



ZUARI HOLDINGS LIMITED

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

NOTICE

NOTICE is hereby given that the Third 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 7th August, 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. N. Suresh Krishnan, who retires by rotation and is eligible for re-appointment.
4. To appoint M/s. S. R. Batliboi & Co., Chartered Accountants, as Statutory Auditors of the Company.

Special Business :

5. To consider, and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:
"RESOLVED THAT Mr. Saroj Kumar Poddar, be and is hereby appointed as Director of the Company"
6. To consider, and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:
"RESOLVED THAT Mr. H.S. Bawa, be and is hereby appointed as Director of the Company"
7. To consider, and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:
"RESOLVED THAT Mr. J. N. Godbole, be and is hereby appointed as Director of the Company"
8. To consider, and if thought fit, to pass with or without modification(s) the

following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. Marco Wadia, be and is hereby appointed as Director of the Company"

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

"RESOLVED THAT Mr. Akshay Poddar, be and is hereby appointed as Director of the Company"

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

"RESOLVED THAT Mr. Arun Duggal, be and is hereby appointed as Director of the Company"

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

"RESOLVED THAT subject to the provisions, of Section 372A and other applicable provisions, if any, of the Companies Act, 1956 and pursuant to the provisions of Memorandum and Articles of Association of the Company and subject to the approval of the Financial Institutions, if so required, consent of the Company be and is hereby granted to acquire /subscribe equity shares of MCA Phosphates PTE Limited to the extent of US \$ 20,000,000 notwithstanding that such investments including loans and guarantees in all other bodies corporate will exceed the limit prescribed under section 372A of the Act".

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

"RESOLVED THAT pursuant to Sections 198, 309 and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof for the time being in force and Article 129(2) of the Articles of

Association of the Company, consent of the Company be and is hereby accorded for payment of commission upto ₹ 5,00,000/- per annum to each of the non-executive Directors of the Company, for a period of 5 (five) years starting from the financial year 2012-13; provided that the total commission payable to all the non executive directors shall not exceed one percent of the net profits of the Company as computed in the manner referred to under the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof for the time being in force.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to determine the commission payable to each of the non-executive directors for each year within the limits mentioned in the foregoing resolution and to do all such acts, deeds, matters and things as may be necessary and incidental to give effect to the aforesaid resolution".

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

"RESOLVED THAT pursuant to the provisions of Section 81(1A), and all other applicable provisions, if any, of the Companies Act, 1956, the Memorandum and Articles of Association of the Company, Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (hereinafter referred to as "SEBI Guidelines") and subject to such approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee,

including the Compensation Committee which the Board has constituted to exercise its powers, including the powers, conferred by this resolution), to create, offer, issue and allot at any time to or to the benefit of such person(s) who are in permanent employment of the Company, including Whole Time Director(s) and/or Managing Director of the Company, options exercisable into not more than 12,61,740 equity shares of the Company of the face value ₹ 10/- each under one or more Employee Stock Option Scheme(s) ("ESOS"), in one or more tranches, and on such terms and conditions as may be fixed or determined by the Board in accordance with the provisions of the law or guidelines issued by the relevant authority; each option would be exercisable for one Equity share of a face value of ₹ 10/- each fully paid-up on payment of the requisite exercise price to the Company.

RESOLVED FURTHER THAT in case of any corporate action (s) such as rights issues, bonus issues, merger, sale of division, etc., if any additional equity shares are issued by the Company to the Option Grantees for the purpose of making a fair and reasonable adjustment to the options granted earlier, the above ceiling of 12,61,740 equity shares of the Company of the face value ₹ 10/- each shall be deemed to be increased to the extent of such additional equity shares issued.

RESOLVED FURTHER THAT the Board be and is hereby authorised to issue and allot equity shares upon exercise of options from time to time in accordance with the ESOS and such equity shares shall rank pari passu in all respects with the then existing equity shares of the Company.

RESOLVED FURTHER THAT in case the equity shares of the Company are either sub-divided or consolidated, then the number of equity shares to be allotted and the price of acquisition payable by the option grantees under ESOS shall automatically stand augmented or reduced, as the case may be, in the same proportion as the present face value of ₹ 10/- per equity share bears to the revised face value of the equity shares of the Company after such sub-division or

consolidation, without affecting any other rights or obligations of the said allottees.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things, as it may, in its absolute discretion, deem necessary, expedient or proper and to settle all questions, difficulties or doubts that may arise in this regard at any stage including at the time of listing of securities without requiring the Board to secure any further consent or approval of the members of the Company to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of the resolution.

RESOLVED FURTHER THAT the Board be and is hereby authorized to make modifications, changes, variations, alterations or revisions in the ESOS as it may deem fit, from time to time in its sole and absolute discretion in conformity with the provisions of the Companies Act, 1956, the Memorandum and Articles of Association of the Company, SEBI Guidelines and any other applicable laws".

By Order of the Board of Directors

R. Y. PATIL

Chief General Manager
& Company Secretary

Date : 12th June, 2012
Registered Office :
Jai Kisaan Bhawan,
Zuarinagar, Goa - 403 726

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 10th August, 2012 to the members whose names appear on the Register of Members, as on 9th 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. A brief profile of Mr. N. Suresh Krishnan, is provided in the corporate governance Report along with details as to his shareholding.
4. An explanatory statement as required under section 173(2) of the Companies Act, 1956 in respect of special business specified in the notice is annexed hereto.

ANNEXURE TO THE NOTICE

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

Item No. 5:

The Board of Directors at its meeting held on 20th May, 2011 appointed Mr. Saroj Kumar Poddar, as Additional Director on the Board of your Company.

Mr. Saroj Kumar Poddar, Chairman of your Company, is a gold medallist in B. Com (Hons) from Calcutta University. Mr. Poddar is the Chairman of numerous companies

Mr. Poddar is the immediate Past President of International Chamber of Commerce-India. He has also served as President of Federation of Indian Chambers of Commerce and Industry, Indian Council of Arbitration, All India Organization of Employers (AIOE) and Council of Indian Employers (CIE).

Mr. S.K. Poddar, holds directorship in Chambal Fertilisers & Chemicals Ltd, Chambal Infrastructure Ventures Ltd, Gillette India Limited, Adventz Investments & Holdings Ltd., Lionel India Ltd., Simon India Limited, Texmaco Infrastructure & Holdings Limited, Zuari Cement Limited, Zuari Industries Limited, Texmaco Rail & Engineering Ltd., Zuari Fertilisers & Chemicals Ltd., Gulbarga Cement Ltd.

Mr. Poddar, holds office upto the conclusion of the 3rd Annual General Meeting of the Company. The Board recommends appointment of Mr. S.K. Poddar, as Director of the Company. He holds 79,406 shares in the Company.

The Company has received notice U/S 257 of the Companies Act, 1956, signifying intention to propose Mr. S. K. Poddar, for appointment as Director of the Company.

Except Mr. S. K. Poddar and Mr. Akshay Poddar, none of the Directors are concerned or interested in passing of this resolution.

Item No. 6:

The Board of Directors at its meeting held on 20th May, 2011 appointed Mr. H. S. Bawa as Additional Director on the Board of your Company.

Mr. H.S. Bawa, holds an MS degree in Chemical Engineering from the University of Tulsa, USA.

Mr. Bawa is presently the Vice Chairman of your Company and 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.

Mr. Bawa took over as Managing Director of Zuari Industries Limited in 1994, During his tenure Zuari Industries Ltd has diversified from its core business of fertilizers into agri-inputs, engineering services, financial services, furniture and oil tanking.

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

Mr. Bawa, holds directorship in Indian Potash Limited, Lionel India Limited, Paradeep Phosphates Limited, Simon India Limited, Style Spa Furniture Limited, Zuari Investments Limited, Zuari Maroc Phosphates Limited, Zuari Seeds Limited, Zuari Industries Limited, Zuari Fertilisers & Chemicals Limited.

Mr. H.S. Bawa, holds office upto the conclusion of the 3rd Annual General Meeting of the Company. The Board recommends appointment of Mr. Bawa, as Director of the Company.

The Company has received notice U/S 257 of the Companies Act, 1956, signifying intention to propose

Mr. H.S. Bawa, for appointment as Director of the Company.

Except Mr. H.S. Bawa, none of the Directors are concerned or interested in passing of this resolution.

Item No.7:

The Board of Directors at its meeting held on 20th May, 2011 appointed Mr. J.N. Godbole as Additional Director on the Board of your Company.

Mr. J.N. Godbole is B-Tech (Hons.) from IIT Powai. He holds various certificates in Finance Management from Bajaj Institute of Management Studies, Network Analysis from Small Industries Extension Training Institute (SIET) and Participation Certificate in Corporate Long Range Planning (1986) from Indian Institute of Management (IIM).

Mr. Godbole has 37 years of wide experience which includes 5 years in SSI Sector as Production In-charge and 27 years in IDBI (including 3 years in IRBI) in various positions and departments such as Project Financing, Rehabilitation, Business Development etc. For 5 years, he was in Sabah, Malaysia as Advisor for a mega Pulp and Paper / timber complex (\$0.7 Billion) and Project Coordinator for mega gas utilization projects of USD 1 Billion. He was also Executive Director of IDBI for 6 years during which period and Chairman of CDR Empowered Group (of Banks and financial Institutions), which was instrumental in preventing formation of NPA and correcting NPA. At the time of retirement, he functioned as Chairman and Managing Director of IDBI.

Mr. Godbole, holds directorship in Zuari Industries Limited, Embio Ltd., J.K. Cements Ltd., Gillander Arbuthnot and Co. Ltd., I.M.P. Powers Ltd., Emami Paper Mills Ltd., The Oudh Sugar Mills Ltd., Madhya Bharat Papers Ltd., Saurashtra Cement Ltd., Gujarat Alkalies & Chemicals Ltd., Kesar Terminals & Infrastructure Ltd., IDBI Asset Management Ltd., Kesar Multimodal Logistics Ltd.

Mr. J.N. Godbole, holds office upto the conclusion of the 3rd Annual General Meeting of the Company. The Board recommends appointment of Mr. Godbole, as Director of the Company.

The Company has received notice U/S 257 of the Companies Act, 1956, signifying intention to propose Mr. J.N. Godbole, for appointment as Director of the Company.

Except Mr. J.N. Godbole, none of the Directors are concerned or interested in passing of this resolution.

Item No.8:

The Board of Directors at its meeting held on 20th May, 2011 appointed Mr. Marco Wadia as Additional Director on the Board of your Company.

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

Mr. Marco Wadia, holds directorship in Chambal Fertilisers & Chemicals Ltd, Jost's Engineering Company Ltd, Johnson & Johnson Ltd., Paradeep Phosphates Limited, Stovec Industries Limited, Simon India Ltd., Zuari Maroc Phosphates Limited, Zuari Industries Limited, Adventz Infraworld India Ltd. He holds 2811 shares in the Company.

Mr. Marco Wadia, holds office upto the conclusion of the 3rd Annual General Meeting of the Company. The Board recommends appointment of Mr. Marco Wadia, as Director of the Company.

The Company has received notice U/S 257 of the Companies Act, 1956, signifying intention to propose Mr. Marco Wadia, for appointment as Director of the Company.

Except Mr. Marco Wadia, none of the Directors are concerned or interested in passing of this resolution.

Item No. 9:

The Board of Directors at its meeting held on 14th November, 2011 appointed Mr. Akshay Poddar, as Additional Director on the Board of your Company.

Mr. Akshay Poddar is Hons. in Accounting & Finance from London School of Economics and Political Science, University of London.

Mr. Akshay Poddar, Executive Director of the Company hails from the family of a renowned Adventz group having glorious track record of promoting and managing businesses in diversified industries like Fertilizers, Agri inputs, Heavy Engineering, Process Engineering, Sugar Consumer Products, Real Estate, Investments and Furniture etc. The Adventz group's annual turnover is in excess of US \$ 2.5 billion.

Mr. Akshay Poddar, holds directorship in Zuari Industries Limited, Texmaco Rail & Engineering Ltd., Gillette India Limited, Adventz Securities Enterprises Ltd., Texmaco Infrastructure & Holdings Limited, Syndak Teatech Limited, Gobind Sugar Mills Limited, Paradeep Phosphates Limited, Lionel Edwards Limited, Style Spa Furniture Limited, Adventz Investments & Holdings Ltd.

Mr. Akshay Poddar, holds office upto the conclusion of the 3rd Annual General Meeting of the Company. The Board recommends appointment of Mr. Akshay Poddar, as Director of the Company.

The Company has received notice U/S 257 of the Companies Act, 1956, signifying intention to propose Mr. Akshay Poddar, for appointment as Director of the Company.

Except Mr. Akshay Poddar and Mr. S.K. Poddar, none of the Directors are concerned or interested in passing of this resolution.

Item No.10:

The Board of Directors at its meeting held on 27th March, 2012 appointed Mr. Arun Duggal as Additional Director on the Board of your Company.

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

Mr. Duggal is an experienced international Banker advising corporations on Financial Strategy, M&A and Capital Raising areas. He has been an International Advisor to a number of Corporations, major Financial Institutions and Private Equity firms.

Mr. Duggal is involved in several initiatives in social sector. He is the Chairman of Board of Directors of Bellwether Microfinance Fund that provides equity capital to promising Micro Finance organizations and helps them in capacity building. He is a Trustee of Centre for Civil Society, New Delhi, which focuses on improving the quality and access of education to students especially for the needy. Mr. Duggal is a Senior Advisor to TPG Capital, a major Private Equity firm headquartered in San Francisco. Mr. Duggal is also involved with a number of environmental projects.

Mr. Duggal has 26 years career with Bank of America, mostly in the U.S., Hong Kong and Japan. His last assignment was as Chief Executive of Bank of America in India from 1998 to 2001.

Mr. Arun Duggal, holds directorship in Zuari Industries Limited, Patni Computer Systems Limited, Shriram Transport Finance Co. Limited, Info Edge (India) Limited, Shriram Properties Ltd., Dish TV India Limited, Shriram City Union Finance Limited, Adani Port and Special Economic Zone Limited, Shriram EPC Limited, Shriram Capital Ltd., Educomp School Management Limited.

Mr. Arun Duggal, holds office upto the conclusion of the 3rd Annual General Meeting of the Company. The Board recommends appointment of Mr. Duggal, as Director of the Company.

The Company has received notice U/S 257 of the Companies Act, 1956 signifying intention to propose Mr. Arun Duggal, for appointment as Director of the Company.

Except Mr. Arun Duggal, none of the Directors are concerned or interested in passing of this resolution.

Item No.11:

The High Court of Bombay at Goa, had approved the Scheme of Arrangement and Demerger. Pursuant to the Scheme, the fertiliser business and fertiliser investments of Zuari Industries Limited (ZIL), stands vested with the Company.

ZIL had acquired 30% of the equity share capital of MCA Phosphates PTE Ltd (MCAP), jointly with Mitsubishi Corporation (70%) in Singapore.

ZIL had entered into a Shareholders Agreement (SHA) with Mitsubishi Corporation and MCA Phosphates PTE Limited. Pursuant to the SHA, ZIL had agreed for further subscription in the equity shares of MCAP.

The aforesaid investments of ZIL is treated as fertiliser investment which is required to be transferred to the Company. In view of the above, it is necessary to acquire shares held by ZIL in MCA Phosphates.

The Board recommends to the shareholders to pass this resolution as a special resolution.

Mr. S.K. Poddar, Mr. N. Suresh Krishnan, Mr. Akshay Poddar, Mr. J. N. Godbole, Mr. Marco Wadia, and Mr. Arun Duggal, Directors are concerned or interested in the passing of this resolution.

Item No.12:

The involvement of the Non Executive Directors in the affairs of the Company, has become substantial. Since the evolution of Corporate Governance over a decade, it has become mandatory for most Corporates to adhere to the Corporate Governance and consequently the role of Independent Directors has become very important.

Though the Company's shares are yet to be listed on the Stock Exchanges, the Company has decided to conduct its business in line with the objective of Corporate Governance.

Considering the role and responsibilities of the Non Executive Directors and higher involvement in the governance of the Company, it is felt necessary to appropriately remunerate the Non Executive Directors.

Many Corporates have been remunerating the Non Executive Directors by paying commission of upto 1% of the net profits of the Company.

Considering the above and in line with the current corporates practice, it is proposed to pay a commission up to ₹ 5 lakhs per annum to each of the Non Executive Directors of the Company for a period of five years commencing from the financial year 2012-13. This commission is in addition to the sitting fees payable to the Directors for attending the meetings of Board of Directors and Committees thereof.

The aggregate commission payable to all the Non Executive Directors shall not exceed 1% of the net profits of the Company.

The Board recommends to the shareholders to pass this resolution as a special resolution.

Mr. S.K. Poddar, Mr. H.S. Bawa, Mr. J.N. Godbole, Mr. Marco Wadia, and Mr. Arun Duggal, Directors are concerned or interested in passing of this resolution to the extent of their directorship.

Item No.13:

The growth and development of any enterprise become a reality by the contribution of its people. Employees are 'business partners' in the true sense of the word. With the objectives of securing greater employee participation; motivating the employees to contribute to the growth and profitability of the Company; enabling them to participate in the long-term growth and financial success of the organization, and with a common objective of maximizing the shareholder value, it is proposed to grant employee stock options to employees through one or more employee stock option schemes. This would not only enable the Company to reward past loyalty and performance, but also to attract and retain the best talent besides enabling the employee to develop a greater sense of ownership with the organization.

The Company proposes to introduce the Employee Stock Option

Scheme(s), for the benefits of its permanent employees, its Directors and such other persons/entities as may be prescribed by SEBI from time to time, and in accordance with the provisions of prevailing regulations as prescribed by SEBI.

MAIN FEATURES OF EMPLOYEE STOCK OPTION SCHEME

1. Total Number of Options to be granted under the ESOS

Maximum of 12,61,740 stock options shall be available for grant to the eligible employees of the Company. Each option when exercised shall be converted into one equity share of ₹ 10/- each.

2. Identification of classes of employees entitled to participate in the ESOS

All permanent employees of the Company in the management cadre including Managing/Whole Time Director shall be covered under the ESOS. However, an employee who is a promoter or belongs to promoter group or who alongwith the relatives holds more than 10% of the equity share capital of the Company shall not be eligible to participate in the ESOS.

The Committee will decide which eligible employees may be granted Options and the number of Options to be granted to each such employee. The Committee will consider various factors like performance of the employee, number of years of service in the Company, future potential of the employee, etc. while deciding the grant of Options to the employees.

3. Transferability of Employees Stock Options

The stock options granted to an employee shall not be transferable to any person and shall not be pledged, hypothecated, mortgaged or otherwise alienated in any manner whatsoever. In the event of death of an employee in employment, the right to exercise all the vested options granted to him and unvested options scheduled to be vested within 6 months from the date of death of such employee shall vest in the legal heirs or nominees of the deceased employee.

4. Requirement of vesting , period of vesting and maximum period within which the options should be vested

The options granted shall vest so long the employee continues to be in the employment of the Company.

The committee may determine the maximum vesting period (say four years) with a mandatory minimum vesting period of one year and the exact number of Options to be vested each year.

5. Exercise Price/ Pricing Formula

The pricing formula shall be determined by the Compensation Committee.

6. Exercise period and the process of exercise

The committee may determine exercise period (usually about 5 years from the respective date of vesting of options) for the options vested. There may not be any lock in on shares allotted upon exercise of Options.

Detailed provisions in respect of vesting and lapsing of Options in the event of superannuation, permanent disability, resignation, death etc. shall be finalised by the Compensation Committee.

The options would be exercisable by the employees by a written application accompanied by payment of the consideration amount to the Company to exercise the options in such manner and on execution of such documents as may be prescribed by the Compensation Committee from time to time.

7. Appraisal process for determining the eligibility of employees to the ESOS

The appraisal process for determining the eligibility of the employees will be specified by the Compensation Committee and will be based on criteria such as role/level of the employee, past performance, future potential of the employee and/ or such other criteria that may be determined by the Compensation Committee at its sole discretion.

8. Maximum number of options to be issued per employee and in the aggregate

The number of options to be granted to an eligible employee shall be determined by the Compensation Committee. However, no single employee shall be granted more than 0.1% of the paid-up equity share capital of the Company at the time of grant of options. The aggregate of all such options granted shall not exceed 12,61,740 options.

9. Disclosure and accounting policies

The Company shall comply with the disclosure and accounting policies prescribed under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee stock Purchase Scheme) Guidelines, 1999 and any other applicable Laws, Guidelines, Rule and Regulations in this regard.

10. Method of valuing options

The Company shall use the intrinsic value method for computing the compensation cost for the options granted. The difference between the employee compensation cost so computed and the employee compensation cost that would have been recognized if it had used the fair value of the options along with

the impact of this difference on profit and on EPS of the Company shall be disclosed in the Directors' Report.

We are required to give the aforesaid information (including pricing of options) in the notice to the shareholders for taking their approval.

As the employee stock option schemes provide for issue of shares to be offered to persons other than existing shareholders of the Company, consent of the members is being sought pursuant to Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 and as per clause 6 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 as amended from time to time.

The Directors may be deemed to be concerned or interested in the said resolution only to the extent of any stock options that may be granted to them and the resultant equity shares issued, as applicable.

The Board commend passing of said resolution as a special resolution

By Order of the Board of Directors

R. Y. PATIL
Chief General Manager
& Company Secretary

Date : 12th June, 2012
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 ofbeing 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 3rd Annual General Meeting of the Company to be held on Tuesday, the
7th day of August, 2012 and at any adjournment thereof.

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

Signed by the said Affix Re. 1
Revenue
Stamp

Notes :

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

All those members wishing to ask questions during the 3rd Annual General Meeting should forward them to the Registered office, 7 days before the date of the 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.

This page has been intentionally left blank

DIRECTORS : Saroj Kumar Poddar, Chairman
H. S. Bawa, Vice Chairman
N. Suresh Krishnan, Managing Director
(w.e.f. 1st April, 2012)
Akshay Poddar, Executive Director
(w.e.f. 1st April, 2012)
Arun Duggal
J. N. Godbole
Marco Wadia

**CHIEF GENERAL MANAGER
& COMPANY SECRETARY** : R. Y. Patil

PRESIDENT AGRI-BUSINESS : Naveen Kapoor

CFO & VICE PRESIDENT : Binayak Datta

VICE PRESIDENT-STRATEGIC PLANNING : V. K. Sinha

BANKERS : State Bank of India
HDFC Bank Limited
Corporation Bank
Canara Bank
ICICI Bank
IDBI Bank
HSBC 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 Third 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	16,827.25	(0.28)
Less : Depreciation for the year	1,801.66	–
Profit/(loss) before tax	15,025.59	(0.28)
Less : Provision for taxation – Current Tax	4,737.51	–
– Tax adjustment relating to earlier year	–	–
– Deferred Tax charge	(29.63)	–
Profit/(loss) after tax	10,317.71	(0.28)
Add : Balance of profit brought forward	(2.97)	(2.69)
Less : Transfer to general reserve	5,000.00	–
Proposed Dividend : 30%	1,261.74	–
Tax on dividend (Including Surcharge)	204.68	–
Balance of profit carried forward	3,848.32	(2.97)



3. Dividend:

The Directors recommend a dividend of ₹ 3.00 per Equity Share.

4. Debt Servicing:

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

5. Directors:

During the year under review Mr. S.K. Poddar, Mr. H.S. Bawa, Mr. J.N. Godbole and Mr. Marco Wadia, were appointed as Additional Directors on the Board of your Company on 20th May, 2011. Mr. Akshay Poddar and Mr. Arun Duggal were appointed as Additional Directors on the Board of your Company on 14th November, 2011 and 27th March, 2012 respectively. They will hold office till the conclusion of the ensuing Annual General Meeting.

The Board of Directors of the Company at its meeting held on 27th March, 2012, appointed Mr. Akshay Poddar as Executive Director and Mr. N. Suresh Krishnan as Managing Director, w.e.f. 1st April, 2012.

Mr. N. Suresh Krishnan retire by rotation at the forthcoming Annual General Meeting and is eligible for re-appointment. The remuneration and details of other directorship and committee membership of Mr. N. Suresh Krishnan, are given in Annexure 'B' to this report.

6. Auditors:

During the year under review, M/s. V. Sankar Aiyer & Co., Statutory Auditors of the Company resigned as Auditors and the shareholders at their meeting held on 23rd November, 2011 had appointed M/s. S. R. Batliboi & Co., Chartered Accountants, Gurgaon, as Statutory Auditors of the Company who retire at the forthcoming Annual General Meeting and are eligible for re-appointment.

7. Cost Auditors :

The Company appointed Mr. Savari Muthu I., Cost Accountant, Membership No.6716, as the Cost Auditor for the year 2011-12.

8. Conservation of Energy:

Per Order of the Hon'ble High Court of Bombay at Goa, dated 2nd March, 2012 the Fertiliser Business of Zuari Industries Limited has been demerged into the Company with effect from the Appointed date of 1st July 2011. Hence, the information disclosing particulars of conservation of Energy for the period 1st July, 2011 to 31st March, 2012 is given in Annexure 'A' of the Annual Report.

9. Technology Absorption :

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

10. 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. 27, 28, 29 and 31 of the Annual Report and Accounts.

11. Capital Projects :

The Company has decided to revamp its Ammonia Plant to 1100 MTPD capacity. The Company has engaged M/s. Kellogg Brown & Root, Houston, U.S.A. to carry out Basic Engineering Design Package. This project will significantly reduce the energy consumption. The additional ammonia produced is intended to be used for production of NPK fertilisers, thus reducing ammonia import.

The Company is also in the process of revamping NPK Plant 'A' capacity to 1,350 MTPD of Di-Ammonium Phosphate (DAP) / 1,600 MTPD of NPK fertilisers. The Basic Engineering Design has been carried out by M/s. INCRO S.A., Spain. The Detailed Engineering contract for the project is awarded to M/s. Uhde India Pvt. Ltd. on EPCM basis (Erection Procurement Construction & Management) and is in progress.

The Company has completed the work to changeover the feedstock of Ammonia Plant from Naphtha to Natural Gas. Natural Gas will be supplied by M/s. Gas Authority of India Limited (GAIL). The gas pipeline and the Receiving Terminal (RT) outside the Company's factory is scheduled to be completed by August, 2012.

12. Environment & Safety:

The Company's Fertiliser Plant continues to be a 'Zero Effluent Plant' since 1990 and the man-made green belt around the Complex continues to flourish and attract a variety of wild life.

In line with the Company's policy to continuously improve the environment, it is in the process of installing an online ambient air monitoring station.

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

The Company received the "Best Safety Performance for Large Industries Category", a prestigious award instituted by Green Triangle Society in collaboration with Inspectorate of Factories and Boilers, Goa, most outstanding contribution in Corporate Social Responsibility (CSR) activities.

The Company, during the year had also taken up a mass community awareness programme on the do's and don'ts in case of an Ammonia leakage by conducting programmes in schools, at the Mormugao Port besides through the FM Radio campaign.

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.

There was a fire incident on the cross country petroleum pipeline owned by Terminalling service providers on 19th August, 2011 for which the pipeline had to be closed down on account of safety and security reasons. Subsequent repairs to the pipeline and recertification time consumed, resulted in loss of production. Mormugao Port Trust authorities citing

safety reasons had also stopped clearance of other raw materials of Phosphatic and Potassic Fertilisers. These events caused disruption of 63 days in Urea Production and 20 days in Phosphatic and Potassic Fertilisers Production. The Pipeline after repairs and recertification was re-commissioned on October 19, 2011. Operations are currently normal.

The industrial relations in the Company continued to be harmonious.

There are no employees employed during the year whose remuneration was more than ₹ 5 lakhs p.m. or ₹ 60 lakhs p.a. as per Section 217 (2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975.

14. Scheme of Demerger and Arrangement :

The Hon'ble High Court of Bombay at Goa has sanctioned the Scheme of Arrangement and Demerger between your Company and Zuari Industries Limited (ZIL). The Scheme envisages transfer of fertiliser operations of ZIL to your Company with effect from appointed date i.e. 1st July, 2011. The Scheme also provides for allotment of shares of the Company to the shareholders of Zuari Industries Limited, in the ratio of 1:1.

The Company has filed necessary documents with Bombay Stock Exchange Limited and The National Stock Exchange of India Limited for listing of its equity shares. Approval from the Stock Exchanges for the same is awaited.

15. Employees' Stock Option Scheme :

Employees are the biggest asset of your Company. To enable them to participate in the financial success of the organization, the Employees Stock Option Scheme is under consideration.

The said Scheme is placed before the Shareholders in the ensuing Annual General Meeting.

16. 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 27th March, 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 its Subsidiaries.

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

Subsidiaries :

a. Zuari Fertilisers & Chemicals Limited :

Zuari Fertilisers & Chemicals Limited (ZFCL) is a wholly owned subsidiary of your Company.

ZFCL is in regular interaction with the Government of Karnataka for allotment of land for setting up of 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 of a 600 tpd facility for manufacture of Granulated Single Super Phosphate at MIDC, Mahad in Maharashtra.

b. 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. ZSL has achieved a turnover of ₹ 46.16 crores during the current financial year. Despite seasonal aberrations and rabi failure, company was able to achieve 92 % of its budgeted target.

As a part of its strategy, ZSL sold 1 lac + packets in the very first year of commercialization of its BG II Cotton Hybrids (6 Nos). The performance feedback of all these hybrids is very good in both Central and south zones. ZSL is looking forward to increase the volume to four fold in the ensuing year 2012-13.

The turnover in ZSL has grown by 50 % over previous year in traded products with the support of group companies, resulting in increased visibility. Single Cross Hybrids in Maize were test marketed successfully during the year. Licensed products – 21 in number are introduced in both Field and vegetable crops. With this arrangement, turnover has grown multifold to the level of 16 crore from 1.50 crore in previous year.

Vegetable seeds will continue to remain the focus area and plans are to strengthen further by adding more products to its portfolio.

17. Joint Ventures:

a. 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.

b. 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 two shift basis for production of different NPK blends. Plant is working on one shift basis & producing 30 MT per day on an average basis.



18. Allotment and Listing of Shares :

The Company has allotted 2,94,40,604 equity shares of ₹ 10.00 each to the shareholders of ZIL on 13th April, 2012. The Equity shares of the Company will be listed on the Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd.

19. Corporate Governance:

The Report on Corporate Governance is enclosed as Annexure 'B' and the Management Discussion & Analysis as Annexure 'C'.

20. 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 a part.

A. Care for Stake holder

To provide all-round support to Indian farmers, the Company has initiated number of activities in the marketing area. Your Company is building a retail Chain, aiming to provide complete farming solutions to farmers through a single window known as "Jaikisaan Junction". Besides all agri inputs and equipments required for farming, the farmers can avail crop health and other advisory services such as soil, water & plant leaf testing, expert advice on agriculture, information on market prices etc. through this junction. The concept is based on the needs of modern-day farmers. Two Junctions, one at Sangli and one at Pandharpur in Aurangabad district of Maharashtra have been opened during the year 2011-12.

A new activity "Weekly tips to farmers" was launched in the villages covered by Jaikisaan Krishi Salahkars, based on crop and weather conditions prevailing in the village. Area specific weekly tips are written on boards at central locations in the villages by company's Jaikisaan Krishi Salahkars, after consulting the scientists and specialists. Over 650 villages in the marketing territory were covered under weekly tips programme by Company's field workers during the year.

For benefit of farmers, your company has laid out field demonstrations on advanced agricultural practices at its model farm at Zuari Agri Park, Solapur. Various technologies showcased at the farm includes scientific management practices for various crops, use of modern farm equipments & agri - inputs, vegetable cultivation in Polyhouse, use of drip irrigation & automation systems for fertigation, vermiculture technology, use of software for crop management etc. Over two thousand farmers paid a visit to Zuari Agri Park during the year. Further, a special Krishi Mela was organized at the farm in March, 2012 to demonstrate the benefits of advanced farming practices, which were attended by over 600 farmers.

"Scientists and Farmers Interface", a new activity, was launched in the field. This programme aims to provide precise and accurate solutions to farmers' queries on agriculture.

An expert panel comprising of renowned scientists and specialists is formed exclusively for direct interaction with farmers. During the scheduled Interface programme, the panel replies to farmers queries and updates them about modern agricultural practices. Fifteen programmes were organized at different locations in Company's marketing territory during the year.

B. Jaikisaan Manifesto for Farmers' Prosperity

In an endeavour of your Company's commitment for cause of farming community, the company has brought out a policy document known as "Jaikisaan Manifesto for Farmers' Prosperity". The manifesto summarizes various farmer oriented activities initiated by the company and the same is flashed on Zuari's website i.e. www.zuari.in and is also depicted on wall paintings at strategic locations.

C. Activities for Social and Inclusive development

(i) Water purification facilities

Water used by people in rural areas is of poor quality and needs immediate intervention for prevention of health hazards and spread of diseases. To create awareness and encourage use of safe drinking water, your Company has set up Water purification facilities in three villages, two in Goa and one in Maharashtra. This project incorporates latest technology developed by ICL Water India, an Israel based player in water treatment sector. Technology is based on solid chlorination agent, CDB-56, which is most effective in water disinfection against wide range of pathogens and is recommended by WHO. The intervention is covering over 6,000 inhabitants of the three villages in two states.

(ii) Low cost drip irrigation systems amongst small-plot farmers

By using drip irrigation system, farmers can save up to 70% water and increase yield by 40-50%. However, for small-plot farmers, traditional drip irrigation system is not viable due to high cost. Therefore, the company endeavours to promote low cost drip systems, a latest technology designed exclusively for small-plot farmers. The new US based system entails advanced laser technology for uniform discharge of water at low pressure and works on gravitational force. Company demonstrated the performance of this low-cost technology in two villages in its marketing area.

(iii) Hello Jaikisaan

Company extended its toll-free telephone service "Hello Jaikisaan" to the farmers of Goa and Andhra Pradesh. With these additions, 70% of farmers in Company's marketing territory can avail free agronomic advice on "Hello Jaikisaan". In the year 2011-12, over 15,000 farmers from four states were benefited by this service.

(iv) Social services under Jaikisaan Sangam

Company extended Jaikisaan Sangam programme to new markets of Tamilnadu, Kerala and Madhya

Pradesh by increasing number of Jaikisaan Krishi Salahakars from 180 to 236 covering over 70,000 farmers in marketing territory. Besides crop advisory services to these farmers, the company also organized 110 animal health camps and 6 family health camps during the year. As a part of extension education, 105 visits to research stations, 95 crop seminars and 79 training programmes were organized. To create awareness and to showcase economic benefits about the use of speciality fertilisers, over 18,000 spot demonstrations were organized in farmers' fields.

(v) Rural sports

With the objective to support and encourage traditional sports in villages, the company organizes several rural sports in the marketing area. During the year, your company organized rural sports at 15 locations which included wrestling competitions, bullock cart races etc.

D. Dissemination of Information on CSR :

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

21. 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.

22. Directors comments on Audit Report :

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

23. 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

1st July 2011 to 31st March 2012

FORM A (See Rule 2)

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

PARTICULARS	*Current Year
A. POWER & FUEL CONSUMPTION	
1. Electricity	
(a) Purchased	
Unit (KWH)	68,35,981
Total Amount (₹ in lacs)	348.11
Rate/Unit (₹)	5.09
(b) Own generation (KWH)	
(i) Through Diesel Generator	
Unit (KWH)	1,65,60,160
Units per kg. of Diesel/LSHS/Fuel Oil	3.928
Cost/Unit (₹)	10.16
(ii) Through Steam Turbine/Generator	
Unit (KWH)	3,37,58,681
Units per kg. of Fuel Oil / LSHS	4.268
Cost/Unit (₹)	9.35
2. (a) Furnace Oil	
Quantity (MT)	55,828
Total cost (₹ in lacs)	22,273.06
Average rate (₹/MT)	39,896.02
3. Other/internal generation (please give details)	
Diesel :-	
Quantity (KL)	}
Total cost (₹ in lacs)	
Average rate (₹/KL)	
	N. A.
B. CONSUMPTION PER UNIT OF PRODUCTION	
1. Electricity	
Product (with details) Unit	
(i) Purchased Power (KWH)	
Urea	5.75
18:46:0	16.68
10:26:26	11.06
12:32:16	7.48
19:19:19	31.75
(ii) Generated Power (KWH)	
Urea	116.98
18:46:0	52.25
10:26:26	42.36
12:32:16	56.13
19:19:19	9.36
2. Furnace Oil (MT)	
Urea	0.17
18:46:0	0.02
10:26:26	0.01
12:32:16	0.02
19:19:19	0.01
3. Others	-

* The Hon'ble High Court of Bombay at Goa has sanctioned the Scheme of Arrangement and Demerger between your Company and Zuari Industries Ltd. (ZIL) the Scheme envisages transfer of fertilizer operations of ZIL to your company w.e.f. appointed date i.e. 1st July, 2011.

Annexure 'B' to the Directors' Report

Report on Corporate Governance

1. Company's Philosophy on Code of Corporate Governance

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

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

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

2. Board of Directors:

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

During the year under review, 7 Board meetings on 9th May, 2011, 20th May, 2011, 24th May, 2011, 11th August, 2011, 14th November, 2011, 3rd February, 2012 and 27th March, 2012 were held.

Attendance of each Director at the Board of Directors meetings and the last Annual General Meeting and number of Companies and Committees where he 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	5	79406	No	2	1
H. S. Bawa	Vice Chairman	11	4	NIL	No	N.A.	4
N. Suresh Krishnan \$	MD	12	7	NIL	No	3	N.A.
Akshay Poddar €	ED	12	1	NIL	No	2	6
Arun Duggal***	NED / I	12	1	NIL	No	3	2
J.N. Godbole	NED / I	14	4	NIL	No	2	8
Marco Wadia	NED / I	10	5	2811	No	3	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.

*** Appointed w.e.f. 27th March, 2012.

\$ Appointed as Managing Director, w.e.f. 1st April, 2012.

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

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

Mr. N. Suresh Krishnan, Director, is liable for retirement by rotation and is eligible for re-appointment during the forthcoming Annual General Meeting.

Brief resume and information regarding other directorships are given herebelow :-

Mr. N. Suresh Krishnan, Managing Director of the Company has 25 years of corporate experience in fertilisers, energy and cement sectors; Mr. N. Suresh Krishnan has been associated with Zuari Industries Limited (ZIL) and related companies over nearly two decades. Prior to taking over as Managing Director of ZIL in February 2011, Mr. N. Suresh Krishnan was Executive President of ZIL for three and a half years, responsible for the company's fertiliser business. Other senior positions held by Mr. N. Suresh Krishnan includes Chief Financial Officer of ZIL and Zuari Cement Limited for four years.

His functional experience spans corporate finance, corporate strategy, project planning, operations and business development. Over the years, he has been instrumental in financing of large greenfield projects in the domestic and international markets, forging and managing joint ventures and acquisitions, and in executing turnaround strategies alongside day-to-day operations in the manufacturing sector. Mr. N. Suresh Krishnan is on the Board of Directors of ZIL and several subsidiary companies of Zuari Industries and joint ventures including Zuari Maroc Phosphates Limited (Managing Director). Mr. N. Suresh Krishnan is an alumnus of BITS (Pilani).

Names of Indian Public Limited Companies in which Mr. N. Suresh Krishnan is a Director:

Sr.No.	Name of the Company
1.	Zuari Maroc Phosphates Limited
2.	Zuari Management Services Limited
3.	Zuari Indian Oiltanking Limited
4.	Zuari Investments Limited
5.	Zuari Seeds Limited
6.	Indian Furniture Products Limited
7.	Adventz Infracore India Limited
8.	Gulbarga Cement Limited
9.	Zuari Fertilisers & Chemicals Limited
10.	Zuari Holdings Limited
11.	Adventz Industries India Limited
12.	Zuari Industries Limited
13.	Zuari Holdings 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. All major agenda items are backed by in-depth background information and analysis, wherever possible, to enable the Board members to take informed decisions.

5. Board Committees

The Company has following Committees of the Board:

a. Audit Committee

The Audit Committee comprises of three independent, non-executive Directors. The permanent invitees includes CFO & Vice President-Finance and Chief General Manager & Company Secretary, as the Secretary of the Committee. The Committee has met 2 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. J. N. Godbole*	Chairman / Member	2
Mr. N. Suresh Krishnan**	Member	2
Mr. Marco Wadia	Member	2
Mr. Arun Duggal ***	Chairman	NIL

The Audit Committee of the Board of Directors has been reconstituted on 27th March, 2012.

* Up to 27th March, 2012, after that member.

** Mr. N. Suresh Krishnan ceases to be a member of Audit Committee w.e.f. 27th March, 2012.

*** w.e.f. 27th March 2012.

b) Investors' Grievance Committee:

Investors' Grievance Committee comprises of two independent and one Non Executive Director. The Board has designated Mr. R.Y. Patil, Chief General Manager & Company Secretary, as the Compliance Officer.

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 transfers.

c) Other Committees:

Apart from above, the Board has constituted Committees for Banking & Finance, and Committee for Allotment of shares. 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 Director and Managing Director is as approved by the Board and the Shareholders.

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	20,000
2.	Mr. H. S. Bawa	20,000
3.	Mr. Arun Duggal	30,000
4.	Mr. J. N. Godbole	30,000
5.	Mr. Marco Wadia	30,000

6. General Body Meetings

Details of the last 2 Annual General Meetings are:

Year	Location	Date	Time	Whether any special resolutions passed
2009-2010	Jai Kisaan Bhawan, Zuarinagar, Goa 403726	27-09-2010	02.45 p.m.	-
2010-2011	-same as above-	12-05-2011	10.00 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:

The Company was not a listed Company till 31st March, 2012 .

8. General Shareholders Information:

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

Annual General Meeting will be held on 7th August, 2012 at 10.30 A.M., at Jai Kisaan Bhawan, Zuarinagar, Goa.

b. Management Discussion and Analysis forms part of this Report as Annexure 'C'

c. Listing on Stock Exchanges:

The Company has filed application for listing of its equity shares on:

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

d. Share Transfer System:

The Share Transfers in physical mode above 1000 equity shares are approved by Investors Grievance Committee.

The Company has authorised the 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
Email: rnt.helpdesk@linkintime.co.in
Website : www.linkintime.com

e. An exclusive e-mail id :

investor.relations@zuari.adventz.com is maintained by the Company to redress the Investors Grievance. The complaints received under this e-mail id is monitored and addressed on daily basis.

f. Plant Location:

Jai Kisaan Bhawan
Zuarinagar, Goa 403726.

g. The Address for correspondence is:

Zuari Holdings 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.relations@zuari.adventz.com
Web site: www.zuari.in

Annexure 'C' to the Directors' Report

MANAGEMENT DISCUSSION AND ANALYSIS

The Board of Directors is pleased to present the business analysis and outlook for Zuari Holdings Limited (ZHL) based on the current Government policies and market conditions. The Company's business is manufacture and sale of fertilisers and trading in agri inputs.

(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 World Agriculture and Food Scenario :

During the last year FAO forecast world cereal production at record 2,327 mmt (up by 3.6% than 2010).

Rice and Coarse Grains were up by 3% to 4%

China contributed significantly to the growth.

However due to increased consumption the stock levels at the year end were more or less equal to those of the last year.

(iii) Commodity Prices :

Commodity prices world over are on the downward swing.

International prices of Fertilisers are volatile and availabilities of major inputs become quite often a major issue given the fact that the supplies are by and large controlled by a few players.

(iv) The Global Fertiliser Scenario :

Production of Rock Phosphates was better than earlier years resulting in likely oversupply scenario. In Potassic as well there are huge inventories being carried by importers. Some of the suppliers have announced production cuts. In urea however there was a reduction of production.

(v) 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.

(vi) Food & Agriculture :

In the Food and Agriculture space however, the estimated growth was at 2.5% as compared to 3.6% last year. Food Inflation was negative at the year end.

Rainfall in the Country as a whole was around 37% short of the normal – but in the South Peninsular Area it was deficient by around 11%.

However the food grain stocks increased from 47 Million MT to 55 MMT.

(vii) The Fertiliser Scenario in India :

Although there was growth of around 4% in Urea in overall terms the consumption of all fertilizers together registered a fall of around 2% over last year.

Production of Complex Grades were adversely affected as a result of availability of inputs during the earlier part of the year.

(viii) Policy Initiatives :

Consequent to predicted fall in input prices subsidies of complex fertilizers have been reduced by around 30%. This will save on the subsidy bill and India being one of the major importers of inputs the Country will be in a better position to get price advantages in view of the falling commodity prices. At the end it is intended that healthy competition and creation of capacities will ensure cheaper products to the farmer.

The other positive initiatives are to exempt from customs duties import of equipments for creation of Fertiliser Capacities in our Country and Provision of weighted deduction of 150% of Investments in equipments for creation of capacities of Fertilisers manufacturing. There are positive initiatives on Agri Extension services and new age water soluble fertilizers as well.

A new policy on Investments in Urea manufacturing Facilities is in the offing and that shall create a favourable investment ambience in the Industry.

The Company reiterates its support on these positive initiatives by the Government.

(ix) Feed Stock :

The Company has signed an agreement with GAIL for supply of Natural Gas and the infrastructures are already being put up by GAIL. Meanwhile the Company has already converted its Ammonia Manufacturing facilities from liquid fired burners to Gas compatible burners and is ready for change over of its feed stock to gas.

This will ensure cleaner and cheaper product.

(x) Fertiliser Bonds :

The Company held ₹ 221.59 (face value) Crores of Bonds during the year all of which were redeemed by the Government. There was a consequential loss, a part of which has been met by the Government.

(xi) Opportunities :

In a bid to bridge the widening demand-supply gap and reduce dependence on imports, Government of India has taken several steps aiming to create investor-friendly environment and enhance indigenous capacities in urea. A Group of Ministers (GoM), headed by Finance Minister Mr. Pranab Mukherjee, have approved a new investment policy for the urea sector. Policy seeks to give urea manufacturers a minimum 12% post-tax return on capital. The policy, on getting formal approval of Union Cabinet is expected to spur new urea capacities. Your company will take final decision on proposed Greenfield urea project once the policy gets cabinet nod.

Government of India's recent decisions to give full exemption to imported equipment for urea projects, abolition of custom's duty on coal, no issuance of fertilizer bonds towards fertiliser subsidy payments etc. will also have positive impact on growth of fertilizer Industry.

Consequent upon passing of bill on food security, requirement of food grains for the country will rise substantially in coming years. The Government of India is gearing up to achieve 4.1% growth in agriculture during twelfth five year plan period. In 2012-13 budget, outlay for agriculture has been increased by 18% to ₹ 20,108 crores. The credit target has been raised to ₹ 5,75,000 crore and the interest subvention schemes for farmers are continuing. Allocation for irrigation schemes has been raised by 13% to ₹ 14,242 crores. Special sops have been provided to encourage agricultural research and extension, aiming speedy transfer of technology to farmers' fields. With stronger support to agriculture sector and thrust on mechanization, there will be consistent rise in demand for fertilizers in the country.

(xii) Threats :

Indian agriculture is largely dependent on monsoons. Any aberrations in monsoons can prove to be a dampener in demand for fertilizers. This can result in piling up of stocks and large scale competition amongst fertilizer marketers leading to erosion of margins.

To meet demand supply gap, the company will continue to depend on imports of DAP, MOP and complexes. Any unfounded hike in global prices of fertilizers and delay to signing price agreements with international suppliers can result in non-availability of products in peak season, thus impacting the sales of the company.

Under new investment policy for Urea, the Government plans to put a cap of US \$ 14/MMBTU on gas price. If gas price goes beyond this threshold, and Government does not make corrections, it can result in drain on company's profitability.

Investment in Green urea and NPK projects depends on Government clearances for acquisition of land. Delay in Government clearances can result in postponement in execution of projects, putting pressure on value realization.

(xiii) Future outlook :

Recently, Zuari Industries Limited, a holding Company of your Company, in joint venture with Mitsubishi Corporation, acquired a 30% stake in Peruvian mine – Fospac for 230 crore for assured supply of phosphate rock – the main feedstock for di-ammonium phosphate (DAP). Fospac's annual rock phosphate production is expected to reach 2.5 million tonnes by 2015, half of which will come to Zuari. The Company's subsidiary, Zuari Fertilisers and Chemicals Limited is in the process of acquiring land and obtaining environment clearances for its proposed 1.3 million tonne gas-based urea plant at Belgaum in Karnataka, involving an outlay of around ₹ 5,000 crore. The company would be getting the gas from Petronet LNG's Dahej terminal. The unit is likely to be commissioned in 2015-16.

With implementation of NBS, company's complex fertiliser segment is expected to benefit due to margin expansion and lower subsidy receivables. The Company targets to increase its current 2 mn MT sale to over 3.5 mn MT over the next three years.

With host of capital investments over next 3-4 years, led by 1 mn MT NPK plant to be commissioned by FY 2015, debottlenecking of Goa plant from 0.7 mn MT to 1 mn MT by 2013. The Company foresees bright returns on its investments in coming years

(xiv) Internal Control Systems and their adequacy:

The company will put in place adequate systems of internal control commensurate with its size and the nature of its operations. These will be 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 Company places prime importance on an effective internal audit system. The Internal Audit Programme will be developed / aligned based on the following:

- a. Risk profiling of different business areas / processes,
- b. Evaluation of observations noted by internal audits,
- c. Suggestions 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 will be designed to review the adequacy of internal control checks in the system and will cover all significant areas of the Company's operations. The Internal Audit will also be designed to evaluate the risk regarding statutory non-compliances.

(xv) Enterprise Risk Management (ERM)

To minimize the adverse impact of risks on our business objectives and enable the Company to leverage market opportunities effectively, Zuari has assigned M/s KPMG to do a detailed study on Enterprise Risk Management (ERM) framework.

The framework requires M/s KPMG to –

- a. Define the Risk Policy, Framework and Risk Structure for ZHL,
- b. Perform risk identification and assessment with the individual Operating Managers and Functional Heads,
- c. Perform risk measurement – Risk rating scale has been pre-determined with the senior management in terms of volume, profit and statutory obligations. The key risks identified in step (a) have been classified into –
 - i. Risks which are key at Inherent level and Residual level,
 - ii. Risks which are key at Inherent level and non-key at Residual level.
- d. Identify mitigation measures and monitoring plans – The risks which are key at residual level have been discussed at length with the Operation Managers and Senior Management. Based on there discussions, the action plans / mitigation / monitoring measures have been defined for time bound monitoring.
- e. Develop risk reporting metrics – On the basis of the activities performed above, KPMG will be developing the reporting metrics which shall be reviewed on an annual basis by the Senior Management and thereafter shall be placed before the Audit Committee of the Board.

The above process has been completed and will be considered by your Company with an update of existing Enterprise Risk Management frame work.

(xvi) Operating results of the Company :

Urea production during the period 1st July, 2011 to 31st March 2012 was 279,031 MT while actual despatches for the year was 278,418 MT.

In NPK Plant 'A', 69,733 MT of Samarth (10:26:26), 18,452 MT of Samrat (18:46:0), 29,149 MT of Sampatti (12:32:16) and 18,381 MT of Sampurna (19:19:19) grades were produced, totalling to 135,715 MT.

In NPK Plant 'B', 57,792 MT of Samrat (18:46:0), 75,465 MT of Sampatti (12:32:16) and 1,03,039 MT of Samarth (10:26:26) grades were produced, totalling to 236,296 MT.

During the second quarter of the year, there was a fire incident on the cross country petroleum pipeline owned by Terminalling service providers. The pipeline had to be closed down on security and recertification needs. Further, owing to safety related issues, the Mormugao Port Trust authorities had also stopped clearance of other raw materials for Phosphatic and Potassic Fertilisers. These events caused disruption of 63 days in Urea Production and 20 days in Phosphatic and Potassic Fertilisers Production.

Argon Recovery Unit remained under shutdown throughout the year due to unremunerative market conditions.

(xvii) Company's strength :

Company has further consolidated its market presence by expanding its marketing activities in the new markets of Madhya Pradesh and Gujarat. A new regional Office has been opened up at Indore to oversee marketing operations in these states. With over two hundred thirty Jaikisaan Krishi Salahkars in marketing territory and direct linkage with sixty thousand farmers, Company is equipped with a strong army for effective implementation of market development programmes in the field. Besides strengthening the brand equity of Jaikisaan products, this programme helps in getting regular feed-back from farmers, thus facilitating timely corrections in market related decisions.

Opening of new Agriculture Development laboratory at Tirupati has given further boost to company's crop health services to customers. This laboratory caters to the company's emerging markets of Madhya Pradesh, Gujarat, Andhra Pradesh, Tamil Nadu and Kerala. The new laboratory is armed with state-of-the-art technology to provide soil analytical services for major and micronutrients. The soil test reports are now available to farmers on line, thus saving time in delivery of reports.

With strong network of dealers, full-scale logistic operations through ports on east and west coast, complete range of agri-inputs in product basket, and host of crop health services for farmers, the company is now recognized as provider of full-fledged farming solutions to farming community in the marketing territory.

(xviii) 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.

(xix) Marketing :

For ease of marketing operations, the company has segmented its marketing area into Primary and Emerging market. Primary market covers the states of Goa, Karnataka and Maharashtra states, while Emerging market comprises of Andhra Pradesh, Tamilnadu, Kerala, Madhya Pradesh and Gujarat.

In your company's marketing territory, all states barring Andhra Pradesh, received normal rainfall from southwest monsoon. But almost the entire marketing area, except Tamilnadu and Kerala witnessed deficit rainfall after September 2011. Demand for fertilizers, which was brisk till September 2011, took a beating in rabi and summer season, on account of deficit rainfall, coupled with steep hike in market prices of NPK complexes.

Despite above hurdles including stoppage of production, on overall aggregate basis Company managed to achieve sales of 22,20,936 MT of fertilisers, marking 5.6% increase over previous year. Sale of traded products at 13,03,069 MT was all-time record. In respect of imported DAP, total sales at 6,34,487 MT was 19 % higher than last year. Sale of imported complexes at 3,61,104 MT was 367% higher compared to last year. Tolling arrangements with DMCC/Others helped clocking 63,905 MT of sale of SSP, marking 139% growth over previous year. A sale of indigenous fertiliser products at 9,17,867 MT was in line with product availability from Zuarinagar plant.

Overall demand for agri inputs in the market was also affected due to unfavourable weather conditions in marketing territory. However, the company managed to achieve Agri input sale of ₹ 262.43 crore, on par with last year sales. In respect of speciality fertilizers, total sale at 8,232 MT was 21% higher compared to last year. This was achieved by launching special farmer education programmes in the field. The seed sale at ₹ 8.81 crore was marginally higher compared to previous year.

Auditors' Report

To

The Members of Zuari Holdings Limited

1. We have audited the attached balance sheet of Zuari Holdings Limited ('the Company') as at March 31, 2012 and also the statement of profit and loss 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, statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account.
 - iv. In our opinion, the balance sheet, statement of profit and loss 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 statement of profit and loss, 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.

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

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

Re: Zuari Holdings 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.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) The Company has granted loans to one company covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 6,750 lacs and the year end balance or loans balance of loans granted to such parties was ₹ 6,750 lacs.
- (b) The Company has made interest-free loans to a wholly-owned subsidiary. According to the information and explanations given to us, and having regard to management's representation that the interest free loans are given to wholly-owned subsidiaries of the Company in the interest of the Company's business, the rate of interest and other terms and conditions for such loans are not prima facie prejudicial to the interest of the Company.
- (c) In respect of loans granted, repayment of the principal amount is as stipulated and payment of interest has been regular.
- (d) There is no overdue amount of loans granted to companies listed in the register maintained under Section 301 of the Companies Act, 1956.
- (e) The Company has taken loan from a Company covered in the Register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 19,100 lacs and the year end balance of loans taken from such parties was ₹ Nil.
- (f) In our opinion and according to the information and explanation given to us, the rate of interest and other terms and condition for such loans are not prima facie prejudicial to the interest of the Company.
- (g) In respect of loans taken, repayment of principal amount is stipulated and payment of interest has been regular.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the company in respect of these areas.
- (v) (a) According to the information and explanations provided by the management, we are of the opinion that particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 that need to be entered into the register maintained under Section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lacs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposit from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (ix) (a) Undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Wealth-Tax, Service Tax, Customs Duty, Excise Duty, Cess and Other Material Statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.
- (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 information and explanations given to us, there are no dues of Income Tax, Sales-Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess which have not been deposited on account of any dispute.

Name of the statute	Nature of dues	Amount (₹ in lacs)	Period to which 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 (Appeal)
Demand notice from Commercial Tax Department	Non submission of "F Form"	15.96	2007-08	High Court of Andhra Pradesh
Service Tax	Service Tax Liability	142.23	2006-07 to 2011-12	CESTAT

- (x) The Company has been registered for a period of less than five years and hence we are not required to comment on whether or not the accumulated losses at the end of the financial year is fifty per cent or more of its net worth and whether it has incurred cash losses in the current financial year and in the immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to banks. The Company did not have any outstanding debentures and loan from financial institution during the year.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956. In our opinion, the price at which shares have been issued is not prejudicial to the interest of the Company.
- (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.

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

Balance Sheet as at 31st March 2012

	Notes	31st March 2012 ₹ in Lacs	31st March 2011 ₹ in Lacs
I. EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	3	4,205.80	200.00
(b) Reserves and surplus	4	74,253.16	(2.97)
		78,458.96	197.03
Non-current liabilities			
(a) Deferred tax liabilities (Net)	5	1,494.42	–
(b) Other non-current liabilities	6	4,781.15	–
(c) Long-term provisions	7	–	–
		6,275.57	–
Current liabilities			
(a) Short-term borrowings	8	2,96,501.77	–
(b) Trade payables	6	74,610.48	0.30
(c) Other Current Liabilities	6	5,647.66	–
(d) Short-term provisions	7	5,221.69	–
		3,81,981.60	0.30
Total		4,66,716.13	197.33
II. ASSETS			
Non-current assets			
(a) Fixed assets			
i) Tangible assets	9	18,966.35	–
ii) Intangible assets	9(a)	73.77	–
iii) Capital work-in-progress		1,954.02	–
(b) Non-current investments	10	19,749.97	–
(c) Long-term loans and advances	11	9,817.85	–
(d) Other non-current assets	12	131.40	–
		50,693.36	–
Current assets			
(a) Inventories	13	72,164.89	–
(b) Trade receivables	14	2,95,198.04	–
(c) Cash and bank balances	15	33,259.01	197.33
(d) Short-term loans and advances	11	11,141.55	–
(e) Other current assets	12	4,259.28	–
		4,16,022.77	197.33
Total		4,66,716.13	197.33

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 Holdings Limited

For S. R. BATLIBOI & CO.

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

S. K. Poddar

Chairman

N. Suresh Krishnan

Managing Director

Marco Wadia

Director

Per Anil Gupta

Partner
Membership No. : 87921

Binayak Datta

CFO & Vice President – Finance

R. Y. Patil

Chief General Manager
& 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

	Notes	31st March 2012 ₹ in Lacs	31st March 2011 ₹ in Lacs
I. Income			
(a) Revenue from operations (gross)	16	6,18,846.23	-
Less : excise duty		758.50	-
(b) Revenue from operations (net)		6,18,087.73	-
(c) Other income	17	5,611.61	0.19
Total Revenue		6,23,699.34	0.19
II. Expenses			
(a) Cost of raw material consumed	18	1,92,145.29	-
(b) Purchase of traded goods	19	3,21,840.72	-
(c) "Decrease in inventories of finished goods, work-in-progress and traded goods"	20	14,520.57	-
(d) Employee benefits expense	21	5,480.17	-
(e) Other expenses	22	67,371.77	0.47
Total		6,01,358.52	0.47
III. Earnings before interest, tax, depreciation and amortization (EBITDA) (I) - (II)		22,340.82	(0.28)
(a) Depreciation and amortization expense	23	1,801.66	-
(b) Finance costs	24	5,513.57	-
Profit before tax		15,025.59	(0.28)
IV. Tax expenses			
(a) Current income tax		4,737.51	-
(b) Deferred tax		(29.63)	-
Total tax expense		4,707.88	-
Profit for the year (III-IV)		10,317.71	(0.28)
Earning per Share			
Basic			
"Earnings per equity share (nominal value of share ₹10/- 31st March 2011 - ₹10/-)"	35	30.97	(0.01)
Diluted			
"Earnings per equity share (nominal value of share ₹10/- 31st March 2011 - ₹10/-)"		30.97	(0.01)

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 Holdings Limited

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

S. K. Poddar
Chairman

N. Suresh Krishnan
Managing Director

Marco Wadia
Director

Per Anil Gupta
Partner
Membership No. : 87921

Binayak Datta
CFO & Vice President – Finance

R. Y. Patil
Chief General Manager
& Company Secretary

Place : Gurgaon
Date : 9th May, 2012

Place : Gurgaon
Date : 9th May, 2012

Cash flow statement for the year ended 31st 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	15,025.60	(0.28)
	Adjustments for:		
	Depreciation/amortisation	1,801.66	-
	Sundry balances written off	(10.87)	-
	Unrealized foreign exchange fluctuation loss	102.64	-
	Excess provision/unclaimed liabilities/unclaimed balances written back	(16.93)	-
	(Loss)/profit on sale on fixed assets	122.00	-
	Interest expense	3,910.94	-
	Interest income	(1,365.78)	-
	Dividend income	(916.98)	-
		<u>3,626.68</u>	<u>-</u>
	Operating profit/(loss) before working capital changes	<u>18,652.28</u>	<u>(0.28)</u>
	Movements in working capital :		
	Inventories	17,551.11	-
	Sundry debtors	(2,01,876.47)	-
	Other current assets	16,119.36	(180.19)
	Loans and advances	(2,895.03)	-
	Current liabilities and provisions	2,482.62	(2.29)
		<u>(1,68,618.41)</u>	<u>(182.48)</u>
	Cash from operations	<u>(1,49,966.13)</u>	<u>(182.76)</u>
	Direct tax paid (net of refunds)	(3,953.08)	-
	Net cash flow (used in) operating activities (A)	<u>(1,53,919.21)</u>	<u>(182.76)</u>
B.	Cash Flows From Investing Activities		
	Purchase of Fixed Assets	(2,671.02)	-
	Proceeds from sale of fixed assets	7.03	-
	Dividend received	916.98	-
	Fixed deposits matured	180.00	-
	Purchases of investments	(2,55,043.37)	-
	Sales of investments	2,51,588.48	-
	Purchase of investment in subsidiaries & joint ventures**	(19,749.97)	-
	Interest received	1,625.80	-
	Loans given to bodies corporates	(2,250.00)	-
	Net cash (used in) investing activities (B)	<u>(25,396.07)</u>	<u>-</u>

Sl. No.	PARTICULARS	Year ended 31st March,2012 (₹ in lacs)	Year ended 31st March,2011 (₹ in lacs)
C.	Cash Flows From Financing Activities		
	Proceeds from issuance of share capital	1,061.74	195.00
	Proceeds from Short term borrowings	13,460.22	-
	Proceeds from Buyer's Credit	2,88,491.01	
	Repayment of Buyer's Credit	(89,511.12)	
	Interest paid	(2,424.80)	-
	Net cash flow from financing activities (C)	2,11,077.05	195.00
	NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS (A + B + C)	31,761.77	12.24
	CASH AND CASH EQUIVALENTS (OPENING)	17.33	5.09
	Add : Transfer from Demerged Fertilizer Business of ZIL	1,479.91	-
	CASH AND CASH EQUIVALENTS (CLOSING)	33,259.01	17.33

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

CASH AND CASH EQUIVALENTS	Year ended 31st March,2012 (₹ in lacs)	Year ended 31st March,2011 (₹ in lacs)
Components of cash and cash equivalents		
Cash in hand	1.06	-
with banks -on current account	23,229.42	17.33
with banks -on cash credit account	10,028.53	-
Total cash and cash equivalents	33,259.01	17.33

Notes:

- 1) Pursuant to the scheme of arrangement and demerger, all the 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.
- 2) ** Includes purchase 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 Holdings Limited

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

S. K. Poddar
Chairman

N. Suresh Krishnan
Managing Director

Marco Wadia
Director

Per Anil Gupta
Partner
Membership No. : 87921

Binayak Datta
CFO & Vice President – Finance

R. Y. Patil
Chief General Manager
& Company Secretary

Place : Gurgaon
Date : 9th May, 2012

Place : Gurgaon
Date : 9th May, 2012

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012
1. Corporate Information

This Company is a public limited company domiciled in India and incorporated under the provisions of the Companies Act 1956. It was incorporated on 10th September 2009 with object of to carry on the business of investment, holding an investment trust and for that purpose to invest in, acquire, underwrite, subscribe for, hold shares, bonds, stocks, securities etc.

The Shareholders of the Company at their meeting held on 12th May 2011 has passed a resolution to commence new line of business (fertilizer business) as mentioned in the clause 50 of clause III(c) of the Memorandum of Association pursuant to Section 149 (2A) of the Companies Act, 1956.

Pursuant to the Scheme of Arrangement and Demerger under Section 391 to 395 of the Companies Act, 1956, between the Company and Zuari Industries Limited becoming operative with effect from 21st March 2012 ("the effective date") the Fertiliser undertaking and its corresponding Assets and Liabilities of Zuari Industries Limited have vested with the Company retrospectively from 1st July 2011 ("the appointed date"). Accordingly, the Statement of Profit and Loss and Statement of Assets and Liabilities dealt herewith reflect the result of the activities carried out by the Zuari Industries Limited in trust for the Company pending the Scheme becoming operative.

After demerger of Fertiliser Undertaking from Zuari Industries Limited, the Company is the manufacturer of chemical fertilisers. 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 this 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 Summary of Significant Accounting Policies
Change in Accounting Policies
i) Presentation and disclosure of financial statements

The Revised Schedule VI notified under the Companies Act, 1956 has become applicable to the Company, for preparation and presentation of its financial statements commencing from 1st April 2011. 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 (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) Fixed 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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012 Contd.....

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

viii) 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.

ix) 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.

x) Retirement and other Employee Benefits

Pursuant to the Scheme of Arrangement and Demerger approved by the Hon'ble High Court of Bombay at Goa, all the Assets, Liabilities pertaining to Fertiliser Undertaking of Zuari Industries Limited as on 1st July, 2011 have been transferred to the Company at their book values and accordingly Retirement and other benefits of employees of Fertiliser undertaking have been transferred to the Demerged entity.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012 Contd.....
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. Family 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 funds is 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 12 months, is treated as Short term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date

The Company treats accumulated leave expected to be carried forward beyond twelve months as long term employee benefit for measurement purpose. Such long term compensated absences are provided for based on actuarial valuation using the projected unit credit method at the year end.

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 absences and provident fund in form of defined obligation plan are immediately taken to the Statement of Profit and Loss and are not deferred.

xi) Foreign currency transactions
a) Initial recognition

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

b) Conversion

Foreign currency monetary items are 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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012 Contd.....

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 recognized when the significant risk and rewards of ownership of the goods have passed to the customers. The Company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue. Excise Duty deducted from turnover (gross) is the amount that is included in the amount of turnover (gross) and not the entire amount of liability assessed during the year.

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

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

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

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

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 recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has carry forward of unabsorbed depreciation and tax losses, 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 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.

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012 Contd.....

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) 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.

—This space has been intentionally left blank—

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012 Contd.....

3. Share Capital

PARTICULARS	31st March 2012 ₹ In Lacs	31st March 2011 ₹ In Lacs
Authorised :		
4,20,58,006 (31st March 2011:: 20,00,000) Equity Shares of ₹ 10/- Each	4,205.80	200.00
	4,205.80	200.00
Issued		
1,26,17,402 (31st March 2011:: 20,00,000) Equity Shares of ₹ 10/- Each Fully paid	1,261.74	200.00
Subscribed and Paid –up		
1,26,17,402 (31st March 2011:: 20,00,000) Equity Shares of ₹ 10/- Each Fully paid	1,261.74	200.00
Total	1,261.74	200.00
Equity Share suspense account	2,944.06	–
Total	4,205.80	200.00

Equity Share suspense represents 2,94,40,604 Equity Shares of ₹ 10/- each to be issued to the shareholders of Zuari Industries Limited consequent to the Scheme of Arrangement and Demerger becoming Operational from effective date, pending allotment (Refer Note. 40)

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

PARTICULARS	31st March 2012		31st March 2011	
	in Numbers	₹ in lacs	in Numbers	₹ in lacs
Equity Shares				
At the beginning of the year	2,000,000	200.00	2,000,000	200.00
Issued during the year	10,617,402	1,061.74	–	–
Outstanding at the end of the year	12,617,402	1,261.74	2,000,000	200.00
Equity Share Suspense Account	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/- Share. Each share holder of equity shares is entitled to one vote per share. The Company declares and pays dividend 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 ₹ 3/-, subject to approval of shareholders (31st March 2011:: Nil)

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. Shares held by holding company and associates

Out of equity shares issued by the Company, shares held by its holding company and associates is as below:

PARTICULARS	31st March 2012 ₹ In Lacs	31st March 2011 ₹ In Lacs
Zuari Industries Limited, the associate (Previous year holding Company)* 84,11,601 (31st March 2011:: 20,00,000 equity shares of ₹ 10/- fully paid)	841.16	200.00

* As of 31st March 2012, Company is an associate of Zuari Industries Limited

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012 Contd.....

- d. Details of Shareholders holding more than 5% of equity shares in the Company
(without considering equity shares to be issued as per the Scheme of Arrangement and Demerger (Refer Note 40c)

Name of Shareholder	31st March 2012		31st March 2011	
	No. of Shares held	% Holding in Class	No. of Shares held	% Holding in Class
Zuari Industries Limited	8,411,601	66.67	2,000,000	100.00
Zuari Management Services Limited	4,205,801	33.33	–	–
Total	12,617,402		2,000,000	

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.

4. Reserves and Surplus

PARTICULARS	31st March 2012 ₹ In Lacs	31st March 2011 ₹ In Lacs
Business Restructuring Reserve [arising on 1st July, 2011, being the difference of assets over liabilities on the transfer/ vesting of the "Fertiliser Undertaking" as per the Scheme of Arrangement and Demerger in terms of Order of Hon'ble High Court of Bombay at Goa (Refer Note. 40)]	65,404.84	–
	65,404.84	–
General Reserve		
Balance as per last financial statements	–	–
Add: Amount transferred from surplus balance in the statement of profit and loss	5,000.00	–
Closing Balance	5,000.00	–
Surplus / (deficit) in the statement of profit and loss		
Balance as per last financial statements	(2.97)	(2.69)
Net Profit/(loss) for the year	10,317.71	(0.28)
Less : Appropriations		
Proposed final equity dividends of ₹ 3/- Per Equity Share (31st March 2011:: Nil)	1,261.74	–
Tax on proposed equity dividend	204.68	–
Transfer to general reserve	5,000.00	–
Total appropriations	6,466.42	–
Net surplus/(deficit) in the statement of profit and loss	3,848.32	(2.97)
Total reserves and surplus	74,253.16	(2.97)

5. 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	2,875.10	–
Gross deferred tax liabilities	2,875.10	–
Deferred tax assets		
Provision for doubtful debts	15.35	–
Expenses allowable in Income tax on payment basis and deposition of Statutory dues	1,365.33	–
Gross deferred tax assets	1,380.68	–
Net deferred tax liabilities	1,494.42	–

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012 Contd.....

6. 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.38 for details of dues to Micro and Small Enterprises)	-	-	74,610.48	0.30
	-	-	74,610.48	0.30
Other Liabilities				
Trade deposits – dealers	4,781.15	-	-	-
Interest accrued but not due on loans and deposits	-	-	1,624.24	-
Advances from dealers and others	-	-	390.87	-
Payables towards capital goods	-	-	261.39	-
Statutory and other obligations	-	-	3,371.16	-
	4,781.15	-	5,647.66	-
Total	4,781.15	-	80,258.14	0.30

7. 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 37(A)]	-	-	81.92	-
Provident fund [Refer note 37(B)]	-	-	54.38	-
Leave encashment (unfunded)	-	-	2,784.54	-
	-	-	2,920.84	-
Others provisions				
Provision for current tax (net of advance tax)	-	-	784.43	-
Provision for wealth tax	-	-	50.00	-
Provision for proposed equity dividend	-	-	1,261.74	-
Provision for tax on proposed equity dividend	-	-	204.68	-
	-	-	2,300.85	-
Total	-	-	5,221.69	-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012 Contd.....
8. Short term borrowings

PARTICULARS		31st March 2012 ₹ In Lacs	31st March 2011 ₹ In Lacs
From Banks			
Secured			
a.	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	2,64,001.77	–
		2,64,001.77	–
Unsecured			
a.	Term loan		
	11.50% loan from Indian Overseas Bank (Repayable in three equal monthly instalments commencing at the end of 7th, 8th and 9th Month from the date of first availment, viz., 14th January 2012)	32,500.00	–
		32,500.00	–
	Total	2,96,501.77	–

The 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.

9. Tangible assets

(₹ in lacs)

Particulars	Freehold Land	Buildings	Railway Siding	Plant & machinery	Furniture & fixtures	Office equipment	Vehicles	Total
Cost								
As at 31.03.2011	–	–	–	–	–	–	–	–
Additions	141.48	313.21	–	451.97	63.48	55.99	100.86	1,126.99
Disposals	–	3.78	–	445.12	3.48	7.26	41.16	500.80
Addition: Due to De-Merger Scheme (Refer note No.40)	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	235.00	2,379.94	1,500.59	41,156.18	483.91	1,495.93	701.48	47,953.03
Depreciation								
As at 31.03.2011	–	–	–	–	–	–	–	–
Charge for the year	–	41.03	53.80	1,381.70	47.62	89.38	49.01	1,662.54
Deductions	–	1.86	–	341.00	2.24	2.42	24.25	371.77
Addition: Due to De-Merger Scheme (Refer note No.40)	–	1,081.38	919.86	24,387.48	283.43	880.37	143.39	27,695.91
As at 31.03.2012	–	1,120.55	973.66	25,428.18	328.81	967.33	168.15	28,986.68
Net block								
As at 31.03.2012	235.00	1,259.39	526.93	15,728.00	155.10	528.60	533.33	18,966.35

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012 Contd.....

9(a). Intangible assets

(₹ in lacs)

Particulars	Software	Total
Gross block		
As at 31.03.2011	–	–
Purchase	–	–
Deductions	–	–
Addition: Due to De–Merger Scheme (Refer note No. 40)	785.91	785.91
As at 31.03.2012	785.91	785.91
Amortization		
As at 31.03.2011	–	–
Charge for the year	139.12	139.12
Deductions	–	–
Addition: Due to De–Merger Scheme (Refer note No. 40)	573.02	573.02
As at 31.03.2012	712.14	712.14
Net block		
As at 31.03.2012	73.77	73.77

10. Non –Current Investments

PARTICULARS	31st March 2012 ₹ In Lacs	31st March 2011 ₹ In Lacs
Trade Investments (valued at cost, unless otherwise stated)		
Unquoted		
Investment in subsidiaries		
1,41,74,162 (31st March 2011:: nil) Equity Shares of ₹10/ – each fully Paid up of Zuari Seeds Limited	1,417.60	–
50,000 (31st March 2011:: nil) Equity Shares of ₹10/ – each fully paid up of Zuari Fertilisers and chemicals Limited	5.00	–
Investment in Joint Ventures		
17,98,16,178(31st March 2011:: nil) Equity shares of ₹10/ – each fully Paid up of Zuari Maroc Phosphates Limited	17981.62	–
34,57,501 (31st March 2011:: nil) Equity shares of ₹10/ – each fully Paid up of Zuari Rotem Speciality Fertilisers Limited	345.75	–
Total	19,749.97	–
Aggregate Amount of un Quoted Investments	19,749.97	–
Total	19,749.97	–

- (a) In order to commence and strengthen the Fertiliser Business the Company has invested in the equity shares of Zuari Seeds Limited, Zuari Fertilisers and Chemicals Limited, Zuari Maroc Phosphates Limited and Zuari Rotem Speciality Fertilisers Limited. The investments were purchased at book value from Zuari Industries Limited, the Holding Company in the month of May and June 2011.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012 Contd.....

- (b) The Company has invested a sum of ₹ 1,417.60 lacs in the equity shares of Zuari Seeds Limited. Further, the Company has receivables of ₹ 1711.79 lacs by way of trade advances. The Company has promised to provide continuous financial support. As per the latest audited financial statements of this subsidiary, accumulated losses of this subsidiary has resulted in erosion of its entire net worth. However, the said subsidiary Company has not incurred cash loss during the current year and immediately preceding financial year. The above Investment being in the nature of long term strategic investment and also in view of the projected profitable operations of the above company, management is of the view that the provision for diminution in the value of this investments is not required to be made there against.
- (c) The Company has invested in the equity shares of Zuari Rotem Speciality Fertilisers Limited. The lock –in period of the equity share is five years. The Company cannot sell, transfer or in any other way dispose off its shares or interest during the lock –in period with out the prior written consent of the joint venturer. After the lock –in period the Company may transfer its shares only after the other joint venturer has been granted the right of first refusal.

11. 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	1,156.20	–	–	–
	1,156.20	–	–	–
Security deposits				
Unsecured, considered good	357.06	–	80.24	–
	357.06	–	80.24	–
Loans and advances to related parties (Refer No. 34)				
Unsecured, considered good	7,904.89	–	4,195.49	–
	7,904.89	–	4,195.49	–
Advances recoverable in Cash or Kind				
Unsecured, considered good	–	–	6,531.13	–
	–	–	6,531.13	–
Other Loans and Advances				
Secured, considered good				
Loans to Employees (secured)	142.19	–	46.23	–
Unsecured, considered good				
Loans to Employees	257.51	–	67.03	–
Prepaid expenses	–	–	148.01	–
VAT credit receivable	–	–	72.82	–
Balances with Customs, Port Trust and Excise Authorities	–	–	0.60	–
	399.70	–	334.69	–
Total	9,817.85	–	11,141.55	–

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012 Contd.....

12. Other 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	-	-	31.40	-
Interest receivable from subsidiaries on loans	-	-	136.61	-
Interest receivable from customers	-	-	147.92	-
Interest Accrued on Loans to employees	130.55	-	19.78	-
Unamortised Premium on Forward Contracts*	-	-	3,923.57	-
	130.55	-	4,259.28	-
Non Current bank balances (note 15)	0.85	-	-	-
	0.85	-	-	-
Total	131.40	-	4,259.28	-

* The Unamortised Foreign Exchange Premium on Outstanding Forward Exchange Contracts is being carried forward to be charged to the statement of Profit and Loss of subsequent year

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

PARTICULARS	31st March 2012 ₹ In Lacs	31st March 2011 ₹ In Lacs
Raw materials [includes material in transit ₹ 4,167.81 lacs (31st March 2011 :: ₹ Nil) and includes material lying with others ₹ 83.86 lacs (31st March 2011 :: ₹ Nil)]	27,308.59	-
Packing materials [includes material lying with others ₹ 49.42 lacs (31st March 2011 :: ₹ Nil)]	479.48	-
Work –in –progress	1,355.70	-
Finished goods	10,853.06	-
Traded goods [includes material in transit ₹ Nil and includes material lying with others 714.01 lacs (31st March 2011 :: ₹ Nil)]	22,350.99	-
Fuel Oil	4,937.87	-
Stores and spares	4,879.20	-
Total	72,164.89	-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012 Contd.....

14. 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	1.02	–
Unsecured, considered good [(including subsidy receivable ₹ 10,551.53 (31st March, 2011:: ₹ Nil)]	10,556.02	–
Unsecured, considered doubtful	47.31	–
	10,604.35	–
Less: Provision for doubtful debts	47.31	
(A)	10,557.04	–
Other receivables		
Secured, considered good	4,209.82	–
Unsecured, considered good (including subsidy receivable ₹ 2,01,488.91 (31st March, 2011:: ₹ Nil)	2,80,431.18	–
(B)	2,84,641.00	–
Total	2,95,198.04	–

15. 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	–	–	23,229.42	14.73
– On Cash credit accounts	–	–	10,028.53	–
– On Deposits accounts with original maturity less than three months	–	–	–	2.60
b. Cash on hand	–	–	1.06	–
	–	–	33,259.01	17.33
Other bank balances				
“Deposits with original maturity for more than 12 months” [(pledged with sales tax authorities ₹ 0.85 lac) 31st March 2011 :: ₹ Nil]	0.85	–	–	180.00
Total	0.85	–	–	180.00
Amount disclosed under non current assets	(0.85)	–	–	–
	–	–	33,259.01	197.33

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012 Contd.....

16. Revenue from operations

PARTICULARS		31st March 2012 ₹ In Lacs	31st March 2011 ₹ In Lacs
Revenue from operations			
Sale of products			
	Finished products	2,47,503.71	–
	Traded products	3,71,206.55	–
Other operating revenues			
	Scrap Sales	135.97	–
Revenue from operations (gross)		6,18,846.23	–
Less : Excise duty		758.50	–
Revenue from operations (net)		6,18,087.73	–
Details of products sold			
Finished Products sold:			
Urea		1,13,765.97	–
Complex fertilisers of the grades :			
	18:46:0	32,361.73	–
	10:26:26	59,795.20	–
	12:32:16	34,256.78	–
	19:19:19	4,251.67	–
CO2		186.14	–
SSP		2,886.22	–
Total		2,47,503.71	–
Traded Products sold:			
	MOP	53,923.97	–
	DAP	2,08,495.84	–
	SSP	888.31	–
	SOP	559.39	–
	Complex Fertilisers	98,954.08	–
	Sale of Phos Acid	1,984.53	–
	Seeds	730.21	–
	Speciality Fertilisers	5,670.22	–
Total		3,71,206.55	–

- Sales of Finished Product and Traded Product include government subsidies. Subsidies include ₹ 809.10 lacs (31st March 2011 :: ₹ Nil) in respect of earlier years, notified during the year.
- Stage III of the New Pricing Scheme (NPS) for Urea was in operation from 1st October, 2006 to 31st March , 2010. As per this scheme, all naphtha based units (including the company) were required to take steps for conversion to natural gas / liquified natural gas by 31st March 2010. The Company has initiated necessary steps for conversion. Government of India vide notification dated 17th March , 2010 has extended till further orders the provisions of Stage III of NPS.
- 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.
- Excise duty on sales amounting to ₹ 758.50 lacs (31 March 2011 : ₹ Nil) has been reduced from sales in statement of profit & loss and excise duty on increase / decrease in stock amounting to ₹ 1.22 lacs (31 March 2011 : ₹ Nil) has been considered as other income in financial statements.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012 Contd.....
17. Other income

PARTICULARS		31st March 2012 ₹ In Lacs	31st March 2011 ₹ In Lacs
Interest Income on			
Bank deposits		535.73	0.19
Intercorporate loans		151.79	–
Government of India Fertiliser Bonds		110.71	–
Overdue debtors, employee loans etc.		567.55	–
Dividend Income on			
Current investments		916.98	–
Rent received		5.53	–
Excess provision/unclaimed liabilities/unclaimed balances written back		16.93	–
Reimbursement of loss on sale of Fertiliser Companies Government of India Special Bonds*		2,888.18	
Other non –operating income		418.21	–
Total		5,611.61	0.19

* In terms of the guidelines issued by the Government of India, Ministry of Chemicals & Fertilizers (MCF) dated 25th July, 2011 the Company had sold Fertiliser Companies Government of India Special Bond at price determined by Reserve Bank of India (RBI) resulting in a loss of ₹ 6,776.15 lacs. As per the guidelines, part of the loss incurred by the Company on sale of bond to RBI was to be compensated by Government. In terms of Office Memorandum dated 13th March 2012, the Government has agreed to reimburse 50% of losses incurred by the Company. However, there is a difference in the amount of losses as computed by the Company and as computed by Budget Department, Department of Economic Affairs in consultation with RBI. Pending final reconciliation certain portion of aforesaid loss, amounting to ₹ 2,888.18 lacs has been compensated to the Company vide Office Memorandum dated 13th March 2012 and 30th March, 2012.

18. Cost of raw materials consumed:

PARTICULARS	31st March 2012 ₹ In Lacs	31st March 2011 ₹ In Lacs
Inventory transferred on Demerger from Zuari Industries Limited	28,999.68	–
Add : Purchases	1,87,311.41	–
Add : Transfer of Stock for captive consumption	3,142.79	–
Less: Inventory at the end of the year	27,308.59	–
Cost of raw materials consumed	1,92,145.29	–
Details of raw materials consumed		
Naphtha	73,462.68	–
Phosphoric acid	68,159.45	–
Muriate of potash	29,035.69	–
Ammonia	17,587.89	–
Purchased urea	1,376.26	–
Rock phosphate	1,370.23	–
Other raw materials	1,153.09	–
Total	1,92,145.29	–
Details of inventory: Raw materials		
Naphtha	17,481.34	–
Phosphoric acid	7,140.30	–
Muriate of potash	892.71	–
Ammonia	1,234.39	–
Purchased urea	300.19	–
Rock phosphate	44.59	–
Other raw materials	215.07	–
Total	27,308.59	–

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012 Contd.....

19. Details of purchase of traded products :

PARTICULARS		31st March 2012 ₹ In Lacs	31st March 2011 ₹ In Lacs
Traded products purchase details			
Traded fertilisers:			
	DAP	1,61,375.83	-
	MOP	55,528.26	-
	SSP	906.41	-
	SOP	892.98	-
	Complex Fertilisers	95,167.13	-
	Speciality Fertilisers	5,700.49	-
	Seeds	410.04	-
	Phosphoric Acid	1,859.58	-
Total		3,21,840.72	-

20. Decrease in inventories

PARTICULARS		31st March 2012 ₹ In Lacs	31st March 2011 ₹ In Lacs
Inventories at the end of the year			
	Finished products	10,853.05	-
	Traded products	22,350.99	-
	Work –in –progress	1,355.70	-
		34,559.74	-
Inventories Transferred on Demerger from Zuari Industries Limited			
	Finished products	6,288.16	-
	Traded products	43,830.91	-
	Work –in –progress	2,104.03	-
	Less : Captive consumption	(3,142.79)	-
		49,080.31	-
Total		14,520.57	-
Details of Inventory			
Traded Goods			
	DAP	1,086.45	-
	MOP	5,669.39	-
	SSP	23.08	-
	SOP	330.37	-
	Complex Fertilisers	10,686.44	-
	Speciality Fertilisers	4,014.25	-
	Seeds	541.01	-
		22,350.99	-
Finished Goods			
	Urea	1,671.77	-
	18:46:00	2,321.18	-
	10:26:26	4,280.11	-
	12:32:16	455.90	-
	19:19:19	1,893.04	-
	Others	231.06	-
		10,853.06	-
Work in Progress			
	Ammonia	11.88	-
	Sweet Naphtha	1,343.82	-
		1,355.70	-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012 Contd.....
21. Employee benefit expense

PARTICULARS	31st March 2012 ₹ In Lacs	31st March 2011 ₹ In Lacs
Salaries, wages and bonus	3,805.03	–
Contribution to provident and other funds	531.64	–
Gratuity (Refer Note No: 37)	81.93	–
Staff welfare expenses	1,061.57	–
Total	5,480.17	–

22. Other expenses

PARTICULARS	31st March 2012 ₹ In Lacs	31st March 2011 ₹ In Lacs
Consumption of packing materials	2,264.20	–
Stores and spares consumed	289.21	–
Power, fuel and water	23,476.04	–
Bagging and other contracting charges	2,761.59	–
Outward freight and handling	24,986.75	–
Rent	508.70	0.13
Lease rentals	96.77	–
Rates and taxes	101.85	–
Insurance	268.73	–
Repairs and maintenance		
Buildings	118.30	–
Plant & machinery	2,850.21	–
Others	507.78	–
Payment to statutory auditors (Refer details below)	31.69	0.33
Cash rebate	17.56	–
Excise duty on Increase/(Decrease) on inventory	1.22	–
Subsidy claims written off	44.78	–
Sundry balances written off	10.87	–
Loss on fixed assets sold/discarded (net)	122.00	–
Premium on foreign exchange forward cover	6,085.23	–
Miscellaneous expenses	2,828.29	0.01
Total	67,371.77	0.47
Payments to statutory auditors as		
As statutory auditors		
Audit fees	15.34	0.33
Tax audit fee	4.49	–
In other capacity		
Certification fees, etc.	7.87	–
Reimbursement of expenses	3.99	–
Total	31.69	0.33

23. Depreciation and amortisation expense

PARTICULARS	31st March 2012 ₹ In Lacs	31st March 2011 ₹ In Lacs
Depreciation of tangible assets	1,662.54	–
Amortization of intangible assets	139.12	–
Total	1,801.66	–

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012 Contd.....

24. Finance costs

PARTICULARS	31st March 2012 ₹ In Lacs	31st March 2011 ₹ In Lacs
Interest expense [(including interest on income tax ₹ 147.02 lacs, (31st March 2011:: Nil)	3,910.94	–
Bank charges	1,602.63	–
Total	5,513.57	–

25. Contingent liabilities not provided for:

Particulars	Year Ended 31st March 2012 ₹ in Lacs	Year Ended 31st 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 has deposited ₹ 21.28 lacs against the same which is appearing in the schedule of loans and advances)	42.56	–
ii) Demand notice from Commercial Tax Department, towards non submission of "F Form" for the year 2007–08. The Company has filed for stay in High Court of Andhra Pradesh.	15.96	–

* 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 is considered necessary.

26. Estimated amount of contracts remaining to be executed 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	5,264.04	–

27. 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	94,431.38	–
Spare Parts	555.17	–
Capital goods	17.23	–
Traded goods	2,80,671.34	–

28. (a) Imported and indigenous raw materials consumption

Particulars	%	Year Ended 31st March 2012 ₹ in Lacs	%	Year Ended 31st March 2011 ₹ in Lacs
Indigenously obtained	3.27 %	6,287.06	–	–
Imported	96.73 %	1,85,858.23	–	–
Total	100.00 %	1,92,145.29	–	–

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012 Contd.....
29. Expenditure in foreign currency (Accrual Basis):

Particulars	Year Ended 31st March 2012 ₹ in Lacs	Year Ended 31st March 2011 ₹ in Lacs
Travelling expenses	36.80	–
Professional fees	39.95	–
Interest expense	2,587.99	–

30. Aggregate amount of guarantees issued by the Banks to various government authorities and others are secured by a charge created by way of hypothecation ₹ 12,477.71 (Previous year ₹ Nil)

31. 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	15,484.36	–

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)	57,70,13,319	NIL	To hedge the purchases of raw materials and traded goods and buyer credit

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

Particulars	31.03.2012	31.03.2011
Accrued Interest	USD	15,04,680.00
	INR (₹ in lacs)	769.74
Trade Payables	USD	92,46,877
	INR (₹ in lacs)	4,730.38
Claims Receivable	USD	18,67,016
	INR (₹ in lacs)	955.10
Exchange Rate	1 USD = 51.1565 INR	–

32. Information in respect of Joint Ventures:

(₹ in lacs)

Sr No	Particulars	Zuari Maroc Phosphates Limited (Consolidated)		Zuari Rotem Speciality Fertilizer Limited	
1	Proportion of ownership interest	50% (w.e.f. 27/06/2011) (Previous year NIL)		50% (w.e.f. 31/05/2011) (Previous year NIL)	
2	Country of incorporation	India		India	
3	Accounting period ended	31.03.12	31.03.11	31.03.12	31.03.11
4	Assets	1,69,880.66	–	1,404.40	–
5	Liabilities	99,786.38	–	895.75	–
6	Revenue	2,04,356.38	–	2,250.96	–
7	Depreciation	935.96	–	32.12	–
8	Other expenses	1,91,224.51	–	2,115.46	–
9	Profit before tax	12,195.91	–	103.38	–
10	Contingent Liabilities	6,020.38	–	0.61	–
11	Capital Commitments	2,625.585	–	–	–

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012 Contd.....

33. Segmental Information

- **Primary Segment**

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

- **Secondary Segment – Geographical Segment.**

The Company operates in India and therefore caters to the needs of the domestic market. Therefore, there are no reportable geographical segments.

34. Related Party disclosures under Accounting Standard – 18

- A) The list of related parties as identified by the management are as under:
- i) a) Holding Company
Zuari Industries Limited (up to 30th June 2011)
 - b) Fellow Subsidiaries
 - (1) Indian Furniture Products Limited (up to 30th June 2011 and thereafter as associate)
 - (2) Zuari Seeds Limited (up to 31st May, 2011)
 - (3) Simon India Limited (up to 30th June 2011 and thereafter as associate)
 - (4) Zuari Fertilisers & Chemicals Limited (up to 31st May, 2011)
 - (5) Zuari Management Services Limited (up to 30th June 2011 and thereafter as associate)
 - (6) Adventz Infracore India Limited (up to 30th June 2011 and thereafter as associate)
 - (7) Gulbarga Cement Limited (up to 30th June 2011 and thereafter as associate)
 - (8) Globex Limited (up to 30th June 2011 and thereafter as associate)
 - (9) Zuari Investments Limited (up to 30th June 2011 and thereafter as associate)
 - (10) Zuari Insurance Brokers Limited – Subsidiary of Zuari Investments Limited (up to 30th June 2011 and thereafter as associate)
 - (11) Zuari Commodity Trading Limited – Subsidiary of Zuari Investments Limited (up to 30th June 2011 and thereafter as associate)
 - (12) Zuari Financial Services Limited – Subsidiary of Zuari Investments Limited (up to 30th June 2011 and thereafter as associate)
 - c) Enterprise having significant influence
Zuari Industries Limited
- ii) Subsidiaries of the Company:
- (1) Zuari Seeds Limited (with effect from 31/05/2011)
 - (2) Zuari Fertilisers & Chemicals Limited (with effect from 31/05/2011)
- iii) Joint Ventures of the Company:
- (1) Zuari Maroc Phosphates Limited (with effect from 27/06/2011)
 - (2) Paradeep Phosphates Ltd – Subsidiary of Zuari Maroc Phosphates Limited
 - (3) Zuari Rotem Speciality Fertilisers Limited (with effect from 31/05/2011)

—This space has been intentionally left blank—

B. Related Party Transaction As Per Accounting Standard 18 For Zuari Holdings Limited

Following transactions were carried out with related parties in the ordinary course of business.

(₹ In Lacs)

Sl. No.	Transaction details	Period ended 31st March 2012						Year ended 31st March 2011				
		Subsidiaries	Joint Ventures	Holding Company	Enterprises having Significant Influence	Fellow Subsidiaries	Key management personnel	Subsidiaries	Joint Ventures	Associates	Fellow Subsidiaries	Key management personnel
1	Payment made on their behalf											
	- Zuari Seeds Limited	0.66	-		-	-	-	-	-	-	-	-
	- Zuari Management Services Limited	-	-		-	1.93	-	-	-	-	-	-
	- Zuari Maroc Phosphates Limited	-	1.87		-	-	-	-	-	-	-	-
	- Paradeep Phosphates Limited	-	38.87		-	-	-	-	-	-	-	-
	- Adventz Infraworld India Limited	-	-		-	3.62	-	-	-	-	-	-
	- Zuari Rotem Speciality Fertilisers Limited	-	80.89		-	-	-	-	-	-	-	-
	- Zuari Fertilisers & Chemicals Ltd	14.18	-		-	-	-	-	-	-	-	-
	- Zuari Indian Oiltanking Limited	-	-		51.01	-	-	-	-	-	-	-
2	Payment made on our behalf											
	- Paradeep Phosphates Limited	-	23.12		-	-	-	-	-	-	-	-
	- Zuari Seeds Limited	20.24	-		-	-	-	-	-	-	-	-
	- Zuari Fertilisers & Chemicals Ltd	32.81	-		-	-	-	-	-	-	-	-
	- Zuari Industries Limited	-	-		39.42	-	-	0.05	-	-	-	-
3	Purchase of Investments											
	- Zuari Industries Limited	-	-	19,745.36	-	-	-	-	-	-	-	-
4	Service charges paid											
	- Zuari Indian Oiltanking Limited	-	-		115.32	-	-	-	-	-	-	-
	- Zuari Investment Limited	-	-		-	0.20	-	-	-	-	-	-
5	Inter-corporate Deposits / loans given											
	- Zuari Fertilisers & Chemicals Ltd	2,250.00	-		-	-	-	-	-	-	-	-
6	Receipt of Inter-corporate Deposits / loans											
	- Zuari Industries limited	-	-	19,100.00	-	-	-	-	-	-	-	-
7	Repayment of Inter-corporate Deposits / loans											
	- Zuari Industries limited	-	-	18.00	-	-	-	-	-	-	-	-
8	Purchase of finished goods											
	- Zuari Seeds Limited	410.04	-		-	-	-	-	-	-	-	-
	- Zuari Rotem Speciality Fertilisers Limited	-	4,335.54		-	-	-	-	-	-	-	-
9	Interest Paid											
	- Zuari Industries Limited	29.05	-		-	-	-	-	-	-	-	-
10	Interest Received											
	- Zuari Fertilisers & Chemicals Ltd	151.79	-		-	-	-	-	-	-	-	-
	- Zuari Rotem Speciality Fertilisers Ltd	-	58.71		-	-	-	-	-	-	-	-
11	Management Fees											
	- Zuari Seeds Limited	32.26	-		-	-	-	-	-	-	-	-

C. Balance Outstanding For The Period 31st March 2012 For Zuari Holdings Limited

₹ in lacs

Sl. No.	Transaction details	Period ended 31st March 2012					Year ended 31st March 2011					
		Subsidiaries	Joint Ventures	Holding Company	Enterprises having Significant Influence	Fellow Subsidiaries	Key management personnel	Subsidiaries	Joint Ventures	Associates	Fellow Subsidiaries	Key management personnel
1	Loan/ ICD Given											
	- Zuari Fertilisers & Chemicals Ltd	6,750.00	-	-		-	-	-	-	-	-	-
2	As Trade Payables											
	- Zuari Maroc Phosphates Limited	-	18.80	-		-	-	-	-	-	-	-
	- Zuari Indian Oiltanking Limited	-	18.91									
	- Zuari Rotem Speciality Fertilisers Limited	-	120.43	-		-	-	-	-	-	-	-
3	As Advances Recoverable											
	- Zuari Fertilisers & Chemicals Ltd	104.93	-	-		-	-	-	-	-	-	-
	- Paradeep Phosphates Limited	-	19.11			-	-	-	-	-	-	-
	- Zuari Rotem Speciality Fertilisers Limited	-	-	-		-	-	-	-	-	-	-
	- Zuari Maroc Phosphates Limited	-	-	-		-	-	-	-	-	-	-
	- Zuari Seeds Limited	1,771.47	-	-		-	-	-	-	-	-	-
	- Zuari Industries Limited	-	-	-	3,454.88	-	-	-	-	-	-	-
4	Interest on ICD/Loan											
	- Zuari Fertilisers & Chemicals Ltd	136.61	-	-		-	-	-	-	-	-	-

35. Earnings Per Share (EPS):

Particulars	Year Ended 31st March 2012 ₹ in Lacs	Year Ended 31st March 2011 ₹ in Lacs
Profit after taxation as per Profit and Loss account (₹ in lacs)	10,317.71	(0.28)
Number of shares used in computing earnings per share – Basic and Diluted*	3,33,16,619	20,00,000
Earnings per share – Basic and diluted (in Rupees)	30.97	(0.01)
Face value per share (in Rupees)	10.00	10.00

* including 2,94,40,604 equity shares appearing under Equity Suspense account.

36. The Revenue Department of the Government of Goa has issued a notification under sub-section (1) of section 4 of the Land Acquisition Act, 1984 on 5th February, 2007 and further notification on 19th April, 2007 proposing to acquire 1,59,700 sq. mts. Of the land belonging to Company for public purpose. The Company has filed as appeal with the High Court of Bombay at Goa against the notification. The High Court has asked status quo to be maintained on the land acquisition proceedings.

37. 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

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	185.28	–
Expected return on plan assets	(75.63)	–
Net actuarial (gain)/loss recognized in the year	(27.72)	–
Net benefit expense	81.93	–

Balance sheet

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

(₹ in Lacs)

Particulars	2011–12	2010–11
Defined benefit obligation	2,287.93	–
Fair value of plan assets	2,206.00	–
Plan asset/(liability)	(81.93)	–
Experience (gain)/loss on obligation	(71.70)	–
Experience gain/(loss) on plan assets	–	–

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
Current service cost	185.28	–
Benefits paid	(159.66)	–
Past service cost(Transfer in)	2290.03*	–
Actuarial (gain)/loss on obligation	(27.72)	–
Closing defined benefit obligation	2287.93	–

*Past service cost transfer in on Demerger

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

(₹ in Lacs)

Particulars	2011–12	2010–11
Expected return	75.63	–
Benefits paid	(159.66)	–
Past service cost (Transfer in)	2,290.03*	–
Closing fair value of plan assets	2206.00	–

The Company expects to contribute ₹ 81.93 lacs (Previous year NIL) towards gratuity during the year 2012–13.

*Past service cost transfer in 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 %	–

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 %	–
Expected rate of return on assets	9.45 %	–
Increase in Compensation cost	10.00 %	–
Employee turnover	0.50 %	–

- a) The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
- b) The current year being the first year of adoption of AS-15 (Revised) by the Company, disclosures as required by Para 120 (n) (i) of Accounting Standard 15 (Revised) have been furnished only for the one year.

B) Provident Fund

Pursuant to the Scheme of Arrangement and Demerger, Provident Fund Trust of Zuari Industries Limited, is being 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. During the current financial year, actuarial valuation of Provident Fund was carried out in accordance with the guidance note issued by Actuary Society of India and provided ₹ 54.38 lacs Provident fund liability in the books of accounts. There was no requirement of actuarial valuation carried out till last year since there were no employees in the last year. In view of this, comparable figures for earlier years have not been given.

(₹ in lacs)

Particulars	2011-12	2010-11
Contribution to Provident Fund	282.92	–

The detail of Fund plan asset position as at 31st March, 2012 is given below

Particulars	Amounts (₹ in lacs)
Plan assets at fair value	9,199.05
Present value of defined benefit obligation	9,253.43
Deficit in fund	(54.38)

C) Defined Contribution Plan

(₹ in lacs)

Particulars	2011-12	2010-11
Contribution to Superannuation Fund	144.02	–
Contribution to Contributory pension fund	100.75	–
Total	244.77	–

38. 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	Nil	Nil
	– Interest thereon	0.24	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	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	0.24	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

39. The Company has obtained office premises, apartment and warehouses on operating leases for the period ranging from 2–6 year. 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 profit & loss for the year are ₹ 508.70 lacs (31 March 2011:: ₹ NIL).

40. Demerger

a. Pursuant to the Scheme of Arrangement and Demerger (“The Scheme”) between Zuari Industries Ltd. and Zuari Holding Ltd. approved by the Hon’ble High Court of Bombay at Goa, on March 2, 2012, all the Assets, Liabilities pertaining to Fertiliser Undertaking as on 1st July, 2011 of Zuari Industries Limited have been transferred to the Company at their book values and accordingly the surplus of Assets over the Liabilities of the Fertiliser undertaking so Demerged, resulted in creation of Business Restructuring Reserve of ₹ 65,404.84 lacs 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 the Registrar of Company on March 21, 2012.

b. The summary of the assets and liabilities transferred from Zuari Industries Limited 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
Equity Share Suspense	2,944.06
Business Restructuring Reserve	65,404.84

- c. Pursuant to the Scheme, the Company has since issued 2,94,40,604 Equity Shares of ₹ 10/- each aggregating to ₹ 2944.06 lacs to the existing shareholders of the Zuari Industries Limited, 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 Zuari Industries Limited. However, pending allotment at the year end, this amount is carried as Equity Share Capital Suspense.
- 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 of Zuari Industries Limited have been Demerged into the Company 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, Zuari Industries Limited deemed to have carried on the Fertiliser Undertaking in "trust" on behalf of the Company. 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 the Company.
- 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.
41. The agreement with Zuari Maroc Phosphates Limited (ZMPL) for providing management services to Paradeep Phosphates Limited, which got suspended on 1st October, 2005, continues to remain so and consequently no management services fees has been accounted for the year.
42. 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 ₹ 474.19 lacs, to give impact of above mopping up adjustment.
43. During the year, there was a fire incident on the cross country petroleum pipeline owned by Terminalling service providers. Arising from this, the pipeline had to be closed down on security and consequently repairs and recertification needs. Due to consequent safety related issues, the Mormugao Port Trust authorities had also stopped clearance of other raw materials for Phosphatic and Potassic Fertilisers. These events caused disruption of 63 days in Urea Production and 20 days in Phosphatic and Potassic Fertilisers production. The pipeline was subsequently repaired, recertified and re-commissioned on 19 October 2011 and clearance from Mormugao Port Trust authorities for berthing of vessel was received on 1 October 2011. Operations currently are normal.
44. 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 / recasted, wherever necessary to conform to this year's classification.

As per our report of even date

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

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

S. K. Poddar
Chairman

N. Suresh Krishnan
Managing Director

Marco Wadia
Director

Per Anil Gupta
Partner
Membership No. : 87921

Binayak Datta
CFO & Vice President – Finance

R. Y. Patil
Chief General Manager
& Company Secretary

Place : Gurgaon
Date : 9th May, 2012

Place : Gurgaon
Date : 9th May, 2012

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

1. We have audited the attached consolidated balance sheet of Zuari Holdings Limited (the "Company"), its subsidiaries and joint ventures (collectively, the "Zuari Holdings 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 Holdings 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 one subsidiary of the Zuari Holdings Group, whose financial statements reflect total assets of ₹ 6,834.67 lacs as at March 31, 2012, total revenues of ₹ 85.72 lacs and cash flows amounting to ₹ (245.21) lacs for the year then ended. The financial statements and other financial information of this subsidiary has been audited by other auditors, whose report has 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 Holdings 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 Holdings Group as at March 31, 2012;
 - b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Zuari Holdings Group for the year then ended; and
 - c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Zuari Holdings 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

	Notes	31st March 2012 ₹ in Lacs
I. EQUITY AND LIABILITIES		
Shareholders' funds		
(a) Share capital	3	4,205.80
(b) Reserves and surplus	4	97,741.80
		<u>1,01,947.60</u>
Minority interest	5	10,147.66
Non-current liabilities		
(a) Long term borrowings	6	822.75
(b) Deferred tax liabilities	7	1,566.93
(c) Other long term liabilities	8	4,951.10
(d) Long term provisions	9	222.70
		<u>7,563.48</u>
Current liabilities		
(a) Short-term borrowings	10	3,53,882.55
(b) Trade payables	8	1,04,747.55
(c) Other current liabilities	8	16,080.84
(d) Short term provisions	9	10,364.60
		<u>4,85,075.54</u>
Total		<u><u>6,04,734.28</u></u>
II. ASSETS		
Non-current assets		
(a) Goodwill on consolidation (Refer note. 29 (a))		1,832.98
(b) Fixed assets		
i) Tangible assets	11.1	32,006.52
ii) Intangible assets	11.2	697.60
iii) Capital work-in-progress		5,026.96
(c) Deferred tax assets	7	1,378.03
(d) Long term loans and advances	12	10,541.28
(e) Other non-current assets	13	140.67
		<u>51,624.04</u>
Current assets		
(a) Current investments	14	80.98
(b) Inventories	15	1,07,685.70
(c) Trade receivables	16	3,74,433.48
(d) Cash and bank balances	17	33,824.45
(e) Short term loans and advances	12	12,028.52
(f) Other current assets	13	25,057.11
		<u>5,53,110.24</u>
Total		<u><u>6,04,734.28</u></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 Holdings Limited

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

S. K. Poddar
Chairman

N. Suresh Krishnan
Managing Director

Marco Wadia
Director

Per Anil Gupta
Partner
Membership No. : 87921

Binayak Datta
CFO & Vice President – Finance

R. Y. Patil
Chief General Manager
& 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**

Notes

31st March 2012
₹ in Lacs

I. Income		
(a) Revenue from operations (gross)	18	8,23,631.01
Less: excise duty	18	1,504.63
(b) Revenue from operations (net)		8,22,126.38
(c) Other income	19	9,340.32
Total Revenue		8,31,466.70
II Expenses		
(a) Cost of raw material consumed	20	2,98,551.32
(b) Purchase of traded goods	21	3,91,839.70
(c) Decrease in inventories of finished goods, work-in-progress and traded goods	22	4,436.79
(d) Employee benefits expense	23	8,726.28
(e) Other expenses	24	89,512.66
Total		793,066.75
III Earnings before interest, tax, depreciation and amortization (EBITDA) (I) - (II)		38,399.95
(a) Depreciation and amortization expense	25	2,863.98
(b) Finance costs	26	8,791.05
IV Profit/(loss) before tax		26,744.92
V Tax expenses		
(a) Current income tax		8,915.68
(b) MAT credit entitlement		(6.16)
(c) Deferred tax		(225.38)
(d) Income tax expenses of earlier years		0.58
VI Total tax expense		8,684.73
VII Profit for the year (III-IV)		18,060.20
VIII Less: Share of minority interest in profits		1,618.43
IX Net Profit attributable to shareholders of Zuari Holdings Limited		16,441.77
Earning per Share		
Basic : Earnings per equity share (nominal value of share ₹ 10/-)	30	49.35
Diluted : Earnings per equity share (nominal value of share ₹ 10/-)		49.35

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 Holdings Limited

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

Chairman

N. Suresh Krishnan

Managing Director

Marco Wadia

Director

Per Anil Gupta

Partner

Membership No. : 87921

Place : Gurgaon

Date : 9th May, 2012**Binayak Datta**

CFO & Vice President – Finance

Place : Gurgaon

Date : 9th May, 2012**R. Y. Patil**Chief General Manager
& Company Secretary

ZUARI HOLDINGS LIMITED**Consolidated Cash Flow Statement for the year ended 31 March 2012**

PARTICULARS	Year ended 31st March, 2012 (₹ in lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES:	
Profit before tax	26,744.92
Adjustment for :	
Depreciation /amortisation	2,863.98
Diminution in the value of Fertiliser Companies' Government of India Special Bonds	222.61
Loss on fixed assets sold/discarded (net)	154.62
Bad debts written off	1.09
Provision for doubtful debts, claims and advances	72.60
Unrealized foreign exchange fluctuation loss	1,484.92
Excess provision/unclaimed liabilities/unclaimed balances written back	(365.63)
Interest expense	6,937.02
Interest income	(3,012.66)
Dividend income	(1,214.34)
	7,144.21
Operating Profit before Working Capital Changes	33,889.13
Changes in working Capital :	
Inventories	13,884.46
Sundry debtors	(2,56,731.03)
Other assets	15,827.31
Loans & advances	(8,302.07)
Current liabilities & provisions	16,820.63
	(2,18,500.70)
Cash (used) in Operations	(1,84,611.57)
Direct Tax Paid (net of refunds)	(7,558.06)
Net cash flow (used) in Operating Activities (A)	(1,92,169.63)
B. CASH FLOW FROM INVESTING ACTIVITIES:	
Purchase of fixed assets	(6,391.99)
Proceeds from sale of fixed assets	40.43
Proceeds from sale of current investments	3,95,318.52
Proceeds from sale of non current investments	2.65
Purchase of non current investment in subsidiaries and joint ventures*	(19,749.96)
Purchase of current investments	(3,86,840.97)
Dividend received	1,214.34
Interest received	3,187.84
Redemption/ maturity of bank deposits (having original maturity of more than three months)	180.23
Loans given to Bodies Corporates	(2,000.00)
Net cash flow (used in) Investing Activities (B)	(15,038.91)

PARTICULARS	Year ended 31st March,2012 (₹ in lacs)
C. CASH FLOW FROM FINANCING ACTIVITIES:	
Proceeds from Issuance of Share Capital	1,061.74
Repayment of long term borrowing	(4,065.25)
Proceeds from buyers credit	3,14,919.59
Repayment of buyers credit	(1,13,353.35)
Proceeds from short term borrowings	43,256.20
Interest paid	(5,395.76)
Net cash flow from in financing activities (C)	2,36,423.17
NET INCREASE IN CASH AND CASH EQUIVALENTS (A + B + C)	29,214.63
CASH AND CASH EQUIVALENTS (OPENING)	17.33
Add : Transfer from Demerged Fertilizer Business of ZIL	1,479.90
Add : Transfer of Cash and Cash Equivalents of subsidiaries and joint venture Companies	3,062.59
CASH AND CASH EQUIVALENTS (CLOSING) (Refer below)	33,774.45
	as at 31st March,2012 (₹ in lacs)
CASH AND CASH EQUIVALENTS	
Cash in hand	2.23
with banks -on current account	23,739.02
with banks -on cash credit account	10,032.30
on deposit account	0.90
Cash and Cash Equivalents	33,774.45

Pursuant to the scheme of arrangement and demerger, all the 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.

* Includes purchase 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 Holdings Limited

For S. R. BATLIBOI & CO.

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

S. K. Poddar

Chairman

N. Suresh Krishnan

Managing Director

Marco Wadia

Director

Per Anil Gupta

Partner
Membership No. : 87921

Place : Gurgaon
Date : 9th May, 2012

Binayak Datta

CFO & Vice President – Finance

Place : Gurgaon
Date : 9th May, 2012

R. Y. Patil

Chief General Manager
& Company Secretary

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

1. Basis for preparation of accounts

The Consolidated Financial Statements relate to Zuari Holdings Limited (hereinafter referred to as the "Company") and its subsidiary companies and joint venture companies (collectively hereinafter referred to as the "Zuari Holdings Group"). These financial statements have been prepared to comply in all material respects with the Notified Accounting Standards by Companies (Accounting Standard) 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.

2 Summary of Significant Accounting Policies

I) Presentation and disclosure of financial statements

During the year ended March 31, 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.

Basis of classification of Current and Non Current

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

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

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

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

II) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (Indian GAAP) requires management to make estimates and assumptions that affect the reported amounts, 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.

III) Principles of Consolidation

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

- i. Subsidiary companies have been consolidated on a line-by-line basis by adding together the book values of the like items of assets, liabilities, income and expenses, after eliminating all significant intra-group balances and intra-group transactions and also unrealized profits or losses.
- ii. Interests in the assets, liabilities, income and expenses of the Joint Ventures have been consolidated using proportionate consolidation method. For the purpose of proportionate consolidation, consolidated financial statements of the Joint Ventures and their subsidiaries have been used. Intra group balances, transactions and unrealized profits/losses have been eliminated to the extent of the Group's proportionate share.
- iii. The difference of the cost to the Company of its investment in Subsidiaries and Joint Ventures over its proportionate share in the equity of the investee company as at the date of acquisition of stake is recognized in the financial statements as Goodwill or Capital Reserve, as the case may be.
- iv. Minorities' interest in net profit of consolidated subsidiaries for the year has been identified and adjusted against the income in order to arrive at the net income attributable to the shareholders of the Company. Their share of net assets has been identified and presented in the Consolidated Balance Sheet separately. Where accumulated losses attributable to the minorities are in excess of their equity, in the absence of the contractual obligation on the minorities, the same have been accounted for by the holding company.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
OF THE ZUARI HOLDINGS GROUP FOR THE FINANCIAL YEAR 2011-12 Contd....**

- v. As far as possible, the consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company's stand alone financial statements. Differences in accounting policies have been disclosed separately.
- vi. The financial statements of the group entities used for the purpose of consolidation are drawn up to same reporting date as that of the Company i.e. year ended March 31, 2012.

IV. 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.

V. Intangibles

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

In case of a subsidiary company, expenditure incurred on development of new products as covered under AS-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 benefit.

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

VI. Depreciation

- i. Depreciation on Fixed Assets (except to the extent stated in para (ii) to (vii) below) is provided using the Straight Line Method as per the useful lives of the fixed assets as estimated by the management which are equal to the corresponding rates prescribed under Schedule XIV to the Companies Act, 1956. For this purpose, a major portion of the plant has been considered as continuous process plant.
- ii. In case of the Parent Company, a subsidiary company, subsidiary of a joint venture and a joint venture entity, keeping in view the rapid technological advancement and high rate of obsolescence, the useful life of computer hardware and peripherals is considered as three years.
- iii. Premium paid on acquisition of Leasehold Land is being amortized over the period of the respective leases.
- iv. Leasehold Improvements are being depreciated over the respective primary lease periods or useful lives of the assets, whichever is shorter.
- v. Machinery Spares are depreciated prospectively over the estimated remaining useful lives of the respective mother assets.
- vi. Fixed assets whose value is less than ₹ 5,000/- are depreciated fully in the year of purchase.
- vii. In respect of a subsidiary, depreciation on office equipments is provided @ 33.33% on straight line method as per the useful lives of the assets estimated by the management.

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.

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

VIII. Impairment

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

IX. Inventories

Inventories are valued at the lower of Cost and Net Realizable Value (except to the extent stated in (ii) below). The Cost for this purpose is determined as follows:

- a) Stores and Spares, Fuel Oil, Raw Materials and Packing Materials: Moving weighted average method (except in respect of a joint venture company, where it is determined on weighted average method)
- b) Work-in-process: Material cost on Moving weighted average method (except in respect of a joint venture company, where it is determined on weighted average method) and appropriate manufacturing overheads based on normal operating capacity
- c) Finished goods (manufactured): Material cost on Moving weighted average Method (except in respect of a joint venture company, where it is determined on weighted average method) and appropriate manufacturing overheads based on normal operating capacity including Excise Duty
- d) Finished goods (traded): Moving weighted average method (except in respect of a joint venture company, where it is determined on weighted average method)
- e) Materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

Net 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.

- ii) In respect of subsidiary of a joint venture, inventory of waste product lying at various warehouses other than factory are valued at net realizable value.

X. Investments

Investments that are readily realisable and intended to be held for not more than a year from the date of which such investments are made are classified as current investments. All other investments are classified as long-term investments. 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.

XI. Retirement and other Employee Benefits

Pursuant to the Scheme of Arrangement and Demerger approved by the Hon'ble High Court of Bombay at Goa, all the Assets and Liabilities pertaining to Fertiliser undertaking of Zuari Industries Limited as on 1st July, 2011 have been transferred to Parent Company at their book values and accordingly Retirement and other benefits of employees of Fertiliser undertaking have been transferred to Demerged entity.

i. Provident fund and pension fund

Retirement benefits in case of the Parent Company, 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 balance of own managed fund is provided for as liability in the books in terms of the provisions under the provisions under Employee Provident Fund and Miscellaneous Provisions Act, 1952. In case of other entities in the Zuari Holdings Group, Provident Fund and Family Pension funds is a defined contribution scheme and contributions are charged to the Statement of profit and loss of the year when the contribution to 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 and a Joint Venture Company where it is provided for on actual computation basis.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
OF THE ZUARI HOLDINGS GROUP FOR THE FINANCIAL YEAR 2011-12 Contd....**

The Parent Company, a subsidiary and a subsidiary of joint venture have taken insurance policy under the group Gratuity scheme with the Life Insurance Corporation of India (LIC) to cover the gratuity liability of the employees and 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 & loss every year.

- iii. In respect of a subsidiary of a joint venture, post employment medical benefit is a defined benefit obligation which is provided for based on actuarial valuation on projected unit credit method made at the end of each financial year.

iv. Leave Encashment

Accumulated leave, which is expected to be utilised within the next 12 months, is treated as short-term employees 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 Zuari Holdings Group treats accumulated leave expected to be carried forward beyond twelve months as long term employee benefit for measurement purpose. Such long term compensated absences are provided for based on actuarial valuation using the projected unit credit method at the year end. The Zuari Holdings Group 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.

v. Superannuation, Contributory Pension Fund and Death Benevolent Fund

The Parent Company, a subsidiary company and a subsidiary of the joint venture have 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. These entities do not have any other obligation other than contributions made to the LIC.

One of the subsidiary of joint venture company also has a Death Benevolent Fund which is a defined contribution scheme and the contribution paid to the Fund is charged to the Statement of profit and loss each year. The Company does not have any other obligation other than contribution made to this Fund.

- vi. Actuarial gains/losses related to the gratuity, long term compensated absences and provident fund in form of defined obligation plan are immediately taken to the Statement of profit and loss and are not deferred.

XII. Foreign Currency Transactions

i. Initial recognition:

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

ii. Conversion :

Foreign currency monetary items are 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.

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.

XIII. Government Grants and subsidies

In case of the Parent Company and a joint venture, grants and subsidies from the government are recognized when there is a reasonable assurance that the grant or subsidy will be received and all attaching conditions will be complied with.

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

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

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

XIV. 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.

XV. Accounting for taxes

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

Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company (within the Zuari Holdings 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 Holdings 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 Holdings 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 Holdings 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 Holdings Group) will pay normal income tax during the specified period

XVI. Revenue Recognition

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

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

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

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

Uniform freight subsidy on Urea, Complex fertilizers, Imported DAP & 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.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
OF THE ZUARI HOLDINGS GROUP FOR THE FINANCIAL YEAR 2011-12 Contd....**

- 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 reporting date.

XVII. Borrowing costs

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

XVIII. Provision

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

XIX. Earnings per Share

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

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

XX. Derivative Instruments

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 (XII) above.

XXI. Contingent Liabilities

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

XXII. 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.

XXIII. 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.

-----This space has been intentionally left blank -----

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
OF THE ZUARI HOLDINGS GROUP FOR THE FINANCIAL YEAR 2011-12 Contd....**

3. Share Capital

PARTICULARS	Year ended 31st March,2012 (₹ in lacs)
Authorised :	
4,20,58,006 (31st March 2011:: 20,00,000) Equity Shares of ₹10/- Each	4,205.80
	4,205.80
Issued	
1,26,17,402 (31st March 2011:: 20,00,000) Equity Shares of ₹10/- Each Fully paid	1,261.74
Subscribed and Paid-up	
1,26,17,402 (31st March 2011:: 20,00,000) Equity Shares of ₹10/- Each Fully paid	1,261.74
Total	1,261.74
Equity Share suspense account	2,944.06
Total	4,205.80

Equity Share suspense represents 2,94,40,604 Equity Shares of ₹10/- each to be issued consequent to the Scheme of Arrangement and Demerger becoming Operational from effective date, pending allotment (Refer note 46)

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

Equity Shares	31st Mar 2012	
	in Numbers	₹ in lacs
At the beginning of the year	2,000,000	200.00
Issued during the year	10,617,402	1,061.74
Outstanding at the end of the year	12,617,402	1,261.74
Equity share suspense account	29,440,604	2,944.06

b. Terms/Rights attached to equity Shares

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

During the year 31st March 2012, the amount of per share dividend recognised as distribution by the parent company to equity shareholders was ₹ 3.00/-

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. Shares held by the Holding Company and Associates

Out of the equity shares issued by the parent company, shares held by its holding company and associate is as below:

Name of Shareholder	31st Mar 2012
Zuari Industries Limited, the associate company (Previous year holding company)* 84,11,601 (31st March 2011:: 20,00,000 equity shares of ₹ 10/- each fully paid)	841.16

* As of 31st March 2012, the parent company is an associate of Zuari Industries Limited)

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
OF THE ZUARI HOLDINGS GROUP FOR THE FINANCIAL YEAR 2011-12 Contd....**

- d. Details of Shareholders holding more than 5% of shares in the Company (without considering equity shares to be issued as per the Scheme of Arrangement and Demerger (Refer note. 46)

Name of Shareholder	As at 31 March 2012	
	No. of Shares held	% Holding in Class
Zuari Industries Limited	8,411,601	66.67
Zuari Management Services Limited	4,205,801	33.33
Total	12,617,402	100.00

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

4. Reserves and Surplus

PARTICULARS	As at 31 March 2012 ₹ in Lacs
Capital Reserve (Arising on Consolidation, Refer Note No. 29 (b))	17,364.59
Closing Balance	17,364.59
Business Restructuring Reserve	65,404.84
(arising on 1st July,2011 being the difference of assets over liabilities on the transfer/vesting of the "Fertiliser Undertaking" as per the Scheme of Arrangement and Demerger in terms of Order of Hon'ble High Court of Bombay (Refer note 46)	
Closing Balance	65,404.84
General Reserve	
Balance as per last financial statements	–
Add: Amount transferred from surplus balance in the statement of profit and loss	5,000.00
Closing Balance	5,000.00
Surplus / (deficit) in the statement of profit and loss	
Balance as per last financial statements	(2.97)
Net Profit for the year	16,441.77
Less : Appropriations	
Proposed final equity dividends of ₹ 3/- Per Equity Share	1,261.74
Tax on proposed equity dividend	204.69
Transfer to general reserve	5,000.00
Total appropriations	6,466.42
Net surplus in the statement of profit and loss	9,972.37
Total Reserves and Surplus	97,741.80

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
OF THE ZUARI HOLDINGS GROUP FOR THE FINANCIAL YEAR 2011-12 Contd....**

5. Minority Interest

Name of the Company	As at 31 March 2012 ₹ in Lacs
Paradeep Phosphates Ltd.	
% Share of Minority	19.55%
Share in Equity	5,624.45
Share in the Reserves	4,523.21
Total	10,147.66

6. Long Term Borrowings

PARTICULARS	As at 31 March 2012	
	Non Current	Current Maturities
Indian Rupee Term Loan from Banks	822.75	2,966.30
Less : Amount disclosed under the head Other Current Liabilities	-	2,966.30
Net Amount	822.75	-

1. Out of the above, Loan of ₹ 820.00 lacs (including Current Maturities ₹ 310 lacs) is taken at an Interest rate of BPLR Plus 1%. The loan is repayable in 10 half yearly instalments alongwith interest, from the date of loan, viz., 7 April 2010. The loan is secured by equitable mortgage of land, hypothecation of stock in trade, book debt, plant and machinery and vehicles, both present and future of Zuari Seeds Limited. The loan is also secured by corporate guarantee provided by Zuari Industries Limited.
2. An India rupee loan of ₹ 469.05 lacs (including Current Maturities ₹ 156.30 Lacs) has been availed from Corporation Bank and carries floating interest rate at Corporation Bank Benchmark Advance Rate (COBAR) minus 2.25%. The loan is repayable in 54 monthly instalments starting from October 2010.
The loan is secured by first charge against the factory land and building, plant and machinery, movable assets of the project and a negative lien on the assets of Zuari Rotem Speciality Fertilisers Limited.
3. The Balance India rupee loan of ₹ 2,500 lacs (including Current Maturities of ₹ 2,500.00 lacs) refers to Loan taken from Syndicate Bank at an Interest Rate of 9% and Repayable in 8 quarterly instalments of ₹ 625 Lakhs commencing from 30th June 2011. The loan is Secured by way of charge against tangible fixed assets to be created out of the loan and exclusive second charge on other fixed assets of Paradeep Phosphates Limited.

7. Deferred tax liabilities (Net)

PARTICULARS	As at 31 March 2012
Deferred tax liabilities	
Fixed assets Impact of difference between tax depreciation and depreciation/amortisation charged for the financial reporting	4,573.35
Gross deferred tax liabilities	4,573.35
Deferred tax assets	
Provision for fertiliser companies government of india bonds	837.07
Provision for doubtful debts	164.62
Expenses allowable in Income tax on payment basis and deposition of Statutory dues	3,382.76
Gross deferred tax assets	4,384.45
Net deferred tax liabilities/(assets)*	188.90

*After netting off deferred tax assets in respect of some of the entities aggregating to ₹ 1,378.03 lacs

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
OF THE ZUARI HOLDINGS GROUP FOR THE FINANCIAL YEAR 2011-12 Contd....**
8. Other Liabilities

PARTICULARS	Non Current 31st March 2012 ₹ in lacs	Current 31st March 2012 ₹ in lacs
Trade payables (Including acceptance) (refer note no. 48 for details of dues to Micro and Small Enterprises)	–	1,04,747.55
	–	1,04,747.55
Other Liabilities		
Trade deposits – dealers	4,941.73	384.57
Current maturities of long term borrowings	–	2,966.30
Interest accrued but not due on loans and deposits	–	1,711.75
Interest accrued and due on borrowings	–	4.98
Advances from dealers and others	–	3,113.95
Temporary bank overdraft	–	1.57
Payables towards capital goods	–	900.58
Statutory dues and other obligations	9.37	6,997.14
	4,951.10	16,080.84
Total	4,951.10	1,20,828.39

9. Provisions

PARTICULARS	Long-term 31st March 2012 ₹ in lacs	Short-term 31st March 2012 ₹ in lacs
Provision for employee benefits		
Gratuity (Refer note no. 43 (i))	3.85	101.38
Provident fund (Refer note no. 43 (iii) & (iv))	–	54.38
Post retirement medical benefits (Refer note no. 43 (ii))	107.98	23.11
Leave encashment	–	3,713.24
	111.83	3,892.11
Others provisions		
Provision for current income tax	–	2,185.05
Provision for wealth tax	–	50.00
Provision for proposed equity dividend	–	1,261.74
Provision for tax on proposed equity dividend	–	204.68
Provision for contractors	110.87	1.51
Others	–	2,769.51
	110.87	6,472.49
Total	222.70	10,364.60

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
OF THE ZUARI HOLDINGS GROUP FOR THE FINANCIAL YEAR 2011-12 Contd....**

a) The movement for "Provision – Contractors" during the year is as follows :-

PARTICULARS	31st March,2012
On acquisition of a joint venture (Paradeep Phosphates Limited)	105.53
Additions during the year	8.04
Amount used during the year	(1.19)
Closing balance	112.38

b) The movement for "Provision – Others" during the year is as follows :-

On acquisition of a joint venture (Paradeep Phosphates Limited)	3,292.82
Additions during the year	230.53
Amount used during the year	(496.45)
Unused amount reversed during the year	(257.39)
Closing balance**	2,769.51

** Includes the following provisions

Ground rent	586.31
Port charges	1,564.17
Employees' state insurance	129.98
Land compensation (including interest)	223.75
Provision for others	265.30
Total	2,769.51

**10. Short term borrowings
Secured – From Banks**

a.	Cash Credit	13,250.40
	(The rate of Interest on Cash Credit varies between 11.50% – 14.25% and are repayable on demand)	
b.	Buyers Credit	2,72,147.75
	(The rate of Interest on buyers credit varies between 1.00% – 3.50% and are repayable over a period of 180 – 360 days)	
c.	Short Term Loans	16,499.46
	The loan is taken at rate of Interest of 11 – 13% and repayable within 60 days from the date of Balance Sheet. In addition to first charge on the current assets of the company the loan is further secured by second charge on the fixed assets of the company	
d.	Others	19,484.94
	The loan is taken at rate of Interest of 11 – 13% and repayable within 6 Months from the date of Balance Sheet. The loan is secured by Government of India Fertiliser Bonds.	
Secured Borrowings		3,21,382.55

Unsecured

a.	Short term loan from banks	
	11.50% loan from Indian Overseas Bank (Repayable in three equal monthly instalments commencing at the end of 7th, 8th and 9th Month from the date of first availment, viz., 14th January 2012)	32,500.00
Unsecured Borrowings		32,500.00
Total		3,53,882.55

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
OF THE ZUARI HOLDINGS GROUP FOR THE FINANCIAL YEAR 2011-12 Contd....**

- (a) The Buyers Credit of ₹ 8,145.99 lacs, Cash Credit of ₹ 12,545.40 lacs and Secured Short Term Loan of ₹ 16,499.46 lacs are secured by the first charge on the entire current assets and second charge (to be created) on fixed assets of the subsidiary (Paradeep Phosphates Limited) of the joint venture company both present and future, on pari passu basis.
- (b) The Buyers Credit of ₹ 2,64,001.76 lacs are secured by the first charge by way of hypothecation on the current assets, both present and future, wherever situated pertaining to the Parent Company and the Parent Company's present and future book debts outstanding, moneys receivable, claims, bills, contracts, engagements, rights and assets.
- (c) In respect of a subsidiary (Zuari Seeds Limited), Cash Credit of ₹ 502.58 lacs from banks is secured by equitable mortgage of, land, hypothecation of stock in trade, book debt, plant and machinery and vehicles, both present and future. The cash credit is repayable on demand and carries interest of Base rate + 2.75 % to 4.75 % for the banks. The cash credit is also secured by corporate guarantee provided by Zuari Industries Limited.
- (d) Cash credit ₹ 202.42 lacs is availed from Corporation Bank and carries floating rate of interest at Corporation Bank Benchmark Advance Rate (COBAR) plus 1.85%. is repayable on demand and is secured by hypothecation of inventory cum book debts and all current assets of a joint venture i.e. Zuari Rotem Speciality Fertilisers Limited.

11.1 Tangible assets

	Freehold Land	Land (lease-hold)	Buildings	Railway Sidings	Plant & machinery	Furniture & fixtures	Office equipment	Vehicles	Total
Cost									
As at 31.03.2011									
Addition: Due to De-Merger Scheme Refer note No. 60 b)	93.51		2,070.51	1,500.58	41,149.33	423.90	1,447.18	641.77	47,326.78
Addition on acquisition of Subsidiaries/Joint Ventures	250.63	46.45	11,207.19	441.20	28,591.59	317.60	458.29	216.44	41,529.39
Additions during the year	141.48	-	1,043.31	-	1,316.60	104.92	114.99	107.89	2,829.19
Disposals during the year	-	-	3.78	-	719.63	8.32	14.52	52.23	798.48
As at 31.03.2012	485.62	46.45	14,317.23	1,941.78	70,337.89	838.10	2,005.94	913.87	90,886.88
Depreciation									
As at 31.03.2011									
Addition: Due to De-Merger Scheme (Refer note No. 60 b)	-	-	1,081.38	919.86	24,387.48	283.43	880.37	143.39	27,695.91
Addition on acquisition of Subsidiaries/Joint Ventures	-	10.96	5,517.32	401.31	22,664.15	175.15	326.20	80.91	29,176.00
Charge for the year	-	2.37	292.99	54.71	2,008.31	64.84	134.79	63.87	2,621.88
Deductions during the year	-	-	1.86	-	571.23	4.00	7.53	28.81	613.43
As at 31.03.2012	-	13.33	6,889.83	1,375.88	48,488.71	519.42	1,333.83	259.36	58,880.36
Net block									
As at 31.03.2012	485.62	33.12	7,427.40	565.90	21,849.18	318.68	672.11	654.51	32,006.52

- (1) In respect of a subsidiary of a joint venture (Paradeep Phosphates Limited), conveyance deed /patta have been executed for 2,104.05 acres (Zuari Holdings Group's proportionate share 1,052.03 acres) against possession of 2,282.40 acres (Zuari Holdings Group's proportionate share 1,141.20 acres) of land owned by the entity.
- (2) In respect of a subsidiary company (Zuari Seeds Limited), vehicles of the cost of ₹ 2.15 lacs (previous year ₹ 2.15 lacs) is held in the name of person other than the subsidiary company.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
OF THE ZUARI HOLDINGS GROUP FOR THE FINANCIAL YEAR 2011-12 Contd....**

11.2 Intangible assets

(₹ in lacs)

Particulars	Software	Internally Generated Asset	Goodwill (as per scheme of amalgamation)	Total
Gross block As at 31.03.2011				
Addition: Due to De-Merger Scheme (Refer note No. 60 b)	785.91	–	–	785.91
Addition on acquisition of Subsidiaries/Joint Ventures	312.00	283.04	576.57	1,171.61
Purchase/Generation	90.13	–	–	90.13
Deductions	–	10.00	–	10.00
As at 31.03.2012	1,188.04	273.04	576.57	2,037.65
Amortization As at 31.03.2011				
Addition: Due to De-Merger Scheme (Refer note No. 60 b)	573.02	–	–	573.02
Addition on acquisition of Subsidiaries/Joint Ventures	279.73	125.08	120.12	524.93
Charge for the year	172.91	45.17	24.02	242.10
Deductions	–	–	–	–
As at 31.03.2012	1,025.66	170.25	144.14	1,340.05
Net block As at 31.03.2012	162.38	102.79	432.43	697.60

In respect of a subsidiary company (Zuari Seeds Limited) goodwill, which arose on account of merger with Greentech Seeds International Pvt. Limited with the Company, has been amortized during the year, pursuant to the scheme of Amalgamation approved by the High Court of Bombay at Panaji (Goa). As per the order of the High Court of Bombay at Panaji (Goa), Goodwill needs to be amortized over a period of twenty years, without having regard to the Accounting Standard, subject to available surplus for the year before amortization of goodwill.

12. Loans and Advances

PARTICULARS	Non Current 31st March 2012 ₹ in lacs	Current 31st March 2012 ₹ in lacs
(Considered good unless otherwise stated)		
Capital advances		
Unsecured, considered good		
Related Parties	255.87	
Others	5,660.07	–
	5,915.94	–
Sales tax & entry tax deposits		
Unsecured, considered good	–	1,070.90
Doubtful	2.23	–
	2.23	1,070.90
Less : Provision for Doubtful Advances	2.23	–
	–	1,070.90
Security deposits		
Unsecured, considered good	740.23	115.09
Doubtful	29.72	–
	769.95	115.09

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
OF THE ZUARI HOLDINGS GROUP FOR THE FINANCIAL YEAR 2011-12 Contd....**

PARTICULARS	Non Current 31st March 2012 ₹ in lacs	Current 31st March 2012 ₹ in lacs
Less : Provision for Doubtful Advances	29.72	–
	740.23	115.09
Loans and advances to related parties		
Unsecured, considered good	3,454.89	24.74
	3,454.89	24.74
Advances recoverable in cash or kind		
Unsecured, considered good		
Inter corporate deposits	–	2,000.00
Others	–	8,216.54
Doubtful	253.56	–
	253.56	10,216.54
Less : Provision for Doubtful Advances	253.56	–
	–	10,216.54
Other Loans and Advances		
Secured, considered good		
Loans to employees	142.19	46.24
Unsecured, considered good		
Loans to employees	257.51	67.22
MAT credit entitlement	30.52	–
Advance income tax (net of provision for income tax)	–	11.70
Prepaid expenses	–	399.91
VAT credit receivable	–	72.82
Sales tax paid under protest	–	1.57
Balances with customs, port trust, excise authorities and other government authorities	–	1.79
	430.22	601.25
	10,541.28	12,028.52

One of the joint venture (Zuari Rotem Speciality Fertilisers Limited) has till date recognised ₹ 30.52 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 joint venture to utilize the above MAT credit entitlement.

13. Other Assets

PARTICULARS	Non Current 31st March 2012 ₹ in lacs	Current 31st March 2012 ₹ in lacs
(Unsecured, considered good unless stated otherwise stated)		
Interest accrued on GOI bonds, loans and advances and deposits	–	525.20
Interest receivable form customers	–	147.92
Interest Accrued on Loans to employees	130.55	19.78
Unamortised premium on forward contracts *	–	4,214.92
Discarded fixed assets	–	1.39

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
OF THE ZUARI HOLDINGS GROUP FOR THE FINANCIAL YEAR 2011-12 Contd....**

PARTICULARS	Non Current 31st March 2012 ₹ in lacs	Current 31st March 2012 ₹ in lacs
	130.55	4,909.21
Fertilisers Companies Government of India Bonds (net of diminution)	–	20,147.90
Non current bank balances (Note 17)	10.12	–
	10.12	20,147.90
Total	140.67	25,057.11

* The unamortised foreign exchange premium on outstanding forward exchange contracts is being carried forward to be charged to statement of profit and loss of subsequent year.

Details of gross value of Fertiliser Companies' Government of India Special Bonds which are pledged as security towards borrowings are as follows :

PARTICULARS	31st March 2012 Rs In lacs
7.00% Fertiliser Companies' Government of India Special Bonds 2022	13,448.50
6.20 % Fertiliser Companies' Government of India Special Bonds 2022	2,571.28
6.65 % Fertiliser Companies' Government of India Special Bonds 2023	7,271.25
Total	23,291.03

(represents proportionate share of the Zuari Holdings Group, in respect of the subsidiary of the joint venture)
The afforsaid bonds have been valued at market rates published by Clearing Corporation of India Limited (CCIL).

14. Current Investments

PARTICULARS	31 March 2012 ₹ in lacs
(At Lower of Cost and Net Realisable Value) Investments in Mutual Funds (unquoted)	
529,679.246 Units of Reliance Liquid Fund – Treasury Plan – Institutional Option – Daily Dividend	80.98
Total	80.98
Net asset value of unquoted current Investment	80.98
Total	80.98

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

PARTICULARS	31 March 2012 ₹ in lacs
Raw materials (includes in transit ₹ 4,167.81 lacs and includes material lying with others ₹ 83.86 lacs)	41,389.35
Packing materials (includes material lying with others ₹ 49.42 lacs)	842.60
Work-in-progress	5,100.15
Finished goods (includes in transit ₹ 1,063.18 lacs)	15,970.50
Traded goods (includes in transit ₹ 9,077.81 and includes material lying with others ₹ 714.01 lacs)	32,782.59
Fuel oil	5,666.46
Stores and spares	5,932.94
Waste	1.11
Total	107,685.70

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
OF THE ZUARI HOLDINGS GROUP FOR THE FINANCIAL YEAR 2011-12 Contd....**
16. Trade receivables

PARTICULARS	Non Current 31st March 2012 ₹ in lacs	Current 31st March 2012 ₹ in lacs
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Secured, considered good	–	14.20
Unsecured, considered good (including subsidy receivable ₹ 16,449.92 lacs)	–	16,569.54
Unsecured, considered doubtful	171.81	99.95
	171.81	16,683.69
Less: Provision for doubtful debts	171.81	99.95
(A)	–	16,583.74
Other receivables		
Secured considered good	–	4,357.91
Unsecured, considered good (including subsidy receivable ₹ 253,263.78 lacs)	–	353,491.83
(B)	–	357,849.74
Total	–	374,433.48

17. Cash and bank balances

PARTICULARS	Non Current 31st March 2012 ₹ in lacs	Current 31st March 2012 ₹ in lacs
Cash and cash equivalents		
a.	Balances with banks	
	– On Current accounts	23,739.02
	– On Cash credit accounts	10,032.30
	– On Deposits accounts with original maturity less than three months	0.90
b.	Cash on hand	2.23
		33,774.45

Other bank balances

Deposits with original Maturity more than 3 months but less then 12 Months	–	50.00
Deposits with more than 12 months original maturity (pledged with sales tax authorities)	10.12	–
	10.12	33,824.45
Amount disclosed under non current assets	(10.12)	–
Total	–	33,824.45

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
OF THE ZUARI HOLDINGS GROUP FOR THE FINANCIAL YEAR 2011-12 Contd....**

18. Revenue from operations

PARTICULARS		31 March 2012 ₹ in lacs
Sale of products		
	Finished products	3,83,765.54
	Traded products	4,39,662.63
Other operating revenues		
	Scrap Sales	202.84
Revenue from operations (gross)		8,23,631.01
	Less: Excise duty	1,504.63
Revenue from operations (net)		8,22,126.38
Details of products sold		
Finished Products sold:		
	Urea	1,13,765.97
	DAP	78,342.93
	NPK	1,81,532.50
	CO2	186.13
	SSP	2,886.23
	Speciality Fertilisers	2,032.22
	Sulphuric Acid	193.37
	Seeds	3,824.40
	Gypsum	1,001.79
		3,83,765.54
Traded Products sold:		
	MOP	66,233.90
	DAP	2,45,040.38
	NPK	1,18,119.08
	SSP	888.31
	SOP	559.39
	Phos Acid	1,984.53
	Pesticides	1,876.97
	Seeds	320.17
	Ammonia	842.33
	Speciality Fertilisers	3,797.57
		4,39,662.63
		8,23,428.17

- Sales of Finished Product and Traded Product include government subsidies. Subsidies include ₹ 2,094.75 lacs [including ₹ 1,285.65 lacs in respect of a subsidiary of a joint venture (Paradeep Phosphates Limited) being proportionate share of Zuari Holdings Group] in respect of earlier years, notified during the year.
- Stage III of the New Pricing Scheme (NPS) for Urea was in operation from 1st October, 2006 to 31st March, 2010. As per this scheme, all naphtha based units (including the Parent Company) were required to take steps for conversion to natural gas / liquified natural gas by 31st March 2010. The Company has initiated necessary steps for conversion. Government of India vide notification dated 17th March , 2010 has extended till further orders the provisions of Stage III of NPS.
- 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.
- Excise duty on sales amounting to ₹ 1,504.63 lacs has been reduced from sales in statement of profit & loss and excise duty on increase / decrease in stock amounting to ₹ 15.26 lacs has been considered as (income) / expense in financial statements.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
OF THE ZUARI HOLDINGS GROUP FOR THE FINANCIAL YEAR 2011-12 Contd....**
19. Other income

PARTICULARS	31 March 2012 ₹ in lacs
Interest Income on	
Bank deposits	561.91
Interest on Government of India Fertiliser Bonds	1,298.98
Intercorporate loans	60.16
Overdue debtors, employee loans etc.	1,091.60
Dividend Income on	
Current investments	1,214.34
Rent Income	66.33
Reimbursement of loss on sale of Fertiliser Companies Government of India Special Fertiliser Bonds	4,162.79
Excess provisions/unclaimed liabilities/unclaimed balances written back	365.63
Other non-operating income	518.58
Total	9,340.32

In terms of the guidelines issued by the Government of India, Ministry of Chemicals & Fertilizers (MCF) dated 31st March 2011 and 25th July, 2011 the parent company and subsidiary of joint venture (Paradeep Phosphates Limited) had sold Fertiliser Companies Government of India Special Bond at price determined by Reserve Bank of India (RBI) resulting in a loss of ₹ 9,785.86 lacs including ₹ 3,009.71 lacs in respect of Paradeep Phosphates Limited (being proportionate share of Zuari Holdings Group). As per the guidelines, part of the loss incurred by these entities on sale of bond to RBI was to be compensated by Government. In terms of Office Memorandum dated 13th March 2012, the Government has agreed to reimburse 50% of losses incurred by these entities. However, there is a difference in the losses as computed by these entities and computed by budget department, Department of Economic Affairs in consultation with RBI. Pending final reconciliation certain portion of aforesaid loss amounting to ₹ 4,162.79 lacs has been compensated to these entities vide Office Memorandum dated 13th March 2012.

20. Cost of Raw Materials consumed:

PARTICULARS	31 March 2012 ₹ in lacs
Inventory transferred on demerger from Zuari Industries Limited and acquisition of subsidiaries/joint ventures	49,626.39
Add : Purchases	2,87,171.49
Add : Transfer of Stock of Finished goods for captive consumption	3,142.79
Less: Inventory at the end of the year	41,389.35
Cost of Raw Materials Consumed	2,98,551.32

Details of Raw Materials Consumed

PARTICULARS	31 March 2012 ₹ in lacs
Purchased urea	1,566.75
Naphtha	73,462.75
Phosphoric acid	96,307.92
Muriate of potash	35,563.93
Sulphuric acid	3,693.41

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
OF THE ZUARI HOLDINGS GROUP FOR THE FINANCIAL YEAR 2011-12 Contd....**

PARTICULARS	31 March 2012 ₹ in lacs
Ammonia	41,625.06
Rock phosphate	33,245.38
Raw Seeds	1,270.99
Sulphur	9,501.42
Others	2,313.71
Total	2,98,551.32

Details of inventory: Raw Materials

PARTICULARS	31 March 2012 ₹ in lacs
Naphtha	17,481.34
Phosphoric acid	7,140.30
Muriate of potash	5,957.92
Ammonia	4,240.15
Purchased urea	320.25
Rock phosphate	2,736.69
Sulphur	2,181.13
Raw Seeds	846.42
Others	485.15
Total	41,389.35

21. Details of purchase of traded products:

PARTICULARS	31 March 2012 ₹ in lacs
Traded goods purchase details	
Traded fertilisers :	
DAP	1,98,929.55
MOP	70,971.61
SOP	892.98
Phosphoric Acid	1,859.57
SSP	906.41
Speciality Fertilisers	3,522.72
NPK	1,12,067.28
Ammonia	722.49
Pesticides	1,887.00
Others	80.09
Total	3,91,839.70

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
OF THE ZUARI HOLDINGS GROUP FOR THE FINANCIAL YEAR 2011-12 Contd....**
22. Decrease in inventories

PARTICULARS	31 March 2012 ₹ in lacs
Inventories at the end of the year	
Finished products	15,970.50
Traded products	32,782.59
Work-in-progress	5,100.15
Waste	1.11
	53,854.35

**Inventory transferred on demerger from Zuari Industries Limited
and acquisition of subsidiaries/joint ventures**

Finished products	13,283.60
Traded products	43,837.65
Work-in-progress	4,312.68
Less: Captive consumption	(3,142.79)
	58,291.14
Total	4,436.79

Details of Inventory

Traded Goods	
DAP and DAP Lite	7,172.43
MOP	9,844.68
SOP	330.37
SSP	23.08
NPK	11,135.03
Speciality Fertilisers	3,716.38
Seeds	368.24
Ammonia	56.04
Pesticides	136.34
	32,782.59

Finished Goods

Urea	1,671.77
DAP	3,214.08
NPK	10,131.83
Seeds	720.19
Speciality Fertilisers	1.57
Others	231.06
	15,970.50

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
OF THE ZUARI HOLDINGS GROUP FOR THE FINANCIAL YEAR 2011-12 Contd....**

Work in Progress

PARTICULARS	31 March 2012 ₹ in lacs
Ammonia	11.88
Sweet Naphtha	1,343.81
Seeds	219.84
Phosphoric Acid	2,963.94
Sulphuric Acid	560.68
	5,100.15

Waste

Gypsum	1.11
	1.11

23. Employee benefit expense

PARTICULARS	31 March 2012 ₹ in lacs
Salaries, wages and bonus	6,375.91
Contribution to provident and other funds (Refer Note: 43(iii) & (iv))	741.71
Gratuity (Refer Note: 43(i))	116.41
Post employment medical benefits (Refer Note: 43(ii))	9.07
Staff welfare expenses	1,483.18
Total	8,726.28

24. Other expenses

PARTICULARS	31 March 2012 ₹ in lacs	31 March 2012 ₹ in lacs
Stores and spares consumed		532.53
Consumption of packing materials		4,224.49
Increase in excise duty and cess on stocks		15.26
Foundation seeds expenses		37.95
Power, fuel and water		27,653.53
Bagging and other contracting charges		3,612.71
Outward freight and handling		33,164.07
Rent		887.49
Lease rentals		96.77
Rates and taxes		152.13
Insurance		387.89

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
OF THE ZUARI HOLDINGS GROUP FOR THE FINANCIAL YEAR 2011-12 Contd....**

PARTICULARS	31 March 2012 ₹ in lacs	31 March 2012 ₹ in lacs
Repairs and maintenance		
Plant & machinery	4,885.04	
Buildings	337.07	
Others	651.09	
		5,873.20
Cash rebate		338.03
Subsidy claims written off		44.78
Sundry balances written off		10.87
Diminution in the value of Fertiliser Companies' Government of India Bonds		222.61
Bad debts, claims and advances written off	29.33	
Less: Adjusted against provision	(28.24)	
		1.09
Provision for doubtful debts, claims and advances		72.60
Premium on foreign exchange forward cover		6,565.38
Loss on fixed assets sold/discarded (net)		154.62
Miscellaneous expenses		5,464.66
Total		89,512.66

25. Depreciation and amortisation expense

PARTICULARS	31 March 2012 ₹ in lacs
Depreciation of tangible assets	2,621.88
Amortization of intangible assets	242.10
Total	2,863.98

26. Finance costs

PARTICULARS	31 March 2012 ₹ in lacs
Interest expense (including interest on income tax ₹ 147.02 lacs)	6,937.02
Bank charges	1,854.03
Total	8,791.05

27. List of Subsidiaries and Joint Ventures considered for Consolidation:

a. Following Subsidiaries have been consolidated on line by line basis:

Name of the Company	Country of Incorporation	Proportion of Ownership Interest as at March 31, 2012
Zuari Seeds Limited (w.e.f May 31, 2011)	India	100.00%
Zuari Fertilisers and Chemicals Limited (w.e.f May 31, 2011)	India	100.00%

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
OF THE ZUARI HOLDINGS GROUP FOR THE FINANCIAL YEAR 2011-12 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
ZuariMaroc Phosphates Limited (consolidated including its 80.45% subsidiary – Paradeep Phosphates Limited) (w.e.f June 27, 2011)	India	50%
Zuari Rotem Speciality Fertilizers Limited (ZRSFL) (w.e.f May 31, 2011)	India	50%

During the year, Zuari Holdings Group has acquired stake in Zuari Seeds Limited, Zuari Fertilisers and Chemicals Limited (resulting in these companies becoming 100% subsidiary of Zuari Holdings Limited) and, Zuari Maroc Phosphates Limited and Zuari Rotem Speciality Fertilisers Limited (resulting these companies becoming joint venture companies of Zuari Holdings Limited). The aforesaid acquisitions have effect of increase in assets and liabilities by ₹ 1,83,425.35lacs and ₹ 1,13,236.67lacs respectively and increase in results by ₹ 8,348.29 in Consolidated Financial Statements.

28. Contingent Liabilities (Not Provided For):

(Rs in lacs)

Particulars	As at March 31, 2012	
	Parent company & its subsidiaries	*Joint ventures
I. Demands / Claims from Government Authorities **		
(A) 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 Parent Company has filed appeal before Joint Commissioner of Commercial Taxes (Appeals), Bangalore, against the same. (The Parent Company has deposited ₹ 21.28 lacs against the same which is appearing in the schedule of loans and advances.)	42.56	–
iii) Demand notice from Commercial Tax Department, towards non submission of "F Form" for the year 2007-08. The Parent Company has filed for stay in High Court of Andhra Pradesh.	15.96	–
iv) 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
v) Branch transfers and export sales were disallowed and considered as inter state sales. (a) The matter was disposed of by the Additional Commissioner of Sales Tax (Appellate Authority) vide order dated 07.03.2012 by confirming the original demand of Assistant Commissioner of Sales tax. Paradeep Phosphates Limited has preferred an appeal before the Sales Tax Tribunal along with a stay application before the Commissioner of Commercial Taxes. The Commissioner of Commercial Taxes vide order dated 23.03.2012 has granted stay till the disposal of the appeal by the Tribunal on payment of Rs 10 crores (being proportionate share of Zuari Holdings Group). The matter is pending with Tribunal. Further, the matter has also been referred to Supreme Court by means of an Interlocutory Application.	–	5,210.26
(b) The matter is pending before the Appellate Authority in connection with the branch transfer for which stay has been obtained.	–	28.18

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
OF THE ZUARI HOLDINGS GROUP FOR THE FINANCIAL YEAR 2011-12 Contd....**

Particulars		As at March 31, 2012	
		Parent company & its subsidiaries	*Joint ventures
vi)	Orissa Sales Tax Authority levied penalty on Entry Tax on account of Custom Duty. Paradeep Phosphates Limited has filed an appeal before the Appellate Authority against such demand which is yet to be disposed off.	–	32.55
vii)	Countervailing Duty (CVD) paid and refund claimed on import of MOP for trading purpose.	–	28.84
vii)	Others	–	0.61
II. 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.	–	382.65
iii)	Interest on electricity duty on captive power generation	–	75.89
iv)	Others	–	7.75
III. Aggregate amount of guarantees issued by the banks to various Government Authorities and Others		12,485.56	–
IV. Estimated amount of contracts remaining to be executed on capital account not provided for		8,553.05	2,625.59

V. Other Commitments

A subsidiary of a Joint Venture has entered into an agreement for loan of USD 25 million (₹ 12,789.13 lacs) with International Finance Corporation (IFC) for its expansion project. As per the terms of the agreement, the subsidiary company has to pay commitment and other charges based on undrawn loan balance as per the disbursement scheme which is under finalization with IFC.

*Figures given in respect of Joint ventures represent proportionate share of Zuari Holdings 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.

29. Goodwill/Capital Reserve on consolidation

(a) Goodwill (on Consolidation)

The Goodwill in the Consolidated Financial Statements represents the excess of the purchase consideration of investment over the Parent Company's share in the net assets of its subsidiaries – Zuari Seeds Limited and Zuari Fertilisers and Chemicals Limited.

Investment in	Particulars	₹ in Lacs
1. Zuari Seeds Limited	(a) Cost of Investment	1,417.60
	(b) Parent Company's share in the net assets	(377.78)
Sub-Total (1)	Goodwill (a-b)	1,795.38
2. Zuari Fertilisers and Chemicals Limited	(c) Cost of Investment	5.00
	(d) Parent Company's share in the net assets	(32.60)
Sub-Total (2)	Goodwill (c-d)	37.60
Total (1+2)	Total Goodwill (1+2)	1,832.98

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.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
OF THE ZUARI HOLDINGS GROUP FOR THE FINANCIAL YEAR 2011-12 Contd....**

b. Capital Reserve (on Consolidation)

The Capital Reserve in the Consolidated Financial Statements represents the excess of the Zuari Holdings Limited's share in the net assets of its joint ventures (Zuari Maroc Phosphates Limited and Zuari Rotem Speciality Fertilisers Limited) over the purchase consideration of investment.

Investment in	Particulars	₹ in Lacs
1. Zuari Maroc Phosphate Limited	(a) Parent Company's share in the net assets	53,282.40
	(b) Cost of investments	17,981.62
	(c) Adjustment of Goodwill appearing in joint venture's consolidated accounts	(18,029.27)
Sub-Total (1)	Capital Reserve (a-b-c)	17,251.51
2. Zuari Rotem Speciality Fertilisers Limited	(a) Parent Company's share in the net assets	438.83
	(b) Cost of investments	345.75
Sub-Total (2)	Capital Reserve (a-b)	93.08
Total (1+2)	Total Capital Reserve	17,364.59

30. Earnings Per Share (EPS):

Particulars	Year ended March 31, 2012
Profit after taxation as per Statement of Profit and Loss (₹ in lacs)	16,441.77
Number of shares used in computing earnings per share – Basic and Diluted* (in Rupees)	3,33,16,619
Earnings per share - Basic (in Rupees)	49.35
Face value per share (in Rupees)	10.00

* including 2,94,40,604 equity shares appearing under Equity Suspense account.

31. The Revenue Department of the Government of Goa has issued a notification under sub-section (1) of Section 4 of the Land Acquisition Act, 1984 on 5th February, 2007 and further notification on 19th April, 2007 proposing to acquire 1,59,700 sq. mts. of the land belonging to the Parent Company for public purpose. The Parent Company has filed an appeal with the High Court of Bombay at Goa against the notification. The High Court has asked status quo to be maintained on the land acquisition proceedings.

32. Net foreign exchange variation debited to the current year consolidated Statement of profit and loss aggregates ₹ 18,115.25 lacs (including ₹ 2,637.33 lacs in respect of joint venture entities, being proportionate share of Zuari Holdings Group).

33. 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	Purpose
Buy (Amount in USD)	577,013,319	To hedge the purchases of raw materials and traded goods and buyers credit

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

Details of Derivatives	31.03.2012	Purpose
Buy (Amount in USD)	31,809,006	To hedge the purchases of raw materials and traded goods

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
OF THE ZUARI HOLDINGS GROUP FOR THE FINANCIAL YEAR 2011-12 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 as at 31.03.2012	Foreign currency Involved
Trade Payables	9,246,877	USD
Claims receivable	1,867,016	USD
Trade Receivables	15,600	USD
Accrued Interest	1,504,680	USD

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

Nature of Exposure	Outstanding amount in foreign currency as at 31.03.2012	Foreign currency Involved
Trade Payables	39,621,710	USD
Interest Accrued but not due on Borrowings	20,506	USD
Advances to Suppliers	624,730	USD

34. Operating Leases:

- (a) 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 and loss for the year are ₹ 508.70 lacs.
- (b) In case of a subsidiary operating leases are mainly in the nature of lease of office premises and godowns with no restrictions and are renewable / cancellable at the option of either of parties. There are no subleases. The aggregate amount of operating lease payments recognized in the Statement of profit and loss is ₹ 89.89 lacs.
35. In respect of a subsidiary, trade payables include amount payable to a party amounting to ₹ 39.65 lacs (Previous year ₹ Nil) towards royalty which has been outstanding for a period of more than one year. Requisite approvals under the provisions of Foreign Exchange Management Act, 1999 have not been obtained from the RBI for the extension of the period. Management is confident that the penalties, if any, that may arise on account of such non-compliance would not be material.
36. (a) The subsidiary of a Joint Venture entity in an earlier year had received an Arbitration Award in its favour in the matter of Cargo Charges Tariff dispute with Paradeep Port Trust (PPT) for the years 1993 – 1999. PPT in earlier year had appealed with the higher authorities against such award which was confirmed by the Appellate Authority. However, as against the above order, the PPT has gone into further appeal with the High Court, which in its interim order has directed the company not to execute award at this stage, PPT has not recognized this award as income in the Statement of profit and loss .
- (b) Paradeep Port Trust (PPT) proposed a revision in scale of rates applicable to the company for cargo handling in the company's captive berth w.e.f. 1st April, 1999. The matter was referred to Tariff Authority of Major Ports (TAMP) on mutual consent of the parties under the direction of Hon'ble High Court of Orissa. During the year, TAMP has finalized the rates but PPT has not agreed with the order and filed a writ petition before the High Court of Orissa against the said order. Pending disposal of the case, the company has made provision of ₹ 1,564.17 lacs (including ₹ 215.25 lacs for the year under report) [being proportionate share of Zuari Holdings Group] towards revised port charges.
37. In case of a subsidiary of a joint venture, the Land Policy of Port land has been revised as per the Land Policy Guidelines issued by the Ministry of Shipping, Government of India. Pursuant to the said Policy and pending outcome of negotiation with Paradeep Port Trust, the company has made provision towards ground rent, interest and taxes amounting to ₹ 586.31 lacs (including ₹ 59.81 lacs for the current year) [being proportionate share of Zuari Holdings Group] against the demand raised by Paradeep Port Trust.
38. In respect of a subsidiary of a joint venture entity, in terms of meeting for amicable settlement of dispute for additional compensation to the land losers, under the chairmanship of the Collector and District Magistrate, Jagatsinghpur, it was decided to pay additional compensation at the rate fixed to the claimants through the Special Land Acquisition Officer (Spl. LAO), Government of Orissa. Since the disbursement process to land losers has started in the financial year 2010-11 through Spl. LAO, the Company accounted

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
OF THE ZUARI HOLDINGS GROUP FOR THE FINANCIAL YEAR 2011-12 Contd....**

for total estimated liability of ₹ 283.01 lacs (including interest of ₹ 209.01 lacs) (being proportionate share of Zuari Holdings Group) during the financial year 2010-11. The outstanding liability as on 31st March, 2012 stands at ₹ 223.74 lacs (being proportionate share of Zuari Holdings Group) after making payment to Spl. LAO.

39. In pursuance of the Share Purchase agreement entered into by a Joint Venture entity (ZMPL) with the Government of India for acquisition of its subsidiary (PPL), the Joint Venture entity has preferred a claim in an earlier year on the Government of India for ₹ 15,155.00 lacs (proportionate share of Zuari Holdings Group ₹ 7,577.50 lacs), which will be accounted for as and when the claim is settled.
40. In respect of a subsidiary of the joint venture ('PPL'), Employees' State Insurance Corporation (ESIC) raised various demands from PPL in respect of both Contract Labours and Employees in earlier years, which were contested by PPL in various Courts and Authorities. Provision created in earlier years is continuing in the books and reflected in Note No. 9.
41. In respect of a subsidiary of a Joint Venture (PPL), Income Tax refund was received during the year for the Assessment Years 2008-09 & 2009-10 based on income tax returns filed by it pursuant to concession offered under BIFR and tax expert's opinion with respect to allowability of certain expenditures. Subsequently, the Directorate of Income Tax (Recovery) in its letter dated 29th March, 2011 has disallowed relief u/s 41(1) of the Income Tax Act, 1961, as recommended by BIFR against which the company is planning to approach the Department to reconsider the same. Pending such, the company has retained the provision for tax of ₹ 2,398.18 lacs (being the proportionate share of Zuari Holdings Group) related to concession not considered by Director of Income Tax (Recovery).
42. (a) In respect of one of the subsidiary (Zuari Seeds Limited), it has accumulated losses of ₹ 1,696.31 lacs as at March 31, 2012 resulting in erosion of net worth fully. Based on the future projections of the company and releasing of new products, management is confident that the company will be able to generate sufficient profits in future years. As such, the financial statements of that company are prepared on a going concern basis.
- (b) In respect of one of the subsidiary (Zuari Fertilizers and Chemicals Limited), though the balance sheet shows a negative networth, the accounts have been prepared on going concern basis, keeping in view of the going planning and activities to setup new projects.

43. Employee Benefits

- i) The Group has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service.

In respect of the Parent Company, one of the subsidiary, and a subsidiary of joint venture, scheme is funded with an insurance company in the form of a qualifying insurance policy.

The current year disclosures in the following tables summarize the components of the net gratuity expense recognized in the consolidated Statement of profit and loss for the Group.

Statement of Profit and Loss

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

(₹ in lacs)

Particulars	Funded 31.3.2012
Current Service Cost	235.98
Adjustments to opening balance of Plan Assets	(1.46)
Interest cost on benefit obligation	103.80
Expected return on plan assets	(181.65)
Net actuarial (gain)/loss recognized in the year	(43.01)
Effect of limit Para 59(b) of AS-15-R	(1.00)
Net benefit expense	112.67*

* Excluding ₹ 1.46 lacs in respect of joint venture (Zuari Rotem Speciality Fertilisers Ltd) and ₹ 2.28 lacs in respect of a subsidiary (Zuari Fertilisers and Chemicals Ltd) has computed the provision on actual computation basis. (refer note 'c' below)

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
OF THE ZUARI HOLDINGS GROUP FOR THE FINANCIAL YEAR 2011-12 Contd....**
Balance sheet
Details of Provision for gratuity benefit as at March 31, 2012:

(₹ in lacs)

Particulars	Funded 31.3.2012
Present Value of Defined benefit obligation	3,736.53
Fair value of plan assets	3,635.16
Plan assets/(liability)	(101.38)
Experience gain/(loss) on obligation	71.70

* Excluding ₹ 1.06 lacs in respect of Joint Venture (Zuari Rotem Speciality Fertilisers Ltd.) and ₹ 2.80 lacs in respect of subsidiary Company (Zuari Fertilisers and Chemicals Ltd.) has computed the provision on actual computation basis. (refer note 'c' below)

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

(₹ in lacs)

Particulars	Funded 31.3.2012
Opening defined benefit obligation	-
Transfer on Acquisition of stake in Subsidiaries/Joint Ventures	1,359.33
Interest cost	103.80
Current service cost	235.98
Past Service Cost (Transfer in)	2,290.03*
Benefits paid	(225.41)
Actuarial (gains)/losses on obligation	(27.20)
Closing defined benefit obligation	3,736.53

*Past service cost transfer in on Demerger

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

(₹ in lacs)

Particulars	Gratuity (Funded) 31.3.2012
Opening fair value of plan assets	-
Transfer on Acquisition of stake of subsidiaries/Joint Ventures	1,337.72
Adjustment to opening balance	1.46
Direct contribution paid by the Enterprise	0.70
Expected return on plan asset	180.28
Contributions by employer	33.21
Past service cost(Transfer in)	2,290.03*

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
OF THE ZUARI HOLDINGS GROUP FOR THE FINANCIAL YEAR 2011-12 Contd....**

Particulars	Gratuity (Funded) 31.3.2012
Benefits paid	(224.72)
Actuarial gains/(losses)	17.18
Direct benefits paid by the Enterprise	(0.70)
Closing fair value of plan assets	3,635.15

Parent company expects to contribute ₹ 81.93 lacs (Previous year: NIL) towards gratuity during the year 2012-13.

- 2) The subsidiary of a joint venture (PPL) expects to contribute ₹ 50 lacs (being proportionate share of Zuari Holdings Group) to the gratuity fund during 2012-13.

*Past service cost transfer in on Demerger

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:

Particulars	Gratuity 2011-12
Investment with insurer (Life Insurance Corporation of India)	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
Discount Rate	7.00%-8.40%
Expected rate of return on plan assets	8.50%-9.45%
Increase in Compensation cost	7.50%-12.00%
Employee turnover	0.50%-5.00%

- a) The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
- b) In case of the parent company, the current year being the first year of adoption of AS 15 (Revised) by the Company, disclosures as required by Para 120 (n) (i) of Accounting Standard 15 (Revised) have been furnished only for the one year.
- c) In the case of a joint venture (Zuari Rotem Speciality Fertilisers Limited) and a subsidiary (Zuari Fertilisers and Chemicals Limited), the companies have not performed any separate actuarial valuation for arriving at the Gratuity liability of the Gratuity Scheme 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.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
OF THE ZUARI HOLDINGS GROUP FOR THE FINANCIAL YEAR 2011-12 Contd....**

Statement of Profit and Loss

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

(₹ in lacs)

S. No.	Particulars	2011-12
1	Current Service Cost	2.62
2	Interest Cost on benefit obligation	2.98
3	Expected Return on plan assets	-
4	Net Actuarial (Gains)/ Losses recognized in the year	3.47
5	Past Service Cost	-
6	Net Benefit Expense	9.07

Balance Sheet

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

(₹ in lacs)

S. No.	Particulars	2011-12
1	Present value of Defined Benefit Obligation as at 31st March 2012	131.08
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	131.08

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

(₹ in lacs)

S. No.	Particulars	2011-12
1	Present value of Obligation at the beginning of the year	-
2	Transfer on Acquisition of stake of subsidiaries/Joint Ventures	125.06
3	Current Service Cost	2.62
4	Interest Cost	2.98
5.	Past service cost – non-vested benefits	-
6.	Past service cost – vested benefits	-
7	Benefits paid by the Company	(3.05)
8	Actuarial (Gains)/Losses on obligation	3.47
9	Present Value of Defined Benefit Obligation at the end of the year	131.08

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
OF THE ZUARI HOLDINGS GROUP FOR THE FINANCIAL YEAR 2011-12 Contd....**

The principal assumptions used in determining liability are shown below:

(₹ in Lacs)

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

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

(iii) Provident Fund

Pursuant to the Scheme of Arrangement and Demerger, Provident Fund of Zuari Industries Limited, is being managed by the Parent Company. As per 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. During the current financial year, actuarial valuation of Provident Fund was carried out in accordance with the guidance note issued by Actuary Society of India and provided ₹ 54.38 lacs Provident Fund liability in the books of accounts.

(₹ in lacs)

Particulars	2011-12
Contribution to Provident Fund	282.92

The detail of Fund plan asset position as at 31st March, 2012 is given below:

(₹ in lacs)

Particulars	2011-12
Plan assets at fair value	9,199.05
Present value of defined benefit obligation	9,253.43
Deficit in fund	(54.38)

Details of Defined Contribution Plan in respect of the Group:

(₹ in lacs)

Particulars	2011-12
Contribution to Provident Fund	148.09
Contribution to Superannuation Fund	200.79
Contribution to Contributory pension fund	105.48
Employees Death Benevolent Fund	0.48
Total	454.84

44. Segment Reporting

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

Secondary Segment – Geographical Segment

The Company operates in India and therefore caters to the needs of the domestic market. Hence there are no reportable geographical segments.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
OF THE ZUARI HOLDINGS GROUP FOR THE FINANCIAL YEAR 2011-12 Contd....**

45. Related party disclosures under Accounting Standard – 18

The list of Related Parties as identified by the management is as under:

- (i) **Holding Company (upto June 30, 2011)**
 - 1. Zuari Industries Limited
- (ii) **Fellow subsidiary of the Holding Company (upto June 30,2011)**
 - 1. Indian Furniture Products Limited
 - 2. Simon India Limited
 - 3. Zuari Management Services Limited
 - 4. Adventz Infracworld India Limited
 - 5. Gulbarga Cement Limited
 - 6. Globex Limited
 - 7. Zuari Investments Limited
 - 8. Zuari Insurance Brokers Limited
 - 9. Zuari Commodity Trading Limited
 - 10. Zuari Financial Services Limited
 - 11. Zuari Seeds Limited
 - 12. Zuari Fertilisers and Chemicals Limited
- (iii) **Joint ventures of the Company**
 - 1. Zuari Maroc Phosphates Limited (ZMPL) (with effect from 27.06.2011)
 - 2. Paradeep Phosphates Limited (Subsidiary of Zuari Maroc Phosphates Limited) (with effect from 27.06.2011)
 - 3. Zuari Rotem Speciality Fertilizers Limited (with effect from 31.05.2011)
- (iv) **Key Management Personnel of the Zuari Holdings Group**
 - 1. Mr. S. S. Nandurdikar, Managing Director of Paradeep Phosphates Limited
 - 2. Mr. N. Suresh Krishnan, Managing Director Zuari Maroc Phosphates Limited, Director of Zuari Rotem Speciality Fertilisers Limited
- (v) **Other Venturers in respect of JV Entities**
 - 1. Maroc Phosphore, SA (with effect from 27.06.2011)
 - 2. Rotem Amfert Negev Limited (with effect from 31.05.2011)
 - 3. Indo Maroc Phosphore Limited (with effect from 27.06.2011)
- (vi) **Party having Significant Influence**
 - 1. OCP, Morocco (in respect of a JV) (with effect from 27.06.2011)
 - 2. Zuari Industries Limited (with effect from 01.07.2011)
 - 3. Indian Furniture Products Limited (with effect from 01.07.2011)
 - 4. Simon India Limited (with effect from 01.07.2011)
 - 5. Zuari Management Services Limited (with effect from 01.07.2011)
 - 6. Adventz Infracworld India Limited (with effect from 01.07.2011)
 - 7. Gulbarga Cement Limited (with effect from 01.07.2011)
 - 8. Globex Limited (with effect from 01.07.2011)
 - 9. Zuari Investments Limited (with effect from 01.07.2011)
 - 10. Zuari Insurance Brokers Limited (with effect from 01.07.2011)
 - 11. Zuari Commodity Trading Limited (with effect from 01.07.2011)
 - 12. Zuari Financial Services Limited (with effect from 01.07.2011)

The transactions with related parties are given below:

Consolidated Related Party disclosures under Accounting Standard - 18

b) Following transactions were carried out with related parties in the ordinary course of business.

Consolidated Related Party

(₹ in Lacs)

Sl. No	Transaction details	2011-12						
		Joint Ventures	Joint Venturers	Key management personnel (KMP)	Enterprise Having significant Influence	Holding Company	Fellow Subsidiaries	Total
1	Payment made on their behalf							
	- Zuari Maroc Phosphates Limited	0.94	-	-	-	-	-	0.94
	- Paradeep Phosphates Limited	19.44	-	-	-	-	-	19.44
	-Zuari Rotem Speciality Fertilisers Ltd	40.45	-	-	-	-	-	40.45
	- Zuari Indian Oiltanking Limited	-	-	-	51.01	-	-	51.01
	- Zuari Management Services Limited	-	-	-	-	-	1.93	1.93
	- Adventz Infracworld India Limited	-	-	-	-	-	3.62	3.62
2	Payment made on our behalf							
	-Paradeep Phosphate Limited	11.56	-	-	-	-	-	11.56
	- Zuari Industries Limited	-	-	-	39.42	-	-	39.42
	- Simon India Limited	-	-	-	18.69	-	-	18.69
	- Style Spa Furniture Limited	-	-	-	0.15	-	-	0.15
	- Adventz Infracworld India Limited	-	-	-	5.78	-	-	5.78
	- Zuari Management Services Limited	-	-	-	27.77	-	-	27.77
3	Managerial remuneration							
	- Mr. S. S. Nandurdikar	-	-	46.14	-	-	-	46.14
4	Purchase of finished goods, raw material, spares, etc							
	- Maroc Phosphores S.A.	-	28,196.59	-	-	-	-	28,196.59
	- OCP, Morocco	-	23,457.69	-	-	-	-	23,457.69
	-Zuari Rotem Speciality Fertilisers Ltd	2,177.77	-	-	-	-	-	2,177.77
	- Fertiliser and Chemicals Ltd., Israil	-	89.75	-	-	-	-	89.75
	- Bunge Maroc Phosphore	-	2,744.97	-	-	-	-	2,744.97
	- Phosphates De Boucraa SA	-	4,603.14	-	-	-	-	4,603.14
5	Write Off, Claims and Demmuarges							
	- Maroc Phosphores S.A.	-	36.18	-	-	-	-	36.18
	- OCP, Morocco	-	77.54	-	-	-	-	77.54
	-Indo Maroc Phosphores S.A.Morocco	-	0.44	-	-	-	-	0.44
	- Phosphates De Boucraa SA	-	2.51	-	-	-	-	2.51
6	Royalty							
	- Rotem Amfert Nagev Ltd.	-	40.40	-	-	-	-	40.40
7	Service Charges paid							
	- Zuari Indian Oiltanking Limited	-	-	-	115.32	-	-	115.32
	- Zuari Investment Limited	-	-	-	-	-	0.20	0.20
8	Interest Received							

Sl. No	Transaction details	2011-12						
		Joint Ventures	Joint Venturers	Key management personnel (KMP)	Enterprise Having significant Influence	Holding Company	Fellow Subsidiaries	Total
	-Zuari Rotem Speciality Fertilisers Ltd	29.36	-	-	-	-	-	29.36
9	Professional Fees paid							
	- Zuari Investments Limited	-	-	-	0.30	-	-	0.30
	- Zuari Management Services Limited	-	-	-	0.55	-	-	0.55
	- Simon India Limited	-	-	-	0.35	-	-	0.35
	- Zuari Insurance Brokers Limited	-	-	-	1.77	-	-	1.77
10	Purchase of Fixed Assets							
	- Simon India Limited	-	-	-	816.40	-	-	816.40
	- Stype Spa Furniture Limited	-	-	-	2.29	-	-	2.29
	- Indian Furniture Products Limited	-	-	-	4.99	-	-	4.99
11	Purchase of Investment							
	- Zuari Industries Limited	-	-	-	-	19,745.36	-	19,745.36
12	Receipt of Inter-Corporate Deposits / Loans							
	- Zuari Industries Limited	-	-	-	-	19,100.00	-	19,100.00
13	Repayment of Inter-Corporate Deposits / Loans							
	- Zuari Industries Limited	-	-	-	-	18.00	-	18.00
Balance Outstanding at the year end								
1	As Debtors							
2	As Advances Recoverable							
	- Zuari industries Limited	-	-	-	3,454.88	-	-	3,454.88
	- Paradeep Phosphates Limited	9.56	-	-	-	-	-	9.56
	- Adventz Infracore India Limited	-	-	-	5.78	-	-	5.78
	- Maroc Phosphore SA, Morocco	-	9.42	-	-	-	-	9.42
	- Bunge Maroc Phosphore	-	-	-	8.37	-	-	8.37
	- Simon India limited	-	-	-	253.89	-	-	253.89
3	As Trade Payable							
	- Zuari Rotem Speciality Fertilisers Limited	60.22	-	-	-	-	-	60.22
	- Zuari Maroc Phosphates Limited	9.40	-	-	-	-	-	9.40
	- Rotem Amfert Nagev Ltd.	-	51.00	-	-	-	-	51.00
	- Zuari Indian Oiltanking Limited	-	-	-	9.46	-	-	9.46
	- Zuari Management Services Limited	-	-	-	11.20	-	-	11.20
	- Zuari Investments Limited	-	-	-	0.28	-	-	0.28
	- Maroc Phosphore SA, Morocco	-	113.67	-	-	-	-	113.67
	- Indo Maroc Phosphore S.A. Morocco	-	7.31	-	-	-	-	7.31
	- OCP, Morocco	-	3,718.17	-	-	-	-	3,718.17

Sl. No	Transaction details	2011-12						
		Joint Ventures	Joint Venturers	Key management personnel (KMP)	Enterprise Having significant Influence	Holding Company	Fellow Subsidiaries	Total
	- Phosphate De Boucraa SA	-	1,781.03	-	-	-	-	1,781.03
	- Simon India Limited	-	-	-	294.81	-	-	294.81
	- Indian Furniture Products Limited	-	-	-	3.02	-	-	3.02
	- Zuari Industries Limited	-	-	-	19.11	-	-	19.11
4	Corporate Guarantee							
	- Paradeep Phosphates Limited (ZMPL)	1.19	-	-	-	-	-	1.19

46. Demerger

- a) Pursuant to the Scheme of Arrangement and Demerger ("The Scheme") between Zuari Industries Ltd. and Zuari Holdings Ltd. approved by the Hon'ble High Court of Bombay at Goa, on March 2, 2012, all the Assets, Liabilities pertaining to Fertiliser Undertaking as on 1st July, 2011 of Zuari Industries Limited have been transferred to the Company at their book values and accordingly the surplus of Assets over the Liabilities of the Fertiliser undertaking so Demerged, resulted in creation of Business Restructuring Reserve of ₹ 65,404.84 lacs 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 the Registrar of Company on March 21, 2012.

- b) **The summary of the assets and liabilities transferred from Zuari Industries Limited 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
	2,56,955.07
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
Equity Share Suspense	2,944.06
Business Restructuring Reserve	65,404.84

- c) Pursuant to the Scheme, the Zuari Holdings Limited has since issued 29,440,604 Equity Shares of ₹ 10/- each aggregating to ₹ 2,944.06 lacs to the existing shareholders of the Zuari Industries Limited, 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 Zuari Industries Limited. However, pending allotment at the year end, this amount is carried as Equity Share Capital Suspense.
- 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 of Zuari Industries Limited have been Demerged into the Company 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, Zuari Industries Limited deemed to have carried on the Fertiliser Undertaking in "trust" on behalf of the Company. Further all profit or incomes earned and losses and expenses incurred for Fertiliser Undertaking, shall for all purposes be deemed to be profits or income or expenditure or losses of the Company.
- f) The title deeds for immovable properties, licences, agreements, loan documents etc. of the Company are in the process of being transferred in the name of Zuari Holdings Limited.

47. Details of the Zuari Holdings Group in Joint Ventures included in the Consolidated Financial Statements are as follows:
(₹ In lacs)

Particulars		As at March 31, 2012
I.	EQUITY AND LIABILITIES	
	Reserves and surplus	42,127.75
	Non-current liabilities	
	Long term borrowings	312.75
	Deferred tax liabilities (Net)	72.51
	Other long term liabilities	64.64
	Long-term provisions	219.91
	Current liabilities	
	Short-term borrowings	56,878.21
	Trade payables	30,284.90
	Other Current Liabilities	7,829.20
	Short-term provisions	5,020.02
	Total	1,42,809.89

II	ASSETS	
	Non-current assets	
	Tangible assets	12,760.35
	Intangible assets	88.51
	Capital work-in-progress	2,734.36
	Deferred Tax Assets	1378.03
	Long-term loans and advances	848.57
	Current assets	
	Current investments	80.98
	Inventories	34,061.50
	Trade receivables	77,602.64
	Cash and bank balances	350.13
	Short-term loans and advances	2,470.85
	Other current assets	20,879.87
	Total	1,53,255.79

	Particulars	for the year ended 31 st March 2012
I	INCOME	
	Revenue from operations (gross)	2,03,513.81
	Less: excise duty	746.13
	Revenue from operations (net)	2,02,767.68
	Other income	3,839.66
	Total Revenue (I)	2,06,607.34
II	EXPENDITURE	
	Cost of raw material and consumed	1,05,135.06
	Purchase of traded goods	72,586.81
	(Increase) in inventories	(11,228.81)
	Employee benefit expense	2,799.37
	Other expenses	20,960.60
	Total Expenditure (II)	1,90,253.03
III	Earnings before interest, tax, depreciation and amortization (EBITDA) (I) - (II)	16,354.31
	Depreciation and amortization expense	968.08
	Finance costs	3,086.94
IV	Profit before tax	12,299.29
	Tax expenses	
	Current income tax	4,148.30
	MAT Credit Entitlement	(6.16)
	Deferred tax	(195.75)
	Income tax expenses of earlier years	0.58
V	Total tax expense	3,946.97
VI	Profit After Tax	8,352.32
VII	Share of Minority in Profits	(1,618.43)
VIII	Profit for the Year	6,733.89

48. 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	Nil
	- Interest thereon	0.24
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

S.No.	Particulars	2011-12
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	0.24
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

49. In respect of Parent Company and subsidiary of a joint venture, department of fertilizer, Government of India has issued an office memorandum dated 11th July, 2011 whereby subsidy rates applicable on closing stock of Finished Goods and Raw Materials as on 31st March, 2011 have been revised to subsidy rates applicable of Financial Year 2010-11 as per Nutrient Based Subsidy Policy. Accordingly the Company has adjusted its subsidy income by ₹ 951.83 lacs (₹ 477.64 lacs being proportionate share of Zuari Holdings Group in respect of subsidiary of a joint venture) to give impact of above mopping up adjustment.
50. During the year there was a fire incident on the cross country petroleum pipeline owned by Terminalling service providers. Arising from this, the pipeline had to be closed down on security and consequently repairs and recertification needs. Due to consequent safety related issues, the Mormugao Port Trust authorities had also stopped clearance of other raw materials for Phosphatic and Potassic Fertilisers. These events caused disruption of 63 days in Urea Production and 20 days in Phosphatic and Potassic Fertilisers production. The pipeline was subsequently repaired, recertified and re-commissioned on 19th, October 2011 and clearance from Mormugao Port Trust authorities for berthing of vessel was received on 1st October, 2011. Operations currently are normal.
51. Figures pertaining to the subsidiaries and joint venture 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.
52. Since, the consolidation of financial for the Parent company is done for the first time, previous period figures are not applicable.

As per our report of even date

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

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

S. K. Poddar
Chairman

N. Suresh Krishnan
Managing Director

Marco Wadia
Director

Per Anil Gupta
Partner
Membership No. : 87921
Place : Gurgaon
Date : 9th May, 2012

Binayak Datta
CFO & Vice President – Finance
Place : Gurgaon
Date : 9th May, 2012

R. Y. Patil
Chief General Manager
& Company Secretary

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
Zuari Seeds Limited	1,417.42	(1,696.31)	5,305.62	5,584.51	—	3,875.52	128.56	29.87	98.69
Zuari Fertilisers and Chemicals Limited	5.00	(140.33)	6,834.67	6,970.00	—	85.72	(102.71)	—	(102.71)

S. K. Poddar

Chairman

N. Suresh Krishnan

Managing Director

Marco Wadia

Director

Binayak Datta

CFO & Vice President – Finance

R. Y. PatilChief General Manager
& Company Secretary

Place : Gurgaon

Date : 9th May, 2012