial instruments such as forward exchange contracts to hedge their risk associated with foreign currency fluctuations. Accounting policy for forward exchange contracts is given in note (XIII (iv)) above.

XXII. Segment Reporting Policies

Identification of segments:

The Groups operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Group operate.

Inter Segment Transfers:

The Group generally accounts for inter segment sales and transfers as if the sales or transfers were to third parties at current market prices.

Allocation of common costs:

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items:

Includes general corporate income and expense items which are not allocated to any business segment.

Segment policies:

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Group as a whole.

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.

XXIV. 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.

XXV. Measurement of EBITDA

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, the Zuari Group has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The Zuari Group measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the Zuari Group does not include depreciation and amortization expense, finance costs and tax expense.

Consolidated Notes to Financial Statements for the year ended 31 March 2012

3. Share Capital

PARTICULARS	31st March 2012 ₹ In Lacs	31st March 2011 ₹ In Lacs
Authorised :		
3,57,50,000 (31 March 2011:: 3,57,50,000) Equity Shares of ₹ 10/- each	3,575.00	3,575.00
1,00,00,000 (31 March 2011:: 1,00,00,000) Redeemable Cumulative Preference shares of ₹100/- each	10,000.00	10,000.00
	13,575.00	13,575.00
Issued :		
2,94,51,168 (31 March 2011:: 2,94,51,168) Equity Shares of ₹10/- each fully Paid-up	2,945.12	2,945.12
Subscribed and Paid-up		
2,94,40,604 (31 March 2011:: 2,94,40,604) Equity Shares of ₹10/- fully paid-up	2,944.06	2,944.06
Add : 1100 (31 March 2011:: 1100) Forfeited Shares (amount paid-up) fully paid up	0.05	0.05
Total	2,944.11	2,944.11

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

Equity Shares	31st March 2012		31st March 2011	
	in Numbers	₹ In Lacs	in Numbers	₹ In Lacs
At the beginning of the year	29,440,604	2,944.06	29,440,604	2,944.06
Issued during the year	-	-	-	-
Outstanding at the end of the year	29,440,604	2,944.06	29,440,604	2,944.06

b. Terms/Rights Attached to equity Shares

The Company has only one class of equity shares having a par value of ₹10/- each. Each share holder of equity shares is entitled to one vote per share. The 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 31st March 2012, the amount of per share dividend recognised as distribution to equity share holders was ₹ 2/- (31st March 2011:: ₹4.50)

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 shares in the Company

Name of Shareholder	As at 31 March 2012		As at 31 March 2011	
	No. of Shares held	% Holding in Class	No. of Shares held	% Holding in Class
OSI Limited / Globalware Trading & Holdings Limited #	7,012,000	23.82	7,012,000	23.82
SIL Investment Limited	3,208,000	10.90	3,208,000	10.90
Texmaco Limited	2,557,941	8.69	2,557,941	8.69

OSI Limited had merged with Globalware Trading & Holdings Limited with effect from September 2011

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.

Consolidated Notes to Financial Statements for the year ended 31 March 2012 Contd...

4. Reserves and Surplus

PARTICULARS	31st March 2012 ₹ In Lacs	31st March 2011 ₹ In Lacs
Capital reserve		
Balance as per last financial statements	0.01	0.01
Less : Transfer to Zuari Holdings Limited as per the Scheme of Arrangement and Demerger (Refer Note No. 29)	0.01	-
Closing balance	-	0.01
Securities premium		
Balance as per last financial statements	-	-
Add : Issued during the year	1,058.50	-
Closing balance	1,058.50	-
Capital redemption reserve		
Balance as per last financial statements	412.49	412.49
Less : Transfer to Zuari Holdings Limited as per the Scheme of Arrangement and Demerger (Refer Note No 29)	412.49	-
Closing balance	-	412.49
General reserve		
Balance as per last financial statements	56,555.53	41,550.53
Less : Transfer to Zuari Holdings Limited as per the Scheme of Arrangement and Demerger (Refer Note No 29)	56,315.62	-
Add: Amount transferred from surplus balance in the statement of profit and loss	2,500.00	15,005.00
Closing balance	2,739.91	56,555.53
Surplus in the statement of profit and loss		
Balance as per last financial statements	99,250.74	91,050.33
Less: Transferred to Zuari Holdings Limited as per the Scheme of Amalgamation and Demerger (Refer Note No. 29)	11,620.79	-
Net Profit/(Loss) for the year	(21,788.67)	24,752.23
Less : Appropriations		
Proposed final equity dividend of ₹2/- Per Equity Share (31 March 2011 ₹4.50)	588.81	1,324.83
Tax on proposed equity dividend	95.52	221.99
Transfer to general reserve	2,500.00	15,005.00
Total appropriations	3,184.33	16551.82
Net surplus in the statement of profit and loss	62,656.95	99,250.74
Foreign currency translation reserve		
Balance as per last financial statements	(1.41)	5.30
Exchange Difference during the year on net investment in non - integral operations	(200.43)	(6.71)
Foreign currency translation reserve	(201.84)	(1.41)
Total reserves and surplus	66,253.52	156,217.37

Consolidated Notes to Financial Statements for the year ended 31 March 2012 Contd...

5. Minority Interest

PARTICULARS	31st March 2012 ₹ In Lacs	31st March 2011 ₹ In Lacs
% Share of Minority	47.14%	19.55%
Share in Equity	912.61	5,625.02
Securities premium	25.14	-
Share in the Reserves	(555.91)	2,785.67
Total	381.84	8,410.69

The minority interest as on 31st March 2012 represents for Style Spa Furniture Limited 31st March, 2011 for Paradeep Phosphates Limited (representing Zuari Group's proportionate share)

6. Long Term Borrowings

	Non Current Portion		Current Maturities	
	31st March 2012 ₹ In Lacs	31st March 2011 ₹ In Lacs	31st March 2012 ₹ In Lacs	31st March 2011 ₹ In Lacs
Secured				
Indian rupee term loan from banks	92.23	6,646.21	313.80	4,442.97
Finance lease obligation	-	2.01	-	3.00
	92.23	6,648.22	313.80	4,445.97
Unsecured				
Fixed deposits from public	-	-	-	134.98
Deferred payments liabilities (Sales tax deferral scheme)	516.48	640.31	123.83	118.31
Loan from related parties	1,472.82	-	-	-
	1,989.30	640.31	123.83	253.29
Total	2,081.53	7,288.53	437.63	4,699.26
Amount disclosed under the head "Other current liabilities" (Note No. 8)	-	-	(437.63)	(4,699.26)
Total	2,081.53	7,288.53	0.00	-

1. Indian rupee term loan from banks

- a. In respect of subsidiary company, Indian rupee loan of ₹ 203.44 lacs (31 March 2011:: Nil) from Axis Bank carries interest @ 12.25% p.a. The loan is repayable in 48 equal monthly installments of ₹ 9.26 lacs each along with interest, from the date of loan, viz, March 22, 2011 after moratorium period of six months. The loan is secured by hypothecation of inventory and trade receivables of the company.
- b. In respect of subsidiary company, Indian rupee term loan of ₹ 202.69 lacs (31st March 2011 ₹ Nil) from Axis Bank was sanctioned with clause that EMI of ₹ 18.75 lacs is payable irrespective of the drawdown subject to total loan amount. The loan is repayable in 48 equal instalments starting from April 2012 onwards. Term loan carries interest @ 13.50%. The term loan is secured against first charge on the immovable and movable fixed assets purchased and constructed under the Term loan. The loan is also secured as collateral by hypothecation of entire inventory and Trade receivables.
- c. In respect of subsidiary of joint venture company, term loan of ₹ Nil (31 March 2011:: ₹ 5000 lacs) was secured against fixed assets to be created out of the aforesaid loan and exclusive of second charge on fixed assets and ₹ Nil (31 March 2011:: 4374.77 lacs) was secured against first charge on inventories, book debts and fixed assets. The loan is repayable in 8 quarterly instalments of ₹ 1250 lacs each from 30th June 2011. Interest rate charged is 9%.
- d. In respect of joint venture company, term loan of ₹ Nil (31 March 2011:: ₹ 222.08 lacs) was secured by first charge by way of hypothecation of all project / movable fixed assets to be created out of the aforesaid loan and exclusive of second charge on fixed assets including Plant and Machinery, vehicles, book debts both present and future. Loan was repayable

Consolidated Notes to Financial Statements for the year ended 31 March 2012 Contd...

in 12 quarterly instalment and carried interest rate of 10.25% to 12.25%. The loan was fully paid during the year 2011-12 and the charge on assets is released by the bank.

- e. In respect of subsidiary company, term loan from Bank of ₹ Nil (31 March 2011:: ₹ 880 lacs) was secured by equitable mortgage of land, hypothecation of stock in trade, book debt, plant and machinery and vehicles, both present and future. Loan is taken at an Interest rate of BPLR Plus 1%. The loan was repayable in 10 half yearly instalments alongwith interest, from the date of loan, viz., 7 April 2010.
 - f. In respect of joint venture company, term loan from Bank of ₹ Nil (31 March 2011:: ₹ 612.33 lacs) was secured by first charge on factory land and bulding, plant & machinery and movable assets of the project and a negative lien on the assets of the company. An India rupee loan has been availed from Corporation Bank and carried floating interest rate at Corporation Bank Benchmark Advance Rate (COBAR) minus 2.25%. The loan was repayable in 54 monthly installments starting from October 2010.
2. In previous year in respect of subsidiary, the finance lease was secured by hypothecation of vehicles taken on lease at an interest of 13.42% p.a. for a period of four years.
 3. In respect of a subsidiary, Deferred sales tax scheme is interest free and payable in 96 installments. Amount varies from month to month based on the actual liability, starting from May 2008.
 4. Loan from related parties is in respect of a joint venture company which is repayable in 12 instalments at the end of each quarter, commencing from the date of expiry of 60 months from the loan agreement date of 8th September, 2011. The loan carries interest of 11%.
 5. Fixed deposits from public were fully matured and paid along with interest during the year.

7. Deferred tax liabilities (Net)

PARTICULARS	31st March 2012 ₹ In Lacs	31st March 2011 ₹ In Lacs
Deferred tax liabilities		
Fixed assets Impact of difference between tax depreciation and depreciation/amortisation charged for the financial reporting	642.10	4,952.32
Income considered in the income tax but not in the books	46.44	-
Gross deferred tax liabilities	688.54	4,952.32
Deferred tax assets		
Diminution in the value of Fertiliser Companies Government Bonds	-	1,893.39
Provision for leave encashment	42.91	1,133.73
Provision for doubtful debts	36.12	185.42
Unabsorbed depreciation	-	163.12
Other expenses allowable in income tax on payment basis and deposition of statutory dues	235.50	1,805.56
Gross deferred tax assets	314.53	5,181.22
Net deferred tax (liabilities) / assets	(374.01)	228.90

After netting off deferred tax assets in respect of some of the entities aggregating to ₹ 67.05 lacs (31 March 2011:: deferred tax liabilities of ₹ (870.25) lacs)

Deferred tax assets on account of unabsorbed depreciation and carried forward losses in the standalone financial statements of the respective group companies have been recognized only to the extent that there is virtual certainty of realization of the same in view of the profitable operations of that company. In view of the same, deferred tax assets on unabsorbed depreciation and carried forward losses has not been recognized by some of the subsidiaries.

Consolidated Notes to Financial Statements for the year ended 31 March 2012 Contd...

8. Other Liabilities

PARTICULARS	Non Current		31st March 2012 ₹ In Lacs	31st March 2011 ₹ In Lacs
	31st March 2012 ₹ In Lacs	31st March 2011 ₹ In Lacs		
Trade payables (Including acceptance)(Refer Note No. 58 for details of dues to Micro and Small Enterprises)	1.93	2.07	8,717.08	85,349.46
	1.93	2.07	8,717.08	85,349.46
Other Liabilities				
Deposits - dealers & others	156.61	3,926.45	330.50	699.87
Current maturities of long term borrowings	-	-	437.63	4,699.26
Unclaimed statutory liabilities as referred in Section 205(c) of the Companies Act 1956 to be credited as and when due				
Unclaimed dividends	-	-	34.41	31.01
Unclaimed deposits	-	-	28.90	45.52
Unclaimed Interest warrants	-	-	13.34	24.52
Unclaimed preference warrants	-	-	5.87	5.90
Interest accrued and due on Borrowings	-	-	-	337.72
Interest accrued but not due on loans and deposits	95.70	-	-	19.57
Advances from dealers and others	-	-	2,065.02	2,641.66
Payables towards capital goods	-	-	368.54	1,499.29
Advance towards sale of investments	-	-	3,454.89	-
Deferred Revenue	-	-	361.34	1,786.10
Rent equalisation	63.35	22.26	-	-
Statutory dues and other obligations	-	-	220.14	4,431.68
	315.66	3,948.71	7,320.58	16,222.10
Total	317.59	3,950.78	16,037.66	101,571.56

9. Provisions

PARTICULARS	Long-term		Short-term	
	31st March 2012 ₹ In Lacs	31st March 2011 ₹ In Lacs	31st March 2012 ₹ In Lacs	31st March 2011 ₹ In Lacs
Provision for employee benefits				
Gratuity (Refer Note No. 49)	98.41	81.06	149.00	32.95
Leave Encashment	-	-	1,028.87	4,357.66
Post retirement medical benefits	-	93.75	-	20.06
	98.41	174.81	1,177.87	4,410.67
Others provisions				
Provision for current income tax	-	-	2,058.93	1,245.28
Provision for wealth tax	-	-	-	50.00
Provision for proposed equity dividend	-	-	588.81	1,324.83

Consolidated Notes to Financial Statements for the year ended 31 March 2012 Contd...

PARTICULARS	Long-term		Short-term	
	31st March 2012 ₹ In Lacs	31st March 2011 ₹ In Lacs	31st March 2012 ₹ In Lacs	31st March 2011 ₹ In Lacs
Provision for tax on proposed equity dividend	-	-	95.52	227.40
Provision for warranties	-	-	11.17	10.46
Provision for contingencies	-	-	3,521.22	3,603.40
Provision for customers loyalty	-	-	21.74	-
Contractors	-	99.97	-	1.19
Others	-	-	-	2,730.98
	-	99.97	6,297.39	9,193.54
Total	98.41	274.78	7,475.26	13,604.21
Provision for warranty (Period upto one year)				
Balance at the beginning of the year	-	-	10.46	9.20
Add: Additions	-	-	11.63	13.81
Less: Utilisation	-	-	10.92	12.55
Balance at the end of the year	-	-	11.17	10.46
Provision for contingencies				
(The Company has assessed the year end provision for contingencies for expected claims/ expenditure on the basis of their best estimates.)				
At the beginning of the year	-	-	3,603.40	-
Arising during the year	-	-	166.79	3,603.40
Utilised during the year	-	-	213.00	-
Unused amounts reversed	-	-	35.97	-
At the end of the year	-	-	3,521.22	3,603.40
Provision for customers loyalty (Period upto one year)				
Transferred on acquisition of a subsidiary	-	-	3.60	-
Arising during the year	-	-	19.97	-
Utilised during the year	-	-	1.83	-
At the end of the year	-	-	21.74	-
Provision for contractor (in respect of the subsidiary of a joint venture)				
At the beginning of the year	101.15	91.03	-	-
Arising during the year	-	10.12	-	-
Utilised during the year	-	-	-	-
Transferred on disposal of investment in the entity	(101.15)	-	-	-
At the end of the year	-	101.15	-	-
In respect of the subsidiary of a joint venture, the movement for "Provision – Others" during the year (being the proportionate share of Zuari Group) is as follows:-				

Consolidated Notes to Financial Statements for the year ended 31 March 2012 Contd...

PARTICULARS	Long-term		Short-term	
	31st March 2012 ₹ In Lacs	31st March 2011 ₹ In Lacs	31st March 2012 ₹ In Lacs	31st March 2011 ₹ In Lacs
At the beginning of the year	-	-	2,730.98	2195.7
Additions during the year	-	-	-	630.46
Amount used during the year	-	-	-	95.18
Transferred on disposal of investment in the entity	-	-	(2,730.98)	-
At the end of the year *	-	-	-	2,730.98
*Includes the following				
Provision for ground rent to PPT	-	-	-	526.50
Provision for port charges to PPT	-	-	-	1,348.93
Provision for Employees State Insurance	-	-	-	334.12
Provision for Land Compensation (including interest)	-	-	-	273.74
Provision for others	-	-	-	247.69
	-	-	-	2,730.98

10. Short term borrowings

PARTICULARS		31st March 2012 ₹ In Lacs	31st March 2011 ₹ In Lacs
Secured			
a.	Cash credit from banks	2,572.54	12,176.39
b.	Buyers Credit (The rate of Interest on buyers credit varies between 1.00% - 3.50%)	-	57,815.37
c.	Short Term Loans from Indian Banks	-	8,751.00
d.	Other Loans (Secured by Government of India Fertiliser Bonds)	-	28,347.54
		2,572.54	107,090.30
Unsecured			
a.	Short term loan from banks 7.75% loan from HDFC Bank Limited (Repayable within 165 days from date of drawdown)	-	10,000.00
	8.75% loan from Axis Bank Limited (Repayable within 180 days from date of drawdown)	-	30,000.00
b.	Term Loans from Others Inter Corporate Deposit	-	1,000.00
		0.00	41,000.00
	Total	2,572.54	148,090.30

- In case of Parent Company, Cash Credit of ₹ Nil (31 March 2011:: ₹ 9665.91 lacs) and Buyers Credit of ₹ Nil (31 March 2011:: ₹ 47392.80 lacs) from Bank are secured on first charge by way of hypothecation of 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 ranking pari passu with buyer's credit from banks. The Cash Credit was repayable on demand and carries interest of 9.5%. Buyers Credit carried interest at 1% to 3.5% and was repayable over a period of 180 - 360 days.

Consolidated Notes to Financial Statements for the year ended 31 March 2012 Contd...

2. Cash credit from bank of ₹ 2572.54 lacs (31 March 2011:: ₹ 1543.88 lacs) is secured against prime security on stocks and book debts and fixed assets as collateral in respect of the subsidiary company. The cash credit is repayable on demand and carries interest @ 13.5 to 15.5% p.a.
3. In respect of subsidiary, cash credit from banks of ₹ Nil (31 March 2011:: ₹868.82 lacs) was 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 was repayable on demand and carried interest of base rate plus 2.75% to 4.75% for the banks.
4. In respect to subsidiary of a joint venture, Cash credit of ₹ Nil (31 March 2011:: ₹ 97.50 lacs), Buyers Credit of ₹ Nil (31 March 2011:: of ₹ 10422.57 lacs) and secured short term loan of ₹ Nil (31 March 2011:: ₹ 8751 lacs) from Banks were secured against first charge on entire current assets and second charge (to be created) on fixed assets of the company both present and future, on pari passu basis in favour of all consortium banks. Cash Credit was repayable on demand and carried interest of 14.25%. Buyers Credit was repayable over a period of 180 - 360 days and interest varied between 1% - 3.5%. Short Term loans were repayable over a period of 180-360 days and carried interest of 11% to 13.25%.
5. In respect of subsidiary of a joint venture, short term loan of ₹ Nil (31 March 2011:: ₹ 28347.54 lacs)(being proportionate share of the Zuari Group) was secured against Fertilizer Companies GOI Special Bonds having face value of ₹ 33185.05 lacs(being the proportionate share of Zuari Group). The Short Term loan was repayable over a period of 180 to 360 days and carries interest rate of 10.75% to 11%.
6. Inter corporate deposits of ₹ 725 lacs and ₹275 lacs were repaid during the year carrying an interest of 10.75% and 15% respectively.

11. Tangible assets

(₹. in lacs)

Particulars	Freehold Land	Leasehold Land	Leasehold Improvements	Buildings	Railway Siding	Plant & machinery	Furniture & fixtures	Office equipment	Vehicles	Total
Cost										
As at 01.04.2010	1,104.78	150.75	236.65	13,699.96	1,941.72	64,869.52	2,328.17	2,231.56	725.08	87,288.19
Additions	85.00	6.60	17.51	1,123.68	-	2,785.42	100.20	379.88	265.96	4,764.25
Deductions	-	-	75.63	-	-	302.37	49.97	68.42	80.50	576.89
Deletion on disposal of Investment in joint venture by the subsidiary company						0.16	3.60	10.68	9.45	23.89
As at 31.03.2011	1,189.78	157.35	178.53	14,823.64	1,941.72	67,352.41	2,374.80	2,532.34	901.09	91,451.66
Additions on acquisition of stake	-	-	-	11.44	-	-	543.13	401.96	22.46	978.99
Additions	-	12.09	-	167.16	-	5,125.79	282.38	98.79	79.86	5,766.07
Deductions	-	-	-	5.38	-	15.31	19.47	7.41	20.02	67.59
Less: Due to De-Merger Scheme/ Divestment of stake (Refer Note No. 29)	344.16	40.18	6.27	13,277.71	1,941.72	69,720.67	749.17	1,902.67	858.22	88,840.77
As at 31.03.2012	845.62	129.26	172.26	1,719.15	-	2,742.22	2,431.67	1,123.01	125.17	9,288.36
Depreciation										
As at 01.04.2010	-	34.15	165.10	6,468.00	1,228.93	44,717.83	1,462.72	1,336.93	196.51	55,610.17
Charge for the year	-	4.34	25.88	405.25	72.96	2,638.74	112.21	229.29	76.39	3,565.06
Deductions	-	-	69.63	-	-	256.57	43.43	54.43	38.31	462.37
Deletion on disposal of Investment in joint venture by the subsidiary company							2.05	2.80	4.61	9.46
As at 31.03.2011	-	38.49	121.35	6,873.25	1,301.89	47,100.00	1,529.45	1,508.99	229.98	58,703.40
Transfer on Acquisition of Subsidiary	-	-	-	2.26	-	-	363.61	258.00	3.63	627.50
Charge for the year	-	4.50	4.36	141.57	18.22	926.97	154.47	102.30	29.64	1,382.03
Deductions	-	-	-	1.77	-	6.76	10.97	4.46	13.03	36.99

Consolidated Notes to Financial Statements for the year ended 31 March 2012 Contd...

Particulars	Freehold Land	Leasehold Land	Leasehold Improve-ments	Buildings	Railway Siding	Plant & machinery	Furniture & fixtures	Office equipment	Vehicles	Total
Less: Due to De-Merger Scheme/ Divestment of stake (Refer note No.29)	-	7.03	7.84	6,596.43	1,320.11	47,055.91	460.88	1,205.24	225.03	56,878.47
As at 31.03.2012	-	35.96	117.87	418.88	-	964.30	1,575.68	659.59	25.19	3,797.47
Net block										
As at 31.03.2011	1,189.78	118.86	57.18	7,950.39	639.83	20,252.41	845.35	1,023.35	671.11	32,748.26
As at 31.03.2012	845.62	93.30	54.39	1,300.27	-	1,777.92	855.99	463.42	99.98	5,490.89

- In respect of joint venture, leasehold land of ₹. 117.19 lacs (Gross Block) (Net Block ₹. 81.71 lacs) Previous year ₹. 117.19 lacs (Gross Block) Net Block ₹ 85.62 lacs being the proportionate share of Zuari Group is pending for registration in the name of the company.
- In respect of joint venture, plant & machinery includes ₹. 699.80 lacs (Gross Block) (Net Block ₹. 432.33 lacs) [Previous year ₹. 699.80 lacs (Gross Block) (Net Block ₹. 467.57 lacs)] , being the proportionate share of Zuari Group, representing pipelines laid on land for which Right of Way agreement is yet to be executed.
- In respect of a joint venture, buildings of ₹. 258.73 lacs (Gross Block) (Net Block ₹. 189.49 lacs) [Previous year ₹. 258.73 lacs (Gross Block) (Net Block ₹. 198.14 lacs)], being proportionate share of Zuari Group, and plant & machinery valuing ₹. 1,799.36 lacs (Gross Block) (Net Block ₹. 870.83 lacs) [Previous year ₹. 1,799.36 lacs (Gross Block) (Net Block ₹. 989.52 lacs)], being the proportionate share of Zuari Group, have been constructed/erected on leasehold land.

11(a). Intangible assets

(₹. in lacs)

Particulars	Software	Internally Generated	Total
Gross block			
As at 01.04.2010	1,277.36	199.61	1,476.97
Purchase	265.37	90.16	355.53
Deductions	-	-	-
Deletion on disposal of Investment in joint venture by the subsidiary company	11.53	-	11.53
As at 31.03.2011	1,531.20	289.77	1,820.97
Additions on acquisition of stake	93.30	-	93.30
Purchase	157.22	-	157.22
Deductions	0.81	-	0.81
Less: Due to De-Merger Scheme (Refer note No.29)	1,098.49	289.77	1,388.26
As at 31.03.2012	682.42	-	682.42
Amortization			
As at 01.04.2010	644.20	83.11	727.31
Charge for the year	349.02	26.45	375.47
Deductions	-	-	-
Deletion on disposal of Investment in joint venture by the subsidiary company	3.45	-	3.45
As at 31.03.2011	989.77	109.56	1,099.33
Transfer on Acquisition of Subsidiary	54.53	-	54.53
Charge for the year	221.61	14.15	235.76
Deductions	0.36	-	0.36
Less: Due to De-Merger Scheme (Refer note No.29)	838.69	123.71	962.40
As at 31.03.2012	426.86	-	426.86
Net block			
As at 31.03.2011	541.43	180.21	721.64
As at 31.03.2012	255.56	-	255.56

Consolidated Notes to Financial Statements for the year ended 31 March 2012 Contd...

12. Non-Current Investments (valued at cost less provision)

PARTICULARS	31st March 2012 ₹ In Lacs		31st March 2011 ₹ In Lacs	
Other than trade, Quoted				
6,00,78,200 (31st March 2011:: 6,00,78,200) Equity Shares of ₹10 each fully Paid up of Chambal Fertilisers and chemicals Limited		9,895.63		9,895.63
8,00,000 Equity shares of Gobind Sugar Mills Limited of ₹ 10 each fully paid-up		611.39		611.39
3,71,71,612 (31st March 2011:: 3,40,03,380) Equity Shares of ₹1/- each fully paid up of Texmaco Infrastructure and Holdings limited		2,365.35		1,379.90
3,29,98,900 (31st March 2011:: 3,29,98,900) Equity Shares of Re.1/- each fully Paid up of Texmaco Rail and Engineering Limited		1,369.27		1,369.26
2,93,34,310 (31st March 2011:: Nil) Equity Shares of Re.1/- each each fully paid up of Nagarjuna Oil Refinery Limited		6,944.09		-
12,50,000 (31 March 2011:: 12,50,000) Reliance Broadcast Network Ltd equity shares of ₹10 each		1,062.50		1,062.50
22,22,222 (31st March 2011:: Nil) Equity Shares of USD 0.01/- each fully paid of Synthesis Energy System Inc.		2,235.12		-
NIL(31st March 2011:: 2,13,90.900 equity shares of ₹10/- each) each fully paid up of Nagarjuna Fertilisers and Chemicals Limited		-		6,583.05
Associate				
Other than trade, Quoted				
94,24,132 (31st March 2011:: Nil) Shares of Fosfatos Pacifico S.A. of 1 Peruvian Nuevo Sol fully paidup (including goodwill of ₹ 5755.74 lacs)		7,098.31		-
Other than trade, Unquoted				
Nil (31st March 2011:: 4,00,000)10% Non Cumulative Redeemable Preference Shares of ₹100 each fully paid up of Style SPA Furniture Limited		-		400.00
NIL (31st March 2011 :: 89,00,000) Equity shares of Style Spa Furniture Limited of ₹ 10/- each fully paid-up (including Goodwill of ₹ Nil)(31 March 2011:: ₹ 234.06)			890.00	
Add: Share in post acquisition losses of the entity as at the beginning of the year	-		4.44	
Add/Less: Share of (Loss) for the current year	-		(38.09)	856.35
126,17,402 (31st March 2011:: 20,00,000) Equity Shares of ₹10/- each fully paid up of Zuari Holdings Limited	1,261.74		-	
Add: share of profit for the current year	4,926.76	6,188.50	-	-
Others, Other than trade, Unquoted				
72,000 (31st March 2011:: 72,000) Equity shares of ₹10/- each fully paid up of Indian Potash Limited		3.60		3.60
1,00,000 (31st March 2011:: 1,00,000) Equity shares of ₹10/- each fully paid up of Biotech Consortium of India Limited		10.00		10.00
2,58,250 (31st March 2011:: 2,58,250) Equity shares of ₹100/- each fully paid up of Lionel India Limited		258.90		258.90
1,55,000 (31st March 2011::5,25,000) Equity shares of ANS Constructions Ltd. of ₹10/- each fully paidup		124.00		420.00

Consolidated Notes to Financial Statements for the year ended 31 March 2012 Contd...

PARTICULARS	31st March 2012 ₹ In Lacs	31st March 2011 ₹ In Lacs
1,50,00,000 (31st March 2011:: Nil) 7% non-convertible preference shares, of ₹ 10 each fully paidup of Gobind Sugar Mills Limited redeemable in three instalments commencing from the 9th year of the date of allotment.	1,500.00	-
9,800 (31 March 2011 9,800) Equity Shares of Omani Riyal 1 each fully paid-up in Simon Engineering and Partners LLC , Sultanate of OMAN)*	10.45	10.45
6,60,000 (31st March 2011::6,60,000) - 6 % Non cumulative , Preference shares of Adventz Investments Company Pvt Ltd (formerly known as Academiam Sales Private Limited) of ₹ 100 each fully paidup	660.00	660.00
19,092 (31 March 2011 :: 19,092) Equity shares of Lionel Edwards Limited of ₹100 each fully paidup	1.91	1.91
27 6.25% Non Convertible Redeemable Taxable Bond of Rural Electrification Corporation Limited of ₹10,000 each fully paid-up	-	2.65
3,22,67,741 (31st March 2011::Nil) ₹10/- each fully paid up of Nagarjuna Fertilisers and Chemicals Limited	2,115.39	-
Total	42,454.41	23,525.59
Less : Provision for dimunition in the value of Investments *	10.45	10.45
(Simon Engineering and Partners LLC)		
Total	42,443.96	23,515.14
Aggregate Amount of Quoted Investments	24,483.35	20,901.73
(Market value ₹ 87,780.48 lacs, 31st March 2011 :: ₹ 88,416.32 lacs)		
Aggregate Amount of unquoted Investments	17,960.61	2,613.41
Total	42,443.96	23,515.14

- (a) Pursuant to the Composite Scheme of Arrangement and Amalgamation among iKisan Limited, Kakinada Fertilisers Limited (KFL), Nagarjuna Fertilisers and Chemicals Limited (NFCL) and Nagarjuna Oil Refinery Limited (NORL), the parent Company has got one fully paid up equity share of Nagarjuna Oil Refinery Limited of ₹1/- each for every one equity share of ₹10/- held in NFCL and eleven equity shares in KFL of ₹.1/- each for every ten equity shares of ₹.10/- held in NFCL. The name of KFL has subsequent to Merger has changed to NFCL. The cost of shares held in Nagarjuna Fertilisers and Chemicals Limited has been allocated in the ratio of 76.65% and 23.35% to the shares of Nagarjuna Oil Refinery Limited and Nagarjuna Fertilisers and Chemicals Limited.(formerly known as Kakinada Fertilisers Limited)
- (b) (i) The parent Company's investment in Nagarjuna Oil Refinery Limited aggregated to ₹6,944.09 lacs (based on cost allocation as above in (a)) and market value of this investment is ₹1,862.72 lacs. Hence, there is a diminution in the value of this investment by ₹5,081.37 lacs.
- (ii) The parent Company has an investment of ₹258.90 lacs in the equity shares of Lionel India Limited (LIL). As per the latest audited financial statements of LIL, it has accumulated losses which have resulted in erosion of a major portion of its net worth. LIL is continuously incurring losses.
- (iii) The parent Company has an investment of ₹2,235.12 lacs in the equity shares of Sythesis Energy Systems Inc. and market value of this investment is ₹ 1,671.11 lacs . Hence, there is a diminution in the value of this investment by ₹ 564.01 lacs.
- (iv) One of the subsidiary has investment of ₹ 611.39 lacs in equity shares and ₹1,500.00 lacs in non-cummulative preference shares of Gobind Sugars Mills Limited. As per the latest audited financials statement , it has accumulated loss which has resulted in errosion of its network. It has also recognise deferred tax asset on unabsorbed loss and depreciation and MAT credit entitlement based on future profitability projection.
- (v) One of the subsidiary has invested a sum of ₹ 1,062.50 lacs in the equity share of Reliance Broad Cast Network Limited, market value of this investment at the year end is ₹ 666.88 lacs. Hence, there is a diminution in the value of this investment by ₹ 387.50 lacs.

These being long term investments, management is of the view that the diminution in the value of these investments is temporary in nature and hence no provision is required to be made thereagainst.

Consolidated Notes to Financial Statements for the year ended 31 March 2012 Contd...

13. Loans and Advances

PARTICULARS	Non Current		Current	
	31st March 2012 ₹ In Lacs	31st March 2011 ₹ In Lacs	31st March 2012 ₹ In Lacs	31st March 2011 ₹ In Lacs
Capital advances				
Secured, considered good	8.92	-	-	-
Unsecured, considered good	1,384.08	7,521.36	-	-
	1,393.00	7,521.36	-	-
Security deposits				
Unsecured, considered good	1,553.03	1,610.73	49.54	123.92
Unsecured, considered doubtful	-	36.23	-	-
	1,553.03	1,646.96	49.54	123.92
Less provision for doubtful	-	36.23	-	-
	1,553.03	1,610.73	49.54	123.92
Loans and advances to related parties (Refer Note No. 55)				
Unsecured, considered good	134.71	-	1,011.11	-
Unsecured, considered doubtful	-	-	-	-
	134.71	-	1,011.11	-
Less provision for doubtful	-	-	-	-
	134.71	-	1,011.11	-
Advances recoverable in Cash or Kind				
Unsecured, considered good	274.34	327.43	750.39	4,276.34
Unsecured, considered doubtful	-	199.68	6.00	-
	274.34	527.11	756.39	4,276.34
Less provision for doubtful	-	199.68	6.00	-
	274.34	327.43	750.39	4,276.34
Inter corporate deposit				
Unsecured, considered doubtful	-	-	1,125.00	1,125.00
	-	-	1,125.00	1,125.00
	-	-	-	-
Less provision for doubtful	-	-	1,125.00	1,125.00
Other Loans and Advances				
Secured, considered good				
Loans to Employees	4.07	148.25	2.60	97.94
Unsecured, considered good except where other wise stated.				
Loans to Employees	42.67	387.17	14.16	46.99
MAT Credit entitlement	634.08	22.83	-	-
Prepaid expenses	3.10	2.38	148.67	123.29

Consolidated Notes to Financial Statements for the year ended 31 March 2012 Contd...

PARTICULARS	Non Current		Current	
	31st March 2012 ₹ In Lacs	31st March 2011 ₹ In Lacs	31st March 2012 ₹ In Lacs	31st March 2011 ₹ In Lacs
VAT credit receivable	-	-	42.58	62.43
Balances with Customs, Port Trust and Excise Authorities	-	0.22	180.99	115.48
Others	-	-	0.15	-
	683.92	560.85	389.15	446.13
Advance payment of income tax (net of provision for income tax)				
Considered good	39.04	9.18	907.02	1,748.09
Considered doubtful				66.05
	39.04	9.18	907.02	1,814.14
Less provision for doubtful	-	-	-	66.05
	39.04	9.18	907.02	1,748.09
	722.96	570.03	1,296.17	2,194.22
Total	4,078.04	10,029.55	3,107.21	6,594.48

The parent Company has till date recognised ₹ 634.08 lacs (31 March 2011:: ₹ 22.83 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 will enable the Company to utilize the above MAT credit entitlement.

14. Other Current Assets

PARTICULARS	Non Current		Current	
	31st March 2012 ₹ In Lacs	31st March 2011 ₹ In Lacs	31st March 2012 ₹ In Lacs	31st March 2011 ₹ In Lacs
Interest Accrued on Loans, Advances and Deposits	-	-	472.71	861.36
Interest receivable from customers	-	-	-	181.24
Interest Accrued on Loans to employees	10.04	166.74	2.19	21.68
Unamortised Premium on Forward Contracts	-	-	-	1,395.44
Unbilled revenue	-	-	1,088.89	81.41
Fertilisers Companies Government of India (at lower of cost and market value, net of dimution)	-	-	-	39,558.95
Others			42.89	
Total	10.04	166.74	1,606.68	42,100.08
Non Current bank balances (note 18)	192.90	354.88	-	-
	192.90	354.88	-	-
Total	202.94	521.62	1,606.68	42,100.08

Consolidated Notes to Financial Statements for the year ended 31 March 2012 Contd...

(a) Fertiliser Companies Government of India Special Bonds	31st March 2012 ₹ In Lacs	31st March 2011 ₹ In Lacs
7.00% Fertiliser Companies' Government of India Special Bonds 2022 (at lower of Cost and Market Value)	-	17,765.30
6.20 % Fertiliser Companies' Government of India Special Bonds 2022 (at lower of Cost and Market Value)	-	5,773.10
6.65 % Fertiliser Companies' Government of India Special Bonds 2023 (at lower of Cost and Market Value)	-	16,020.55
Total	-	39,558.95

Provision for diminution in value of Fertilizer Companies' Government of India Special bonds was done on the basis of quotation received from stock brokers for the closing stocks of respective GOI Bonds/ closing rates published by Clearing Corporation of India Limited (CCIL)

15. Current Investments

PARTICULARS	31st March 2012 ₹ In Lacs	31st March 2011 ₹ In Lacs
Unquoted		
Investments in Mutual Funds		
6,432,301.916 (31st March 2011:: 27,332,314.991) units of the Face Value of ₹10/- each in C222 L & T Freedom Income STP INST-Daily Dividend Re-investment Plan	653.21	2,775.65
523,219.074 (31st March 2011:: units of the Face Value of ₹100 each in B47 Birla Sun Life Cash Manager-IP-Daily Dividend	523.38	-
9,605,502.031 (31st March 2011:: NIL) units of the Face Value of ₹10 each in C227 L & T Select Income Fund - Flexi Inst. Dividend	1,000.00	-
15,190,431.272 (31st March 2011:: 4,996,752.111) units of the Face Value of ₹ 10/- each in Reliance Monthly Interval Fund-Sr. I- Inst. Dividend Plan	1,520.73	500.00
52,938.461 (31st March 2011:: NIL) units of the Face Value of ₹1000 each In Ufdd-Idbi Ultra Short Term Fund - Daily Dividend -Reinvestment	503.38	-
8,30,213.38 (31st March 2011:: NIL) DWS Ultra Short Term Fund insta growth of ₹10/- each	26.00	-
45,18,507.832 (31st March 2011:: NIL) units of the Face Value of ₹1000 each in Reliance Liquid Fund-Treasury Y Plan-I institutional Option-Daily Dividend Option	690.76	-
1,00,00,000 (31st March 2011::NIL) units of the Face Value of ₹10 each In C592 L&T Fmp-V(February 90 DA)-Dividend Payout	1,000.00	-
49,737.422 (31st March 2011:: NIL) units of the Face Value of ₹1000 each In C54L L&T Liquid Sup Inst Daily Dividend Reinvestment Plan	529.16	-
13,473,900.138 (31st March 2011:: NIL) units of the Face Value of ₹10 each in Kotak Floater Short Term - DD	1,363.05	-
NIL (31st March 2011:: 50,435) units of UTI Liquid cash plan- Institutional Dividend Daily Income Option of ₹ 1000 each	-	514.16
NIL (31st March 2011::60,59,069) units of B 47 Birla sun life Cash Manager - IP Daily Dividend of ₹10 each	-	606.09
NIL (31st March 2011:: 4,94,876) units of Reliance Liquid Fund Treasury plan daily dividend option of ₹ 10 each	-	75.66
NIL (31st March 2011:: 39,987) units of Reliance Medium Term Fund- Daily Dividend Plan of ₹1000 each	-	400.42

Consolidated Notes to Financial Statements for the year ended 31 March 2012 Contd...

PARTICULARS	31st March 2012 ₹ In Lacs	31st March 2011 ₹ In Lacs
NIL (31st March 2011::50,00,000) units of Reliance Fixed Horizon Fund XVIII Series 4-Dividend Plan of ₹ 10 each	-	500.00
NIL (31st March 2011:: 49,71,859) units of Kotak Bond (Short term) - Monthly Dividend of ₹ 10 each	-	500.00
NIL (31st March 2011:: 56,68,591) units of Kotak Flexi Debt Scheme Institutional - Daily Dividend of ₹ 10 each	-	569.55
NIL (31st March 2011:: 49,97,501) units of Reliance Monthly interval Fund Series II - Institutional Dividend Plan of ₹ 10 each	-	500.00
NIL (31st March 2011::25,37,780) units of Kotak Floater Long Term - Daily dividend fund daily dividend of ₹ 10 each	-	255.80
NIL (31st March 2011:: 2,24,360)units of Tata Liquid Super high Investment fund daily dividend reinvestment option of ₹ 1000/- each	-	2,500.53
NIL (31st March 2011:: 2,49,99,695.11) units of IDFC Cash Plan Daily dividend reinvestment option of ₹ 10 each	-	2,500.54
NIL (31st March 2011:: 1,05,10,359) units of Reliance quarterly Interval fund Series III Institutional dividend Plan ₹ 10 each.	-	1,051.41
NIL (31st March 2011:: 1,32,12,269) units of Fortis Money Plus Institutional Plan daily dividend of ₹10 each.	-	1,321.93
Total	7,809.67	14,571.74
Net asset value of unquoted current Investments	7,809.67	14,571.74

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

PARTICULARS	31st March 2012 ₹ In Lacs	31st March 2011 ₹ In Lacs
Raw materials	1,260.35	45,513.71
Packing materials	479.79	1,584.62
Work-in-progress	46.52	4,102.46
Project-in-progress	2,600.63	1,393.07
Finished products	2,835.00	16,723.69
Traded products	4,467.29	23,408.86
Fuel Oil	-	5,470.12
Stock in trade	3,941.09	3,941.09
Stores and spares	182.42	5,440.40
Stock in trade (securities)	2.38	1.81
Total	15,815.47	107,579.83

Consolidated Notes to Financial Statements for the year ended 31 March 2012 Contd...

17. Trade receivables

PARTICULARS	Current	
	31st March 2012 ₹ In Lacs	31st March 2011 ₹ In Lacs
Trade receivables outstanding for a period exceeding six months from the date they are due for payment	-	-
Secured, considered good	3.34	23.28
Unsecured, considered good (including subsidy receivable ₹Nil (31st March, 2011:: ₹16,008.31 lacs)	1,288.73	10,782.22
Unsecured, considered doubtful	128.21	371.46
	1,420.28	11,176.96
Less: Provision for doubtful debts	128.21	371.46
(A)	1,292.07	10,805.50
Other receivables		
Secured, considered good	50.76	2,722.30
Unsecured, considered good (including subsidy receivable ₹Nil (31st March, 2011:: ₹1,17,565.86 lacs)	5,757.55	93,559.40
(B)	5,808.31	96,281.70
Total	7,100.38	107,087.20

18. Cash and bank balances

PARTICULARS	Non Current		Current	
	31st March 2012 ₹ In Lacs	31st March 2011 ₹ In Lacs	31st March 2012 ₹ In Lacs	31st March 2011 ₹ In Lacs
Cash and cash equivalents				
a. Balances with banks				
- On Current accounts	-	-	2,402.89	33,491.19
- On Cash credit accounts	-	-	-	137.73
- On Deposits accounts with original maturity less than three months	-	-	1,300.00	25,175.00
- On EEFC accounts				1,326.41
- On Unpaid dividend account	-	-	34.41	31.01
- On Interest warrant accounts	-	-	13.34	24.52
b. Cheques on hand	-	-	155.03	4.72
c. Cash on hand	-	-	107.14	11.02
	-	-	4,012.81	60,201.60
Other bank balances				

Consolidated Notes to Financial Statements for the year ended 31 March 2012 Contd...

PARTICULARS	Non Current		Current	
	31st March 2012 ₹ In Lacs	31st March 2011 ₹ In Lacs	31st March 2012 ₹ In Lacs	31st March 2011 ₹ In Lacs
Deposits with original maturity for more than 12 months	128.24	354.88	180.00	357.13
Deposits with original maturity for more than 3 months but less than 12 months	-	-	1,861.79	6,313.88
Margin money	64.66	-	608.42	518.30
Total	192.90	354.88	2,650.21	7,189.31
Amount disclosed under non current assets	(192.90)	(354.88)	-	-
	-	-	6,663.02	67,390.91

Deposit accounts include pledged deposit of ₹659.18 lacs (31st March 2011 ₹ 633.08 lacs with banks and government departments)

19. Revenue from operations

PARTICULARS	31st March 2012 ₹ In Lacs	31st March 2011 ₹ In Lacs
Revenue from operations		
Sale of products		
Finished products	135,033.60	444,326.62
Traded products	42,162.97	299,203.59
Terminalling Services (net of service tax)	780.81	862.49
Sale of Engineering Supplies and other Services (net of service tax)	10,956.09	16,508.60
Other operating revenues		
Scrap Sales	116.04	280.79
Revenue from operations (gross)	189,049.51	761,182.09
Less: Excise duty	1,298.43	1,021.47
Revenue from operations (net)	187,751.08	760,160.62

- (a) Sale of finished and traded products include Government Subsidies. Subsidies include ₹118.72 lacs (31st March 2011:: ₹ 6,708.40 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 known policy parameters in this regard.
- (c) Excise duty on sales amounting to ₹1298.43 lacs (31st March, 2011:: ₹1021.47 lacs) has been reduced from sales in statement of profit and loss and excise duty on increase / decrease in stock amounting to ₹(42.90) lacs (31st March, 2011 ₹ 21.47 lacs) has been considered as (income)/expense in the financial statement.

20. Other income

PARTICULARS	31st March 2012 ₹ In Lacs	31st March 2011 ₹ In Lacs
Interest Income on		
Interest on Income tax refunds	432.05	494.67
Bank deposits	544.09	541.17
Interest on Government of India Fertiliser Bonds	765.12	6,023.80
Loans, etc	202.90	864.58

Consolidated Notes to Financial Statements for the year ended 31 March 2012 Contd...

PARTICULARS	31st March 2012 ₹ In Lacs	31st March 2011 ₹ In Lacs
Dividend Income on		
Current investments	936.50	1,468.09
Long-term investments	1,803.78	1,204.74
Profit on disposal of long term Investments	29.60	117.88
Profit on disposal of current Investments	1.34	12.31
Profit on disposal of fixed assets(net)	105.83	-
Rent received	133.58	183.95
Other non-operating income	1,826.67	3,726.13
Total	6,781.46	14,637.32

21. Cost of raw materials consumed:

PARTICULARS	31st March 2012 ₹ In Lacs	31st March 2011 ₹ In Lacs
Inventory at the beginning of the year	45,513.72	35,118.10
Add : Purchases	100,865.87	351,147.28
Add : Transfer of Stock for captive consumption	4,314.29	-
Less: Stock Transferred on account of Demerger	28,999.68	-
Less: Adjustment on divestment of stake in subsidiaries and joint ventures during the year	20,547.07	-
Less: Inventory at the end of the year	1,260.35	45,513.71
Cost of raw materials consumed	99,886.78	340,751.67

22. Details of purchase of traded products:

PARTICULARS	31st March 2012 ₹ In Lacs	31st March 2011 ₹ In Lacs
Traded products purchase details		
DAP	40,476.63	155,591.07
MOP	698.03	95,254.55
SSP	33.81	233.06
SOP	-	562.23
NPK Fertilisers	8,909.03	17,033.89
Speciality Fertilisers	1,210.80	4,052.30
Pesticides	6,413.73	8,813.18
Ammonia	159.30	475.30
Furniture and accessories	5,720.02	4,144.51
Total	63,621.35	286,160.09

Consolidated Notes to Financial Statements for the year ended 31 March 2012 Contd...

23. (Increase) in inventories

PARTICULARS	31st March 2012 ₹ In Lacs	31st March 2011 ₹ In Lacs
Inventories at the end of the year		
Finished products	2,835.00	16,723.69
Traded products	4,467.29	23,408.86
Project Work-in-progress	2,600.62	1,393.07
Work-in-progress	46.52	4,102.46
Stock in trade (securities)	2.38	1.81
	9,951.81	45,629.89
Inventories at the beginning of the year		
Finished products	16,723.69	6,703.72
Traded products	23,408.86	6,737.87
Project Work-in-progress	1,393.06	851.29
Work-in-progress	4,102.46	3,460.00
Stock in trade (securities)	1.81	2.38
Add: Adjustment on investment of stake in a subsidiary during the year	1,277.64	-
Less: Adjustment on divestment of stake in subsidiaries and joint venture during the year	(8,952.36)	-
Less : Stocks Transferred on account of demerger to		
Zuari Holdings Limited		
Finished products	(6,288.16)	-
Products	(43,830.91)	-
Work-in-progress	(2,104.03)	-
less : Captive consumption	(4,314.29)	-
	(18,582.23)	17,755.26
Total	(28,534.04)	(27,874.63)

24. Employee benefit expense

PARTICULARS	31st March 2012 ₹ In Lacs	31st March 2011 ₹ In Lacs
Salaries, wages and bonus	6,250.70	10,216.50
Contribution to provident and other funds	538.86	1,152.20
Gratuity (Refer Note No. 49)	112.38	1,292.20
Post employment medical benefits	11.25	46.95
Staff welfare expenses	769.66	2,063.57
Total	7,682.85	14,771.42

Consolidated Notes to Financial Statements for the year ended 31 March 2012 Contd...

25. Other expenses

PARTICULARS	31st March 2012 ₹ In Lacs	31st March 2011 ₹ In Lacs
Consumption of packing materials	2,539.54	6,422.89
Catalyst consumption	205.04	72.60
Stores and spares consumed	500.99	916.93
Power, fuel and water	8,638.88	27,239.32
Bagging and other contracting charges	1,623.96	4,257.77
Outward freight and handling	7,891.05	33,463.04
Project expenses (Refer details below)	6,774.67	10,955.39
Rent	1,925.51	1,996.09
Lease rentals	45.41	106.09
Rates and taxes	65.17	283.46
Insurance	130.93	487.64
Repairs and maintenance		
Buildings	125.92	300.72
Plant & machinery	1,591.63	6,026.96
Others	391.47	1,025.53
Consultancy and professional charges	2,783.16	1,089.71
Cash rebate	35.76	64.98
Commission expenses	370.81	357.84
Subsidy claims written off	19.48	35.90
Sundry balances written off	35.73	152.04
Excise duty on increase/(decrease) on inventory	(42.90)	21.47
Loss on sale of Fertiliser Companies' Government of India Special Bonds	-	809.01
Diminution in the value of Fertiliser Companies' Government of India Special Bonds (31st March 2011:: ₹ Nil)	685.82	603.07
Donations	135.61	5.00
Loss on fixed assets sold/discarded (net)	-	81.53
Provision for Doubtful Debts, loans, Claims and Advances	49.79	1,259.76
Miscellaneous expenses	4,281.25	10,986.80
Total	40,804.68	109,021.54
Project expenses		
Project supplies	2,711.45	1246.58
Travelling and conveyance	181.07	122.37
Consultation/ sub-contracting fee	3,367.56	5771.40
Insurance	15.62	15.83
Bank charges	33.99	51.86
Site office expenses	27.03	74.79
Printing, stationery and communication	7.92	6.39
Contingencies	236.78	3603.40
Miscellaneous expenses	193.25	62.77
	6,774.67	10,955.39

Consolidated Notes to Financial Statements for the year ended 31 March 2012 Contd...

26. Depreciation and amortisation expense

PARTICULARS	31st March 2012 ₹ In Lacs	31st March 2011 ₹ In Lacs
Depreciation on tangible assets	1,382.03	3,565.06
Amortization of intangible assets	235.76	375.47
Total	1,617.79	3,940.53

27. Finance costs

PARTICULARS	31st March 2012 ₹ In Lacs	31st March 2011 ₹ In Lacs
Interest expense	2,282.98	9,216.26
Bank charges	294.92	405.67
Total	2,577.90	9,621.93

28. Exceptional Items (net)

During the year there was a major fire incident to the multiproduct pipeline of one of the joint venture of the Company. The joint venture company had to take extensive measures to ensure the safety and rehabilitation of the people in the vicinity. The relief and rehabilitation provided to the people and victims has been accounted as exceptional item.

PARTICULARS	31st March 2012 ₹ In Lacs	31st March 2011 ₹ In Lacs
Fire incident Expenses		-
Third Party claims	169.63	-
Health and Safety Environment Expenses	70.38	-
Repair & Maintenance	25.61	-
Travelling & conveyance	16.28	-
Legal & Professional	50.08	-
Other expenses	22.16	-
	354.14	-
Loss (profit) on divestment of stake in Subsidiaries / Joint Ventures (net)		
Zuari Seeds Limited (from subsidiary to associate)	(2,085.14)	-
Zuari Fertilisers & Chemicals Limited (from subsidiary to associate)	(54.08)	-
Zuari Holdings Limited (from subsidiary to associate)	(53.06)	-
Zuari Maroc Phosphates Limited (from joint venture to associate)	35,300.71	-
Zuari Rotem Speciality Fertilisers Limited (from joint venture to associate)	109.50	-
Gulbarga Cement Limited (from subsidiary to joint venture)	(2,181.55)	-
Loss on divestment of stake in subsidiaries / Joint Ventures (net)	31,036.38	-
Total	31,390.51	-

29. Demerger

- a) Pursuant to the Scheme of Arrangement and Demerger ("the Scheme") between Zuari Industries Limited and Zuari Holdings Limited approved by the Hon'ble High Court of Bombay at Goa on 2nd March, 2012, all the Assets, Liabilities pertaining to Fertiliser Undertaking as on 1st July, 2011 have been transferred to Zuari Holdings Limited (ZHL) at their book values and accordingly ₹68348.90 lacs being the surplus of Assets over the Liabilities of the Fertiliser undertaking so Demerged, has been reduced from Capital Redemption Reserve, Capital Reserve, General Reserve and Statement of Profit and Loss in terms of the Order of the Hon'ble High Court of Bombay at Goa. The said Order has been filed with Registrar of Companies on 21st March, 2012.

Consolidated Notes to Financial Statements for the year ended 31 March 2012 Contd...

b) The summary of the assets and liabilities transferred to ZHL as on July 1, 2011 is as below:

Particulars	Amount ₹ In lacs
Fixed Assets (Net)	21,410.02
Current Assets , Loans and advances	2,35,545.04
	2,56,955.06
Less: Current Liabilities and Provisions	83,938.44
Less: Loans and Borrowings (Secured and unsecured)	1,03,143.66
Less: Deferred Tax liabilities	1,524.06
	1,88,606.16
Net Transfer	68,348.90

- c) Pursuant to the Scheme, Zuari Holdings Limited has since issued 29,440,604 Equity Shares of ₹ 10/- each aggregating to ₹ 2,944.11 lacs to the existing shareholders of the Parent Company, in the ratio of 1 fully paid up Equity Share of ₹ 10/- each of Zuari Holdings Limited for each share of ₹ 10/- each held in the Parent Company.
- d) The results of the Zuari Group for the current year ended 31st March, 2012 are after giving effect to the Scheme, whereby the Fertiliser Undertaking has been demerged to Zuari Holdings Limited with appointed date of 1st July, 2011 and accordingly its previous year's figures are not comparable with current year.
- e) As per the Scheme, during the period between the Appointed date and the Effective date, the Company deemed to have carried on the Fertiliser Undertaking in "trust" on behalf of Zuari Holdings Limited. Further all profits or incomes earned and losses and expenses incurred for Fertiliser Undertaking, shall for all purpose, be deemed to be profits or income or expenditure or losses of Zuari Holdings Limited.
- f) The title deeds of immovable properties, licenses, agreements, loan documents etc. of the parent company are in the process of being transferred in the name of Zuari Holding Ltd.

30. List of Subsidiaries, Joint Ventures and Associates 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 March 31, 2012	Proportion of Ownership Interest as at March 31, 2011
Indian Furniture Products Limited (IFPL)	India	100.00%	100.00%
Simon India Limited (Refer note (i) below)	India	100.00%	100.00%
Zuari Management Services Limited	India	100.00%	100.00%
Adventz Infracore India Limited	India	100.00%	100.00%
Zuari Investments Limited consolidated including its subsidiaries and associates. (Refer Note (ii) below)	India	100.00%	100.00%
Globex India Ltd	UAE	100.00%	100.00%
Style Spa Furniture Limited (effective September 27, 2011). (33.96% held by Zuari Investment Limited; 12.01% held by Zuari Management Services Limited and 6.89% held by Zuari Industries Limited (upto September 26, 2011, it was an associate) (Refer Note (vi) below)	India	52.86%	--
Zuari Holdings Limited (100% subsidiary upto June 30, 2011 (Refer Note (iii) below) and thereafter effective July 1, 2011 Associate of the Company)	India	--	100.00%
Zuari Seeds Limited (100% subsidiary upto June 30, 2011 and thereafter effective July 1, 2011 Subsidiary of an Associate).	India	--	100.00%
Gulbarga Cement Limited (100% Subsidiary up to September 8, 2011, thereafter effective September 9, 2011 joint venture company) (Refer Note (viii) below)	India	--	100.00%
Zuari Fertilisers & Chemicals Limited (100% subsidiary upto June 30, 2011 and thereafter effective July 1, 2011 Subsidiary of an Associate)	India	--	100.00%

Consolidated Notes to Financial Statements for the year ended 31 March 2012 Contd...

b) Following Joint Ventures have been consolidated on proportionate basis:

Name of the Company	Country of Incorporation	Proportion of Ownership Interest as at March 31, 2012	Proportion of Ownership Interest as at March 31, 2011
Zuari Indian Oiltanking Limited	India	50%	50%
Gulbarga Cement Limited (effective September 9, 2011)	India	26%	--
MCA Phosphates Pte. Ltd. (w.e.f December 12, 2011), including its associate Fafatos del Pacifico SA. (refer note (iv) below)	Singapore	30%	--
Zuari Maroc Phosphates Limited (consolidated including its 80.45% subsidiary – Paradeep Phosphates Limited) up to June 30, 2011, thereafter, effective July 01, 2011, joint venture of an associate	India	--	50%
Zuari Rotem Speciality Fertilizers Limited (ZRSFL) (up to June 30, 2011, thereafter, effective July 01, 2011, joint venture of an associate	India	--	50%

c. Investments in following Associates have been accounted for on equity basis:

Name of the Company	Country of Incorporation	Proportion of Ownership Interest as at March 31, 2012	Proportion of Ownership Interest as at March 31, 2011
Style Spa Furniture Limited (12.9% held by Indian Furniture Products Ltd. and 36.47% by Zuari Investments Ltd.)- up to September 06, 2011. Subsequently, it has become subsidiary of the Parent company.	India	-	49.37%
Zuari Holdings Limited Consolidated (including subsidiaries and Joint ventures)w.e.f. July 1, 2011 (Refer Note (iii) below)	India	30.00%	-

- i) The subsidiary company, had 49% interest in the assets, liabilities, expenses and output of Simon Engineering & Partners LLC, incorporated in Sultanate of Oman (JV Company). The subsidiary company is of the opinion that they have no control on the said JV Company and hence JV Company has not been consolidated as required under Accounting Standard-27 Financial Reporting of Interests in Joint Ventures as notified by Companies Accounting Standards Rules, 2006 (as amended). However, the subsidiary company had created a provision for diminution in the value of investment in the share capital of the JV company and provision against amount receivable from JV company against the invoices raised by the Subsidiary company in the financial statement.
- ii) Consolidated including its subsidiaries – Zuari Insurance Brokers Limited (100%), Zuari Commodity Trading Limited (100%), Zuari Financial Services Limited (100%), Associates (upto September 06, 2011)-Style Spa Furnitures Limited (36.47%)
- iii) Consolidated including its subsidiaries – Zuari Seeds Limited , Zuari Fertilisers and Chemicals Limited; Joint Venture- Zuari Maroc Phosphates Limited (50%) including its 80.45% subsidiary Paradeep Phosphates Limited and Zuari Rotem Speciality Fertilisers Limited (50%).
- iv) During the year, the Parent Company in joint venture with Mitsubishi Corporation, Japan set up MCA Phosphates Pte Limited, Singapore, and subscribed to 30% equity stake in MCA Phosphates Pte Limited. This Joint Venture company acquired a 30% equity stake in Fosfatos del Pacifico S.A., Peru by acquiring 31,413,774 shares. Fosfatos del Pacifico S.A., Peru owns a rock phosphate mining licence and is developing a project for production of beneficiated rock phosphate. MCA Phosphates Pte Limited financial statements for the period ended March 31, 2012 are unaudited. Also, financial statements of its associate are for a period ended December 31, 2011.
- v) Financial statements of Gulbarga Cement Limited as at and for the year ended March 31, 2012 are unaudited.
- vi) During the year, the Zuari Group has acquired stake in Style Spa Furniture Limited on July 27, 2011 (resulting in the company becoming 100% subsidiary of Zuari Industries Limited). The aforesaid acquisition have effect of increase in assets and liabilities by ₹ 3,498.52 lacs and ₹ 2,422.25 lacs respectively and decrease in result by ₹ 640.89 lacs in Consolidated Financial Statements.
- vii) During the year, the Zuari Group has divested its stakes in Zuari Seeds Limited, Zuari Rotem Speciality Fertilisers Limited, Zuari Maroc Phosphates Limited and Zuari Fertilisers and Chemicals Limited in the month of May & June, 2011. The aforesaid divestments have effect on decrease in assets and liabilities by ₹ 129,757.03 lacs and ₹ 76,007.30 lacs respectively and increase in result by ₹ 730.44 lacs in Consolidated Financial Statements.

Consolidated Notes to Financial Statements for the year ended 31 March 2012 Contd...

- viii) During the year, the Zuari Group has divested stake in Gulbarga Cement Limited on September 08, 2011 (resulting the company becoming JV company of Zuari Industries Limited). The aforesaid disposal have effect of decrease in assets and liabilities by ₹ 11,202.55 lacs and ₹ 6648.77 lacs respectively and decrease in result by ₹ 100.66 lacs. (being the proportionate share of Zuari Group on the date of disinvestment)

31. Contingent Liabilities (Not Provided For):

(₹ in lacs)

Particulars		As at March 31, 2012		As at March 31, 2011	
		Zuari & its Subsidiaries	*Joint Ventures	Zuari & its Subsidiaries	*Joint Ventures
I.	Demands / Claims from Government Authorities **				
A	Demands from Excise/ Service Tax Authorities				
	i Disputed Service Tax matters pending.	126.40	-	123.67	-
	ii Demand notice from Service Tax Authorities towards Service Tax under Goods Transport Agency Services for the period 2006-07 to 2009-10.	-	-	94.10	-
B	Demands from Sales Tax Authorities				
	i Sales tax demand for the year 2007-08 in Uttar Pradesh Region was stayed by the Hon'ble Allahabad High Court. The matter is pending before the Appellate Authority for further hearing.	-	-	-	45.31
	ii Demand notice from Karnataka Sales Tax Authorities (VAT) for levying penalty on Professional tax for the years 2005-06 to 2008-09. The Company has filed appeal before Joint Commissioner of Commercial Taxes (Appeals), Bangalore, against the same. (Transferred to Zuari Holdings Ltd. In term of the Scheme of Arrangement and Demerger. Refer Note no. 3)	-	-	42.56	-
	iii Orissa 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 a non scheduled goods under the Orissa Entry Tax Act. The matter is pending before the original authority for further hearing.	-	-	-	36.77
	iv Branch transfers and export sales were disallowed and considered as inter state sales. Stay has been received from the Supreme Court of India and Appellate Tribunal against such demand. However, the case has been disposed off by the Hon'ble Supreme Court with continuance of stay till disposal by the Appellate Authority and cases are pending for further hearing.	-	-	-	5,238.43
	v Orissa Sales Tax Authority levied penalty on Entry Tax on account of Custom Duty. The Company filed an appeal before the Appellate Authority against such demand which is yet to be disposed off.	-	-	-	32.55
	vi Pending case before the Appellate Tribunal relating to the period 2002-03 under the Uttar Pradesh Trade Act 1948 (Amount deposited under protest)	9.25	-	-	-
	vii Pending case before the Joint Commissioner (Appeals) relating to the period 2004-05 under the West Bengal Sales Tax Act, 1941	59.03	-	-	-
	viii Pending case before the Deputy Commissioner (Appeals) relating to the period 2001-02 under the West Bengal Sales Tax Act, 1941	3.56	-	-	-
	ix Pending case before the Revision Board relating to the period 2003-04 under the West Bengal Sales Tax Act, 1941	7.63	-	-	-
	x Others	46.57	-	49.63	0.61

Consolidated Notes to Financial Statements for the year ended 31 March 2012 Contd...

Particulars		As at March 31, 2012		As at March 31, 2011	
		Zuari & its Subsidiaries	*Joint Ventures	Zuari & its Subsidiaries	*Joint Ventures
II	Taxation matters**				
i	Income Tax Demand for Assessment year 2009-10 (The subsidiary company has deposited ₹ 300.60 lacs against the same)	380.31	-	-	-
III	Other claims against the Company not acknowledged as debts**				
i	Penal interest on loan from Government of India, due to delay.	-	-	-	172.22
ii	Industrial Dispute and Miscellaneous Labour cases pending at various forums at different stages of dispute.	-	-	-	357.49
iii	Interest on electricity duty on captive power generation	-	-	-	35.47
iv	Others	-	-	15.91	19.18
IV	Aggregate amount of guarantees issued by the banks to various Government Authorities and Others	-	7.62	15543.96	7.62
V	Estimated amount of contracts remaining to be executed on capital account not provided for	1512.77	1905.10	7527.21	1366.43

* Figures given in respect of Joint ventures represent proportionate share of Zuari Group in the contingent liabilities of these joint ventures.

** Based on discussions with solicitors / favorable decisions in similar cases/legal opinions taken by the respective entities, the management of the respective entities believes that there is a good chance of success in above mentioned cases and hence, no provision thereagainst is considered necessary.

32. Corporate guarantees given in favour of banks & others on behalf of Joint Venture, Associates and others:

Particulars	As at March 31, 2012 (₹ in lacs)	As at March 31, 2011 (₹ in lacs)
Style Spa Furniture Limited	Nil	1,025.00
Zuari Seeds Ltd (Subsidiary of an Associate)	2100.00	Nil

33. Contingent Liabilities of Associates*:

Particulars	As at March 31, 2012 (₹ in lacs)	As at March 31, 2011 (₹ in lacs)
Demand/claims from Government authorities	5,441.04	68.28
Other claims against the Company not acknowledged as debts	638.51	-
Aggregate amount of guarantees issued by the banks to various Government Authorities and Others	12,485.56	-
Estimated amount of contracts remaining to be executed on capital account (not provided for)	11,178.64	-

*The amounts represent total amounts reported in the Associate's financial statements

34. Goodwill appearing in the financial statements denotes the goodwill in respect of subsidiaries acquired by the parent company and the proportionate share of the Group in the goodwill appearing in the consolidated financial statements as per details given below. Such goodwill has been tested for impairment using the cash flow projections, which are based on most recent financial budgets/forecasts approved by the management.

Consolidated Notes to Financial Statements for the year ended 31 March 2012 Contd...

Company	2011-12	2010-11
Zuari Seeds Ltd.	-	91.97
Zuari Investments Ltd.	970.93	970.93
Adventz Infracore India Ltd.	829.36	829.36
Gulbarga Cement Ltd.	8.60	3.60
Zuari Maroc Phosphates Limited (Consolidated)	-	18,029.27
Style Spa Furniture Ltd.	248.29	
Total	2,057.18	19,930.13

35. Earnings Per Share (EPS):

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Profit/ (Loss) after taxation as per Statement of Profit and Loss (₹ in lacs)	(21,788.70)	24,752.23
Number of shares used in computing earnings per share – Basic and Diluted	2,94,40,604	2,94,40,604
Earnings per share - Basic and diluted (in Rupees)	(74.01)	84.07
Face value per share (in Rupees)	10.00	10.00

36. Department of Fertiliser, Government of India has issued an Office Memorandum dated July 11, 2011, where by subsidy rate applicable on closing stock of Finished Goods and Raw Materials as on 31st March, 2011 has been revised to subsidy rates applicable for the financial year 2010-11 as per the Nutrient Based subsidy policy. Accordingly, the Parent Company and subsidiary of joint venture adjusted their subsidy income for the current year by ₹ 8,007.82 lacs (including proportionate share of Zuari Group in joint venture), to give impact of above mopping up adjustment.
37. Under 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., 10,564 (previous year 10,564) Rights' Equity Shares entitlements have been kept in abeyance pursuant to Section 206A of the Companies Act, 1956.
38. In the case of Parent Company, pending receipt of appeal effect orders for the assessment years 1998-99 to 2000-01 and 2002-03 to 2005-06, where appeal has been decided partly in favour of the Parent Company by the Income Tax Appellate Tribunal, interest on income tax refund has not been recognized thereof as the amount is presently not reasonably determinable. Interest income on this refund will be recognized in the year the appeal effect order is received from Income Tax Department.
39. Net foreign exchange variation debited to the current year consolidated statement of profit and loss aggregates ₹ 1,947.35 lacs (including ₹ 469.78 lacs in respect of Joint Venture entities) [Previous year ₹ 8,737.83 lacs (including ₹ 880.01 lacs in respect of joint Venture entities)].

40. Particulars of Foreign Currency Exposures:

Forward Contracts outstanding as at the Balance Sheet Date (for the parent company and its subsidiaries):

Details of Derivatives	31.03.2012	31.03.2011	Purpose
Buy (Amount in USD)	Nil	19,78,87,924	To hedge the purchases of raw materials and traded goods

Forward Contracts outstanding as at the Balance Sheet Date (for the joint venture, being the proportionate share of Zuari Group):

Details of Derivatives	31.03.2012	31.03.2011	Purpose
Buy (Amount in USD)	Nil	3,09,21,163	To hedge the purchases of raw materials and traded goods

Consolidated Notes to Financial Statements for the year ended 31 March 2012 Contd...

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		Foreign currency Involved
	31.03.2012	31.03.2011	
Trade Payables	58,23,789	1,01,36,199	USD
Claims receivable	-	21,38,249	USD
Advance to Suppliers	-	2,66,000	Euro
Advance to Suppliers	15,406	25,158	USD
Trade Payables	5,11,925	9,34,706	Euro
Trade Receivables	34,55,082	60,21,651	USD
Advances from Customers	3,75,656	8,37,216	USD
EEFC USD Account	6,37,518	29,72,786	USD
EEFC Euro Account	1,100	1,100	Euro
EEFC GBP Account	2,625	--	GBP
Saudi Bank (SAR) (Banque Saudi Fransi Bank, Saudi British Bank)	3,65,142	2,53,410	SAR

**Unhedged foreign currency exposures as at the Balance Sheet Date
(for the joint venture, being the proportionate share of Zuari Group):**

Nature of Exposure	Outstanding amount in foreign currency		Foreign currency Involved
	31.03.2012	31.03.2011	
Trade Payables	-	1,31,09,367	USD
Claims receivable	-	9,56,025	USD
Trade Payables	5,74,579	-	Euro

41. Operating Leases:

- (a) In one of the subsidiary companies vehicles are obtained on operating leases. The lease term is for 3 to 5 years and renewable at the option of the subsidiary company. There is no escalation clause in the lease agreements. There are no restrictions imposed by the lease arrangements. There are no subleases.

(₹ in Lacs)

PARTICULARS		2011-12	2010-11
i	Lease payments for the year	17.99	18.52
ii	Payable for a period not later than one year	13.48	17.94
iii	Payable for a period later than one year and not later than 5 years	17.05	25.10
iv	Payable for the period later than 5 years	-	-

- (b) In one of the subsidiary companies office premises are obtained on operating lease. The lease term is for 3 years and renewable for further 6 years at the option of the company at an escalation of 15% on rent. There are no restrictions imposed by the lease arrangements. There are no subleases.

Consolidated Notes to Financial Statements for the year ended 31 March 2012 Contd...

(₹ in Lacs)

PARTICULARS		2011-12	2010-11
i	Lease payments for the year	288.32	298.12
ii	Payable for a period not later than one year	246.69	254.83
iii	Payable for a period later than one year and not later than 5 years	1,094.31	1,116.48
iv	Payable for a period later than five years	1,077.72	1,145.36

- (c) In one of the subsidiary Companies showrooms are taken on operating lease. The lease term is for 9 years renewable every 3 years at an escalation of 15% per block of 3 years. The right to terminate vests with the subsidiary company.

(₹ in Lacs)

PARTICULARS		2011-12	2010-11
i	Lease payments for the year	1,605.99	--
ii	Payable for a period not later than one year	1,977.47	--
iii	Payable for a period later than one year and not later than 5 years	8,936.78	--
iv	Payable for a period later than five years	2,206.54	--

- (d) One of the subsidiary Companies, has entered into agreement for lease of warehouses / office premises for period ranging from 11 months to 9 years. Lease rentals are to be escalated @5% per annum. Future minimum rentals payable under operating lease are as follows:.

(₹ in Lacs)

PARTICULARS		2011-12	2010-11
i	Lease payments for the year	240.44	166.67
ii	Payable for a period not later than one year	293.24	186.05
iii	Payable for a period later than one year and not later than 5 years	1,036.21	511.40
iv	Payable for the period later than 5 years	625.55	186.69

- (e) In case of a Joint venture, it is obligated under cancellable lease for office space that is renewable on a periodic basis at the option of both the lessor and lessee. The total rental expenses under cancellable operating leases amounted to ₹ 7.61 lacs (Previous year ₹ NIL) (being the proportionate share of Zuari group).

- (f) The Parent Company has obtained office premises, apartments and warehouses on operating leases for the period ranging from 2-6 years. In all cases, the agreements are further renewable at the option of the parent company. There is escalation clause in the respective lease agreements. All the leases are cancellable in nature. The total lease payments in respect of such leases recognized in the Statement of Profit & Loss for the year are ₹ 101.17 lacs (Previous year ₹ 1037.48 lacs).

42. In respect of a joint venture, capital work in progress includes borrowing cost of ₹ 226.28lacs incurred in the current period (Previous year ₹ Nil lacs) [being the proportionate share of Zuari Group]. The Company has also earned interest of ₹ 5.44 lacs (Previous year ₹ Nil) [being the proportionate share of Zuari Group] by investment of surplus funds borrowed for the setting up of cement plant which has been netted off. Further employee cost is primarily related to project and hence, included in Capital work in progress.
43. In respect of a joint venture, Trade Receivables include over dues of ₹ 31.77 lacs (being the proportionate share of Zuari Group) (Previous year ₹ 22.25) (being the proportionate share of the Zuari Group) due from a Public Sector Oil Marketing Company which, in the opinion of the Management is fully recoverable from the concerned party in the due course of time and no provision there against is considered necessary.
44. In respect of one of the subsidiaries the accumulated losses exceed the aggregate of its paid up capital and reserves. However, the accounts have been prepared on a going concern basis, keeping in view the increasing activity relating to Project Construction and

Consolidated Notes to Financial Statements for the year ended 31 March 2012 Contd...

Management.

45. The joint venture company has received claim in respect of the fire incident from parent company as a customer amounting to ₹ 3,412.51 lacs (being proportionate share of Zuari Group) which is under discussion with the said customer. The joint venture company has also lodged their claim with insurance company for the aforesaid amount including the amount already incurred/to be incurred as shown in Note no. 28 above. This claim is currently being examined by the insurance company and pending the outcome of discussions with the customer and completion of examination by the insurance company, the joint venture company has not provided for the aforesaid claims in the books.

Based on the estimates, the joint venture company has also accrued a sum of ₹ 9.10 lacs (being proportionate share of Zuari Group) towards the environmental study cost to be incurred in the subsequent period, which in the opinion of the Company is adequate.

46. In respect of a joint venture of the Company, it has provided for right of way charges aggregating to ₹ 282.51 lacs (being the proportionate share of the Zuari Group) (including ₹ 249.65 lacs provided upto previous year) (being the proportionate share of the Zuari Group) payable to Public Works Department, Government of Goa, on the basis of expected settlement as the agreement for the same is in the process of finalization.
47. In respect of a subsidiary Company, with regard to transactions of purchases of raw materials from a private limited company covered under Section 297 of Companies Act, 1956 ('the Act'), the subsidiary company has inadvertently not obtained the necessary approvals required under the Act. The said private limited company has been a regular supplier of such raw material and the aggregate value of transactions entered into during the year ended March 31, 2012 was ₹ 19.12 lacs (31 March 2011:: ₹ 333 lacs) and the subsidiary company had sold finished goods aggregating to ₹ 4.85 lacs (31 March 2011:: ₹ Nil) . The subsidiary company is in the process of initiating necessary approval from its board of directors and seeking condonation from the Central Government for the non-compliance under Section 297 of the Act. The management does not expect any material impact on the financial statements on account of the above.
48. In respect of a subsidiary engaged in engineering and contracting sector (Simon India Limited,'SIL'), disclosures relating to Project revenue recognized in accordance with Accounting Standard - 7 on Construction Contracts* are as under:

S.No.	Particulars	As at March 31, 2012 (₹ in lacs)	As at March 31, 2011 (₹ in lacs)
1.	Contract revenue recognized as revenue in the period [Clause 38 (a)]	9,342.94	15,683.02
2.	Aggregate Amount of cost incurred and recognized profits up to the reporting date on contract under progress [Clause 39(a)]	8,091.08	10,843.82
3.	Amount of advance received on contract under progress and outstanding at year end. [Clause 39 (b)]	1,368.51	1,443.01
4.	Amount of retentions on contract under progress [Clause 39 (c)]	969.41	2,213.93
5.	Gross amount due from customers for contract work as an asset [Clause 41(a)]	2,113.00	945.38
6.	Gross amount due to customers for contract work as a liability [Clause 41(b)]	Nil	Nil
7.	Method used to determine project revenue during the year	Refer accounting policy for revenue recognition	
8.	Method used to determine the stage of completion of projects in progress	Refer accounting policy for revenue recognition	

* Excluding engineering and other monthly service contracts.

49. 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 subsidiaries, a joint venture the scheme is funded with an insurance company in the form of a qualifying insurance policy.

In respect of other entities of the group, the defined benefit gratuity plan is unfunded.

The current year disclosures in the following tables summarize the components of the net gratuity expense recognized in the

Consolidated Notes to Financial Statements for the year ended 31 March 2012 Contd...

consolidated Statement of Profit & loss for the Group.

Statement of Profit and Loss

Net employee benefit expense (recognized in Employee Cost) for the year ended March 31, 2012:

(₹ in lacs)

Particulars	Gratuity			
	Funded		Unfunded	
	31.3.2012	31.3.2011	31.3.2012	31.3.2011
Current Service Cost	61.96	332.11	34.45	17.96
Interest cost on benefit obligation	83.85	170.83	6.04	4.53
Expected return on plan assets	(115.82)	(254.48)	-	-
Net actuarial (gain)/loss recognized in the year	36.38	(642.38)	0.66	(0.42)
Past service cost (Vested)	-	1,659.71**	-	-
Past service cost (Non Vested)	-	3.80	-	-
Effect of limit Para59(b) of AS-15-R	-	(3.35)	-	-
Net benefit expense*	66.37	1266.10	41.15	22.07
Actual return on plan assets	(6.45)	(4.52)	-	-

* excluding ₹ Nil (Previous year ₹2.98 lacs) in respect of earlier years liabilities adjusted and also ₹ 4.86 lacs in respect of two subsidiary companies (Previous year ₹ 1.05 lacs in respect of a joint venture company) which has computed provision on actual computation basis (refer note 'b')

** Due to enhancement of maximum limit of Gratuity to ₹ 10 lacs per employee under the Payment of Gratuity Act, 1972.

Balance sheet

Details of Provision for gratuity benefit as at March 31, 2012:

(₹ in lacs)

Particulars	Gratuity									
	Funded					Unfunded				
	31.3.2012	31.3.2011	31.3.2010	31.3.2009	31.3.2008	31.3.2012	31.3.2011	31.3.2010	31.3.2009	31.3.2008
Present Value of Defined benefit obligation	283.39	3,743.88	2,456.30	2,202.11	1,370.63	183.68	84.01	67.04	32.46	561.39
Fair value of plan assets	228.85	3,715.35	2,271.22	2,143.37	1,349.12	-	-	-	-	-
Less: Unrecognized Past service cost	-	-	-	-	-	-	-	-	-	-
Plan assets/ (liability)	(54.52)	(29.51)	(185.08)	(58.74)	(21.51)	(183.68)	(84.01)	(67.04)	(32.46)	(561.39)
Experience gain/(loss) on obligation	(60.46)	(564.70)	147.29	13.32	-	-	-	-	-	-
Experience gain/(loss) on plan assets	-	22.44	19.75	0.13	-	-	-	-	-	-

* excluding ₹ 9.21 lacs in respect of two subsidiary companies (Previous year ₹ 0.49 lacs in respect of a joint venture) which has computed

Consolidated Notes to Financial Statements for the year ended 31 March 2012 Contd...

provision on actual computation basis (refer note 'b')

Changes in the present value of the defined benefit obligation for the year ended March 31, 2012 are as follows:

(₹ in lacs)

Particulars	Gratuity			
	Funded		Unfunded	
	31.3.2012	31.3.2011	31.3.2012	31.3.2011
Opening defined benefit obligation	3,743.88	2,456.31	84.01	67.04
Adjustment to opening balance	-	(2.40)	-	-
Interest cost	83.85	170.83	6.04	4.53
Current service cost	61.96	332.11	34.45	17.96
Benefits paid	(3.20)	(254.84)	(9.82)	(5.09)
Past Service Cost (Non Vested Benefits)	-	3.80	-	-
Past Service Cost (Vested Benefits)	-	1,659.71	-	-
Past Service Cost (Transfer out of ZIL)	(2,290.03)	-	-	-
Transfer on Sale of Stake in Subsidiaries & JV	(1,359.33)	-	-	-
Actuarial (gains)/losses on obligation	46.26	(621.65)	0.66	(0.42)
Closing defined benefit obligation	283.39	3,743.88	183.66	84.01

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

(₹ in lacs)

Particulars	Gratuity (Funded)	
	31.3.2012	31.3.2011
Opening fair value of plan assets	3,715.35	2,271.22
Adjustment to opening balance	-	0.18
Expected return	115.82	254.48
Contributions by employer	18.75	1,423.57
Benefits paid	(3.20)	(254.84)
Past Service Cost (Transfer out of ZIL on demerger)	(2,290.03)	-
Transfer on Sale of Stake in Subsidiaries & JV	(1,337.72)	-
Actuarial gains/(losses)	9.87	20.74
Closing fair value of plan assets	228.85	3,715.35

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 2011-12
	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	2011-12	2010-11
Discount Rate	8.00% - 8.60%	6.50% - 8.20%
Expected rate of return on plan assets	8.00% - 9.45%	8.00% - 9.45%

Consolidated Notes to Financial Statements for the year ended 31 March 2012 Contd...

Increase in Compensation cost	5.00% - 10.00%	7.50% - 12.00%
Employee turnover	10.00% - 18.00%	0.50% - 19.50%

- 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) In case of two subsidiaries, the companies have not performed any separate actuarial valuation for arriving at the Gratuity liability of the Gratuity Scheme and Leave Encashment liability as at March 31, 2012 as the number of employees of the Company's as at and for the year ended March 31, 2012 was below 50. These liabilities as at March 31, 2012, 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 Company 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 March 31, 2012:

(₹ in lacs)

Sr. No.	Particulars	2011-12	2010-11
1	Current Service Cost	5.25	6.83
2	Interest Cost on benefit obligation	6.00	5.09
3	Expected Return on plan assets	-	-
4	Net Actuarial (Gains)/ Losses recognized in the year	-	35.03
5	Net Benefit Expense	11.25	46.95

Balance Sheet

Details of Net (Asset)/ Liability recognized in the Balance Sheet as at March 31, 2012

(₹ in lacs)

S. No.	Particulars	2011-12	2010-11
1	Present value of Defined Benefit Obligation as at 31st March, 2012	-	113.81
2	Fair Value of Plan Assets as at 31st March, 2012	-	-
3	Un recognised Past service cost	-	-
4	Un recognised past service cost – non-vested benefits	-	-
5	Net(Asset)/ Liability as at 31st March, 2012	-	113.81

Changes in the present value of the defined benefit obligation for the year ended March 31, 2012

(₹ in lacs)

S. No.	Particulars	2011-12	2010-11
1	Present value of Obligation at the beginning of the year	113.81	68.91
2	Current Service Cost	5.25	6.83
3	Interest Cost	6.00	5.09
4	Past service cost – non-vested benefits	-	-
5	Past service cost – vested benefits	-	-
6	Benefits paid by the Company	-	(2.05)

Consolidated Notes to Financial Statements for the year ended 31 March 2012 Contd...

7	Actuarial (Gains)/Losses on obligation	-	35.03
8	Transfer on Acquisition of stake of Subsidiaries/Joint Ventures	125.06	-
9	Present Value of Defined Benefit Obligation at the end of the year	-	113.81

The principal assumptions used in determining liability are shown below:

(₹ in Lacs)

S. No.	Particulars	2011-12	2010-11
1	Discount Rate	8.40 % p.a.	8.00 % p.a.
2	Rate of increase in salary	12 % p.a.	12 % p.a.
3	Withdrawal Rate	5 % p.a.	5 % p.a.
4	Medical cost escalation rate	3 % p.a.	4 % p.a.
5	Mortality retirement	LIC (1994-96) Ultimate Mortality Table	

iii) Provident Fund

The Parent Company has set up Provident Fund Trust, which was managed by the Company as per the Guideline 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. With the transfer of Fertiliser undertaking to Zuari Holdings Limited, on demerger with effect from 1st July, 2011, the Trust is being managed by Zuari Holdings Limited and hence, no provision if any has been made in the books of the Company towards shortfall of provident fund liability on actuarial valuation, which is in the opinion of the management would not be material.

(₹ in lacs)

	2011-12	2010-11
Contribution to Provident Fund*	121.85	415.55

* The Parent Company as per its accounting policy stated above in Note No. 2(xii)(i) has provided ₹ NIL (Previous year ₹ 111.63 lacs) to meet up deficit incurred by the Provident Fund Trust in making interest payment by the Trust to its members as per statutory rate announced by Government of India.

iv) Details of Defined Contribution Plan in respect of the Group:

(₹ in lacs)

PARTICULARS	2011-12	2010-11
Contribution to Provident Fund*	319.86	276.79
Contribution to Superannuation Fund	146.50	262.15
Contribution to Contributory pension fund	56.07	166.08
Total	522.43	705.02

* A Subsidiary of the joint venture as per its accounting policy stated above in Note No. 2(xii)(i) has provided ₹ NIL (Previous year ₹ 7.32 lacs) (being the proportionate share of Zuari Group) to meet up deficit incurred by the Provident Fund Trust in making interest payment by the Trust to its members as per statutory rate announced by Government of India.

50. In case of a Joint Venture of the Company, agreements with some of the customers have expired during the financial year 2008-09. The Joint Venture Company is in the process of finalizing the revised agreement with these customers. The Joint Venture Company has, during the year recognized additional revenue of ₹ 32.15 lacs (being the proportionate share of the Zuari Group) (excluding revenue of ₹ 52.40 lacs being recognized till the previous year) (being the proportionate share of the Zuari Group) except for certain activities for which negotiations are going on.

Consolidated Notes to Financial Statements for the year ended 31 March 2012 Contd...

51. In case of a subsidiary of the Company, it has not appointed a Company Secretary as required under Section 383A of the Companies Act, 1956 ('the Act') for the period from October 20, 2009 to March 31, 2012 and is accordingly not in compliance with the provisions of Section 383A of the Act. The subsidiary company is in the process of taking the necessary steps to comply with the provisions of the Act.
52. In case of a subsidiary of the Company, there has been misappropriation of funds and inventory amounting to ₹ 31.10 lacs by its employees. Of the above, the said company has provided for ₹ 6 lacs considering the sum as non recoverable and balance amount is considered to be recoverable. The said company has dismissed the concerned employees and has withheld their terminal benefits. Further, the said company has taken fidelity insurance cover and investigation are in progress.

53. Segment Reporting

i) Identification of Segments

***Primary Segment** - The Zuari Group has disclosed Business Segment as the Primary Segment. Segments have been identified and reported taking into account the nature of products and services, the differing risks and returns, the organization structure and the internal reporting system. The identified reportable segments for the year under review are Fertilizer, Engineering services and others. Fertilizer Segment includes manufacturing of and trading in fertilizers, seeds and pesticides. Engineering services segment includes technology, basic engineering, detailed engineering, Project Management, Procurement and Construction services in the Engineering and Contracting sector. Others Segment includes provision of Terminalling services, furniture and other immaterial.

***Secondary Segment** – Geographical Segment. The Zuari Group mainly caters to the needs of the domestic market. The export turnover is not significant in the context of total turnover. Hence there are no reportable geographical segments.

i. Unallocated items

All common incomes, expenses, assets and liabilities, which cannot be allocated to different segments, are treated as unallocated items.

ii. Financial information about business segments for the year ended March 31, 2012 is presented below:

(₹ in lacs)

Particulars	Fertilizer		Engineering		Other Operations		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
External Sales/ Income	162,363.52	740,198.67	9,742.44	15,997.48	19,326.79	18,534.67	191,432.75	774,730.82
Inter-Segment Sales/ Income	-	-	(975.12)	(319.70)	(74.96)	(4,501.12)	(1,050.08)	(4,820.82)
Segment Revenue	162,363.52	740,198.67	8,767.33	15,677.78	19,251.82	14,033.55	190,382.67	769,910.00
Segment Results	5,112.87	40,573.06	261.70	3,153.32	(35.58)	604.58	5,338.99	44,330.96
Segment Assets	21,884.55	320,068.18	5,615.26	5,089.92	11,933.67	22,670.34	39,433.48	347,828.44
Segment Liabilities	1,744.22	92,367.92	9,436.48	11,122.84	5,934.19	7,949.55	17,114.89	111,440.31
Capital Expenditure	1,227.64	12,465.67	91.45	229.51	4,479.96	3,969.43	5,799.05	16,664.61
Depreciation and Amortization	936.24	3,470.09	101.01	83.76	580.54	386.68	1,617.79	3,940.53

Consolidated Notes to Financial Statements for the year ended 31 March 2012 Contd...

Provision for Doubtful Debts & Advances write off	40.26	229.39	26.86	-	37.88	27.26	105.00	256.65
Provision for Doubtful Debts & Advances - unallocated	-	-	-	-	-	-	(66.05)	1,191.05

Reconciliation of Reportable Segments with the Financial statements

(₹ in lacs)

Particulars	Revenues		Results - Net profit		Assets		Liabilities	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Total of reportable segments	1,90,382.67	7,69,910.00	5,338.99	44,330.96	39,433.48	3,47,828.44	17,114.89	1,11,440.31
Add/(Less) Corporate unallocated	4,149.87	4,887.37	2,935.10	1,795.92	57,522.85	92,514.89	9,409.17	1,62,094.56
Minority Interest	-	-	163.95	(1,730.80)	-	-	381.84	8,410.69
Share in profit of Associate	-	-	4,875.96	(38.09)	-	-	-	-
Inter segment elimination	-	-	-	-	-	-	-	-
Finance Cost	-	-	(2,577.90)	(9,621.92)	-	-	-	-
Exceptional Items	-	-	(31,390.50)	-	-	-	-	-
Interest Income	-	-	1,179.04	1,900.41	-	-	-	-
Taxes	-	-	(1,294.78)	(10,764.46)	1,580.14	1,780.10	2,058.93	1,245.28
Deferred Taxes	-	-	(1,018.52)	(1,119.79)	67.05	1,099.15	441.06	870.25
As Per Segment	1,94,532.54	7,74,797.37	(21,788.67)	24,752.23	98,603.52	4,43,222.58	29,405.89	2,84,061.09
As Per Financial Statements	1,94,532.54	7,74,797.37	(21,788.67)	24,752.23	98,603.52	4,43,222.58	29,405.89	2,84,061.09

54. The Parent Company and a subsidiary company hold more than 20% of the voting power of bodies corporate. These Companies have been legally advised that they do not have any "Significant Influence" in the said bodies corporate as defined in Accounting Standard -18 "Related Party Disclosures" and accordingly, have not considered the above investees as related parties under Accounting Standard -18 "Related Party Disclosures" and has not consolidated the accounts of the above as "Associate" under Accounting Standard-23 "Accounting for Investment in Associates in Consolidated Financial Statements".

55. 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 Company

1. Zuari Indian Oiltanking Limited (ZIOTL)

Consolidated Notes to Financial Statements for the year ended 31 March 2012 Contd...

2. Zuari Maroc Phosphates Limited (ZMPL)- up to June 30, 2011.
3. Paradeep Phosphates Limited (Subsidiary of Zuari Maroc Phosphates Limited)- up to June 30, 2011.
4. Zuari Rotem Speciality Fertilizers Limited- up to June 30, 2011
5. Gulbarga Cement Limited (w.e.f. September 9, 2011)
6. MCA Phosphates Private Limited (w.e.f. December 12, 2011)

(ii) Associates of the company and their subsidiaries

1. Style Spa Furniture Limited (SSFL)- up to September 27, 2011.
2. Zuari Holdings Limited w.e.f. July 1, 2011
3. Zuari Seeds Limited (Subsidiary of Zuari Holdings Limited) – w.e.f. July 1,2011.
4. Zuari Fertilisers & Chemicals Limited (Subsidiary of Zuari Holdings Limited)- w.e.f. July 1,2011.
5. Zuari Maroc Phosphates Limited (ZMPL)- w.e.f. July 01, 2011.
6. Paradeep Phosphates Limited (Subsidiary of Zuari Maroc Phosphates Limited)- w.e.f. July 01, 2011.
7. Zuari Rotem Speciality Fertilizers Limited- w.e.f. July 01, 2011.

(iii) Key Management Personnel of the Zuari Group

1. Mr. H.S. Bawa, Executive Vice Chairman of the Parent Company
2. Mr. S.S. Nandurdikar, Managing Director of Simon India Limited and Paradeep Phosphates Limited
3. Mr. Arun Mahajan, Managing Director of Indian Furniture Products Limited and Style Spa Furniture Limited
4. Mr. Suresh Krishnan, Managing Director of Zuari Industries Limited and Zuari Maroc Phosphates Limited; Director of Zuari Management Services Limited and Zuari Rotem Speciality Fertilisers Limited
5. Mr. Debasis Bhattacharya, CEO and Manager of Zuari Indian Oiltanking Limited
6. Mr. Vijay Kathuria, Whole Time Director of Zuari Investments Limited.
7. Mr. Praveen Malhotra (Principal Officer of Zuari Insurance Brokers Limited)

(iv) Relatives of key Management Personnel of the Zuari Group

1. Mrs. Veena Bawa
2. Mrs. Seema Behl
3. Mrs. Meenakshi Bawa
4. Mrs. Kavita Kathuria
5. Mrs. Neelam Malhotra

(v) Other Venturers in respect of JV Entities

1. Maroc Phosphores, SA(upto June 30, 2011)
2. IOT Infrastructure and Energy Services Limited
3. Rotem Amfert Negev Limited (upto June 30, 2011)
4. Indo Maroc Phosphore Limited (upto June 30, 2011)
5. Zuari Cements Limited (w.e.f. September 9, 2011)
6. Mitsubishi Corporation(w.e.f. December 12, 2011)

(vi) Party having Significant Influence

1. OCP, Morocco (in respect of a JV- upto June 30, 2011)

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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	2011 - 12						2010 - 11					
		Joint Ventures	Joint Venturers	Associates	Key Management Personnel (KMP)	Relatives of KMP	Total	Joint Ventures	Joint Venturers	Associates	Key Management Personnel (KMP)	Relatives of KMP	Total
1	Payment made on their behalf												
	- Zuari Maroc Phosphates Limited	0.15	-	-	-	-	0.15	0.03	-	-	-	-	0.03
	- Paradeep Phosphates Limited	7.97	-	-	-	-	7.97	49.13	-	-	-	-	49.13
	- IOT Infrastructure and Energy Services Limited	-	0.01	-	-	-	0.01	-	0.05	-	-	-	0.05
	- Style Spa Furniture Limited	-	-	-	-	-	-	-	-	18.28	-	-	18.28
	-Zuari Rotem Speciality Fertilisers Limited	8.20	-	-	-	-	8.20	10.27	-	-	-	-	10.27
	- Zuari Indian Oiltanking Limited	0.03	-	-	-	-	0.03	2.76	-	-	-	-	2.76
	-Gulbarga Cement Limited	77.89	-	-	-	-	77.89						
2	Payment made on our behalf												
	- IOT Infrastructure and Energy Services Limited	-	97.86	-	-	-	97.86	-	12.61	-	-	-	12.61
	-Paradeep Phosphate Limited	0.03	-	-	-	-	0.03	0.80	-	-	-	-	0.80
	- Stylespa Furniture Limited	-	-	0.04	-	-	0.04	-	-	-	-	-	-
	Zuari Fertilizer & Chemicals Limited			120.95			120.95						
3	Purchase of assets												
	- Style Spa Furniture Limited	-	-	-	-	-	-	-	-	3.53	-	-	3.53
4	Service / Consultancy charges paid												
	- Zuari Indian Oiltanking Limited	17.20	-	-	-	-	17.20	65.86	-	-	-	-	65.86
	- IOT Design & Engineering Limited		19.36	-	-	-	19.36	-	-	-	-	-	-
5	Rent paid												
	- Mr. H. S. Bawa	-	-	-	42.11	-	42.11	-	-	-	55.42	-	55.42
	- Ms. Veena Bawa	-	-	-	-	-	-	-	-	-	-	10.59	10.59
6	Refund of Security Deposit												
	- Mr. H.S.Bawa	-	-	-	-	-	-	-	-	-	7.20	-	7.20
	- Ms. Veena Bawa	-	-	-	-	-	-	-	-	-	-	7.50	7.50
7	Managerial remuneration												
	- Mr. H.S.Bawa	-	-	-	295.13	-	295.13	-	-	-	264.64	-	264.64
	- Mr. N. S. Krishnan	-	-	-	133.27	-	133.27	-	-	-	18.49	-	18.49
	- Mr. S.S. Nandurdikar	-	-	-	23.88	-	23.88	-	-	-	89.59	-	89.59
	- Mr. Arun Mahajan	-	-	-	104.46	-	104.46	-	-	-	78.77	-	78.77
	- Mr. Vijay kathuria	-	-	-	24.89	-	24.89	-	-	-	24.57	-	24.57
	- Mrs. Kavitha Kathuria	-	-	-	-	0.01	0.01	-	-	-	-	0.01	0.01
	- Mr. A Beer Ali	-	-	-	-	-	-	-	-	-	2.90	-	2.90
	- Mr. Praveen Malhotra	-	-	-	9.47	-	9.47	-	-	-	8.71	-	8.71
8	Interest paid												
	- Style Spa Furniture Limited	-	-	-	-	-	-	-	-	15.17	-	-	15.17
9	Management Fees Paid												
	- IOT Infrastructure and Energy Services Limited	-	16.55	-	-	-	16.55	-	13.59	-	-	-	13.59
10	Management Fees Received												

Sl. No.	Transaction details	2011 – 12					2010 – 11						
		Joint Ventures	Joint Venturers	Associates	Key Management Personnel (KMP)	Relatives of KMP	Total	Joint Ventures	Joint Venturers	Associates	Key Management Personnel (KMP)	Relatives of KMP	Total
	- Zuari Indian Oiltanking Limited	5.52	-	-	-	-	5.52	5.52	-	-	-	-	5.52
11	Dividend paid												
	- IOT Infrastructure and Energy Services Limited	-	37.58	-	-	-	37.58	-	37.58	-	-	-	37.58
12	Purchase of finished goods, raw material, spares, etc												
	- Maroc Phosphores S.A.	-	12,539.80	-	-	-	12,539.80	-	30,936.17	-	-	-	30,936.17
	- OCP, Morocco	-	4,021.17	-	-	-	4,021.17	-	25,226.27	-	-	-	25,226.27
	-Zuari Rotem Speciality Fertilisers Ltd	534.45	267.23	-	-	-	801.68	2,396.15	-	-	-	-	2,396.15
	-Rotem Amfert Nagev Ltd.	-	18.17	-	-	-	18.17	-	397.00	-	-	-	397.00
	-Indo Maroc Phosphores S.A.Morocco	-	1,164.63	-	-	-	1,164.63	-	929.10	-	-	-	929.10
	- Fertiliser and Chemicals Ltd., Israil	-	18.13	-	-	-	18.13	-	954.34	-	-	-	954.34
13	Dividend Received												
	- Style Spa Furniture Limited	-	-	-	-	-	-	-	40.00	-	-	-	40.00
14	Lease rentals received												
	- Zuari Indian Oiltanking Limited	53.45	-	-	-	-	53.45	56.15	-	-	-	-	56.15
15	Sale of finished goods, Engineering Services and Projects												
	- Stylespa Furniture Limited	-	-	-	-	-	-	-	6,661.51	-	-	-	6,661.51
	- Paradeep Phosphates Limited	-	-	-	-	-	-	278.11	-	-	-	-	278.11
	-Simon Engineering and Partners,LLC	-	-	-	-	-	-	-	0.64	-	-	-	0.64
16	Write Back												
	- Maroc Phosphores S.A.	-	-	-	-	-	-	-	64.21	-	-	-	64.21
17	Write Off, Claims and Demmurgues												
	- Maroc Phosphores S.A.	-	30.58	-	-	-	30.58	-	22.71	-	-	-	22.71
	- OCP, Morocco	-	14.47	-	-	-	14.47	-	386.44	-	-	-	386.44
	-Indo Maroc Phosphores S.A.Morocco	-	5.59	-	-	-	5.59	-	1.12	-	-	-	1.12
19	Royalty												
	-Rotem Amfert Nagev Ltd.	-	11.40	-	-	-	11.40	-	19.57	-	-	-	19.57
20	Receipt Of Inter-Corporate Deposits/Loans Given												
	-Gulbarga Cement Ltd	5,134.88	-	-	-	-	5,134.88						
21	Interest on Loan												
	- Gulbarga Cement Ltd	73.46	-	-	-	-	73.46						
	- Suresh Krishnan	-	-	-	2.28	-	2.28	-	-	-	1.53	-	1.53

Balance Outstanding for the period ended 31st March, 2012.

(₹ in Lacs)

Sl. No.	Transaction details	2011 – 12					2010 – 11						
		Joint Ventures	Joint Venturers	Associates	Key Management Personnel (KMP)	Relatives of KMP	Total	Joint Ventures	Joint Venturers	Associates	Key Management Personnel (KMP)	Relatives of KMP	Total
1	As Debtors												
	- Paradeep Phosphates Limited	-	-	-	-	-	-	14.40	-	-	-	-	14.40
	- Simon Engineering and Partners, LLC	-	-	-	-	-	-	6.91	-	-	-	-	6.91
	- Style Spa Furniture Limited	-	-	-	-	-	-	-	-	17.38	-	-	17.38
2	As Creditor												
	- IOT Infrastructure and Energy Services Limited	-	184.00	-	-	-	184.00	-	2.75	-	-	-	2.75
	- Paradeep Phosphates Limited	-	-	-	-	-	-	296.78	-	-	-	-	296.78
	- Style Spa Furniture Limited	-	0.07	-	-	-	0.07	-	-	-	-	-	-
	- Zuari Indian Oil Tanking Limited	-	-	-	-	-	-	5.61	-	-	-	-	5.61
	- OCP, Morocco	-	-	-	-	-	-	-	642.03	-	-	-	642.03
	- Maroc Phosphores S.A. (PPL as on 30.06.2011)	-	-	-	-	-	-	-	1,259.73	-	-	-	1,259.73
	-Zuari Rotem Speciality Fertilisers Limited	-	-	-	-	-	-	3.58	-	-	-	-	3.58
	- Zuari Maroc Phosphates Limited	-	-	-	-	-	-	9.42	-	-	-	-	9.42
	-Rotem Amfert Nagev Ltd.	-	-	-	-	-	-	-	49.71	-	-	-	49.71
	-Indo Maroc Phosphores S.A.Morocco	-	-	-	-	-	-	-	111.50	-	-	-	111.50
	- Fertilisers and Chemicals Ltd.	-	-	-	-	-	-	-	36.86	-	-	-	36.86
	- IOT Design and Engineering Limited		5.81				5.81	-	-	-	-	-	-
3	Corporate Guarantee												
	- Style Spa Furniture Limited	-	-	-	-	-	-	-	-	1,025.00	-	-	1,025.00
	- Zuari Seeds Limited	-	-	2,205.00	-	-	2,205.00	-	-	-	-	-	-
4	Advance against sale of investment												
	- Zuari Holdings Limited	-	-	3,454.88	-	-	3,454.88						
5	Loan/ICD Given												
	- Mr. N. S. Krishnan	-	-	-	32.40	-	32.40	-	-	-	37.20	-	37.20
	- Gulbarga Cement Ltd	1,145.73	-	-	-	-	1,145.73						
6	Interest on Loan/ICD												
	- Mr. N. S. Krishnan	-	-	-	3.80	-	3.80	-	-	-	1.53	-	1.53
	- Gulbarga Cement Ltd	66.11	-	-	-	-	66.11	-	-	-	-	-	-

Consolidated Notes to Financial Statements for the year ended 31 March 2012 Contd...

56. In the Extraordinary General Meeting of the Parent company held on April 30, 2012, the shareholders have approved the change in the name of the Parent company from Zuari Industries Limited to Zuari Global Limited. The Company has made an application to the Registrar of Companies, Goa (ROC) and fresh certificate of incorporation consequent to change of name is awaited from ROC.

57. Details of the Zuari Group's share in Joint Ventures included in the Consolidated Financial Statements are as follows : (₹ in lacs)

	Particulars	As at March 31, 2012	As at March 31, 2011
I.	EQUITY AND LIABILITIES		
	Reserves and surplus	1,472.15	35,677.58
	Non-current liabilities		
	Long term borrowings	1,875.38	5,886.21
	Deferred tax liabilities (Net)	336.57	408.71
	Trade payables	1.93	2.07
	Other long term liabilities	87.21	53.69
	Long-term provisions	-	843.71
	Current liabilities		
	Short-term borrowings	-	47,616.83
	Trade payables	437.53	10,491.13
	Other current liabilities	381.74	8,296.33
	Short-term provisions	2.63	4,250.54
	Total	4595.14	113,526.80
II.	ASSETS		
	Non-current assets		
	Goodwill on consolidation	-	18,029.27
	Tangible assets	1,867.83	14,274.45
	Intangible assets	0.08	36.78
	Capital work-in-progress	2,616.13	737.66
	Deferred tax assets	-	1,018.45
	Non current investments	7,098.31	-
	Long-term loans and advances	1,377.47	831.13
	Other non current assets	-	22.83
	Current assets		
	Current investments	26.00	78.31
	Inventories	3.06	25,547.75
	Trade receivables	110.77	26,013.08
	Cash and bank balances	226.91	31,997.15
	Short-term loans and advances	132.89	1,363.40
	Other current assets	88.73	21,316.65
	Total	13548.18	141,266.91

Consolidated Notes to Financial Statements for the year ended 31 March 2012 Contd...

(₹ In Lacs)

	PARTICULARS	As at March 31, 2012	As at March 31, 2011
I	Income		
	Revenue from operations (gross)	36,023.54	178,681.04
	Less: excise duty	181.70	191.76
	Revenue from operations (net)	35,841.84	178,489.28
	Other income	805.52	6259.34
	Total Revenue (I)	36,647.36	184,748.62
II	Expenditure		
	Cost of Raw materials	25,561.18	111,345.50
	Purchase of traded goods	1,707.96	33,163.17
	(Increase)/decrease in inventories	190.90	(5,543.79)
	Employee benefit expense	1,002.07	3,860.43
	Other Expenses	5,696.14	22,193.49
	Total Expenditure (II)	34,158.25	165,018.80
III	Earnings before interest, tax, depreciation and amortization (EBITDA) (I) - (II)	2,489.11	19,729.82
	Depreciation and amortization expense	430.90	1,407.93
	Finance costs	1,006.37	5,788.96
	Profit before Tax and exceptional items	1,051.84	12,532.93
	Exceptional Items	354.13	-
IV	Profit/ before tax	697.71	12,532.93
	Tax expenses		
	Current income tax	316.04	4,314.56
	MAT Credit Entitlement	-	(41.76)
	Deferred tax	(162.14)	684.58
	Taxation Expenses of Earlier Years	56.10	(1,700.40)
V	Total tax expense	210.00	3,256.98
VI	Profit After Tax	487.71	9,275.95
VII	Share of Minority in Profits	118.54	1,730.81
VIII	Profit for the Year	369.17	7,545.14

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

(₹ in lacs)

S.No.	Particulars	2011-12
i)	The principal amount and the interest due thereon remaining unpaid to any supplier: - Principal amount - Interest thereon	1.40 Nil
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.	Nil
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	Nil
iv)	the amount of interest accrued and remaining unpaid	Nil
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	Nil

59. Till the year ended 31 March 2011, the Zuari Group was using pre-revised Schedule VI to the Companies Act 1956, for preparation and presentation of its financial statements. During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Zuari Group. The Zuari Group has reclassified previous year figures to conform to this years' classification. Except accounting for dividend on investments in subsidiaries, the adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it significantly impacts presentation and disclosures made in the financial statements, particularly presentation of balance sheet.
60. Figures pertaining to the subsidiaries, joint ventures and associate 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 Industries Limited

For S. R. BATLIBOI & CO.
Firm's Regn. No.: 301003E
Chartered Accountants

S. K. Poddar
Chairman

H. S. Bawa
Executive Vice-Chairman

Marco Wadia
Director

Per Anil Gupta
Partner
Membership No. : 87921

Binayak Datta
CFO & Vice President – Finance

Swapnil Yelgaonkar
Company Secretary

Place : Gurgaon
Date : 9th May, 2012

Place : Gurgaon
Date : 9th May, 2012

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

(₹ in Lacs)

Particulars	Share capital	Reserves	Total Assets	Total Liabilities	Details of Investments	Total Income	Profit Before tax	Tax	Profit after Tax
Adventz Infraworld India Ltd.	5.00	(377.05)	8,196.59	8,568.64	-	0.04	(282.84)	-	(282.84)
Indian Furniture Products Ltd.	2,300.01	(288.16)	9,298.08	7,286.23	-	14,350.16	(140.48)	66.14	(206.62)
Simon India Ltd.	500.00	7,617.76	17,554.24	9,436.48	8,298.71	10,736.57	2,224.48	512.55	1,711.93
Zuari Management Services Ltd.	5.00	454.42	904.19	444.78	746.08	650.99	411.85	92.43	319.42
Zuari Investments Ltd.	3,744.58	871.56	8,990.21	4,374.07	7,114.94	1,067.02	(48.23)	11.17	(59.39)
Globex Ltd.	13.40	267.65	287.33	6.28	-	1,381.73	221.91	-	221.91
Zuari Commodity Trading Ltd.	150.00	(15.96)	227.01	92.97	-	84.39	2.94	2.70	0.24
Style Spa Furnitures Ltd.	2,202.61	(1,126.35)	3,498.52	2,422.26	-	10,686.24	(742.14)	(41.25)	(700.89)
Zuari Insurance Brokers Ltd.	225.00	(94.79)	149.76	19.55	-	172.84	28.38	5.35	23.03
Zuari Financial Services Ltd.	250.00	20.87	271.21	0.34	-	19.55	19.02	5.05	13.96

Chairman

Executive Vice Chairman

Director

Place : Gurgaon
Date : 9th May, 2012

CFO & Vice President - Finance

Company Secretary

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