

## ZUARI INDUSTRIES LIMITED



<b>DIRECTORS</b>	:	Saroj Kumar Poddar, Chairman H. S. Bawa, Managing Director Shyam Bhartia Arun Duggal D. B. Engineer J. N. Godbole Jyotsna Poddar S. P. Tyagi Marco Wadia
<b>GENERAL MANAGER</b>		
<b>LEGAL AFFAIRS &amp; COMPANY SECRETARY</b>	:	R. Y. Patil
<b>EXECUTIVE PRESIDENT</b>	:	Suresh Krishnan
<b>VICE PRESIDENTS</b>	:	L. M. Chandrasekaran Naveen Kapoor Binayak Datta V. K. Sinha
<b>BANKERS</b>	:	State Bank of India HDFC Bank Limited Corporation Bank Canara Bank ICICI Bank IDBI Bank
<b>LEGAL ADVISERS</b>	:	Crawford Bayley & Co., Mumbai Khaitan & Co., Kolkata
<b>AUDITORS</b>	:	S. R. Batliboi & Co. Chartered Accountants, Gurgaon
<b>REGISTERED OFFICE</b>	:	Jai Kisaan Bhawan Zuarinagar, Goa 403 726.

## DIRECTORS' REPORT

### To the Members,

1. Your Directors place before you the Forty-Second Annual Report of the Company together with Statement of Accounts for the accounting year ended 31<sup>st</sup> March, 2010.
2. **Financial Results and Appropriation :**

	<b>Rs.in lacs</b>	Previous Year Rs.in lacs
Profit for the year before depreciation and taxation	<b>23,914.51</b>	14,317.34
Less :Depreciation for the year	<b>1,950.76</b>	1,775.12
Profit/(loss) before tax	<b>21,963.75</b>	12,542.22
Less : Provision for taxation		
– Current Tax	<b>8,041.29</b>	3,627.04
– Tax adjustment relating to earlier year	<b>(12.38)</b>	(0.63)
– Deferred Tax charge	<b>(1,755.14)</b>	(482.64)
– Fringe Benefit Tax	<b>(6.12)</b>	70.00
Profit/(loss) after tax	<b>15,696.10</b>	9,328.45
Add : Balance of profit brought forward	<b>53,067.95</b>	49,772.82
Less : Transfer to general reserve	<b>5,000.00</b>	5,000.00
Proposed Dividend : 45% (PY 30%)	<b>1,324.83</b>	883.22
Tax on dividend (Including Surcharge)	<b>225.15</b>	150.10
Balance of profit carried forward	<b>62,214.07</b>	53,067.95



3. **Dividend:**  
The Directors recommend a dividend of Rs.4.50 per equity share (Rs.3.00 per equity share in the previous year).
4. **Debt Servicing:**  
Your Company has met all obligations towards repayment of principal and interest on all loans.
5. **Fixed Deposits:**  
As reported last year the Fixed Deposit Scheme of the Company was discontinued during that year and has stopped renewals and accepting fresh deposits. Deposits accepted earlier and matured during the year, have been repaid alongwith interest as on 31<sup>st</sup> March, 2010 in accordance with the terms of deposits. 300 deposits amounting to Rs.48.72 lakhs which had matured have not been claimed. The Company advises the depositors at regular intervals for repayment of the deposits. During the year, the Company has transferred an amount of Rs.2.47 lakhs towards unclaimed / unpaid deposits and interest thereon to 'The Investors Education and Protection Fund', pursuant to Section 205 C of the Companies Act, 1956.
6. **Directors:**  
Mr. Arun Duggal, Mr. J.N. Godbole and Mr. D.B. Engineer, retire by rotation at the forthcoming Annual General Meeting and are eligible for re-appointment. The resum  and details of other directorships and committee memberships of Mr. Arun Duggal, Mr. J.N. Godbole and Mr. D.B. Engineer, are given in Annexure 'C' to this report.
7. **Auditors:**  
The Auditors M/s. S.R. Batliboi & Co., Chartered Accountants, Gurgaon, retire at the forthcoming Annual General Meeting and are eligible for re-appointment.
8. **Conservation of Energy:**  
Information disclosing particulars of conservation of energy is given in Annexure 'A' to this report.
9. **Technology Absorption:**  
No new technology was absorbed during the year 2009-10.
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 Schedule 18 (Note 7(C)(ii), 7(E), 7(F) and 10) of the Annual Report and Accounts.
11. **Capital Projects:**  
During the year, as part of energy saving efforts, the Crystallizer pit pump drive in Urea Plant was changed over from motor to steam turbine by utilizing the steam let down through the system.

As reported last year, per the Government of India policy, all naphtha based fertilizer plants were required to convert to natural gas as feedstock by March 2010. Your Company has already signed an agreement with Gas Authority of India Ltd. (GAIL) for supply and transportation of gas by December 2012. Based on the Basic Engineering Design package supplied by M/s. Kellogg Brown & Root, U.S.A., all actions have been taken for procurement of new equipment as well as modification of existing equipment. Meanwhile, Government of India has as of March 2010, the existing policy and consequently the deadline for conversion of Naphtha based Plants to Gas has been extended until further advice. All the modifications required for feedstock conversion from naphtha to natural gas are planned to be completed by April, 2011.

#### 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.

The Company continues to give thrust to the safety initiatives across all functions including contract workers.

An offsite emergency mock drill of simulated ammonia leakage was organized by the South Goa District Administration on November 13, 2009. This drill was witnessed by Brigadier (Dr.) B.K. Khanna, Director, National Disaster Management Authority (NDMA) and Mr. Trivedi, Deputy Director, National Disaster Management Institute (NDMI). During the review meeting, NDMA Director, Brigadier (Dr.) Khanna, appreciated the Company and South Goa District Administration for conducting one of the best drills he has witnessed in the country.

#### 13. **Personnel:**

There has been continuous focus on building human resources through enhancing competencies, commitments & culture building to facilitate the alignment of human capital with organizational goals. An ongoing system of reviews & feedback to enhance the engagement of people with the organization is maintained.

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

#### 14. **Subsidiary Companies:**

In accordance with Accounting Standard 21, Consolidated Financial Statements presented by the Company include the financial information of its subsidiaries. The Company has received approval of the Central Government u/s 212(8) of the Companies Act, 1956 exempting the Company from the purview of section 212(8) of the Act. Therefore the Balance Sheet, Profit and Loss Account, Report of the Board of Directors and the

Auditors of the Subsidiary Companies are not attached. The Company will make available these documents/details upon request to any member of the Company interested in receiving this information. The Annual Accounts of the Subsidiary Companies will also be kept for inspection by any investor at the Registered Office of the Company and Subsidiaries.

Effective 9<sup>th</sup> August, 2009 Globex Ltd. became wholly owned subsidiary of the Company and effective 29<sup>th</sup> January, 2010 Zuari Fertilisers & Chemicals Limited, became wholly owned subsidiary of the Company. On 10<sup>th</sup> September, 2009 Zuari Investments Limited, a subsidiary of the Company acquired 100% equity stake in Zuari Holdings Ltd. making it a wholly owned subsidiary.

A brief review of subsidiaries and joint ventures of the Company is given herebelow:-

#### **Subsidiaries :**

##### **a. Globex Ltd. :**

Globex Ltd., an offshore subsidiary Company, was established at Jebel Ali Free Zone on 9<sup>th</sup> August, 2009. The Company was established with a view to carry out General Trading in fertilizers and commodities and investment in properties/Companies, property development etc.

##### **b. Gulbarga Cement Limited (GCL) :**

Gulbarga Cement Limited, a wholly owned subsidiary of the Company owns limestone Mining Lease of 989.89 hectares at Ferozabad in Gulbarga District of Karnataka.

The Company, has received clearance from the Ministry of Environment & Forests, for setting up Cement Plant of 3.23 million tonnes per annum and Coal Based Power Plant (50 MW) in Gulbarga, District of Karnataka.

The Company is in the process of acquiring the land for setting up Cement Plant and obtaining various other approvals for the same.

##### **c. Indian Furniture Products Limited (IFPL):**

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

The Company has achieved a turnover of Rs. 100 crores during the current financial year. The mass distribution channel under 'Zuari' brand has grown by 10% as there was some decline in the institutional segment business.

The company has undertaken debottlenecking operations in the plant and has invested about Rs. 1.5 crores in setting up a new line in the factory. An aggressive growth plan has also been worked out and the showrooms have been spruced up. The impact of all these will be visible during the next financial year.

##### **d. Simon India Limited (SIL) :**

SIL, a wholly owned subsidiary of your Company, is engaged in Engineering Procurement and Construction (EPC) activities and has achieved a turnover of Rs. 269.83 crores during the current financial year. SIL has an order book of Rs.190.86 crores and is currently executing several major projects in India and overseas.

The major Projects under execution are as follows:

1. Ammonia abatement & Flare System Project for SABIC in Saudi Arabia
2. Gypsum storage and handling Project for Paradeep Phosphates Limited, Orissa.
3. Dewatering Project for Hindustan Zinc at Bhilwara.

SIL is also bidding for several other projects in India and overseas.

##### **e. Zuari Developers Limited (ZDL):**

Zuari Developers Limited (ZDL), a wholly owned subsidiary of your Company is engaged in the business of real estate. ZDL, is currently, in the process of development of approx. 73 acres of land at Hulikeri, Srirangapatnam Taluk, Mandya District, Karnataka for Company's Zuari Garden City Project.

##### **f. Zuari Fertilisers & Chemicals Limited (ZFCL) :**

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

The Company has received Karnataka High Level Clearance Committee approval for setting up 11.55 lakhs MTPA of Urea manufacturing plant at Biranhali Village, Hukkeri Taluka in Belgaum District of Karnataka.

The Company is in the process of obtaining various approvals from State and Central Government for the same.

##### **g. Zuari Infrastructure and Developers Limited (ZIDL):**

Zuari Infrastructure and Developers Limited (ZIDL), is a wholly owned subsidiary of the Company was incorporated with an objective to set up and develop Special Economic Zone (SEZ) for Information Technology (IT) and Information Technology Enabled Services (ITES). The Company also proposes to enter into the business of Real Estate and the other related services.

##### **h. Zuari Investments Limited :**

Zuari Investments Limited, a subsidiary of the Company, is a member of both National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) for equity as well as Future



& Option (F&O) segment. It is a depository participant with National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL). Besides being empanelled with Association of Mutual Fund of India (AMFI) for distribution of Mutual Fund products, the company is also a member of Over the Counter Exchange of India (OTCEI) and a Category-II Registrar and Share Transfer Agent registered with Securities and Exchange Board of India (SEBI). The Company has corporate office in Delhi and 17 branches in different parts of India.

Zuari Investments Limited has four wholly owned subsidiaries i.e.

- i. **Zuari Insurance Brokers Ltd. (previously Zuari Chambal Insurance Brokers Ltd.) :**  
The name of the company was changed from Zuari Chambal Insurance Brokers Limited to Zuari Insurance Brokers Limited on 21-10-2009. The Company is an Insurance Regulatory and Development Authority (IRDA) licensed Direct Broker for Life and Non-life segment.
  - ii. **Zuari Commodity Trading Ltd. :**  
The Company has become a member of National Commodity Derivative Exchange Limited (NCDEX) and Multi Commodity Exchange Limited (MCX). The activation of trading could not be done as the MCX required an approval from Foreign Investment Promotion Board (FIPB) which is under process.
  - iii. **Zuari Financial Services Ltd. :**  
The Company has submitted requisite papers to Reserve Bank of India (RBI) for registration as Non Banking Finance Company (NBFC). The registration has not yet been received.
  - iv. **Zuari Holdings Limited :**  
A wholly owned subsidiary was incorporated on 10<sup>th</sup> September 2009 for making the strategic investments. With these services Zuari investments Limited would be offering complete bouquet of financial services and will become one stop shop for Stock Broking, Depository Services, Investment Advisory Services, Insurance Broking Services and Commodity Broking Services and is fully poised to become a significant player in the capital market.
- i. **Zuari Seeds Limited (ZSL) :**  
Zuari Seeds Limited, a wholly owned subsidiary of the Company, is engaged in R&D, production and marketing of hybrid seeds. The Company has achieved a turnover of Rs. 35.59 crores during the current financial year.  
The Company continues to focus on providing superior quality hybrid seeds to the farming community. The Company's seeds are also exported to Bangladesh and other neighboring countries.  
The company has achieved a milestone development in

signing the technology sharing agreement with Monsanto India Ltd for BGII cotton. Out of the total Hybrid cotton seed market in India the BGII technology based hybrids have almost 95% of the market share.

Two new Maize high value segment hybrids developed by the Company are showing encouraging results in the states of Karnataka and Maharashtra. Three Okra Hybrids are showing promising results in resistance to the YMVirus. A High value Tomato Hybrid –Shivani was also launched during the year.

#### 15. Joint Ventures:

- a. **Zuari Maroc Phosphates Limited (ZMPL) :**  
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, the Company is holding 80.45% of the equity stake in PPL. PPL's sales and operating revenue including subsidy and other income for the year 2009-10 was Rs. 3151.14 crores as compared to the previous year Rs. 5609.74 crores.  
PPL continues to increase its market share in its marketing areas. The sale of own fertilizers and traded fertilizers for the year 2009-10 was 12,34,963 MT and 2,23,837 MT respectively.
- b. **Zuari Indian Oiltanking Limited (ZIOL) :**  
Zuari Indian Oiltanking Limited (ZIOL) a 50:50 joint venture between Zuari Industries Limited and Indian Oiltanking Limited (IOTL) has state-of-the-art terminalling facility for petroleum products namely Naphtha, Motor Spirit, High Speed Diesel & Superior Kerosene. The Terminal at Goa with 71000KL tankage is situated 85 M above sea level with a 14 KM long piggable pipeline from Mormugao Harbour, Goa.  
The Company provides terminalling services to Zuari Industries Limited, Hindustan Petroleum and Bharat Petroleum.  
In the year 2009-10, the terminal has achieved a throughput of 6,25,007 KL @15 degree.
- c. **Zuari Rotem Speciality Fertilisers Limited (ZRSFL) :**  
Zuari Rotem Speciality Fertilisers Limited (ZRSFL) is a 50:50 joint venture with Rotem Amfert Negev Limited (Rotem), Israel.  
The Company was incorporated with the objective to produce Water Soluble Fertilizers (WSF) and market it in the marketing of Zuari Industries Limited and other areas in India by using the strong marketing and dealer network of Zuari Industries Limited. The plant has capacity to produce up to 24,000 MT of WSF per annum at Baramati in Maharashtra.  
Initially, the plant will manufacture one WSF grade, namely 19:19:19 i.e. 'PURNA 19' Subsequently, the plant

will produce other grades to meet market requirement.

The construction of plant is completed and the plant was commissioned on 27<sup>th</sup> March 2010.

During the year 2009-10 ZRSFL has undertaken trading activity of importing and marketing of WSF. The turnover for the year was approx. Rs 23 crore.

#### 16. Corporate Governance:

The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement. The Report on Corporate Governance pursuant to Clause 49 of the Listing Agreement is enclosed as Annexure 'C'. The Auditor's Certificate on Compliance of conditions of Corporate Governance is enclosed as Annexure 'D', Declaration of Managing Director as Annexure 'E' and the Management Discussion & Analysis as Annexure 'F'.

#### 17. Corporate Social Responsibility:

##### A. Care for Stakeholder

- a. Customers : Being responsible corporate citizen, Zuari is engaged in the various farmer education activities like farmer meetings, training programs, visits to research stations, crops seminars, etc. During the year 2009-10, Zuari organized 318 visits of farmers to research stations and 143 crop seminars.
- b. Employees: The Company has a structured schedule for various training programs that are conducted to upgrade employees professional skills within the company and by nominating them to outside programs conducted by reputed institutions.

##### B. Ethical Functioning

As a responsible corporate, the Company provides quality products to the farmers and is conscious about its responsibilities to provide modern extension services to our farmers including balanced use of fertilizers and other agri inputs. The Company advertises the Maximum Retail Prices of its various fertilizers through leading newspapers to create awareness amongst the dealers and farmers.

##### C. Respect for Workers' right and welfare :

Zuari has established a comfortable work environment and complies with laws, regulations and ethics relating to employment and labour, has a healthy respect for workers, gives high priority to the employee welfare measures.

The company employees have full freedom of association and have right of collective bargaining. The Company prohibits child labour and forced labour and has an effective redressal system. Every employee has been provided with access to training and development for improving skills required for career advancement.

##### D. Respect for human rights:

Zuari respects individual human rights and does not discriminate against individuals based on race, colour,

religion, caste, sex, social status and physical or mental disability. The Company takes active steps to ensure no infringement of human rights.

##### E. Respect for Environment :

The Company's plant at Zuarinagar is a zero effluent plant since 1990 with good habitation of wild life in the green belt created by the Company.

The Company maintains the median plantation besides garbage collection at four lane highway between Dabolim Airport and BITS Pilani – K K Birla Goa Campus at Zuarinagar covering distance of five kilometers.

##### F. Activities for Social and Inclusive development :

- a. Animal health camps : Under Customer Relationship Management Program (CRM) "Jaikisaan Sangam", the company organizes veterinary health camps in villages in collaboration with doctors from local Veterinary Department. On an average around 100-150 animals are treated in a camp. In 2009-10, the company organized 198 animal health camps in its marketing territory.
- b. Family health camps : The Company organizes family and children's health check up camps in villages covered under Jaikisaan Sangam program. During such camps, selected medicines are provided free of cost to the needy people. In 2009-10, the company organized 71 family / children health camps in different parts of its marketing territory.
- c. Jaikisaan Krishi Samrat Award : With a view to encourage farmers to modernize their agriculture, Zuari has instituted "Jaikisaan Krishi Samrat award". The award is presented to outstanding farmer for his contribution to farming community at large. The award comprises a citation, a shield and a cash prize of Rs.50,000. The award for the year 2009-10 was presented to a progressive farmer, Shri Shivanna Chowdihal from Bijapur district of Karnataka for his outstanding work in promoting horticultural crops in northern Karnataka.
- d. Telephone help line "Hello Jaikisaan" : For farmers of Maharashtra and Karnataka, the Company is operating a help line service "Hello Jaikisaan". Farmer from any corner of the state can dial the respective help line number and seek the answer to his agri-related problem. During the year 2009-10, 12218 farmers from Maharashtra and 4726 farmers from Karnataka availed the benefit of the help-line service of the company.
- e. Relief to Flood affected farmers : Incessant rain in the first week of October, 2009 had caused unprecedented damage to life and property in six districts of northern Karnataka. Zuari provided relief in the form of food packets to the three worst affected villages of Bagalkot district. Zuari has extended its helping hand to the



- flood victims of Canacona taluka of Goa, in September, 2009. Over twenty two tonnes of high yielding paddy seed was provided to about 850 families of the block during Rabi 2009-10 seasons.
- f. Rural sports : To inculcate competitive spirit among the youth in rural areas, Zuari sponsors several sports activities in rural areas. During the year 2009-10, company sponsored 7 Wrestling Competitions, 3 Bullock Cart Races, 1 Cycle Race, 3 Bullock Stone Pulling competitions, 1 Volleyball Competition and 1 Cricket Tournament in various parts of marketing territory.
  - g. Schools : The Company endeavours to augment facilities for quality education in the surrounding schools at Zuarinagar. In line with the same, the Company, recently, has developed the play ground for the Government High School at Zuarinagar.
  - h. Traffic sign boards and road signage : Company has supplied 220 sign boards which are displayed on important roads and by lanes with a view to facilitate traffic in Vasco town.
  - i. Potable water : Potable water is being supplied through 25 public taps to around 1000 residents of three villages in the vicinity of Company's Complex.
  - j. Scholarships : The company has instituted two annual scholarships, one each for degree course in Engineering and Agriculture. Each scholarship is of Rs.12,000/- per annum, covering full duration of degree course. Zuari also awards four scholarships for two year Higher Secondary course to the toppers in SSC from four neighbouring high schools of Velsao, Cansaulim, Sancoale and Zuarinagar, at Goa, under this scheme. Each scholarship is of Rs.2,500/- per annum.
  - k. Municipal Children's Park, Vasco : The Company undertook renovation work of Municipal Children's Park in Vasco town recently. To facilitate water supply to the garden, overhead tank of 2000 litre capacity is also provided. A Balwadi school inside the Park is also given a face lift.
- G. Dissemination of Information on CSR :**  
Company is flashing information on CSR and allied activities on its website (<http://zuari.in>) regularly.
- 18. 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 31<sup>st</sup> March, 2010 and of the profit and loss account for the period ended 31<sup>st</sup> March, 2010;
  - 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.
- 19. Acknowledgements :**  
Your Directors wish to place on record their appreciation of the dedication, commitment and contribution of every employee of the Company.

For and on behalf of the Board

New Delhi  
8<sup>th</sup> May, 2010

S. K. PODDAR  
Chairman

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

**DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY**

PARTICULARS	Current Year	Previous Year
<b>A. POWER &amp; FUEL CONSUMPTION</b>		
1. Electricity		
(a) Purchased		
Unit (KWH)	1,53,66,570	99,76,110
Total Amount (Rs. in lacs)	688.45	472.55
Rate/Unit (Rs.)	4.48	4.74
(b) Own generation (KWH)		
(i) Through Diesel Generator		
Unit (KWH)	2,26,52,820	2,17,22,500
Units per kg. of Diesel/LSHS/Fuel Oil	4.08	4.03
Cost/Unit (Rs.)	5.36	6.28
(ii) Through Steam Turbine/Generator		
Unit (KWH)	4,86,59,382	5,23,40,318
Units per kg. of Fuel Oil / LSHS	4.618	4.518
Cost/Unit (Rs.)	4.73	5.60
2. (a) Furnace Oil		
Quantity (MT)	75,664	81,269
Total cost (Rs. in lacs)	16,538.13	20,570.30
Average rate (Rs./MT.)	21,857.45	25,311.45
3. Other/internal generation (please give details)		
Diesel :-		
Quantity (KL.)	}	
Total cost (Rs. in lacs)		N. A.
Average rate (Rs./KL.)		N. A.
<b>B. CONSUMPTION PER UNIT OF PRODUCTION</b>		
1. Electricity		
Product (with details) Unit		
(i) Purchased Power (KWH)		
Urea	7.94	6.46
19:19:19	—	4.71
18:46:0	14.19	22.40
10:26:26	21.14	6.46
12:32:16	13.96	3.25
20:20:0	12.77	50.02
(ii) Generated Power (KWH)		
Urea 120.46	121.99	
19:19:19	—	31.11
18:46:0	37.70	48.51
10:26:26	21.06	33.60
12:32:16	32.82	54.14
20:20:0	54.68	16.09
2. Furnace Oil (MT)		
Urea	0.17	0.18
19:19:19	—	0.01
18:46:0	0.01	0.02
10:26:26	0.01	0.01
12:32:16	0.01	0.02
20:20:0	0.02	0.01
3. Others	—	—



**Annexure 'B' to the Directors' Report**  
**Information Pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.**

Sr. No.	Name	Designation/ Nature of Duties	Qualifications	Age (Years)	Date of Commencement of Employment	Experience (No. of Years)	Remuneration received	Name of last Employer	Designation	Period
<b>(A) Employed throughout the year</b>										
1	H. S. Bawa	Managing Director	M.S.(Chem Engg.) (USA)	79	16/04/1979	54	19494543.00	Hindustan Petroleum Corp.	General Manager (Ref. Div.)	3 Years
2	S. Krishnan	Executive President	B.E (Hons.), MSc.	45	15/11/2006	24	6334772.00	Zuari Cement Ltd.	Director (Finance)	3 Years
3	L.M. Chandrasekaran	Vice President - Operations	B.Tech.(Chemical), D.A.M., M.I.Ch.E.	61	26/07/1971	38	3755626.00	-	-	-
4	Bhayaak Datta	Vice President - Finance	B.Com, Dip in Systems Analysis & COBOL Prg.F.C.A.	57	15/11/2007	37	3109923.00	Chambal Fertilisers & Chem. Ltd.	General Manager F&A	4 Years & 9 months
5	Naveen Kapoor	Vice President - Commercial	B.Sc., M.B.A	56	01/09/2004	33	4319597.00	Chambal Fertilisers & Chem. Ltd.	General Manager Sales	7 Years
6	V.L. Nageshwara Rao	President Seeds	B.Sc (Agri.), PGDBA	51	16/12/2008	30	2547600.00	Kavert Seed Co. Ltd	Chief Operating Officer	10 months
7	V. K. Sinha	Vice President-Special Projects	B.E.(Chemical)	46	01/01/2009	23	3397538.00	Minda Management Services Ltd.	President-Corporate Strat. & Planning	1 Year 3 months
<b>(B) Employed for part of the year</b>										
1	C. V. Venkataramalah	Chief Operating Officer - Zuari Seeds Ltd.	B.Sc. (Agri.)	67	03/02/1997	39	3637348.00	FACT	Regional Agronomist	3 Years 6 months
2	A. A. Cordeiro	Dy. General Manager - Personnel, IR & Administration	M.A.M.A.(TISS)	62	12/02/1979	33	1677291.00	Salgaoncans - Mining	Labour Officer	1 Year
3	J. R. Singh	Chief General Manager - Operations	B.TECH (CHEM.)	64	12/11/1999	25	2612540.00	Oswal Chemicals & Fertilisers Ltd.	Sr. GM - Projects	2 Years 11 months
4	M. P. Sridhar	Vice President - Operations	B.SC.(AGRI.)	60	07/02/1972	38	2726650.00	-	-	-
5	Y. N. Gokhale	Dy. General Manager - PH & RMH	B.A.	60	01/05/1972	38	2530187.00	-	-	-
6	V. A. Chodankar	Manager - Shift (Ammonia)	B.SC.	60	09/10/1971	38	1398556.00	-	-	-
7	L. Souza	Yardgang Leader-cum-Rigger - II	II STD	59	07/12/1971	37	825574.80	-	-	-
8	C. R. Kalgulkar	Sr. Manager - Laboratory & Environment	B.SC.	59	15/03/1972	37	1581513.00	-	-	-
9	J. A. Gama	Sr. Stores Assistant	INTER ARTS	59	28/04/1975	35	935996.00	Universal Traders Silica Sand Exporters	Typist / Clerk	6 Months
10	P. G. Pednekar	Manager - Shift ( Ammonia )	B.SC	59	22/08/1975	34	1398074.00	-	-	-
11	A. M. Naik	Manager - Laboratory & Environment	B.SC	59	07/06/1976	33	1142942.00	-	-	-
12	B. V. Akde	Manager - Commercial	B.COM., L.L.B., D.M.M.	59	06/06/1977	41	2012693.00	Halward Engineers	Accounts Assistant	2 years, 4 Months
13	P. V. Sakhardande	Sr. Estate Maintenance Assistant	S.S.C	59	18/08/1977	34	859583.60	Hotel - Zuari	Receptionist / Operator	2 Years, 4 Months
14	F. A. Xavier	Master Technician	S.S.C., (FITTER)	59	26/09/1977	37	1054394.00	Goa Shipyard	-	5 Years, 1 Month
15	S. B. Patekar	Chief Manager - Marketing	B.SC.(AGRI.)	53	21/03/1980	31	1755457.00	A.D.C. in Govt. Dairy quality control	Asst. Dairy Chemist	5 Months
16	U. D. Deshpande	Senior Manager - Marketing	M.SC.(AGRI.)	47	03/04/1988	22	1250573.00	-	-	-
17	R. B. Rahate	Manager - Marketing	M.SC. (AGRI)	45	20/11/1989	24	580690.00	ZACL, Betul	Field Assistant	7 Months
18	T. M. Gone	Manager Security	M.COM.	58	15/05/1992	33	2133138.00	Jayant Vitamins Ltd.	Security Manager	1 Year, 2 months
19	P. J. Lahane	Manager - Marketing	M.Sc. (Horticulture), MBA	37	16/04/1997	14	332488.00	Dyanamic Computers Pvt. Ltd.	Marketing Manager	10 Months

## Annexure 'C' 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 has fully complied the requirements of Clause 49 of the Listing Agreement with the Stock Exchanges and continues with its initiatives towards best Corporate Governance practices.

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

#### 2. Board of Directors:

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

During the year under review, six Board Meetings on 15<sup>th</sup> May, 2009, 21<sup>st</sup> July, 2009, 14<sup>th</sup> September, 2009, 21<sup>st</sup> October, 2009, 23<sup>rd</sup> January, 2010 and 22<sup>nd</sup> February, 2010 were held.

#### Attendance of each Director at the Board of Directors meetings and the last AGM 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	10	5	79406	No	N.A.	N.A.
H.S. Bawa	MD	12	5	NIL	No	N.A.	4
Shyam Bhartia	NED	14	3	NIL	No	2	N.A.
Arun Duggal	NED / I	11	5	NIL	Yes	1	3
D.B. Engineer	NED / I	9	5	NIL	Yes	3	5
J.N. Godbole	NED / I	11	6	NIL	Yes	1	6
Jyotsna Poddar\$	NED	10	2	71621	No	N.A.	N.A.
S.P. Tyagi £	NED/I	1	3	NIL	Yes	N.A.	N.A.
Marco Wadia	NED / I	10	5	2782	No	3	4

# 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 as Director w.e.f. 15<sup>th</sup> May, 2009

£ Appointed as Director w.e.f. 21<sup>st</sup> July, 2009

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

Mr. Arun Duggal, Mr. J.N. Godbole and Mr. D.B. Engineer, Directors, are liable for retirement and are eligible for re-appointment during the forthcoming Annual General Meeting.

As required under Clause 49 of the listing agreement, brief resumé and information regarding other directorships are given herebelow :-

**Mr. Arun Duggal**

Mr. Duggal is a Senior Advisor to TPG Capital, a major Private Equity firm headquartered in San Francisco. He is an experienced international Banker and has advised companies and financial institutions on Financial Strategy, M&A and Capital Raising. He is a Senior Advisor of Credit Asia Capital, Singapore.

Arun Duggal is Chairman of Board of Directors of Shriram Capital, Shriram Transport Finance Company, Shriram Properties, Shriram City Union Finance, and Shriram EPC. He is also Chairman of Bellwether Microfinance Fund and is Vice Chairman of International Asset Reconstruction Company.

He is Vice Chairman of Indian Venture Capital Association. He was erstwhile Chairman of the American Chamber of Commerce, India He was on the Board of Governors of the National Institute of Bank Management.

Mr. Duggal is involved in several initiatives in social and education sectors. 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 poor. He teaches a course on Venture Capital & Private Equity at the Indian Institute of Management, Ahmedabad as a visiting Professor.

Mr. Duggal had a 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. From 2001 to 2003 he was Chief Financial Officer of HCL Technologies, India.

A Mechanical Engineer from the Indian Institute of Technology, Delhi, Mr. Duggal holds an MBA from the Indian Institute of Management, Ahmedabad.

He is a US national and Overseas Citizen of India.

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

Sr. No.	Name of the Company
1	Dish TV India Ltd.
2	Info Edge (India) Ltd.
3	Mundra Port and Special Economic Zone Ltd.
4	Manipal AcuNova Ltd.
5	Patni Computer Systems Ltd.
6	Shriram Transport Finance Co. Ltd.
7	Shriram City Union Finance Ltd.
8	Shriram Properties Ltd.
9	Shriram EPC Ltd.
10	Shriram Capital Limited

**Mr. J. N. Godbole**

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

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

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

In IDBI, Mr. Godbole served in various departments including Project Finance, Venture capital, Rehabilitation of sick units and various capacities from Junior Officer to Executive Director and finally functioned as the Chairman and Managing Director.

Currently, Mr. Godbole is an independent Director in Companies engaged in the fields of cement, textiles, sugar, power sector and paper.

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

Sr. No.	Name of the Company
1	Embio Ltd.
2	J. K. Cements Ltd.
3	Gilander Arbhutnot Ltd.
4	I M P Powers Ltd.
5	Emami Paper Mills Ltd.
6	The Oudh Sugar Mills Ltd.
7	Madhya Bharat Papers Ltd.
8	Saurashtra Cement Ltd.
9	Gujarat Alkalies & Chemicals Ltd.
10	Kesar Terminals & Infrastructure Ltd.

**Mr. D.B. Engineer**

Mr. D. B. Engineer is B.A. (Hons.) LLB. He is a Solicitor and Advocate, Bombay High Court, Senior Partner of Crawford Bayley & Co., Solicitors and Advocates, standing in the legal profession for about 53 years. He is also Chairman/Director of number of public and private companies. During the course of legal practice, he has dealt with many facets of Corporate, Civil, Revenue and Criminal Law. He has considerable background and experience of legal and financial matters pertaining to corporates.

**Names of Indian Public Limited Companies in which Mr. D.B. Engineer is a Director:**

Sr. No.	Name of the Company
1	Atlas Copco Limited
2	Fiora Services Limited
3	Forvol International Services Ltd
4	Foods & Inns Limited
5	Forbes & Company Limited
6	Nilkamal Limited
7	PCS Technology Limited
8	Welspun India Limited

**4. Board Agenda :**

The Board meetings are scheduled well in advance and Board members are normally given a notice at least one month before the meeting date. The Board members are provided with information mandatory under clause 49 of the Listing Agreement. 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 four independent, non-executive Directors. The permanent invitees includes Executive President, Vice President-Finance and General Manager-Legal Affairs & Company Secretary, as the Secretary of the Committee. The Committee has met 5 times during the financial year ended March 31, 2010.

**Terms of Reference:**

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

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

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

**b. Investors Grievance Committee:**

Investors Grievance Committee comprises of two independent and an Executive Director. The Board has designated Mr. R. Y. Patil, General Manager-Legal Affairs & 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.

There were 441 complaints received and replied to the shareholders during the year. There were no outstanding complaints or share transfers pending as on 31<sup>st</sup> March, 2010.

**During the year the Committee had met 5 times and the attendance of the members at the meeting was as follows:**

Name of the member	Status	No. of meetings attended
Mr. D. B. Engineer	Chairman	5
Mr. Marco Wadia	Member	5
Mr. H. S. Bawa*	Member	5

\* Appointed as Member w.e.f. 15<sup>th</sup> May, 2009

**c. Other Committees:**

Apart from above, the Board has constituted Committees for Banking & Finance, Management Compensation for Employee Stock Options and Unaudited Financial Results. 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 Managing Director is as approved by the Board and the Shareholders. The remuneration comprises salary, incentive, perquisites, contribution to Provident Fund, Superannuation and Gratuity.

Amount Rs. in lacs			
Managing Director	Salary	Perquisites	Retirement benefits
H. S. Bawa	134.93	36.66	34.02



- a. The term of Managing Director is for a period of three years with effect from 1/9/2007.  
Notice period for termination of appointment of Managing Director is three months on either side.
- b. No severance pay is payable on termination of appointment.

**Sitting fees paid to Non-Executive Directors:**

Remuneration by way of sitting fees paid to the non-executive directors during the financial year ended 31<sup>st</sup> March, 2010 for attending the meetings of the Board and the Committees thereof:

Sr. No.	Name of the Director	Amount (Rs.)
1.	Mr. S. K. Poddar	75,000
2.	Mr. Shyam Bhartia	45,000
3.	Mr. Arun Duggal	1,05,000
4.	Mr. D. B. Engineer*	1,72,500
5.	Mr. J. N. Godbole	1,27,500
6.	Mrs. Jyotsna Poddar	30,000
7.	Mr. S. P. Tyagi	45,000
8.	Mr. Marco Wadia*	1,80,000

\* Mr. D.B. Engineer & Mr. Marco Wadia, are Partners of Crawford Bayley & Co., Solicitors & Advocates, who have professional relationship with the Company. The professional fees of Rs.9.93 lakhs paid to Crawford Bayley & Co., during the year are not considered material enough to infringe on the independence of Mr. Engineer and Mr. Wadia.

**6. General Body Meetings :**

Details of the last 3 Annual General Meetings are:

Year	Location	Date	Time	Whether any special resolutions passed
2006-2007	Jai Kisaan Bhawan, Zuarinagar, Goa 403726	24-9-2007	11.00 a.m.	YES
2007-2008	– same as above –	15-9-2008	11.00 a.m.	YES
2008-2009	– same as above –	14-9-2009	11.00 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:

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

**8. Means of communication :**

- a. Half-yearly Unaudited financial results;  
Unaudited financial results for the half-year ended 30<sup>th</sup> September, 2009 were sent to each household of shareholders, apart from publishing in one National Daily and local dailies, one of which is in vernacular language.
- b. Quarterly Results:  
Quarterly results are published in one National Daily and local dailies, one of which is in vernacular language.
- c. Web-site on which results are displayed:  
[www.zuari.in](http://www.zuari.in)
- d. Presentation was made to Institutional Investors or to the Analysts during the year under review.

**9. Code of Conduct & Ethics :**

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

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

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

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

**11. General Shareholders Information:**

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

Annual General Meeting will be held on 27<sup>th</sup> September, 2010 at 11.00 A.M., at Jai Kisaan Bhawan, Zuarinagar, Goa.

**b. Financial calendar (Tentative)**

Results for the quarter ended 30<sup>th</sup> June, 2010 - Last week of July, 2010

Results for the half-year ended 30<sup>th</sup> Sept. 2010 - Last week of October, 2010

Results for the quarter ended 31<sup>st</sup> Dec. 2010 - Last week of January, 2011

Audited Annual Results 2010-11 - May, 2011

**c. Date of book closure :** May 13, 2010 to May 20, 2010 (inclusive of both days)

**d. Dividend payment date :** On or after 1<sup>st</sup> October 2010 but within the time stipulated under the Companies Act, 1956.

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

**f. Listing on Stock Exchanges:**

The Company's equity shares are listed on:

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

The Company has paid listing fees to all the stock exchanges in time.

**g. Stock Code:**

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

**h. Stock Market Data:**

High/low share prices during the year 1<sup>st</sup> April, 2009 to 31<sup>st</sup> March, 2010:

Month	High	Low	BSE Sensex	
			High	Low
April, 2009	192.00	138.50	11492.10	9546.29
May, 2009	324.00	173.15	14930.54	11621.30
June, 2009	317.90	252.00	15600.30	14016.95
July, 2009	299.00	235.00	15732.81	13219.99
August, 2009	314.70	258.30	16002.46	14684.45
September, 2009	396.40	261.55	17142.52	15356.72
October, 2009	435.00	376.00	17493.17	15805.20
November, 2009	417.00	309.00	17290.48	15330.56
December, 2009	512.00	372.05	17530.94	16577.78
January, 2010	518.80	441.55	17790.33	15982.08
February, 2010	598.00	419.00	16669.25	15651.99
March, 2010	641.10	511.25	17793.01	16438.45
<b>Annual Average</b>	<b>413.83</b>	<b>312.28</b>	<b>16289.00</b>	<b>14519.31</b>



**i. Share Transfer System:**

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

The Company has authorised the General Manager- Legal Affairs & Company Secretary to approve the share transfers involving upto 1000 shares with a view to expedite the process of share transfers.

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

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

- j. An exclusive e-mail id :** [investor\\_redressal@zuari.co.in](mailto:investor_redressal@zuari.co.in) is maintained by the Company to redress the Investors Grievance as required under clause 47(f) of the Listing Agreement. The complaints received under this e-mail id is monitored and addressed on daily basis.

**k. Shareholding:**

The distribution of shareholding as on 31<sup>st</sup> March, 2010 was as follows:

No. of shares	No. of shareholders	% of shareholders
Upto 500	34,063	97.11
501 – 1000	503	1.43
1001 – 2000	221	0.63
2001 – 3000	77	0.22
3001 – 4000	35	0.10
4001 – 5000	30	0.09
5001 – 10000	49	0.14
10001 and above	99	0.28
<b>TOTAL</b>	<b>35,077</b>	<b>100.00</b>

**Shareholding Pattern as on 31<sup>st</sup> March, 2010:**

Category	No. of shares held	% of shareholding
Promoters	1,01,19,373	34.37
Banks/Financial Institutions and Insurance Companies	26,15,571	8.88
Foreign Institutional Investors	16,25,980	5.52
Mutual Funds	33,87,630	11.51
NRIs/OCBs	79,50,559	27.01
Private Bodies Corporate	9,24,386	3.14
Public	28,17,105	9.57
<b>TOTAL</b>	<b>2,94,40,604</b>	<b>100.00</b>

**l. Dematerialisation of shares and liquidity:**

1,97,11,156 equity shares (66.95%) have been dematerialised as on 31<sup>st</sup> March, 2010.

**m. Plant Location:**

Jai Kisaan Bhawan,  
Zuarinagar, Goa - 403726

**n. The Address for correspondence is:**

Zuari Industries Limited,  
Jai Kisaan Bhawan,  
Zuarinagar, Goa - 403 726.  
Tel. : 91-832-2592431  
Fax : 91-832-2555279  
E-mail : shares@zuari.co.in and/or investor\_redressal@zuari.co.in  
Web site : www.zuari.in

**o. Non-Mandatory requirement :**

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

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

To

The Members of Zuari Industries Limited,

We have examined the compliance of conditions of Corporate Governance by Zuari Industries Limited, for the year ended on March 31, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

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

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

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

Place : Gurgaon  
Date : 8<sup>th</sup> May, 2010

per ANIL GUPTA  
Partner  
Membership No: 87921

**ANNEXURE 'E' TO THE DIRECTORS' REPORT  
DECLARATION OF MANAGING DIRECTOR**

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, I, H. S. Bawa, Managing Director of Zuari Industries Limited, declare that all Board Members and Senior Executives of the Company have affirmed their compliance with the Code of Conduct and Ethics during the year 2009-10.

Place : New Delhi  
Date : 8<sup>th</sup> May, 2010

H. S. BAWA  
Managing Director



**ANNEXURE 'F' TO THE DIRECTORS' REPORT  
MANAGEMENT DISCUSSION AND ANALYSIS**

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

**(i) The Global Economic Backdrop:**

The acute phase of the financial crisis which threw the Global Economy into a turmoil has passed and a global economic recovery is being felt. However the recovery will expectedly be slow in the second half of 2010 as the growth impact of fiscal and monetary measures wane and the fiscal stimuli are progressively withdrawn. Employment growth will remain weak and unemployment is expected to remain high for many years. The overall strength of the recovery and its durability will depend on the extent to which household and business sector demand strengthens over the next few quarters. While the baseline scenario projects that global growth will firm to 2.7 percent in 2010 and 3.2 percent in 2011 after a 2.2 percent decline in 2009, neither a double dip scenario, where growth slows appreciably in 2011, or a stronger recovery can be ruled out.

Financial markets have stabilized and are recovering, but remain weak. Interbank liquidity as measured by the difference between the interest rates commercial banks charge one another and what they have to pay to central bankers have declined from an unprecedented peak of 366 basis points in dollar markets to less than 15 basis points a level close to its "normal" pre crisis range.

Currencies, which fell worldwide against the U.S. dollar in the immediate aftermath of the crisis, have largely recovered their pre crisis levels and international capital flows to developing countries have recovered with a rapid run up during the last months of 2009. Also, borrowing costs for emerging market borrowers have stabilized over the last few quarters, but remain elevated.

However, the Dubai World event and ripple effects to credit downgrades for Greece and Mexico can be expected to raise concerns about sovereign debt sustainability and will impact risk assessments, capital flows, and financial markets in 2010.

The real economy is recovering as well. Although global industrial production in October 2009 remained 5 percent below its level a year earlier, it is recovering, with output in both high income and developing countries expanding at more than a 12 percent annualized rate (or scar) in the third quarter of 2009. Just as a sharp drop in inventories contributed to a precipitous initial decline in industrial production, the stabilization of inventory levels has contributed to a strong rebound in production, and this factor is expected to support industrial production, even as growth rates start to come down.

Trade too is recovering but remains depressed: Quarterly growth rates have moved into positive territory in recent months, but the U.S. dollar value of trade was still off 17 percent from its September 2009 level. Lower commodity prices mean that the volume of trade has fared better, but it is nevertheless down by 3 percent from a year ago.

The combination of the abrupt fall in commodity prices and ample spare capacity world wide has resulted in median inflation in developing countries falling from more than 10 percent in August 2008 to about 1.0 percent in October 2009.

Although the real side effects of the crisis have been large and serious, economic activity in most developing countries is recovering and overall growth is expected to pick up from the anemic performance of 1.2 percent in 2009 to 5.2 percent in 2010 and to 5.8 percent in 2011 (table 1.1). Although much lower than the 6.9 percent growth rate that developing countries averaged between 2003 and 2008, these rates are well above the 3.3 percent average performance during the 1990s. Excluding China and India, the remaining developing countries are projected to grow at a 3.3 and 4.0 percent rate in 2010 and 2011, respectively, compared with 5.4 percent growth on average between 2003 and 2008. Countries in developing Europe and Central Asia have been hardest hit by the crisis and are expected to have the least marked recovery, with GDP expanding by only 2.7 percent in 2010 and by 3.6 percent in 2011.

1. Potential output is the level of output commensurate with the level of production when all factors of production, i.e, labour, capital and technology are fully employed.
2. Total revenues in International Development Association countries is estimated (based on International Monetary Fund 2009) to have fallen from an average of 26.2 percent of GDP over the 2000-08 period to 21.9 percent of GDP in 2009. This 4.3 percent (as a share of GDP) decline in revenues is equivalent to nearly \$35 billion. When 2009 revenues are compared to the year before (when total revenues were equivalent to 28.1 percent of GDP), the fall in revenue is equivalent to nearly \$50 billion.

**(ii) The World Agriculture & Food Scenario:**

Although agricultural prices have declined by 22 percent since their peak in June 2008, they nevertheless remain almost twice as high as the lows reached in the early 2000s. The recent fall in agricultural prices (relative to previous peaks) reflects lower oil prices a key cost component and larger stockpiles of key agricultural commodities, including rice, maize, and wheat, resulting from favorable harvests and area expansion of key agricultural commodities.

Barring unforeseen production problems, agricultural markets are likely to remain well supplied. As a result agricultural prices are projected to decline by 13.8 percent in 2009, compared with 2008. Over the medium- to longer terms, agricultural prices are expected to remain broadly stable in real terms, reflecting two opposing forces. On the one hand, a stronger link between energy and agricultural prices (higher costs of production plus demand for biofuel) will exert upward pressure on prices; on the other hand, continued gains in total productivity (which tends to be stronger in agriculture than in manufacturing) should constrain production costs.

Short-term food security concerns have subsided, and most countries have reduced or eliminated the export bans and other export restrictions that were put in place during the commodity price spike of 2008.

However, the poverty challenges posed by higher food prices remain. Over the longer term, productivity gains at the global level should ensure long term food supply. However, advances in agricultural productivity in many poor countries is not keeping pace with population growth. As a result, there is a rising risk of increasing dependence on imported food to meet basic needs.

Over the medium term, real commodity prices are projected to remain relatively stable, with upside and downside risks more or less in balance. Recent price rises reflect dollar weakness and some overshooting associated with the slowdown in global economic activity. Long term there is some concern that non-industrial commodities may become more procyclical and volatile than in the past. If the influence of financial investors in commodity markets rises, then the procyclical nature of their activity could raise volatility in affected markets. Similarly, the use of agricultural products as an alternative fuel source may introduce an element of cyclical into some food prices that was not previously there.

According to recent World Bank estimates non oil commodity prices are set to remain stable with a mild increase of 0.7%. There is a prediction of a mild increase in Oil Prices to US\$76.6 up from US\$76. There is a prediction of rising interest rates.

The Perspectives therefore are of a cautious optimism.

**(iii) The India Picture:**

Viewed in this perspective, the Indian economy grew at a healthy rate of 7.2%

According to the advance estimates released by Central Statistical Organisation (CSO), the real growth was placed at 7.9% during the Second Quarter of 2009-10 as compared with 7.5% during the corresponding quarter of the previous financial year.

However it is a matter of grave concern that Agriculture recorded a degrowth of (-)0.2% annuated.

The Sub Normal monsoons played their roles on the Kharif Crops. The production of food grains came to 98.8million tones as against the 4<sup>th</sup> advance estimates of 125.5 million tones. Similarly there were declines of around

17% in Cereals. There are lower than targeted production of around 27% in Sugar cane and 9% in Cotton.

In terms of acreage the Kharif Acreage declined by around 6.5%.

However what was lost in Kharif was partially made good by a highly positive Rabi.

Significant improvements are still required in the pace of growth in Agriculture and the per capita annual production of cereals.

**(iv) The Outlooks:**

The latest predictions from analysts are GDP will grow by 7.1 per cent in fiscal 2009-10, and the growth is projected to accelerate to 9.2 per cent in 2010-11.

Both industry and agriculture are expected to contribute in good measure to this growth.

In 2009-10, rabi foodgrain production is estimated to touch an all time high of 117.5 million tonnes, in spite of a marginal decline in acreage.

Favourable climatic conditions will contribute significantly to this growth. Prospects for agricultural crop production appear bright in 2010-11. Production of major crops projected to surge by 10.8 per cent in fiscal 2010-11, as acreage and yield are both expected to rise. Foodgrain output is expected to grow by 9.5 per cent and non foodgrain output by 12.4 per cent.

The performance of the Fertilizer Industry was generally good and payouts in terms of settlement of Subsidy Bills were very positive.

The Government had provided for Subsidies in its Original Budgets for around Rs 50,000 Crores. Through supplementaries the total amounts of payouts amounted to Rs 63,000 Crores.

**(v) The New Policy Initiatives:**

The Government announced the New Nutrient Based Reimbursement Scheme for Phosphatic and Pottasic Fertilisers. The new policy takes effect on 1<sup>st</sup> April 2010.

The Government has now fixed a per nutrient price: This price takes into account the estimated requirement/ consumption of each nutrient, prevailing international prices of major fertilizers, total allocation of subsidies and targeted farm gate prices of major fertilizers.

Primary rail freight will be reimbursed additionally. The Government shall give allocations for 20% of productions.

Since the subsidy amounts per ton are now fixed, industry will be free to price its products in the market place.

The stated objectives of this policy are competition induced price control and balanced fertilization of soils.

For the industry it means better buying, better logistics/ handlings, cost control, strength at market place pricing/ pass on strategies and effective exchange risks hedging.

This Company supports the policy and in its opinion it is a step towards free markets, competition and efficient, mature and responsible operations.

**(vi) Policies in Urea:**

As set out in the last years' management discussions the NPS III scheme for reimbursements in urea was to expire on 31<sup>st</sup> of March 2010. The Government is in talks with the industry to make out a meaningful and vibrant regime for Nitrogenous Fertilisers so as to encourage investments and augmentation of capacities. Till such time that the new policies are announced, the NPS III scheme continues the time lines for switch over from Naphtha to Gas has been favorably extended by two years. The Company has meanwhile during the year entered into gas supply and transportation contracts with GAIL for gas to be available at the plant gate by January of 2013. Preparatory work in this regard in terms of conversion of its facilities both by the Company as well as in terms of gas transport arrangements by GAIL have already started.

As part of the new initiatives in this sector, the 10% increase in Maximum Retail Price (MRP) of urea has been made effective from April 1, 2010. This was a logical step given that the MRPs had not been raised for the last 8 years in spite of the fact that Minimum Support Prices (MSPs) of agricultural produce have been hiked several times over.

**(vii) Opportunities :**

With sound economic growth, increase in per capita income and rising population, food grain requirement of the country is increasing year by year. The country's food grain requirement in 2020-21 is projected at 281.1 million tonnes. It is possible to meet this demand through intensive use of balanced fertilisers along with effective use of other agri inputs. Per hectare consumption of nutrients in India has increased from 91.52 kg to 128.58 kg per hectare from 2001-02 to 2008-09 and is set to rise further.

The Government of India has approved Nutrient Based Subsidy (NBS) for phosphatic fertilisers effective 1<sup>st</sup> April 2010. The subsidies for P and K fertilisers are fixed on Nitrogen, Phosphorous, Potash & Sulphur contents for 2010-11. This is the first major step towards comprehensive reform in fertiliser sector. NBS is expected to encourage balanced use of fertilisers and promoting use of micronutrients. NBS will also facilitate realistic prices of fertilisers in international market. Banking on this opportunity, the company has initiated plans to add new products which are freely traded.

**(viii) Threats :**

Nutrient based subsidy approved by the government provides for subsidy only on rail freight and there is no subsidy on secondary transport. This may affect company's sale in far-off markets. Similarly, there may be under recovery in respect of dispatches through road and secondary transport. Also, in the event of steep hike in prices of non-urea fertilisers, owing to rise in cost of production, the government may intervene and control prices and this may impact the company's bottom line. Further, any delay by the government in making the correction in subsidy parameters, may affect company's profitability. The variations in exchange rate of dollar

will also impact profitability due to thrust on imports.

While the government has de-canalized the imports of P & K fertilisers, the import of urea continues to be under Government domain. This imposes restriction on supplies of vital nutrient N in secondary markets. Besides, the basket of fertilisers eligible for government concession does not include speciality fertilisers, which impedes the growth of this segment.

**(ix) Future Outlook :**

As per the information given by Ministry of Petroleum, gas produced from Krishna Godavari basin will be available to south India from 2012. Dabhol-Bangalore Pipe line with connectivity to Goa will be laid by Gas Authority of India Ltd. (GAIL). The Company will be able to source gas from this pipeline. Gas sale agreement for supply of LNG has already been signed with M/s Gas Authority of India in November 2009. Company has also initiated steps to make necessary hardware changes for the feedstock changeover from naphtha to LNG and the work will be completed by March, 2011.

The Company has also approached Government of Karnataka for permission to set up a greenfield Urea plant near Belgam in Karnataka.

**(x) Internal Control Systems:**

The Company has adequate Internal Control systems which focus on protection of resources, sound financial management, roles and authorities and compliance with statutes and regulations.

There is a structured Internal Audit Program and a reporting, discussion and follow up system.

The Audit Committee reviews the Internal Audit Reports and its suggestions.

The Company has a well structured Internal Control Program involving a risk profiling and management structure for assessment, mitigation and review of risks in its operations.

**(xi) Operating results of the Company:**

Urea production during the year was 3,87,825 MT while actual despatches for the year was 3,99,300 MT.

In NPK Plant 'A', 2,09,122 MT of Samarth (10:26:26), 53,672 MT of Samrat (18:46:0) and 81,915 MT of Sampatti (12:32:16) grades were produced, totalling to 344,709 MT which was a record.

In NPK Plant 'B', 2,98,318 MT of Samrat (18:46:0), 52,990 MT of Sampatti (12:32:16) and 22,653 MT of Sampanna (20:20:0:15) grades were produced, totalling to 3,73,961 MT.

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

**(xii) Company's strength:**

During last 5 years, the Company has added number of new products to its existing portfolio including pesticides, speciality fertilisers, micronutrients, compost etc. Adhering

to single window concept, Company's network of 2100 dealers and over 5000 retailers ensures regular and timely availability of essential agricultural inputs to farmers in the marketing territory.

"Jaikisaan" continues to be a preferred brand in the primary marketing territories of the Company. To have more exclusivity, the concept of Jaikisaan stores is envisaged in the primary markets, to fulfill major requirements of rural markets. In peripheral areas of new malls like; Andhra Pradesh, Tamil Nadu and Kerala, the brand is gaining strength owing to wide range of products and services provided to farmers. New Soil Testing Laboratory & Telephone "help line" Service at Tirupati will enhance the agri related services provided to customers in Andhra Pradesh & Tamil Nadu.

The Company's Market Development Programme is supported by a well designed Customer Relationship Management, "Jaikisaan Sangam." The Company has registered over 47,000 farmers as members of this programme and they are serviced regularly through "Jaikisaan Krishi Salahkars" stationed at strategic locations. The Company has plans to bring in more farmers under the programme and strengthen its customer base. Zuari's new website [www.zuari.in](http://www.zuari.in) also helps in enhancing the brand awareness.

**(xiii) Material development in human resources:**

Thrust on developing & maintaining competent resources in the organization so that goals of organization are achieved in an effective and efficient manner.

The Company continues to maintain harmonious and cordial industrial relations.

**(xiv) Marketing:**

Company's marketing areas cover the states of Goa, Karnataka, Maharashtra, Andhra Pradesh and parts of Tamil Nadu and Kerala. Country as a whole experienced deficit rainfall during 2009. Revival of rains at the end of kharif season, however, improved the prospects of rabi season in the country.

In your Company's marketing territory, Monsoon was normal in Karnataka but deficient in Maharashtra and Andhra Pradesh. With proper planning and placement of timely imports, the Company managed to achieve highest ever sales 17,38,994 MT during the year, an increase of 11% over previous year. Total sale of indigenous phosphatic products at 7,23,690 MT is 27 % higher compared to last year. In trading operations, Company achieved highest ever sale of 3,77,216 MT of MOP registering 13 % increase over previous year. The Company also launched marketing activities in Gujarat & Kerala during the year. With focus on imports of phosphatic & potassic fertilizers and penetration in agro chemicals market , the Company has consolidated its position in the markets of Andhra Pradesh and Tamil Nadu.

Agri input sale of the Company stood at Rs 218.63 crores which is 19% higher compared to previous year. Aggressive product placement, addition of new products and improved packaging helped in improving sales in this segment. In speciality fertiliser segment, the market witnessed decline in growth due to deficit monsoon; but the company managed to maintain its market share by selling 4,916 MT during the year. The seed sale was Rs. 675 lacs during the year.



## Auditors' Report

To

**The Members of Zuari Industries Limited**

1. We have audited the attached balance sheet of Zuari Industries Limited as at March 31, 2010 and also the profit and loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Without qualifying our opinion, pending announcement of final rates of concession for Di-ammonium phosphate, Muriate of Potash and complex fertilizers for the period from July 1, 2009 to March 31, 2010, the Company has accounted for the difference of Rs. 15873.97 lacs between the notified base rates and estimated final concession (Refer note 25 (c) in Schedule 18 of the financial statements). We have relied on such estimation of the management.
5. Further to our comments in the Annexure referred to above, we report that:
  - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account.
  - iv. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
  - v. On the basis of the written representations received from the directors, as on March 31, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 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, 2010;
    - b) in the case of the profit and loss account, of the profit for the year ended on that date; and
    - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

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

per Anil Gupta

Partner

Place : Gurgaon

Date : 8<sup>th</sup> May, 2010

Membership No.: 87921

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

**Re: Zuari Industries Limited**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets are physically verified by the management in a phased manner over a period of two years and accordingly, part of the fixed assets were physically verified during the year and the discrepancies observed on such verification, as compared to the book records, were not material. In our opinion, the frequency of physical verification is reasonable having regard to the size of the company and the nature of the assets.
- (c) There was no substantial disposal of fixed assets during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) The Company has granted loan to four companies covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 9,650.83 lacs. and the year- end balance of loans granted to such parties was Rs. 8,533.36 lacs.
- (b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not prima facie prejudicial to the interest of the Company.
- (c) In respect of loans granted, repayment of the principal amount is as stipulated and payment of interest have been regular.
- (d) There is no overdue amount of loans granted to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
- (e) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Therefore, the provisions of clause 4(f) and (g) of the Companies (Auditor's Report) Order 2003 (as amended) are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas. Due to the nature of its business, the Company is not required to sell any services.
- (v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act that need to be entered into the register maintained under Section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs 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) In respect of deposits accepted in earlier years, in our opinion and according to the information and explanations given to us, directives issued by the Reserve Bank of India and the provisions of Sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed thereunder, to the extent applicable, have been complied with. We are informed by the management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and other material statutory dues applicable to it.
- Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.
- (b) According to the information and explanations given to us, there are no undisputed dues 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 and other statutory dues which were outstanding, at the year end for a period of more than six months from the date they became payable.

## ZUARI INDUSTRIES LIMITED



- (c) According to the records of the Company, there are no dues outstanding in respect of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, other than the following:

Name of the statute	Nature of dues	Amount (Rs. in lacs)	Period to which the amount relates	Forum where dispute is pending
Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976	Penalty on Professional Tax paid on Company's registered godowns.	21.28	2005-06 to 2008-09	Joint Commissioner of Commercial Taxes (Appeals)
Bombay Sales Tax Act, 1959	Demand on assessment	130.61	2004-2005	Deputy Commissioner VAT Pune
Chapter V of Finance Act 1994	Service tax under Goods Transport Agency Services	76.87	2006-07 to 2008-09	Additional Commissioner, Customs and Central Excise, Panaji, Goa

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to banks. We have been informed that the Company did not have any outstanding debentures and loan from financial institution during the year.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has given guarantee for loans taken by others from bank or financial institutions, the terms and conditions whereof in our opinion are not prima-facie prejudicial to the interest of the Company.
- (xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money through public issue during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

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

Place : Gurgaon  
Date : 8<sup>th</sup> May, 2010

per Anil Gupta  
Partner  
Membership No.: 87921

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2010**

	Schedule Number	As at 31 <sup>st</sup> March, 2010		As at 31 <sup>st</sup> March, 2009	
		Rs.in lacs	Rs.in lacs	Rs.in lacs	Rs.in lacs
<b>I. SOURCES OF FUNDS</b>					
(1) Shareholders' funds :					
(a) Share capital .....	1	2,944.11		2,944.11	
(b) Reserves and surplus .....	2	1,03,942.19		89,796.07	
			1,06,886.30		92,740.18
(2) Loan funds :					
(a) Secured loans .....	3	60,278.91		23,228.56	
(b) Unsecured loans .....	4	47,974.27		8,746.60	
			1,08,253.18		31,975.16
(3) Deferred tax liability (net) .....			12.90		1,768.04
(Refer note 18 in Schedule 18)					
Total .....			2,15,152.38		1,26,483.38
<b>II. APPLICATION OF FUNDS</b>					
(1) Fixed assets :					
(a) Gross block .....		42,069.55		39,807.94	
(b) Less:Accumulated Depreciation/ Amortization .....		25,728.70		23,871.96	
(c) Net block .....	5	16,340.85		15,935.98	
(d) Capital work-in-progress including capital advances .....		2,648.03		1,022.22	
			18,988.88		16,958.20
(2) Investments .....	6		1,04,652.74		71,942.19
(3) Current assets, loans and advances :					
(a) Inventories .....	7	37,869.87		53,451.66	
(b) Sundry debtors .....	8	61,828.42		1,07,984.15	
(c) Cash and bank balances .....	9	5,692.36		31,896.75	
(d) Other current assets .....	10	40,701.56		47,560.78	
(e) Loans and advances .....	11	13,025.03		22,407.89	
		1,59,117.24		2,63,301.23	
Less :					
Current liabilities and provisions :					
(a) Current liabilities .....	12	62,405.92		2,22,402.36	
(b) Provisions .....	13	5,200.56		3,315.88	
		67,606.48		2,25,718.24	
Net current assets .....			91,510.76		37,582.99
Total .....			2,15,152.38		1,26,483.38
Notes to accounts .....	18				

The schedules referred to above and the notes to accounts form an integral part of the Balance Sheet.

As per our report of even date

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

H.S. BAWA  
Managing Director

S. K. Poddar  
Chairman

D. B. Engineer  
Director

Per ANIL GUPTA  
Partner  
Membership No. : 87921

Binayak Datta  
Vice President - Finance

R.Y.PATIL  
GM-Legal Affairs  
& Company Secretary

Place : Gurgaon  
Date : 8<sup>th</sup> May, 2010

Place : New Delhi  
Date : 8<sup>th</sup> May, 2010

## ZUARI INDUSTRIES LIMITED



### PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2010

	Schedule Number	Year ended		Year ended	
		As at 31 <sup>st</sup> March, 2010		As at 31 <sup>st</sup> March, 2009	
		Rs.in lacs	Rs.in lacs	Rs.in lacs	Rs.in lacs
<b>INCOME</b>					
Sales including subsidy on Fertilizers .....		4,27,772.18		6,09,090.40	
Less: Excise duty .....		17.63		30.46	
Sales (net) .....		4,27,754.55		6,09,059.94	
Interest on Fertiliser Companies' Government of India Special Bonds .....		2,940.02		2,616.48	
Other income .....	14	7,331.19		6,847.71	
			4,38,025.76		6,18,524.13
<b>EXPENDITURE</b>					
Purchases of finished goods for resale .....		1,37,535.52		2,35,504.14	
Manufacturing and other expenses .....	15	2,59,321.33		3,75,953.39	
(Increase)/decrease in stocks .....	16	15,533.23		(13,316.38)	
Depreciation / Amortisation .....	5	1,950.76		1,775.12	
Interest .....	17	1,721.17		6,065.64	
			4,16,062.01		6,05,981.91
<b>Profit before Tax</b> .....			21,963.75		12,542.22
Provision for tax					
Current tax .....		8,041.29		3,627.04	
Current Tax adjustment relating to earlier years .....		(12.38)		(0.63)	
Deferred tax charge (credit) [Refer note 18 in Schedule 18]		(1,755.14)		(482.64)	
Fringe Benefit Tax .....		—		70.00	
Fringe Benefit Tax (credit) related to earlier years .....		(6.12)		—	
			6,267.65		3,213.77
<b>Profit after tax</b> .....			15,696.10		9,328.45
Credit balance of profit and loss account brought forward .....			53,067.95		49,772.82
			68,764.05		59,101.27
<b>Less : Appropriations</b>					
Proposed dividend on equity shares .....		1,324.83		883.22	
Corporate dividend tax thereon .....		225.15		150.10	
Transfer to general reserve .....		5,000.00		5,000.00	
Balance carried to balance sheet .....		62,214.07		53,067.95	
Earnings per share					
Basic [Nominal value of shares Rs.10/- (Previous Year:Rs.10/-)](Rs) .....		53.31		31.69	
Diluted [Nominal value of shares Rs.10/- (Previous Year:Rs.10/-)](Rs) .....		53.31		31.69	
(Refer note 17 in Schedule 18)					
Notes to accounts .....	18				

The Schedules referred to above and the notes to accounts form an integral part of the Profit and Loss Account.

As per our report of even date

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

H.S. BAWA  
Managing Director

S. K. Poddar  
Chairman

D. B. Engineer  
Director

Per ANIL GUPTA  
Partner  
Membership No. : 87921

Binayak Datta  
Vice President - Finance

R.Y.PATIL  
GM-Legal Affairs  
& Company Secretary

Place : Gurgaon  
Date : 8<sup>th</sup> May, 2010

Place : New Delhi  
Date : 8<sup>th</sup> May, 2010

## CASH FLOW STATEMENT

	Year ended 31 <sup>st</sup> March, 2010 (Rs. in Lacs)	Year ended 31 <sup>st</sup> March, 2009 (Rs. in Lacs)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Profit before Tax	21,963.75	12,542.22
Adjustments For :		
Depreciation / amortisation	1,950.75	1,775.12
Interest income	(5,371.56)	(6,930.26)
Dividend income	(2,227.88)	(1,896.82)
Provision for doubtful debts	(5.82)	(15.98)
Interest expense	1,721.17	6,065.64
(Profit) or loss on disposal of assets (net)	(333.24)	37.31
(Profit) or loss on sale of current Investments	—	2.03
(Profit) or loss on sale of long term Investments	(1,326.22)	—
Loss on Foreign Exchange Variation	446.21	12,688.95
Diminution/(write back of Diminution) in the value of Fertiliser Companies' Government of India Special Bonds	4,006.86	(283.39)
Loss on sale of Fertiliser Companies' Government of India Special Bonds	—	1,066.18
	(1,139.73)	12,508.78
<b>Operating Profit before Working Capital Changes</b>	<b>20,824.02</b>	<b>25,051.00</b>
Changes in :		
Inventories	15,581.80	(17,494.65)
Sundry Debtors	46,161.55	(58,968.40)
Other Current Assets	176.40	(16,076.53)
Loans and Advances	7,522.61	(7,646.22)
Current Liabilities and Provisions	(1,58,783.91)	1,60,035.42
Deferred Payment Creditors	—	(11.30)
	(89,341.55)	59,838.32
<b>Cash from Operations</b>	<b>(68,517.53)</b>	<b>84,889.32</b>
Direct Taxes (Paid)	(4,534.23)	(2,722.38)
<b>Net Cash flow from/ (used in) Operating Activities (A)</b>	<b>(73,051.76)</b>	<b>82,166.94</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Interest Received	8,047.51	5,501.24
Dividend Received on Investments	2,227.88	1,896.82
Sale of Fixed Assets	391.05	16.79
Purchase of Fixed Assets	(4,039.27)	(1,782.68)
Purchase of Investments in subsidiaries	(1,679.64)	(3,861.69)
Purchase of other Investments	(5,38,842.49)	(3,88,172.22)
Proceeds from sale/redemption of other Investments	5,09,137.81	3,84,045.68
Fixed Deposits with Banks	(30.75)	(34,280.13)
Fixed Deposits matured	30,281.16	4,413.00
Loans given to Bodies Corporate	(4,602.32)	(7,182.32)
Loans given to Bodies Corporate received back	3,099.80	6,373.26
<b>Net Cash flow from / (used in) Investing Activities (B)</b>	<b>3,990.74</b>	<b>(33,032.25)</b>



## CASH FLOW STATEMENT (Contd.)

	Year ended 31 <sup>st</sup> March, 2010 (Rs. in Lacs)	Year ended 31 <sup>st</sup> March, 2009 (Rs. in Lacs)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of Long Term Loans	—	(14,000.00)
Proceeds / (Repayment) of Short Term Loans	75,668.52	(37,809.65)
Dividend Paid [including dividend tax Rs. 150.10 lacs (previous year Rs. 150.10 lacs)]	(1,029.85)	(1,029.22)
Interest Paid	(1,531.63)	(6,247.25)
Net Cash flow from/ (used in) Financing Activities (C)	<u>73,107.04</u>	<u>(59,086.12)</u>
NET (DECREASE )/INCREASE IN CASH AND CASH EQUIVALENTS (A + B + C)	4,046.02	(9,951.43)
CASH AND CASH EQUIVALENTS (OPENING)		
Cash and Bank Balances (Refer Note 2 below)	1,615.49	11,566.92
CASH AND CASH EQUIVALENTS (CLOSING)		
Cash and Bank Balances (Refer Note 2 below)	5,661.51	1,615.49

- NOTES : 1) Previous year's figures have been regrouped wherever necessary to confirm to current year classification.  
2) Cash and cash equivalents consist of cash on hand and balances with banks. Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts excluding fixed deposits of Rs. 30.85 lacs (previous year Rs. 30,281.26 lacs) with an original maturity period of more than three months.

	As at 31 <sup>st</sup> March, 2010 (Rs. in Lacs)	As at 31 <sup>st</sup> March, 2009 (Rs. in Lacs)
Cash on hand	0.38	0.61
With scheduled banks :		
On cash credit accounts	—	1,481.23
On current accounts	582.97	10.16
On unpaid dividend accounts*	29.25	25.72
On Interest warrant accounts*	48.91	97.77
On deposit accounts	<u>5,000.00</u>	—
	5,661.13	1,614.88
Cash and cash equivalents	<u>5,661.51</u>	<u>1,615.49</u>

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

As per our report of even date,

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

H.S. BAWA  
Managing Director

S. K. Poddar  
Chairman

D. B. Engineer  
Director

Per ANIL GUPTA  
Partner  
Membership No. : 87921

Binayak Datta  
Vice President - Finance

R.Y.PATIL  
GM-Legal Affairs  
& Company Secretary

Place : Gurgaon  
Date : 8<sup>th</sup> May, 2010

Place : New Delhi  
Date : 8<sup>th</sup> May, 2010

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET  
AS AT 31<sup>ST</sup> MARCH, 2010**

	As at 31 <sup>st</sup> March, 2010		As at 31 <sup>st</sup> March, 2009	
	Rs.in lacs	Rs.in lacs	Rs.in lacs	Rs.in lacs
<b>SCHEDULE 1</b>				
<b>SHARE CAPITAL</b>				
AUTHORISED:				
3,57,50,000 Equity Shares of Rs.10/- each .....	3,575.00		3,575.00	
1,00,00,000 Redeemable Cumulative Preference Shares of Rs.100/- each .....	10,000.00		10,000.00	
		<u>13,575.00</u>		<u>13,575.00</u>
ISSUED :				
2,94,51,168 Equity Shares of Rs. 10/- each fully paid-up .....		<u>2,945.12</u>		<u>2,945.12</u>
SUBSCRIBED AND PAID-UP :				
2,94,40,604 Equity Shares of Rs. 10/- each fully paid-up .....		<u>2,944.06</u>		<u>2,944.06</u>
Add : Forfeited shares (amount paid-up): Equity Shares .....		<u>0.05</u>		<u>0.05</u>
		<u>2,944.11</u>		<u>2,944.11</u>

Of the above, 48,13,332 Equity Shares have been issued as fully paid-up for consideration other than cash.

**SCHEDULE 2**

**RESERVES AND SURPLUS**

CAPITAL REDEMPTION RESERVE :				
Balance as per last balance sheet .....		412.49		412.49
CAPITAL RESERVE :				
Balance as per last balance sheet .....		0.01		0.01
GENERAL RESERVE:				
Balance as per last balance sheet .....	36,315.62		31,315.62	
Add :		<u>5,000.00</u>		<u>5,000.00</u>
Transferred from profit and loss account .....		41,315.62		36,315.62
BALANCE IN PROFIT AND LOSS ACCOUNT .....		<u>62,214.07</u>		<u>53,067.95</u>
		<u>1,03,942.19</u>		<u>89,796.07</u>

**SCHEDULE 3****SECURED LOANS**

(Refer Note 12 in Schedule 18)

	As at 31 <sup>st</sup> March, 2010		As at 31 <sup>st</sup> March, 2009	
	Rs.in lacs	Rs.in lacs	Rs.in lacs	Rs.in lacs
1. Cash credits (including working capital demand loans) from banks .....		638.83		—
2. Buyers' Credit from Banks .....		59,640.08		8,228.56
3. Short term loan from Bank .....		—		15,000.00
		<u>60,278.91</u>		<u>23,228.56</u>

**SCHEDULE 4****UNSECURED LOANS**

1. Fixed deposits from public [due within one year Rs 339.06 lacs (previous year Rs. 767.32 lacs)] .....		474.27		1,246.60
2. Short Term loans from banks .....		45,000.00		7,500.00
3. Commercial Paper (Short term) issued to a bank (Maximum amount raised at any time during the year Rs.7500 lacs, previous year Nil) .....		2,500.00		—
		<u>47,974.27</u>		<u>8,746.60</u>

## SCHEDULE 5

## FIXED ASSETS

	(Rs. In Lacs)									
	GROSS BLOCK				DEPRECIATION/ AMORTISATION				NET BLOCK	
	As at 1st April, 2009	Additions	Deletions	As at 31st March, 2010	As at 1st April, 2009	For the Year	Deletions	As at 31st March, 2010	As at 31st March, 2010	As at 31st March, 2009
<b>Tangible Assets</b>										
Land (Freehold)	95.47	769.73	0.05	865.15	-	-	-	-	865.15	95.47
Buildings	2,180.88	71.38	1.33	2,250.93	968.98	57.71	-	1,026.69	1,224.24	1,211.90
Railway siding	1,500.59	-	-	1,500.59	758.44	71.75	-	830.19	670.40	742.15
Plant and machinery	34,022.53	916.69	321.38	34,617.84	21,133.62	1,392.63	60.61	22,465.64	12,152.20	12,888.91
Vehicles	441.52	75.79	48.92	468.39	81.93	43.20	15.97	109.16	359.23	359.59
Furniture, fittings and office equipment	1,318.74	336.41	22.98	1,632.17	812.27	192.71	17.44	987.54	644.63	506.47
<b>Intangible Assets</b>										
Computer Softwares	248.21	486.27	-	734.48	116.72	192.76	-	309.48	425.00	131.49
Total	39,807.94	2,656.27	394.66	42,069.55	23,871.96	1,950.76	94.02	25,728.70	16,340.85	15,935.99
Previous year	39,034.78	953.83	180.67	39,807.94	22,223.41	1,775.12	126.57	23,871.96		
Capital work in progress including capital advances of Rs.521.22 Lacs (Previous year Rs.23.75 lacs)									2,648.03	1,022.22
Total									18,988.88	16,958.21

Note : Deletion for the year from gross block of plant and machinery include Rs. 242.82 lacs (previous year NIL) on account of reduction in liability. Depreciation of Rs. 113.93 lacs provided thereon upto the previous year has been adjusted from the depreciation for the current year.



**SCHEDULE 6 Contd....**

**INVESTMENTS (Contd.)**

**Other than trade, unquoted**

Nil (previous year 3,05,000) 5.5% Non Convertible Redeemable Taxable Bonds of Rural Electrification Corporation Limited of Rs. 10,000/- each fully paid up .....	—	30,500.00
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**In Subsidiary Companies : (Refer note 28 (iii) in schedule 18)**

**Other than trade, unquoted**

	As at 31 <sup>st</sup> March, 2010 Rs.in lacs	As at 31 <sup>st</sup> March, 2009 Rs.in lacs
2,30,00,080 Equity Shares of Indian Furniture Products Limited of Rs. 10/- each fully paid up .....	2,300.01	2,300.01
50,00,000 Equity Shares of Simon India Limited of Rs. 10/- each fully paid-up .....	350.01	350.01
1,41,74,162 Equity Shares of Zuari Seeds Limited of Rs.10/- each fully paid-up .....	1,417.60	1,417.60
50,000 Equity Shares of Zuari Infrastructure and Developers Limited of Rs. 10/- each fully paid-up .....	5.00	5.00
50,000 (previous year 10,000) Equity Shares of Zuari Developers Limited of Rs. 10/-each fully paid-up .....	832.82	828.82
3,12,04,798 (previous year 2,49,63,836) Equity Shares of Zuari Investments Limited of Rs. 10/- each fully paid-up .....	3,996.87	2,935.90
100 (previous year Nil) Equity Shares of Globex Limited at AED 1000/- each fully paid-up .....	13.40	—
50,000 (previous year Nil) Equity Shares of Zuari Fertilizers & Chemicals Limited of Rs. 10/- each fully paid-up	5.00	—
60,12,670 (previous year 50,000) Equity Shares of Gulbarga Cement Limited of Rs. 10/-each fully paid-up .....	601.27	5.00
	<b>9,521.98</b>	<b>7,842.34</b>
<b>CURRENT (At lower of cost and fair value) Other than Trade, unquoted</b>		
Nil (previous year 2,92,66,306) Units of SBI Magnum Insta Cash Mutual Fund-Daily Dividend, of Rs. 10/- each fully paid-up	—	4,902.19
13,41,62,960.64 (previous year Nil) Units of Reliance Liquidity fund -Daily Dividend reinvestment option of Rs.10/- each	13,420.94	—
10,03,560.53 (previous year Nil) Units of Tata Liquid Super High Investment Fund-Daily dividend reinvestment option of Rs.1000/- each	11,184.88	—
1,00,36,936.13 (previous year Nil) Units of ICICI Institutional Liquid Plan - Super Institutional dividend plan Mutual fund reinvestment plan of Rs.100/- each .....	10,039.15	—
11,90,84,083.66 (previous year Nil) Units of HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale .... -Daily dividend reinvestment option of Rs.10/- each .....	12,666.26	—
7,35,912.03 (previous year Nil) Units of UTI Cash Plan Institutional daily income option - re-investment option of Rs.1000/- each	7,502.22	—
8,98,48,879.21 (previous year Nil) Units of Birla Cash Plan -Daily dividend reinvestment option of Rs.10/- each .....	9,002.41	—
2,49,99,695.11 (previous year Nil) Units of IDFC cash plan -Daily dividend reinvestment option of Rs.10/- each .....	2,500.59	—
	<b>66,316.45</b>	<b>4,902.19</b>



## SCHEDULE 6 Contd.

	As at 31 <sup>st</sup> March, 2010		As at 31 <sup>st</sup> March, 2009	
	Rs.in lacs	Rs.in lacs	Rs.in lacs	Rs.in lacs
Less : Diminution in value of the Investment in a subsidiary ...		1,04,965.56		72,255.01
		312.82		312.82
		<u>1,04,652.74</u>		<u>71,942.19</u>
Aggregate amount of quoted investments .....		9,125.26		7,113.97
Aggregate amount of unquoted investments .....		95,527.48		64,828.22
(Net of provision for diminution in value of investment)		<u>1,04,652.74</u>		<u>71,942.19</u>
Market value of quoted investments .....		<u>41,553.70</u>		<u>30,150.08</u>
<b>Notes :</b>				
1. Refer note 20 in Shedule 18 for investments bought and sold during the year.				
<b>SCHEDULE 7</b>				
<b>INVENTORIES (at lower of cost and net realisable value)</b>				
Stores and spares .....		3,475.27		3,534.52
Fuel oil .....		3,258.41		1,941.28
Raw materials [including goods-in-transit Rs.6,929.23 lacs (previous year Rs.3,720.28 lacs) and material lying with others Rs.270.24 lacs (previous year Rs.901.81 lacs)] .....		20,255.02		21,479.62
Packing materials .....		554.57		636.42
[including material lying with others Rs.250.19 lacs (previous year Rs.243.02 lacs)]				
Work-in-process .....		1,611.37		733.15
Finished goods [including Goods-in-transit Rs.1,906.76 lacs (previous year Rs. 2,466.63 lacs)and material lying with others Rs.96.09 Lacs (previous year Nil)]		8,715.23		25,126.67
		<u>37,869.87</u>		<u>53,451.66</u>
<b>SCHEDULE 8</b>				
<b>SUNDRY DEBTORS</b>				
<b>Outstanding for more than six months :</b>				
Considered good :				
Secured by deposits held .....		0.84		1.28
Unsecured .....		20,487.64		3,967.61
[Including subsidy receivable from Government of India Rs 20,487.64 lacs, (previous year Rs.3,967.61 lacs)]		<u>20,488.48</u>		<u>3,968.89</u>
Considered doubtful-unsecured .....		88.62		94.44
		<u>20,577.10</u>		<u>4,063.33</u>
Less : Provision for doubtful debts .....		88.62		94.44
		<u>20,488.48</u>		<u>3,968.89</u>
<b>Other debts :</b>				
Considered good :				
Secured by deposits held .....		1,906.49		1,183.87
Unsecured .....		39,433.45		1,02,831.39
[including subsidy receivable from Government of India Rs 35,802.12 lacs, previous year Rs.99,821.98 lacs)		<u>41,339.94</u>		<u>1,04,015.26</u>
		<u>61,828.42</u>		<u>1,07,984.15</u>

**SCHEDULE 9**

**CASH AND BANK BALANCES**

	As at 31 <sup>st</sup> March, 2010		As at 31 <sup>st</sup> March, 2009	
	Rs.in lacs	Rs.in lacs	Rs.in lacs	Rs.in lacs
Cash on hand .....		0.38		0.61
With scheduled banks :				
On cash credit accounts .....	—		1,481.23	
On current accounts .....	582.97		10.16	
On unpaid dividend accounts .....	29.25		25.72	
On Interest warrant accounts .....	48.91		97.77	
On deposit accounts .....	5,030.85		30,281.26	
[receipts of Rs. 0.85 lacs (previous year Rs. 0.10 lacs) pledged with sales tax authorities]	5,691.98		31,896.14	
		<u>5,692.36</u>		<u>31,896.75</u>

**SCHEDULE 10**

**OTHER CURRENT ASSETS**

Interest accrued on long term investments		—		1,263.87
Interest accrued on loans & deposits		680.98		2,083.78
Interest accrued on loans to employees (Refer Note No.23 In Schedule 18)		221.90		231.19
Unamortised premium on forward contracts .....		896.76		1,073.16
Fertiliser Companies' Government of India Special Bonds (at lower of Cost and Market Value) (Refer note 21 in Shedule 18) .....		38,901.92		42,908.78
		<u>40,701.56</u>		<u>47,560.78</u>

**SCHEDULE 11**

**LOANS AND ADVANCES**

(considered good)				
Secured				
Loan to employees .....		253.60		298.16
(Refer Note No.23 In Schedule 18)				
Unsecured				
Advances recoverable in cash or kind or for value to be received		1,271.04		8,481.98
Advances to subsidiaries .....		1,050.53		881.17
Advances given for purchase of Equity Shares in a Subsidiary .		—		596.27
Loans to employees .....		406.61		464.07
Loans to subsidiaries .....		8,533.36		7,080.84
(Refer note 13 in Schedule 18)				
Loan given to a body corporate .....		1,100.00		1,050.00
VAT credit receivable .....		47.75		96.10
Income tax payments and tax deducted at source (net of ..... provision for income tax and MAT credit entitlement set off)		—		2,666.97
MAT credit entitlement .....	695.79		3,116.48	
Less: Set off during the year .....	695.79		2,420.69	
		<u>—</u>		695.79
Security deposits .....		361.95		96.24
Balances with customs, port trust and excise authorities .....		0.19		0.30
		<u>13,025.03</u>		<u>22,407.89</u>

**SCHEDULE 12****CURRENT LIABILITIES**

Acceptances .....

17,931.48

1,55,433.66

Sundry creditors :

Total outstanding dues of micro enterprises and small enterprises (Refer note 24 in Schedule 18) .....

3.90

0.40

Total outstanding dues of creditors other than micro enterprises and small enterprises .....

39,428.79

61,746.12

39,432.69

61,746.52

Unclaimed statutory Liabilities (As referred in section 205C of the Companies Act,1956 to be credited as and when due)

– Unclaimed dividends .....

29.25

25.72

– Unclaimed deposits &amp; interest warrants .....

97.62

169.25

– Unclaimed preference warrants .....

5.91

5.97

132.78

200.94

Interest accrued but not due on loans &amp; deposits .....

384.04

145.65

Advances from dealers &amp; others .....

788.66

794.48

Trade Deposits - Dealers .....

2,997.22

2,162.26

Other liabilities .....

739.05

1,918.85

62,405.92

2,22,402.36

**SCHEDULE 13****PROVISIONS**

Provision for taxation (net of advance tax payments) .....

125.79

—

Wealth tax .....

40.02

37.00

Gratuity .....

229.19

—

Leave encashment .....

3,255.58

2,245.56

Proposed dividend .....

1,324.83

883.22

Corporate dividend tax thereon .....

225.15

150.10

5,200.56

3,315.88

**SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2010****SCHEDULE 14****OTHER INCOME**

Inter-set on Income tax refunds .....

390.60

40.46

Interest on deposits, and others (gross) [tax deducted at source Rs.149.34 lacs (previous year Rs. 553.22 lacs)] [Interest income on long term investments - other than trade Rs.579.08 lacs (previous year Rs.1,677.50 lacs) .....

2,040.93

4,273.32

2,431.53

4,313.78

**SCHEDULE 14 Contd.**

	Year ended 31 <sup>st</sup> March, 2010		Year ended 31 <sup>st</sup> March, 2009	
	Rs.in lacs	Rs.in lacs	Rs.in lacs	Rs.in lacs
Dividend income from long term investments :				
Trade	1,104.13		1,086.05	
Other than Trade	31.70		33.06	
		1,135.83		1,119.11
Dividend Income from current Investments other than Trade ...		1,092.05		777.71
Profit on disposal of long-term investments .....		1,326.22		—
Profit on disposal of assets (net) .....		333.24		—
Rent recovered (gross) [tax deducted at source Rs 29.14 lacs (previous year Rs. 30.72 lacs)] .....		141.65		136.38
Excess provisions / unclaimed liabilities/ unclaimed balances written back .....		13.30		51.26
Diminution in the value of Fertiliser Companies' Government of India Special Bonds no longer required written back .....		—		283.39
Miscellaneous Income		857.37		166.08
		<u>7,331.19</u>		<u>6,847.71</u>

**SCHEDULE 15**

**MANUFACTURING AND OTHER EXPENSES**

Raw materials consumed :				
Opening Stocks .....	21,479.62		17,054.16	
Add : Purchases .....	1,93,878.04		3,22,467.33	
Add : Transfer from stock of finished goods for captive consumption (Refer Schedule 16)	—		314.37	
Less : Closing Stocks .....	20,255.02		21,479.62	
		1,95,102.64		3,18,356.24
Packing materials consumed :				
Opening Stocks .....	636.42		380.49	
Add : Cost of bags and Other purchases .....	3,696.65		4,014.29	
Less : Closing Stocks .....	554.57		636.42	
		3,778.50		3,758.36
Job Charges .....	298.60		266.60	
Power, fuel and water .....	18,331.82		22,082.68	
Stores and spares consumed .....	566.35		525.50	
Catalyst Consumed .....	380.40		254.69	
Repairs and maintenance :				
Buildings .....	176.17		166.66	
Machinery .....	3,631.32		2,554.72	
Others .....	362.69		258.80	
		4,170.18		2,980.18
Bagging and other services .....		2,184.47		1,841.33
Payments to and provisions for employees :				
Salaries, wages, bonus and allowances .....	5,515.89		3,943.58	
Contribution to provident and other funds .....	639.31		545.80	
Gratuity .....	226.11		36.48	
(Refer note 19(A) of Schedule 18)				
Staff welfare expenses .....	1,205.35		1,019.86	
		<u>7,586.66</u>		<u>5,545.72</u>



## SCHEDULE 15 Contd.....

	Year ended 31 <sup>st</sup> March, 2010		Year ended 31 <sup>st</sup> March, 2009	
	Rs.in lacs	Rs.in lacs	Rs.in lacs	Rs.in lacs
Outward freight and handling .....		17,758.10		13,653.18
Rent .....		346.67		188.14
Lease rentals .....		110.34		91.85
Rates and taxes .....		74.98		195.15
Insurance .....		335.54		369.83
Cash rebate .....		102.29		65.10
Subsidy claims written off .....		115.40		45.01
Sundry balances written off .....		42.11		—
Loss on fixed assets sold/discarded (net) .....		—		37.31
Loss on sale of current investments .....		—		2.03
Loss on sale of Fertiliser Companies' Government of India Special Bonds .....		—		1,066.18
Diminution in the value of Fertilizer Companies' Government of India Special Bonds (previous year Nil) .....		4,006.85		—
Donations .....		101.00		40.66
Miscellaneous Expenses .....		3,928.41		4,587.65
		<u>2,59,321.33</u>		<u>3,75,953.39</u>

## SCHEDULE 16

## (INCREASE)/DECREASE IN STOCKS

Opening Stocks				
Work-in-process .....	733.15		1,634.35	
Finished goods .....	25,126.67		11,223.46	
		<u>25,859.82</u>		<u>12,857.81</u>
Less : Captive consumption (Refer Schedule 15) .....		—		314.37
		<u>25,859.82</u>		<u>12,543.44</u>
Less : Closing Stocks				
Work-in-process .....	1,611.37		733.15	
Finished goods .....	8,715.22		25,126.67	
		<u>10,326.59</u>		<u>25,859.82</u>
		<u>15,533.23</u>		<u>(13316.38)</u>

## SCHEDULE 17

## INTEREST

On fixed term loans .....		592.43		4,190.40
To others .....		1,128.74		1,875.24
		<u>1,721.17</u>		<u>6,065.64</u>

## SCHEDULE - 18

### NOTES ON ACCOUNTS

#### 1. Nature of Operations

The Company is the manufacturer of chemical fertilizers and pesticides. The Company is also into trading business of complex fertilizers, seeds and pesticides.

in case of software, due to change in technological environment. This has resulted in higher charge of depreciation/amortisation for the year amounting to Rs.178.99 lacs and fixed assets are lower by Rs.178.99 lacs.

#### 2. Statement of Significant Accounting Policies

##### i) Basis for preparation

The financial statements have been prepared to comply in all material respects with the Notified Accounting Standards by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which provision for impairment is made and revaluation is carried out. The accounting policies have been consistently applied by the Company and except for the changes in accounting policies discussed more fully below, are consistent with those used in previous year.

##### ii) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

##### iii) Changes in accounting policies

a) During the current year, the Company has implemented SAP system under ERP Platform. The Company has changed its method of ascertaining cost for the purpose of valuation of inventories of Stores and Spares from annual weighted average method to moving weighted average method and for valuation of inventories of Fuel oil, Raw Materials, Packing Materials, Traded Goods, material costs for Finished goods and Work in Process from First in First out (FIFO) basis to moving weighted average method. This change, however, does not have material impact on the profits for the current year.

b) During the current year, the Company has revised the estimated useful lives of computers and peripherals (included under office equipment and plant & machinery) and software (included under intangible) to three years as against earlier estimated useful lives of six years in case of computers and peripherals and four & five years

##### 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.

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.

##### v) Depreciation

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

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

##### vi) Impairment

a) The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

b) After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

##### vii) Intangibles

Intangibles representing computer software are amortized using the Straight Line Method over their estimated useful lives of three years.

##### 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

## Schedule - 18 Contd.

- (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) Finished goods (traded): 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 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) Fertiliser Companies' Government of India Special Bonds
- Fertiliser Companies' Government of India Special Bonds issued by Government of India in lieu of subsidy dues are intended to be kept for short term and are valued at lower of Cost and Market value and are shown as 'Other Current Assets'.
- xi) Retirement and other Employee Benefits
- a) Provident Fund and Pension Fund
- Retirement benefits in the form of Provident Fund / Pension Funds is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective trusts.
- 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 is charged to the Profit & Loss Account every year. The difference between the amount paid/payable to LIC and the actuarial valuation made at the end of each financial year is charged to the Profit & Loss Account.
- c) Leave Encashment
- Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation made at the end of each financial year. The actuarial valuation is done as per projected unit credit method.
- 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 Profit & Loss Account each year. The Company does not have any other obligation other than contributions paid to the LIC.
- e) Actuarial gains/losses are immediately taken to Profit and Loss Account and are not deferred.
- f) Payments made under the Voluntary Retirement Scheme are charged to the Profit and Loss Account immediately.
- xii) 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.

## Schedule - 18 Contd.

- 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.
- xiii) Revenue Recognition
- Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.
- Revenue from sale of goods, including concession in respect of Urea, DAP, MOP and Complex Fertilisers receivable from the Government of India under the New Pricing Scheme/Concession Scheme, is recognised when the significant risk and rewards of ownership of the goods have passed to the customers, which generally coincides with the despatch of goods. Excise Duty deducted from turnover (gross) is the amount that is included in the amount of turnover (gross) and not the entire amount of liability assessed during the year.
- Concessions in respect of Urea as notified under the New Pricing Scheme is recognised with adjustments for escalation/de-escalation in the prices of inputs and other adjustments as estimated by the management in accordance with the known policy parameters in this regard.
- Concessions for DAP, MOP and Complex Fertilisers is recognised as per the final rates notified by the Government of India. In the absence of notified rates, the concession is accounted based on rates estimated by the management in accordance with known policy parameters in this regard.
- Equated freight subsidy on Urea and uniform freight subsidy on Urea, Complex fertilisers, Imported DAP and MOP from 1st April 2008 has been accounted for in accordance with the parameters and provisional notified rates. The differential amount between the final notified rates and provisional notified rates is accounted for, in the year, final rates are notified.
- Interest Income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
- Claims receivable on account of Despatch money on shipment (net of demurrage payable) and Insurance claims are accounted for to the extent the Company is reasonably certain of their ultimate collection.
- Dividend is recognized when the shareholders' right to receive payment is established by the balance sheet date.
- Dividend from subsidiaries is recognised even if same are declared after the balance sheet date but pertains to period on or before the date of balance sheet as per the requirement of Schedule VI of the Companies Act, 1956.
- xiv) Borrowing costs
- Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalized to the extent they relate to the period till such assets are ready to be put to use. A qualifying asset is an asset that necessarily takes substantial period of time to get ready for its intended use. Other borrowing costs are recognised as an expense in the year in which they are incurred.
- xv) 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 Profit and Loss Account on a straight-line basis over the lease term.
- Where the Company is the lessor
- Assets subject to operating leases are included in fixed assets. Lease income is recognised in the Profit and Loss Account on a straight-line basis over the lease term. Costs, including depreciation are recognised as an expense in the Profit and Loss Account. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the Profit and Loss Account.
- xvi) Accounting for Taxes
- Tax expense comprises current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Deferred income taxes reflect the impact of timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date.
- Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has carry forward of unabsorbed depreciation and tax losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits. Unrecognised deferred tax assets of earlier years are re-assessed at each balance sheet date and recognised to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.



## Schedule - 18 Contd.

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

MAT Credit is recognized as an asset only when and to the extent there is convincing evidence that the Company 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 profit and loss account and shown as MAT Credit Entitlement. The Company 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 will pay normal Income Tax during the specified period.

## xvii) 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.

## xviii) Earnings per Share

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

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

## xix) 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 (xii) above.

## xx) 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.

————— This space has been intentionally left blank —————

Schedule - 18 Contd.

	Year ended 31 <sup>st</sup> March, 2010 Rs. in lacs	Year ended 31 <sup>st</sup> March, 2009 Rs. in lacs
3 Directors' fees	7.80	5.60
4 Auditors' remuneration (including service tax where applicable) :		
Audit fees	22.06	22.06
Tax audit fees	5.52	5.52
Limited Review fees	8.27	8.43
Certifications etc.	30.39	18.71
Reimbursement of out-of-pocket expenses	2.53	4.39
	<u>68.76</u>	<u>59.11</u>

5 Contingent liabilities not provided for : Rs. in lacs

Particulars	Year ended 31 <sup>st</sup> March, 2010	Year ended 31 <sup>st</sup> March, 2009
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 Rs.21.28 lacs against the same which is appearing in the schedule of Loans & Advances)	42.56	—
ii) Demand notice from Maharashtra Sales Tax Authorities in respect of Sales tax Assessment for the year 2004-05. The Company has applied for cancellation of assessment order under the Bombay Sales Tax Act 1959.	130.61	—
B. Demand raised by Excise Authorities on Service Tax matters *		
Demand notice from Service Tax Authorities towards Service Tax under Goods Transport Agency Services for the period 2006-07 to 2008-09.	76.87	—
C. Taxation matters*.		
Penalty u/s 271(1)(C) of the Income Tax Act, 1961 pertaining to penalty on capital gain on transfer of Cement undertaking : Income Tax Appellate Tribunal has passed order in favour of the Company during the year	—	1,426.16

\* 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 thereagainst is considered necessary.

	Year ended 31 <sup>st</sup> March, 2010 Rs. in lacs	Year ended 31 <sup>st</sup> March, 2009 Rs. in lacs
6. Estimated amount of contracts remaining to be executed on capital account not provided for	1,138.96	1,072.95



## Schedule - 18 Contd.

		Year ended 31 <sup>st</sup> March, 2010 Tonnes	Year ended 31 <sup>st</sup> March, 2009 Tonnes
7.	Additional information pursuant to the provisions of paragraphs 3, 4, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956.		
(A)	Quantitative information in respect of goods manufactured and sold:		
(i)	Licensed Capacity :	N.A	N.A
(ii)	Installed capacity : (as certified by the Managing Director and relied on by the auditors, this being a technical matter) :		
	Ammonia (as reassessed by FICC) Per day	700	700
	Urea (as reassessed by FICC) Per day	1,210	1,210
	Compound fertilisers of the grades:		
	N. P. K. PLANT A		
	Various Grades of Phosphatic Fertilisers Per day	1,100	1,100
	N. P. K. PLANT B		
	Various Grades of Phosphatic Fertilisers Per day	1,100	1,100
	Argon (SM <sup>3</sup> ) SM <sup>3</sup> Per day	6,600	6,600
(iii)	Production:		
	Ammonia (for captive consumption)	2,26,689	2,37,254
	Urea	3,87,825 *	4,12,438 *
	Compound fertilisers of the grades :		
	19:19:19	-	33,039
	18:46:0	3,51,990	2,04,472
	10:26:26	2,09,122	2,64,082
	12:32:16	1,34,905	73,763
	20:20:0	22,653	3,270
	Pesticides (on job basis from outside parties) Ltrs.	19,83,603	19,39,576
	Kgs.	39,82,517	34,05,987

\*Production of urea is recorded on the basis of standard ratio based on ammonia consumed for manufacture of urea.

Notes : The above figures of production include/are net of the following quantities found as net excesses / (shortages) on physical verification:

Schedule - 18 Contd.

		Year ended 31 <sup>st</sup> March, 2010 Tonnes		Year ended 31 <sup>st</sup> March, 2009 Tonnes	
Compound fertilisers of the grades :					
18:46:0		242		—	
10:26:26		1,000		524	
12:32:16		1,014		80	
20:20:0		17		—	
		Year ended 31 <sup>st</sup> March, 2010		Year ended 31 <sup>st</sup> March, 2009	
		Tonnes	Rs. in lacs	Tonnes	Rs. in lacs
( iv ) Sales :					
Urea		3,99,198	1,09,497.09	3,99,199	1,11,977.07
Compound fertilisers of the grades :					
19:19:19		—	—	33,259	11,353.62
18:46:0		3,53,325	69,467.71	1,98,064	92,336.24
10:26:26		2,09,455	47,067.31	2,63,438	1,20,755.84
12:32:16		1,34,989	28,630.50	73,606	32,060.40
20:20:0		25,917	3,622.06	—	—
CO2(excluding excise duty)		21,104	213.98	24,446	232.37
Pesticides		Ltrs. 20,60,992	5,788.06	17,94,144	5,239.90
		Kgs. 38,43,260	4,412.81	32,32,613	4,228.75
			<u>2,68,699.52</u>		<u>3,78,184.19</u>
( v ) Stocks :					
Ammonia (included under work in process) :					
Opening stock		194	45.07	2154	774.78
Closing stock		1,945	760.29	194	45.07
Urea:					
Opening stock		13,567	2,274.56	435	103.78
Closing stock		2,092	523.32	13,567	2,274.56
Compound fertilisers:					
Opening stock of the grades:					
19:19:19		—	—	402	66.53
18:46:0		6,318	1,403.90	38	6.56
10:26:26		586	159.13	21	3.19
12:32:16		141	34.67	12	1.81
20:20:0		3,270	452.04	—	—
Pesticides		Ltrs. 3,83,152	1,040.03	2,37,701	811.62
		Kgs. 3,46,848	608.00	1,73,474	242.51



## Schedule - 18 Contd.

	Year ended 31 <sup>st</sup> March, 2010		Year ended 31 <sup>st</sup> March, 2009	
	Tonnes	Rs. in lacs	Tonnes	Rs. in lacs
Closing stock of the grades :				
19:19:19	—	—	—	—
18:46:0	4,825	885.69	6,318	1,403.90
10:26:26	163	38.09	586	159.13
12:32:16	—	—	141.00	34.67
20:20:0	—	—	3,270	452.04
Pesticides	Ltrs. 3,05,763	640.91	3,83,152	1,040.03
	Kgs. 4,86,105	506.71	3,46,848	608.00

Note : Difference in quantity tally is on account of shortages/damages etc.

## (B) Quantitative information in respect of goods traded :

Purchases :					
Urea		3,534	166.93	17,682	822.04
MOP		3,48,781	81,856.63	3,08,629	91,935.68
DAP		2,19,928	45,253.46	2,65,745	1,34,895.02
SS Phosphate		4,144	193.51	—	—
SOP		3,192	1,023.65	—	38.53
Pesticides					
	Ltrs.	3,97,931	2,313.79	2,44,216	1,916.60
	Kgs.	1,14,60,700	6,406.20	83,12,323	4,610.50
Seeds		107	277.96	1,255	1,267.01
Bio-phos	Kgs.	16,71,000	43.39	7,56,000	18.76
			<u>1,37,535.52</u>		<u>2,35,504.14</u>
Sales :					
Urea		3534	164.30	17,682	826.46
MOP		3,77,217	97,863.20	3,34,127	95,605.30
DAP		2,28,377	48,990.29	2,46,950	1,25,056.54
SS Phosphate		4,144	202.90	—	—
SOP		2,836	1,136.47	3,806	1,091.07
Pesticides					
	Ltrs.	3,59,781	2,734.37	2,22,720	2,217.51
	Kgs.	1,16,76,622	7,330.58	95,36,448	5,376.85
Seeds		400	575.28	302	679.53
Bio-phos	Kgs.	16,71,000	57.63	7,56,000	22.49
			<u>1,59,055.03</u>		<u>2,30,875.75</u>

Schedule - 18 Contd.

		Year ended 31 <sup>st</sup> March, 2010		Year ended 31 <sup>st</sup> March, 2009		
		Tonnes	Rs. in lacs	Tonnes	Rs. in lacs	
Opening stock :						
MOP		41,031	13,343.58	69,914	7,882.45	
SOP		—	—	3811	966.48	
DAP		18,776	3,810.53	—	—	
Pesticides	Ltrs	45,352	389.74	23,870	196.98	
	Kgs	13,88,556	798.39	26,42,449	786.07	
Seeds	Kgs	1,031	809.83	79	153.23	
Bio-phos	Kgs	7,550	2.27	7,550	2.26	
			<u>19,154.34</u>		<u>9,987.47</u>	
Closing stock :						
MOP		11,844	1,985.61	41,031	13,343.58	
SOP		356	105.50	—	—	
DAP		9,976	2,335.45	18,776	3,810.53	
Pesticides	Ltrs	83,501	444.92	45,352	389.74	
	Kgs	11,72,634	850.22	13,88,556	798.39	
Seeds	Kgs	307	396.53	1,031	809.83	
Bio-phos	Kgs	7,550	2.27	7,550	2.27	
			<u>6,120.50</u>		<u>19,154.34</u>	
Note : Difference in quantity tally is on account of shortages/damages etc.						
(C) (i)	Consumption of raw materials:					
	Naphtha	1,91,274	64,199.59	2,00,957	84,439.82	
	Phosphoric acid	2,65,337	74,250.29	1,85,407	1,62,206.91	
	Muriate of potash	1,28,508	28,639.16	1,47,208	33,623.64	
	Filler	42,177	251.27	32,655	208.35	
	Sulphuric acid	36,558	653.55	14,450	1,267.67	
	Ammonia	1,30,000	20,044.07	89,237	23,925.17	
	Purchased Urea	121	24.79	10,382	1,965.77	
	Mono Ammonium Phosphate	—	—	15,763	3,012.47	
	Pesticides	Ltrs	18,81,620	3,942.89	19,47,718	4,263.96
		Kgs	39,89,638	3,097.03	34,18,678	3,442.48
			<u>1,95,102.64</u>		<u>3,18,356.24</u>	
Percentage of indigenous/imported raw materials consumed to total raw materials						
		%		%		
	Indigenously obtained	7.23	14,105.92	5.72	18,199.75	
	Imported	92.77	1,80,996.72	94.28	3,00,156.49	
		<u>100.00</u>	<u>1,95,102.64</u>	<u>100.00</u>	<u>3,18,356.24</u>	



## Schedule - 18 Contd.

	Year ended 31 <sup>st</sup> March, 2010 Rs. in lacs	Year ended 31 <sup>st</sup> March, 2009 Rs. in lacs
(ii) Value of imports on CIF basis are in respect of :		
Raw materials	1,14,273.76	2,03,429.09
Spare parts	238.89	124.62
Capital goods	394.67	18.00
Traded goods	1,19,575.08	1,97,225.90
 (D) (i) Consumption of stores and spares [including Rs. 1389.74 lacs (previous year Rs. 1411.81 lacs) and Rs.380.40 lacs (previous year Rs. 254.69 lacs) debited to repairs and maintenance and catalysts consumed respectively]	 <b>2,336.50</b>	 2,192.00
(ii) In respect of information required under paragraph 4 D (c) of part II of Schedule VI to the Companies Act, 1956, the Company has taken a view that 'spare parts and components' cover only such items as go directly into production.		
 (E) Expenditure in foreign currency (Cash Basis):		
Travelling expenses	31.28	35.59
Professional/(net of tax)	—	440.68
Interest expense	624.13	1,221.59
Bank Charges	—	197.37
Others	3.24	9.02
 (F) Remittances in foreign currency in respect of dividend		
Related to the year 2008 — 2009 (Related to the year 2007 — 2008)	 <b>251.75</b>	 251.75
Number of non-resident shareholders - 4 (previous year - 4)		
Number of equity shares held by them 83,92,200 (previous year 83,92,200)		
The above information pertains to those non-resident shareholders where direct remittances have been made by the Company.		

Schedule - 18 Contd.

	Year ended 31 <sup>st</sup> March, 2010 Rs.in lacs	Year ended 31 <sup>st</sup> March, 2009 Rs.in lacs
(G) Managerial remuneration :		
Salary	134.93	115.68
Contribution to provident fund and superannuation fund	34.02	29.16
Perquisites	36.66	32.21
	<b>205.61 *</b>	<b>177.05 *</b>
* As the future liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the director is not ascertainable, and therefore, is not included above		
8. Aggregate amount of guarantees issued by the Banks to various government authorities and others are secured by a charge created by way of hypothecation stated in Note 12(iii) below	<b>20,879.04</b>	28,166.18
9. Corporate guarantees given in favour of banks and others on behalf of :		
a) Zuari Seeds Limited	<b>2,180.00</b>	1,180.00
b) Style Spa Furniture Limited	—	1,325.00
c) Simon India Limited	<b>16,584.00</b>	16,284.00
d) Indian Furniture Products Limited	<b>4,650.00</b>	4,650.00
10. a) Net Foreign exchange variations charged to profit and loss account.	<b>520.29</b>	25,708.21

b) A sum of Rs.896.76 lacs (previous year Rs.1,073.16 lacs) on account of unamortized foreign exchange premium on outstanding forward exchange contracts is being carried forward to be charged to Profit and Loss Account of subsequent period.

c) Particulars of Foreign Currency Exposures:

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

Details of derivatives	31.03.2010	31.03.2009	Purpose
Buy (Amount in USD)	<b>22,17,05,201</b>	39,31,97,796	To hedge the purchases of raw materials and traded goods and buyer credit

## Schedule - 18 Contd.

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

Particulars		31.03.2010	31.03.2009
Import Creditors	USD	1,14,77,469	1,42,42,867
	INR (Rs. in lacs)	5,168.87	7,223.98
Claims receivable	USD	15,66,914	4,62,596.72
	INR (Rs. in lacs)	705.11	234.63
	Exchange Rate	1 USD = 45.00 INR	1 USD = 50.72 INR

11. The Board of Directors of the Company approved the merger of Gobind Sugar Mills Limited (GSML) in the meeting held on February 22, 2010. Pursuant to this approval, the Company has on March 26, 2010 filed with the Honourable High Court of Bombay at Goa, a scheme of amalgamation entailing merger of GSML with the Company. And GSML has also filed similar scheme of Amalgamation before the Honourable High Court of Calcutta. As per the said scheme, with effect from the Appointed Date i.e. April 01, 2009, the undertaking of GSML, pursuant to the provisions contained in Sections 391 to 394 and other applicable provisions of the Companies Act 1956, shall stand transferred to and vested in the Company on a going concern basis without any further act, deed or matter. However, the Amalgamation shall be effective from the date of filing of the certified copy of the Order of the Honourable High Court of Goa and Calcutta with Registrar of Companies, Goa. Pending the approval of the said High Courts, the effect of the amalgamation has not been given.
12. i) Item 1 and 2 under head 'Secured Loans' are secured by the first charge by way of hypothecation of 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.
- ii) Item 3 under head 'Secured Loans' was secured by way of pledge of 6.65% Fertilizer Companies' Government of India Special Bonds 2023 of Rs.Nil (Previous year Rs. 17,250.00 lacs)
- iii) Credit obtained from Indian Oil Corporation Limited against supply of Naphtha to the extent of Rs 248.23 lacs (previous year Rs. 10,716.04 lacs) (balance included under Current Liabilities) is secured by third charge on stocks of Raw materials, Finished goods, stock in trade, stores and spares limited to Rs.10,000.00 lacs.
13. Following are the details of loans and advances given to subsidiaries and associates in which Directors are interested:-

Sr No.	Particulars	Name of the entity	Balance outstanding as on 31 <sup>st</sup> March, 2010 Rs. in lacs	Maximum amount outstanding during the year Rs. in lacs
1	Loans and advances in the nature of Loans to Subsidiaries	Indian Furniture Products Ltd., Zuari Developers Ltd., Zuari Infrastructure and Developers Ltd., Gulbarga Cements Limited Zuari Investment Limited	8,533.36 (7,080.84)	9,650.83 (8,223.10)
2.	Loans and advances in the nature of Loans where there is no repayment schedule or repayment is beyond seven years	-	Nil (Nil)	Nil (Nil)
3.	Loans and advances in the nature of Loans where there is no interest or interest is below Section 372A of the Companies Act	Zuari Developers Limited, Gulbarga Cements Limited	6,890.32 (5,220.32)	6,890.32 (5,932.32)
4.	Loans and advances in the nature of loans to firms / Companies in which directors are interested	-	Nil (Nil)	Nil (Nil)
5.	Investments by the loanees in the shares of the Company or any of its subsidiaries	-	Nil (Nil)	Nil (Nil)

## Schedule - 18 Contd.

### Notes :

- a) The loan to Indian Furniture Products Limited (IFPL) of Rs. 1,290.77 lacs (Balance outstanding on 31<sup>st</sup> March, 2010 Rs. 430.26 lacs) is repayable in 36 equal monthly installments w.e.f. 1<sup>st</sup> April, 2008.
- b) The loan to IFPL of Rs 1,000.00 lacs is renewed repayable on 3<sup>rd</sup> August, 2010.
- c) During the year, a loan of Rs.100.00 lacs (Balance outstanding on 31<sup>st</sup> March, 2010 – Rs.77.78 lacs) is given to IFPL on 22<sup>nd</sup> July, 2009 and it is repayable in 36 equal monthly installments w.e.f 1<sup>st</sup> August, 2009.
- d) The loan of Rs. 4,288.00 lacs to Zuari Developers Limited (in which one of the directors of the Company is interested as director) is repayable at the end of 18 months from 6<sup>th</sup> February, 2009. Maximum amount of loan outstanding during the year is Rs. 4,288.00 lacs.
- e) During the year, a loan of Rs.420.00 lacs (Balance outstanding on 31<sup>st</sup> March, 2010 – Rs.420.00 lacs) is given to Zuari Developers Limited on 13<sup>th</sup> May, 2009 and it is repayable in 18 months.
- f) During the year, a loan of Rs.25.00 lacs (Balance outstanding on 31<sup>st</sup> March, 2010 – Rs.25.00 lacs) is given to Zuari Developers Limited on 18<sup>th</sup> August, 2009 and it is repayable in 18 months.
- g) During the year, a loan of Rs.10.00 lacs (Balance outstanding on 31<sup>st</sup> March, 2010 – Rs.10.00 lacs) is given to Zuari Developers Limited on 20<sup>th</sup> August, 2009 and it is repayable in 18 months.
- h) During the year, a loan of Rs.50.00 lacs (Balance outstanding on 31<sup>st</sup> March, 2010 – Rs.50.00 lacs) is given to Zuari Developers Limited on 10<sup>th</sup> September, 2009 and it is repayable in 18 months.
- i) During the year, a loan of Rs.115.00 lacs (Balance outstanding on 31<sup>st</sup> March, 2010 – Rs.115.00 lacs) is given to Zuari Developers Limited on 17<sup>th</sup> November, 2009 and it is repayable in 18 months.
- j) During the year, a loan of Rs.110.00 lacs (Balance outstanding on 31<sup>st</sup> March, 2010 – Rs.110.00 lacs) is given to Zuari Developers Limited on 27<sup>th</sup> November, 2009 and it is repayable in 18 months.
- k) During the year, a loan of Rs.150.00 lacs (Balance outstanding on 31<sup>st</sup> March, 2010 – Rs.150.00 lacs) is given to Zuari Developers Limited on 9<sup>th</sup> February, 2010 and it is repayable in 18 months.
- l) During the year, a loan of Rs.295.00 lacs (Balance outstanding on 31<sup>st</sup> March, 2010 – Rs.295.00 lacs) is given to Zuari Developers Limited on 31<sup>st</sup> March, 2010 and it is repayable in 18 months.
- m) The loan to Gulbarga Cements Limited of Rs. 932.32 lacs was renewed on 1<sup>st</sup> January, 2009 and is repayable in 18 months.
- n) During the year, a loan of Rs.25.00 lacs (Balance outstanding on 31<sup>st</sup> March, 2010 – Rs.10.00 lacs) is given to Gulbarga Cements Limited on 22<sup>nd</sup> September, 2009 and it is repayable in 18 months.
- o) During the year, a loan of Rs.270.00 lacs (Balance outstanding on 31<sup>st</sup> March, 2010 – Rs.270.00 lacs) is given to Gulbarga Cements Limited on 15<sup>th</sup> January, 2010 and it is repayable in 18 months.
- p) During the year, a loan of Rs.200.00 lacs (Balance outstanding on 31<sup>st</sup> March, 2010 – Rs.200.00 lacs) is given to Gulbarga Cements Limited on 31<sup>st</sup> March, 2010 and it is repayable in 18 months.
- q) During the year, a loan of Rs.100.00 lacs (Balance outstanding on 31<sup>st</sup> March, 2010 – Rs.Nil) is given to Zuari Investments Limited on 3<sup>rd</sup> November, 2009 and it is repayable in 6 months. This loan was repaid prior to its original maturity date on 26<sup>th</sup> February, 2010.
- r) During the year, a loan of Rs.200.00 lacs (Balance outstanding on 31<sup>st</sup> March, 2010 – Rs.Nil) is given to Zuari Investments Limited on 5<sup>th</sup> November, 2009 and it is repayable in 6 months. This loan was repaid prior to its original maturity date on 26<sup>th</sup> February, 2010.
- s) During the year, a loan of Rs.200.00 lacs (Balance outstanding on 31<sup>st</sup> March, 2010 – Rs.Nil) is given to Zuari Investments Limited on 27<sup>th</sup> November, 2009 and it is repayable in 6 months. This loan was repaid prior to its original maturity date on 26<sup>th</sup> February, 2010.
- t) During the year, a loan of Rs.165.00 lacs (Balance outstanding on 31<sup>st</sup> March, 2010 – Rs.Nil) is given to Zuari Investments Limited on 10<sup>th</sup> February, 2010 and it is repayable in 50 days. This loan was repaid on 31<sup>st</sup> March, 2010.
- u) During the year, a loan of Rs.135.00 lacs (Balance outstanding on 31<sup>st</sup> March, 2010 – Rs.135.00 lacs) is given to Zuari Investments Limited on 10<sup>th</sup> February, 2010 and it is repayable on 30<sup>th</sup> June, 2010.
- v) The Company holds more than 20% of the voting power of a body corporate. The Company has been legally advised that it does not have any "significant influence" in the said body corporate as defined in Accounting Standard 18 "Related Party Disclosures" and accordingly has not considered the above investee as related party under AS-18 and associate for the above disclosure.
- w) Figures in brackets denote previous year figures.

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## 14. Information in respect of Joint Ventures :

( Amount Rs. in lacs )

Sr. No.	Particulars	Zuari Maroc Phosphates Limited (Consolidated)		Zuari Indian Oil Tanking Limited		Zuari Rotem Speciality Fertilizer Limited	
1	Proportion of ownership interest	50% ( P.Y.50% )		50% ( P. Y. 50%)		50% ( P. Y. 50%)	
2	Country of incorporation	India		India		India	
3	Accounting period ended	31-03-10	31-03-09	31-03-10	31-03-09	31-03-10	31-03-09
4	Assets	1,39,492.39	1,99,558.43	2,626.43	2,685.36	1,429.85	270.10
5	Liabilities	93,766.05	1,54,972.86	1,164.44	1,363.83	1,071.18	42.81
6	Revenue	1,58,054.64	2,81,271.40	770.22	814.34	1,101.59	–
7	Depreciation	1,524.16	1,673.27	134.96	134.33	1.22	0.16
8	Other expenses	1,47,547.39	2,45,722.73	350.26	381.74	1,046.83	16.57
9	Profit/(Loss) before tax	8,983.10	33,875.40	285.00	298.27	53.54	(16.73)
10	Contingent Liabilities	6,399.44	7,473.49	–	0.26	0.18	–
11	Capital Commitments	404.39	330.03	–	0.20	42.08	342.42

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

## 15. Segmental Information

## § Primary Segment

The Company is engaged in the manufacture, sale and trading of fertilizers, seeds and pesticides which, in the context of Accounting Standard 17 (Segmental Information) issued by the Institute of Chartered Accountants of India, is considered as the only business segment. Accordingly, no separate segmental information has been provided herein.

## § Secondary Segment – Geographical Segment.

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

## 16. Related Party disclosures under Accounting Standard – 18

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

## i) Subsidiaries of the Company:

- (1) Indian Furniture Products Limited
- (2) Zuari Seeds Limited
- (3) Simon India Limited
- (4) Zuari Infrastructure & Developers Limited
- (5) Zuari Developers Limited

**Schedule - 18 Contd.**

- (6) Gulbarga Cement Limited
- (7) Zuari Investments Limited
- (8) Zuari Insurance Brokers Limited – Subsidiary of Zuari Investments Limited
- (9) Zuari Commodity Trading Limited – Subsidiary of Zuari Investments Limited
- (10) Zuari Financial Services Limited – Subsidiary of Zuari Investments Limited
- (11) Zuari Holdings Limited – Subsidiary of Zuari Investments Limited (with effect from 10<sup>th</sup> September, 2009)
- (12) Zuari Fertilizers & Chemicals Limited (with effect from 29<sup>th</sup> January, 2010)
- (13) Globex Limited (with effect from 09<sup>th</sup> August, 2009)

ii) Joint Ventures of the Company:

- (1) Zuari Indian Oiltanking Limited
- (2) Zuari Maroc Phosphates Limited
- (3) Paradeep Phosphates Ltd - Subsidiary of Zuari Maroc Phosphates Limited
- (4) Zuari Rotem Speciality Fertilisers Limited

iii) Associates of the Company\*:

- (1) Style Spa Furniture Limited (an associate of a subsidiary)
- (2) Zuari Investments Limited (upto 30<sup>th</sup> March, 2009)
- (3) Zuari Insurance Brokers Limited (a subsidiary of Zuari Investments Limited) (upto 30<sup>th</sup> March, 2009)
- (4) Zuari Commodity Trading Limited (a subsidiary of Zuari Investments Limited) (upto 30<sup>th</sup> March, 2009)
- (5) Zuari Financial Services Limited (a subsidiary of Zuari Investments Limited) (upto 30<sup>th</sup> March, 2009)

\* Refer footnote (v) in Note no. 13 above.

iv) Key Management Personnel of the Company:

- (1) Mr. H.S. Bawa, Managing Director

v) Relatives of Key Management Personnel of the Company:

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

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Schedule - 18 Contd.

Related Party disclosures under accounting standard-18

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

(Rs. in Lacs)

Sl. No	Transaction details	2009 - 10					2008 - 09				
		Subsidiaries	Joint Ventures	Associates	Key management personnel (KMP)	Relatives of KMP	Subsidiaries	Joint Ventures	Associates	Key management personnel (KMP)	Relatives of KMP
	Transactions during the year										
<b>1</b>	<b>Payment made on their behalf</b>										
	- Indian Furniture Products Limited	0.54	-	-	-	-	0.77	-	-	-	-
	- Zuari Seeds Limited	15.20	-	-	-	-	8.56	-	-	-	-
	- Simon India Limited	0.24	-	-	-	-	15.98	-	-	-	-
	- Zuari Infrastructure & Developers Limited	0.86	-	-	-	-	114.47	-	-	-	-
	- Zuari Maroc Phosphates Limited	-	189.47	-	-	-	-	129.70	-	-	-
	- Paradeep Phosphates Limited	-	32.88	-	-	-	-	85.87	-	-	-
	- Zuari Investments Limited	0.11	-	-	-	-	-	-	0.15	-	-
	- Style Spa Furniture Limited	-	-	0.04	-	-	-	-	0.02	-	-
	- Zuari Developers Limited	202.13	-	-	-	-	54.47	-	-	-	-
	- Zuari Rotem Speciality Fertilisers Limited	-	11.43	-	-	-	-	14.26	-	-	-
	- Zuari Holdings Limited	0.51	-	-	-	-	-	-	-	-	-
	- Zuari Fertiliseres & chemicals Ltd	7.78	-	-	-	-	-	-	-	-	-
	- Gulbarga Cements Ltd.	247.31	-	-	-	-	-	-	-	-	-
	- Zuari Indian Oiltanking Limited	-	16.79	-	-	-	-	0.11	-	-	-
<b>2</b>	<b>Payment made on our behalf</b>										
	- Paradeep Phosphates Limited	-	0.06	-	-	-	-	1.71	-	-	-
	- Style Spa Furniture Limited	-	-	0.44	-	-	-	-	0.57	-	-
	- Simon India Limited	0.63	-	-	-	-	-	-	-	-	-
	- Zuari Seeds Limited	0.10	-	-	-	-	3.95	-	-	-	-
	- Zuari Investments Limited	2,270.95	-	-	-	-	-	-	615.11	-	-
	- Zuari Indian Oiltanking Limited	-	-	-	-	-	-	4.11	-	-	-
	- Zuari Maroc Phosphates Limited	-	18.85	-	-	-	-	-	-	-	-
<b>3</b>	<b>Equity contribution made</b>										
	- Zuari Seeds Limited	-	-	-	-	-	91.97	-	-	-	-
	- Zuari Rotem Speciality Fertilisers Limited	-	99.08	-	-	-	-	222.31	-	-	-
	- Zuari Investments Limited	-	-	-	-	-	-	-	1,063.62	-	-
	- Gulbarga Cement Limited	596.27	-	-	-	-	5.00	-	-	-	-
	- Zuari Maroc Phosphates Limited	-	2,841.63	-	-	-	-	-	-	-	-
	- Globex India Ltd.	13.40	-	-	-	-	-	-	-	-	-
	- Zuari Fertiliseres & Chemicals Ltd	5.00	-	-	-	-	-	-	-	-	-
	- Zuari Developers Ltd.	4.00	-	-	-	-	-	-	-	-	-
<b>4</b>	<b>Sale of Investments</b>										
	- Zuari Investments Limited	382.23	-	-	-	-	-	-	-	-	-
<b>5</b>	<b>Purchase of Assets</b>										
	- Indian Furniture Products limited	2.64	-	-	-	-	9.80	-	-	-	-
	- Style Spa Furniture Limited	-	-	1.32	-	-	-	-	1.46	-	-
	- Zuari Seeds Limited	-	-	-	-	-	1.06	-	-	-	-

## Schedule - 18 Contd.

(Rs. in Lacs)

Sl. No	Transaction details	2009 - 10					2008 - 09				
		Subsidiaries	Joint Ventures	Associates	Key management personnel (KMP)	Relatives of KMP	Subsidiaries	Joint Ventures	Associates	Key management personnel (KMP)	Relatives of KMP
<b>6</b>	<b>Redemption of Preference Shares</b>										
	- Zuari Maroc Phosphates Limited (Including premium on Redemption)	-	5,307.35	-	-	-	-	-	-	-	-
<b>7</b>	<b>Sale of Assets</b>										
	- Paradeep Phosphates Limited	-	-	-	-	-	6.18	-	-	-	-
<b>8</b>	<b>Purchase of Investments</b>										
	- Zuari Developers Limited	-	-	-	-	828.82	-	-	-	-	-
<b>9</b>	<b>Service charges paid</b>										
	- Zuari Indian Oiltanking Limited	-	116.81	-	-	-	109.11	-	-	-	-
<b>10</b>	<b>Inter-corporate Deposits / loans given</b>										
	- Zuari Infrastructure & Developers Limited	-	-	-	-	-	-	-	-	-	-
	- Zuari Developers Limited	1,175.00	-	-	-	5,000.00	-	-	-	-	-
	- Zuari Investments Limited	800.00	-	-	-	-	-	250.00	-	-	-
	- Indian Furniture Products Limited	100.00	-	-	-	1,000.00	-	-	-	-	-
	- Gulbarga Cement Limited	495.00	-	-	-	932.32	-	-	-	-	-
<b>11</b>	<b>Receipt of Inter-corporate Deposits / loans given</b>										
	- Indian Furniture Products limited	452.48	-	-	-	430.26	-	-	-	-	-
	- Zuari Infrastructure & Developers Limited	-	-	-	-	4,981.00	-	-	-	-	-
	- Zuari Investments Limited	665.00	-	-	-	-	-	250.00	-	-	-
	- Zuari Developers Limited	-	-	-	-	712.00	-	-	-	-	-
<b>12</b>	<b>Rent paid</b>										
	- H.S.Bawa	-	-	-	70.61	-	-	-	64.19	-	-
	- Ms. Veena Bawa	-	-	-	-	24.45	-	-	-	22.23	-
	- Ms. Seema Behl	-	-	-	-	2.68	-	-	-	2.73	-
<b>13</b>	<b>Repayment of Fixed deposit accepted</b>										
	- Ms. Meenakshi Bawa	-	-	-	-	-	-	-	-	13.50	-
	- Ms. Seema Behl	-	-	-	-	2.50	-	-	-	-	-
<b>14</b>	<b>Managerial remuneration</b>										
	- Mr. H.S.Bawa	-	-	-	205.61	-	-	-	177.05	-	-
<b>15</b>	<b>Interest paid on Fixed deposits</b>										
	- Ms. Meenakshi Bawa	-	-	-	-	-	-	-	-	0.75	-
	- Ms. Seema Behl	-	-	-	-	0.10	-	-	-	0.23	-
<b>16</b>	<b>Brokerage Paid</b>										
	Zuari Investments Limited	11.79	-	-	-	-	-	1.09	-	-	-

ZUARI INDUSTRIES LIMITED



Schedule - 18 Contd.

(Rs. in Lacs)

Sl. No	Transaction details	2009 - 10					2008 - 09				
		Subsidiaries	Joint Ventures	Associates	Key management personnel (KMP)	Relatives of KMP	Subsidiaries	Joint Ventures	Associates	Key management personnel (KMP)	Relatives of KMP
17	<b>Purchase of finished goods, spares, cement, etc</b>										
	- Zuari Seeds Limited	277.96	-	-	-	-	1,266.53	-	-	-	-
	- Zuari Rotem Speciality Fertilisers Limited	-	2,251.43	-	-	-	-	-	-	-	-
18	<b>Interest Income</b>										
	- Indian Furniture Products Limited	194.75	-	-	-	-	141.99	-	-	-	-
	- Zuari Infrastructure & Developers Limited	-	-	-	-	-	356.52	-	-	-	-
	- Zuari Investments Limited	19.30	-	-	-	-	-	-	0.24	-	-
19	<b>Dividend Received</b>										
	- Zuari Indian Oiltanking Limited	-	75.15	-	-	-	-	75.15	-	-	-
	- Style Spa Furniture Limited	-	-	40.00	-	-	-	-	40.00	-	-
20	<b>Lease Rentals Received</b>										
	- Zuari Indian Oiltanking Limited	-	106.95	-	-	-	-	92.34	-	-	-
21	<b>Corporate Guarantee issued</b>										
	- Simon India Limited	300.00	-	-	-	-	16,284.00	-	-	-	-
	- Zuari Seeds Limited	1,000.00	-	-	-	-	-	-	-	-	-
22	<b>Corporate Guarantee Withdrawn</b>										
	- Simon India Limited	-	-	-	-	-	915.00	-	-	-	-
	- Style Spa Furniture Limited	-	-	1,325.00	-	-	-	-	-	-	-
23	<b>Advances given</b>										
	- Zuari Seeds Limited	530.09	-	-	-	-	1,071.37	-	-	-	-
	- Zuari Investments Limited	2,575.00	-	-	-	-	-	-	652.65	-	-
24	<b>Advance for purchase of Equity Shares</b>										
	- Gulbarga Cement Limited	-	-	-	-	-	596.27	-	-	-	-
25	<b>Management Fees</b>										
	- Zuari Indian Oiltanking Limited	-	13.81	-	-	-	-	-	-	-	-
26	<b>Refund of Security Deposit</b>										
	- Ms. Seema Behl	-	-	-	-	22.20	-	-	-	-	-

## Schedule - 18 Contd.

## Balance Outstanding at the year end

(Rs. in Lacs)

Sl. No	Transaction details	2009 - 10					2008 - 09				
		Subsidiaries	Joint Ventures	Associates	Key management personnel (KMP)	Relatives of KMP	Subsidiaries	Joint Ventures	Associates	Key management personnel (KMP)	Relatives of KMP
<b>1</b>	<b>Rent Security Deposit</b>										
	- H.S.Bawa	-	-	-	7.20	-	-	-	7.20	-	
	- Ms. Seema Behl	-	-	-	-	-	-	-	-	22.22	
	- Ms.Veena Bawa	-	-	-	-	7.50	-	-	-	7.50	
<b>2</b>	<b>Fixed Deposits</b>	-	-	-	-	-	-	-	-	-	
	- Ms. Seema Behl	-	-	-	-	-	-	-	-	2.50	
<b>3</b>	<b>Interest on Fixed Deposits</b>	-	-	-	-	-	-	-	-	-	
	- Ms. Seema Behl	-	-	-	-	-	-	-	-	0.53	
<b>4</b>	<b>Loan/ ICD Given</b>										
	- Indian Furniture Products Limited	1,508.04	-	-	-	-	1,860.52	-	-	-	
	- Gobind Sugar Mills Limited	-	-	-	-	-	-	1,050.00	-	-	
	- Zuari Developers Limited	5,463.00	-	-	-	-	4,288.00	-	-	-	
	- Gulbarga Cement Limited	1,427.32	-	-	-	-	932.32	-	-	-	
	- Zuari Investment Limited	135.00	-	-	-	-	-	-	-	-	
<b>5</b>	<b>Interest on Loan</b>										
	- Gobind Sugar Mills Limited	-	-	-	-	-	-	13.37	-	-	
	- Zuari Infrastructure & Developers Limited	-	-	-	-	-	296.51	-	-	-	
	- Indian Furniture Products Limited	-	-	-	-	-	0.24	-	-	-	
<b>6</b>	<b>As Creditors</b>										
	- Zuari Indian Oiltanking Limited	-	-	-	-	-	-	9.39	-	-	
	- Zuari Maroc Phosphates Limited	-	18.84	-	-	-	-	-	-	-	
	- Zuari Rotem Speciality Fertilisers Limited	-	274.47	-	-	-	-	-	-	-	
	- Style Spa Furniture Limited	-	-	0.34	-	-	-	-	-	-	
<b>7</b>	<b>As Debtors/ Advances Recoverable</b>										
	- Zuari Fertilisers & Chemicals Ltd	7.78	-	-	-	-	-	-	-	-	
	- Zuari Maroc Phosphates Limited	-	-	-	-	-	-	132.08	-	-	
	- Paradeep Phosphates Limited	-	9.25	-	-	-	-	15.45	-	-	
	- Style Spa Furniture Limited	-	-	-	-	-	-	-	0.02	-	
	- Zuari Holdings Limited	0.12	-	-	-	-	-	-	-	-	
	- Zuari Rotem Speciality Fertilisers Limited	-	-	-	-	-	-	3.31	-	-	
	- Indian Furniture Products Ltd	0.29	-	-	-	-	-	-	-	-	
	- Globex Limited	2.01	-	-	-	-	-	-	-	-	
<b>8</b>	<b>Advances Given</b>										
	- Zuari Seeds Limited	939.39	-	-	-	-	671.38	-	-	-	
	- Zuari Infrastructure & Developers Limited	-	-	-	-	-	117.47	-	-	-	
	- Gulbarga Cement Limited	45.86	-	-	-	-	596.27	-	-	-	
	- Zuari Investment Limited	54.05	-	-	-	-	36.60	-	-	-	
	- Zuari Developers Limited	1.10	-	-	-	-	54.70	-	-	-	
	- Simon India Limited	-	-	-	-	-	0.53	-	-	-	
<b>9</b>	<b>Corporate Guarantee</b>										
	- Zuari Seeds Limited	2,180.00	-	-	-	-	1,180.00	-	-	-	
	- Indian Furniture Products Limited	4,650.00	-	-	-	-	4,650.00	-	-	-	
	- Simon India Limited	16,584.00	-	-	-	-	16,284.00	-	-	-	
	- Style Spa Furniture Limited	-	-	-	-	-	-	1,325.00	-	-	

**Schedule - 18 Contd.**

## 17. Earnings Per Share (EPS):

Particulars	Year ended 31.03.2010	Year ended 31.03.2009
Profit after taxation as per Profit and Loss Account (Rs. in lacs)	15,696.09	9,328.47
Number of shares used in computing earnings per share – Basic and Diluted	2,94,40,604	2,94,40,604
Earnings per share - Basic and diluted (in Rupees)	53.31	31.69
Face value per share (in Rupees)	10.00	10.00

## 18. Deferred Tax (Liability) / Assets consists of:

(Rs. in Lacs)

Particulars	As on 31-03-09	Current Year (Charge)/Credit	As on 31-03-10
Book/Tax depreciation difference	(2,978.40)	44.28	(2,934.12)
Voluntary Retirement Scheme (VRS)	0.52	(0.52)	-
Others	126.26	10.93	137.19
Provision for Fertilizer Companies Govt. of India Bonds	478.76	1,361.92	1,840.68
Provision for doubtful debts	32.10	(1.98)	30.12
Provision for leave encashment	572.72	340.51	913.23
Total Deferred Tax (Liability) / Asset	(1,768.04)	1,755.14	(12.90)

## 19. 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 profit & loss account and the funded status and amounts recognized in the balance sheet.

**Profit and Loss account**Net employee benefit expense (recognized in Employee Cost) for the year ended 31<sup>st</sup> March, 2010

(Rs. in Lacs)

Particulars	2009-10	2008-09
Current Service Cost	132.98	88.16
Interest cost on benefit obligation	92.90	101.66
Expected return on plan assets	(124.65)	(125.50)
Net actuarial (gain)/loss recognized in the year	130.27	(34.75)
Past service cost	-	6.91
<b>Net benefit expense</b>	<b>231.50*</b>	36.48
Actual return on plan assets	134.14	115.61

\* excluding Rs. 5.39 lacs (Previous year Nil) in respect of earlier years liabilities adjusted.

Schedule - 18 Contd.

Balance sheet

Details of Provision for gratuity benefits as at 31<sup>st</sup> March, 2010:

(Rs. in Lacs)

Particulars	2009-10	2008-09	2007-08	2006-07
Defined benefit obligation	1,628.06	1,385.16	1,300.10	1,107.04
Fair value of plan assets	1,398.87	1,387.35	1,306.86	1,116.31
Less : Unrecognized Past service cost	–	–	–	–
Plan asset/(liability)	(229.19)	2.19*	6.76*	9.27*
Experience gain/(loss) on obligation	47.22	–	–	–
Experience adjustment on plan assets	9.49	–	–	–

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

Changes in the present value of the defined benefit obligation for the year ended 31<sup>st</sup> March, 2010 are as follows:

(Rs. in Lacs)

Particulars	2009-10	2008-09
Opening defined benefit obligation	1,385.16	1,300.10
Interest cost	92.90	101.66
Current service cost	132.98	88.16
Benefits paid	(122.74)	(65.48)
Actuarial (gains)/losses on obligation	139.76	(39.29)
Closing defined benefit obligation	1,628.06	1,385.16

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

(Rs. in Lacs)

Particulars	2009-10	2008-09
Opening fair value of plan assets	1,387.35	1,306.86
Adjustment to opening balance	0.12	–
Expected return	124.65	125.50
Contributions by employer	–	25.00
Benefits paid	(122.74)	(65.48)
Actuarial gains/(losses)	9.48	(4.53)
Closing fair value of plan assets	1,398.87	1,387.35

The Company expects to contribute Rs 229.19 lacs towards gratuity fund during the year 2010-11.

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

Particulars	2009-10	2008-09
Investment with insurer (Life Insurance Corporation of India)	100%	100%

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

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

Particulars	2009-10	2008-09
Discount Rate	7%	7%
Expected rate of return on assets	9.40%	9.30%
Increase in Compensation cost	7.50%	5%
Employee turnover	0.50%	0.50%

## Schedule - 18 Contd.

- 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 fourth 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 previous three years and not for the one year prior to that.

## B. Defined Contribution Plan

(Rs. In lacs)

Particulars	2009 – 10	2008 – 09
Contribution to Provident Fund	291.45	264.29
Contribution to Superannuation Fund	201.58	167.25
Contribution to Contributory pension fund	144.24	112.42
<b>Total</b>	<b>637.27</b>	<b>543.96</b>

20. Following investments were purchased and sold during the year :

Sr. No.	Name of the Fund House	Name of the Plan / Scheme	Purchased During the year		Sold During the year	
			Units	Amount (Rs. in lacs)	Units	Amount (Rs. in lacs)
1	SBI Mutual Fund	SBI Insta Cash Fund -Daily Dividend	50,39,81,036	84,418.34	53,32,47,343	89,320.53
2	RELIANCE Mutual Fund	Reliance Liquidity Fund-Daily Dividend Re-investment Option	89,94,67,995	89,975.25	76,53,05,034	76,554.31
3	RELIANCE Mutual Fund	Reliance Medium Term Fund-Daily Dividend Plan	7,34,32,315	12,553.62	7,34,32,315	12,553.62
4	TATA Mutual Fund	TATA Liquid Super High Investment Fund - Daily Dividend	92,05,749	1,02,599.92	82,02,189	91,415.03
5	ICICI Mutual Fund	PRU ICICI Institutional Liquid Plan - Super Institutional Daily Dividend	6,23,71,879	62,509.72	5,23,54,862	52,470.57
6	ICICI Mutual Fund	ICICI Prudential Flexible Income Plan Premium - Daily Dividend	18,51,87,614	19,580.81	18,51,87,614	19,580.81
7	HSBC Mutual Fund	HSBC Cash Fund- Institutional Plus - Daily Dividend	2,00,06,146	2,001.73	2,00,06,146	2,001.73
8	KOTAK Mutual Fund	Kotak Liquid (Institutional Premium) - Daily Dividend	42,22,00,979	51,627.16	42,22,00,979	51,627.16
9	KOTAK Mutual Fund	Kotak Floater Long Term - Daily Dividend	22,80,62,666	22,988.26	22,80,62,666	22,988.26
10	CANARA Robeco Mutual Fund	Canara Robeco Liquid Super Instt Daily Div Reinvest Fund	7,68,31,108	7,714.61	7,68,31,108	7,714.61
11	CANARA Robeco Mutual Fund	Canara Robeco Treasury Advantage Super Instt Daily Div Reinv Fund	5,09,89,608	6,326.33	5,09,89,608	6,326.33
12	DEUCHE Mutual Fund	DWS Insta Cash Plus Fund - Super Institutional Plan Daily Dividend	9,77,31,866	9,802.90	9,77,31,866	9,802.90
13	DEUCHE Mutual Fund	DWS Ultra Short Term Fund - Institutional Daily Dividend	12,34,16,098	12,363.70	12,34,16,098	12,363.70
14	HDFC Mutual Fund	HDFC Cash Management Fund - Savings Plan - Daily Dividend Reinvestment	2,6,39,10,120	28,070.54	14,48,26,037	15,404.28
15	HDFC Mutual Fund	HDFC Cash Management Fund - Treasury Advantage Plan -Wholesale - Daily Dividend* , Option :	12,45,20,342	12,491.26	12,45,20,342	12,491.26
16	UTI Mutual Fund	UTI Liquid Cash Management - Daily Dividend	9,81,000	10,000.76	9,81,000	10,000.76
17	UTI Mutual Fund	UTI Treasury Advantage Fund - Institutional Plan (Daily Dividend Option) - Re-investment	27,07,367	27,600.14	19,71,455	20,097.92
18	BIRLA Mutual Fund	Birla Cash Plan Daily Dividend	8,98,48,879	9,002.41	-	-
19	IDFC Mutual Fund	IDFC Cash Plan Daily Dividend	2,49,99,695	2,500.59	-	-

**Schedule - 18 Contd.**

21. (a) Fertiliser Companies' Government of India Special Bonds :

Sl.No.	Description	As at 31 <sup>st</sup> March, 2010 (Rs. in lacs)	As at 31 <sup>st</sup> March, 2009 (Rs. in lacs)
1.	7.00% Fertiliser Companies' Government of India Special Bonds 2022 (at lower of Cost and Market Value)	11,596.89	12,489.75
2.	6.20 % Fertiliser Companies' Government of India Special Bonds 2022 (at lower of Cost and Market Value)	7,425.56	8,484.47
3.	6.65 % Fertiliser Companies' Government of India Special Bonds 2023 (at lower of Cost and Market Value)	19,879.47	21,934.56
	<b>Total</b>	<b>38,901.92</b>	<b>42,908.78</b>

(b) Provision for diminution in value of Fertilizer Companies' Government of India Special bonds has been done on the basis of quotation received from stock brokers for the closing stocks of respective GOI Bonds.

22. Interest accrued on loans shown under Other Current Assets includes an amount of Rs. Nil (previous year Rs. 296.75 lacs) receivable from subsidiaries.

23. Loan to employees and interest accrued on employee's loan include amount due from officer of the Company Rs.4.49 lacs (previous year Rs.6.17 lacs) and Rs.3.90 lacs (previous year Rs.3.65 lacs) respectively. Maximum amount outstanding at any time during the year is Rs.6.17 lacs (previous year Rs.7.85 lacs) and Rs.3.65 lacs (previous year 3.09 lacs) in respect of loan and interest accrued respectively.

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

(Rs. in Lacs)

Sl.No.	Particulars	2009-10	2008-09
i)	The principal amount and the interest due thereon remaining unpaid to any supplier:		
	– Principal amount	3.90	Nil
	– Interest thereon	0.03	0.40
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	Nil	Nil
v)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small investor	Nil	Nil

25. (a) Stage III of the New Pricing Scheme (NPS) for urea was in operation from 1<sup>st</sup> October, 2006 to 31<sup>st</sup> March, 2010. As per this scheme, all naphtha based units (including the company) were required to take steps for conversion to natural gas/ liquid natural gas by 31<sup>st</sup> March, 2010. The Company has initiated necessary steps for conversion. Government of India vide notification dated 17<sup>th</sup> March 2010 has extended till further orders the provisions of Stage III of NPS.

(b) Subsidy for Urea has been accounted based on Stage III parameters of the New Pricing Scheme and other adjustments as estimated in accordance with known policy parameters in this regard.

(c) Pending announcement of final rates of concession for complex fertilizers for the month of July 2009 to March 2010, the concession for this period has been estimated based on the known policy parameters in this regard and the difference between the notified base rates and estimated rates of concession amounting to Rs.15,873.97 lacs has been accounted as payable to Government of India.



## Schedule - 18 Contd.

- (d) Government subsidies include Rs. 3,396.89 lacs (previous year of Rs. 1,126.84 lacs) in respect of earlier years, notified during the year.
26. The Revenue Department of the Government of Goa has issued a notification under sub-section (1) of Section 4 of the Land Acquisition Act, 1894 on 5<sup>th</sup> February, 2007 and further notification on 19<sup>th</sup> April, 2007 proposing to acquire 1,59,700 sq. mts. of the land belonging to Company for public purpose. The 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.
27. The agreement with Zuari Maroc Phosphates Limited (ZMPL) for providing management services to Paradeep Phosphates Limited, which got suspended on 1<sup>st</sup> October, 2005, continues to remain so and consequently no management service fee has been accounted for during the year.
28. Investments
- The Company has invested a sum of Rs.1,428.23 lacs in the equity shares of Nagarjuna Fertilizers and Chemicals Limited (NFCL). The market value of these investments at the year end is Rs.1,311.91 lacs. Hence, there is a diminution in the value of this investment by Rs.116.32 lacs.
  - The Company has an investment of Rs. 258.90 lacs in the equity shares of Lionel India Limited (LIL). As per the latest audited financial statements of LIL, it has accumulated losses which have resulted in erosion of a major portion of its net worth. LIL has incurred losses in the last three financial years.
  - The Company has invested a sum of Rs. 2,856.69 lacs in the equity shares of some of the 100% subsidiaries. Further, the Company has given a trade advance of Rs.939.39 lacs to one of the subsidiary and loan of Rs.6,890.32 lacs to two of the subsidiaries. As per the latest audited financial statements of these subsidiaries, accumulated losses of these subsidiaries have resulted in erosion of their net worth.
- These being long term investments and also in view of the projected profitable operations of the above companies, management is of the view that the diminution in the value of these investments is temporary in nature and hence no provision (other than the provision accounted for in an earlier year in respect of a subsidiary) is required to be made thereagainst.
29. Under instructions from the Special Court (Trial of Offences relating to Transactions in Securities) Act, 1992 and in respect of shareholders who could not exercise their rights in view of disputes, mistakes, discrepancy in holdings, etc., 10,564 (previous year 10,564) Rights' Equity Shares entitlements have been kept in abeyance pursuant to Section 206A of the Companies Act, 1956.
30. Previous year's figures have been regrouped / recasted, wherever necessary to confirm to this year's classification.

As per our report of even date.

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

H.S. BAWA  
Managing Director

S. K. Poddar  
Chairman

D. B. Engineer  
Director

Per ANIL GUPTA  
Partner  
Membership No. : 87921

Binayak Datta  
Vice President - Finance

R.Y.PATIL  
GM-Legal Affairs  
& Company Secretary

Place : Gurgaon  
Date : 8<sup>th</sup> May, 2010

Place : New Delhi  
Date : 8<sup>th</sup> May, 2010

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

I. Registration Details

State

Registration No.        
 Balance Sheet Date

II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue	<input type="text" value="-"/>	Rights Issue	<input type="text" value="-"/>
Bonus Issue	<input type="text" value="-"/>	On Amalgamation	<input type="text" value="-"/>

III. Position of Mobilisation and Deployment of funds (Amount in Rs. Thousands)

Sources of Funds	Total Liabilities	<input type="text" value="2"/> <input type="text" value="8"/> <input type="text" value="2"/> <input type="text" value="7"/> <input type="text" value="5"/> <input type="text" value="8"/> <input type="text" value="8"/> <input type="text" value="6"/>	Total Assets	<input type="text" value="2"/> <input type="text" value="8"/> <input type="text" value="2"/> <input type="text" value="7"/> <input type="text" value="5"/> <input type="text" value="8"/> <input type="text" value="8"/> <input type="text" value="6"/>
	Paid-up Capital	<input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="2"/> <input type="text" value="9"/> <input type="text" value="4"/> <input type="text" value="4"/> <input type="text" value="1"/> <input type="text" value="1"/>	Reserves & Surplus	<input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="3"/> <input type="text" value="9"/> <input type="text" value="4"/> <input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="9"/>
	Secured loans	<input type="text" value="-"/> <input type="text" value="6"/> <input type="text" value="0"/> <input type="text" value="2"/> <input type="text" value="7"/> <input type="text" value="8"/> <input type="text" value="9"/> <input type="text" value="1"/>	Unsecured Loans	<input type="text" value="-"/> <input type="text" value="4"/> <input type="text" value="7"/> <input type="text" value="9"/> <input type="text" value="7"/> <input type="text" value="4"/> <input type="text" value="2"/> <input type="text" value="7"/>
	Deferred Payment Creditors	<input type="text" value="-"/>	Defered tax liability (net)	<input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="9"/> <input type="text" value="0"/>
Application of Funds	Net Fixed Assets	<input type="text" value="1"/> <input type="text" value="8"/> <input type="text" value="9"/> <input type="text" value="8"/> <input type="text" value="8"/> <input type="text" value="8"/> <input type="text" value="8"/>	Investments	<input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="4"/> <input type="text" value="6"/> <input type="text" value="5"/> <input type="text" value="2"/> <input type="text" value="7"/> <input type="text" value="4"/>
	Net Current Assets	<input type="text" value="9"/> <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="7"/> <input type="text" value="6"/>	Misc. Expenditure	<input type="text" value="-"/>
	Deferred Tax Assets (net)	<input type="text" value="-"/>	Accumulated Losses	<input type="text" value="-"/>

IV. Performance of Company (Amount in Rs. Thousands)

Turnover	<input type="text" value="4"/> <input type="text" value="3"/> <input type="text" value="8"/> <input type="text" value="0"/> <input type="text" value="2"/> <input type="text" value="5"/> <input type="text" value="7"/> <input type="text" value="6"/>	Total Expenditure	<input type="text" value="4"/> <input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="0"/> <input type="text" value="6"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="1"/>
+ - Profit/Loss Before Tax	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="6"/> <input type="text" value="3"/> <input type="text" value="7"/> <input type="text" value="5"/>	+ - Profit/Loss After Tax	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="6"/> <input type="text" value="9"/> <input type="text" value="6"/> <input type="text" value="1"/> <input type="text" value="0"/>
(please tick Appropriate box +for Profit, - for loss)			
Earning Per Share in Rs.	<input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="5"/> <input type="text" value="3"/> <input type="text" value="."/> <input type="text" value="3"/> <input type="text" value="1"/>	Dividend @ %	<input type="text" value="-"/> <input type="text" value="4"/> <input type="text" value="5"/>

V. Generic Names of Three Principal Products/Services of the Company (as per Monetary terms)

Item Code No.           
 (ITC Code)  
 Product Description      
 Item Code No.           
 (ITC Code)  
 Product Description



### Consolidated Financial Statements

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

1. We have audited the attached consolidated balance sheet of Zuari Industries Limited (the "Company"), its subsidiaries, joint ventures and associates (collectively, the "Zuari Group") as at March 31, 2010, the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of certain subsidiaries of the Company, whose financial statements reflect total assets of Rs. 13,770.66 lacs as at March 31, 2010, total revenues of Rs. 1,133.66 lacs and cash flows amounting to Rs. (80.09) lacs for the year then ended. We also did not audit the financial statements of certain joint ventures of the Company, whose financial statements reflect total assets of Rs. 1,25,309.45 lacs (being the proportionate share of the Zuari Group) as at March 31, 2010, total revenues of Rs. 1,59,377.44 lacs (being the proportionate share of the Zuari Group) and cash flows amounting to Rs. 305.27 lacs (being the proportionate share of the Zuari Group) for the year then ended. The financial statements and other financial information of these subsidiaries and joint ventures have been audited by other auditors, whose reports have been furnished to us and our opinion, insofar as it relates to the amounts included in respect of these subsidiaries and joint ventures, is based solely on the reports of the other auditors.
4. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21 'Consolidated Financial Statements', Accounting Standard (AS) 23 'Accounting for Investments in Associates in Consolidated Financial Statements' and Accounting Standard (AS) 27 'Financial Reporting of Interests in Joint Ventures', notified pursuant to the Companies (Accounting Standards) Rules, 2006, (as amended).
5. Without qualifying our report, we draw attention to the following notes appearing in Schedule 18 to the financial statements:-
  - a. Pending announcement of final rates of concession for Di-ammonium phosphate, Muriate of Potash and complex fertilizers for the period from July 1, 2009 to March 31, 2010, the parent company and a subsidiary of a joint venture have accounted for the difference of Rs. 19,265.76 lacs (including Rs. 3,391.79 lacs in respect of subsidiary of (Subject to para 3(b) above regarding consolidated unaudited financial statements of a subsidiary) a joint venture, being proportionate share of Zuari Group) between the notified base rates and estimated final concession as payable to Government of India (Refer note 12 (c) and 12 (e) in Schedule 18 of the financial statements). We have relied on such estimation of the management.
  - b. Note No. 32 in Schedule regarding short term inter-corporate deposit ('ICD') amounting to Rs. 1,000 lacs placed with Straight Curve Ideas Private Limited in previous year by one of the subsidiary company. The ICD is secured in the manner stated in the above note. Hence, the management is of the view that the ICD is fully recoverable and no provision has been made in the accompanying financial statements in this regard.
  - c. Note No. 45 (b) (i) in Schedule 18 regarding managerial remuneration paid beyond the limits specified under Schedule XIII to the Companies Act, 1956 amounting to Rs. 11.16 lacs, consequent to the reappointment of the Managing Director with effect from November 1, 2009 in one of the subsidiary companies. The company has since applied to Central Government for the approval. Pending the final outcome of the Company's application, no adjustments have been made to the accompanying financial statements in this regard.
6. 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, (Subject to para 3(b) above regarding consolidated unaudited financial statements of a subsidiary) we are of the opinion that the attached consolidated financial statements of the Zuari Group give a true and fair view in conformity with the accounting principles generally accepted in India:
  - a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Zuari Group as at March 31, 2010;
  - b) in the case of the Consolidated Profit and Loss Account, of the profit of the Zuari Group for the year then ended; and
  - c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Zuari Group for the year then ended.

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

per Anil Gupta  
Partner

Place : Gurgaon  
Date : 8<sup>th</sup> May, 2010

Membership No.: 87921

**Consolidated Financial Statements**

**CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2010**

	Schedule No.	As at 31 <sup>st</sup> March, 2010		As at 31 <sup>st</sup> March, 2009	
		Rs. in lacs	Rs. in lacs	Rs. in lacs	Rs. in lacs
<b>I. SOURCES OF FUNDS</b>					
(1) Shareholders' funds :.....					
(a) Share capital.....	1	2,944.11		2,944.11	
(b) Reserves and surplus.....	2	1,33,018.66		1,09,214.82	
			1,35,962.77		1,12,158.93
Minority Interest (Refer note 42 in Schedule 18).....			7,442.88		6,648.39
(2) Loan funds :					
(a) Secured loans.....	3	1,15,848.59		67,798.15	
(b) Unsecured loans.....	4	53,053.34		31,100.14	
			1,68,901.93		98,898.29
(3) Deferred tax liabilities (net) (Refer note 8 in schedule 18) Total			403.23		2,143.13
			<u>3,12,710.81</u>		<u>2,19,848.74</u>
<b>II. APPLICATION OF FUNDS</b>					
(1) Goodwill (Refer note 6 in schedule 18).....			19,632.17		19,297.87
(2) Fixed assets :.....	5				
(a) Gross block.....		88,765.16		84,972.64	
(b) Less:Accumulated depreciation and amortisation		56,337.48		52,828.43	
(c) Net block.....		32,427.68		32,144.21	
(d) Capital work-in-progress including capital advances		5,309.38		2,883.80	
			37,737.06		35,028.01
(3) Investments.....	6		86,508.72		93,438.63
(4) Deferred tax assets (net) (Refer note 8 in schedule 18)			1,751.93		25.30
(5) Current assets, loans and advances :					
(a) Inventories.....	7	65,602.24		89,569.99	
(b) Sundry debtors.....	8	1,02,126.74		1,52,823.45	
(c) Cash and bank balances.....	9	24,980.80		38,900.78	
(d) Other current assets.....	10	83,292.66		92,864.52	
(e) Loans and advances.....	11	11,104.23		22,926.69	
			2,87,106.67		3,97,085.43
Less : Current liabilities and provisions :					
(a) Current liabilities.....	12	1,11,667.09		3,18,396.27	
(b) Provisions.....	13	8,358.65		6,630.23	
			1,20,025.74		3,25,026.50
Net current assets.....			1,67,080.93		72,058.93
			<u>3,12,710.81</u>		<u>2,19,848.74</u>
Notes to consolidated accounts.....	18				

The schedules referred to above and the notes to consolidated accounts form an integral part of the Consolidated Balance Sheet.

As per our report of even date  
For S. R. BATLIBOI & CO.  
Firm's Registration No.: 301003E  
Chartered Accountants

H. S. BAWA  
Managing Director

S. K. PODDAR  
Chairman

D. B. ENGINEER  
Director

Per ANIL GUPTA  
Partner  
Membership No. : 87921

BINAYAK DATTA  
Vice President - Finance

R. Y. PATIL  
GM-Legal Affairs  
& Company Secretary

Place : Gurgaon  
Date : 8th May, 2010

Place : New Delhi  
Date : 8th May, 2010

**Consolidated Financial Statements****CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2010**

	Schedule No.	Year ended 31 <sup>st</sup> March, 2010		Year ended 31 <sup>st</sup> March, 2009	
		Rs. in lacs	Rs. in lacs	Rs. in lacs	Rs. in lacs
<b>INCOME</b>					
Sales including subsidy on fertilisers .....		5,89,583.51		8,77,039.97	
Less : Excise duty .....		563.93		873.55	
Sales (net) .....		5,89,019.58		8,76,166.42	
Income from engineering and other services (net of service tax)		27,123.17		12,982.24	
Income from terminalling services (net of service tax) .....		697.23		728.65	
Interest on Government of India Fertilizer Bonds .....		6,108.72		4,259.55	
Other income .....	14	13,253.41		29,282.20	
			6,36,202.11		9,23,419.06
<b>EXPENDITURE</b>					
Purchases of finished goods for resale .....		1,64,530.48		2,64,726.36	
Manufacturing and other expenses .....	15	4,06,614.70		6,17,544.49	
(Increase)/decrease in stocks .....	16	19,248.90		(17,720.70)	
Interest .....	17	5,646.75		9,148.00	
Depreciation / amortisation .....		4,041.22		3,854.84	
			6,00,082.05		8,77,552.99
<b>Profit before tax</b> .....			36,120.06		45,866.07
Provision for tax					
Current tax .....			12,762.02		10,814.17
MAT Credit entitlement .....			(9.10)		—
Current tax adjustment relating to earlier years .....			29.82		(0.63)
Deferred tax (credit) (Refer note 8 in Schedule 18) .....			(3,466.54)		(366.86)
Fringe benefit tax .....			—		135.57
Fringe benefit tax (credit) relating to earlier year .....			(6.12)		—
<b>Profit after tax</b> .....			26,809.98		35,283.82
Share in profits of Associates .....			72.45		151.22
Less: Share of minority interests in profit .....			1,521.14		5,198.48
Net profit attributable to shareholders of Zuari Industries Limited			25,361.29		30,236.56
Credit balance of profit and loss account brought forward .....			72,256.79		48,071.32
Balance available for appropriation .....			97,618.08		78,307.88
<b>Less : Appropriations</b>					
Proposed dividend on equity shares .....			1,324.83		883.22
Corporate dividend tax thereon .....			237.92		162.87
Transfer to general reserve .....			5,005.00		5,005.00
Balance carried to balance sheet .....			91,050.33		72,256.79
Earnings per share (in Rupees)					
Basic [Nominal value of shares Rs.10/- (previous year Rs.10/-)]			86.14		102.70
Diluted [Nominal value of shares Rs.10/- (previous year Rs.10/-)]			86.14		102.70
(Refer note 7 in schedule 18)					

Notes to consolidated accounts ..... 18

The schedules referred to above and the notes to consolidated accounts form an integral part of the Consolidated Profit and Loss account.

As per our report of even date  
For S. R. BATLIBOI & CO.  
Firm's Registration No.: 301003E  
Chartered Accountants

H. S. BAWA  
Managing Director

S. K. PODDAR  
Chairman

D. B. ENGINEER  
Director

Per ANIL GUPTA  
Partner  
Membership No. : 87921

BINAYAK DATTA  
Vice President - Finance

R. Y. PATIL  
GM-Legal Affairs  
& Company Secretary

Place : Gurgaon  
Date : 8th May, 2010

Place : New Delhi  
Date : 8th May, 2010

**Consolidated Financial Statements**

**CONSOLIDATED CASH FLOW STATEMENT**

PARTICULARS	Year ended 31 <sup>st</sup> March, 2010 (Rs. in Lacs)	Year ended 31 <sup>st</sup> March, 2009 (Rs. in Lacs)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Profit before tax	36,120.06	45,866.07
Adjustments For :		
Depreciation / Amortisation	4,041.22	3,854.84
Interest income	(8,863.52)	(8,520.31)
Dividend income	(2,932.76)	(2,703.70)
Provision for doubtful debts and advances	119.69	249.30
Interest expense	5,646.75	10,037.09
(Profit)/Loss on sale/discard of assets (net)	(281.55)	68.95
(Profit)/Loss on sale of current investments	(90.03)	(617.34)
(Profit)/Loss on sale of long term investments	(963.01)	-
Loss/(Gain) on Foreign exchange variation (net)	(1,021.68)	18,896.49
Diminution in the value of Fertiliser Companies'		
Government of India Special Bonds	6,823.74	1,497.95
Sundry balances written off	381.27	-
Provision for unclaimed Liability Written back	(4,725.90)	(20,969.41)
Loss on sale of Fertiliser Companies'		
Government of India Special Bonds	-	1,097.90
	<u>(1,865.78)</u>	<u>2,891.76</u>
<b>Operating Profit before Working Capital Changes</b>	<b>34,254.28</b>	<b>48,757.83</b>
Changes in :		
Inventories	23,967.76	(34,117.19)
Sundry debtors	62,912.15	(1,06,370.67)
Other current assets	1,822.26	(16,194.91)
Loans and advances	8,435.59	(5,690.26)
Current liabilities and provisions	(2,07,137.45)	2,29,444.35
Deferred payment creditors	-	(11,654.72)
	<u>(1,09,999.69)</u>	<u>55,416.59</u>
<b>Cash from/(used in) Operations</b>	<b>(75,745.41)</b>	<b>1,04,174.42</b>
Direct Taxes (Paid)	(9,461.72)	(12,377.34)
<b>Net Cash flow from (used in) Operating Activities (A)</b>	<b>(85,207.13)</b>	<b>91,797.08</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Interest received	11,309.92	6,762.26
Dividend received on Investments	2,932.91	2,703.69
Proceeds from sale of Fixed assets	431.86	30.62
Purchase of Fixed assets	(6,900.57)	(3,247.92)
Purchase of investments	(10,17,744.41)	4,20,208.49
Proceeds from sale/redemption of Investments	10,24,733.56	(4,70,994.50)
Fixed deposits with banks	(449.41)	(37,746.10)
Fixed deposits matured	31,281.16	4,413.00
Loans given to bodies corporate	(2,820.88)	(1,500.00)
Loans given to bodies corporate received back	2,645.88	300.00
<b>Net Cash flow from/(used in) Investing Activities (B)</b>	<b>45,420.02</b>	<b>(79,070.46)</b>

**Consolidated Financial Statements****Cashflow Statement Contd.**

PARTICULARS	Year ended 31 <sup>st</sup> March, 2010 (Rs.in Lacs)	Year ended 31 <sup>st</sup> March, 2009 (Rs.in Lacs)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Long Term Loans	1,657.29	5,354.11
Proceeds/(Repayment) of Short Term Loans	73,720.63	(2,703.09)
Repayment of Long Term Loans	(603.44)	(22,322.41)
Dividend Paid (including dividend tax)	(1,042.34)	(1,029.22)
Interest Paid	(17,039.60)	(8,726.07)
Net Cash flow from (used in) Financing Activities (C)	<u>56,692.54</u>	<u>(29,426.68)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS (A + B + C)	16,905.43	(16,700.07)
CASH AND CASH EQUIVALENTS (OPENING)		
Cash and Bank Balances	4,340.06	21,035.13
Cash/Bank Balance acquired on acquisition in a subsidiary (Refer Note 2)	815.86	5.00
CASH AND CASH EQUIVALENTS (CLOSING)		
Cash and Bank Balances (Refer Note 2)	22,061.35	4,340.06

- Notes : 1) Previous Year's figures have been regrouped wherever necessary to confirm to current year classification.  
2) Cash and cash equivalents consist of cash on hand and balances with banks. Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts excluding fixed deposits of Rs. 2,919.46 lacs (previous year Rs. 33,744.86 lacs) with an original maturity period of more than three months and margin money kept with bank and Rs. Nil (previous year Rs. 815.86 lacs) in respect of a subsidiary acquired on March 30, 2009.

	As at 31 <sup>st</sup> March, 2010 (Rs.in lacs)	As at 31 <sup>st</sup> March, 2009 (Rs.in lacs)
Cash on hand	6.46	4.31
With scheduled banks :		
On cash credit accounts	111.52	1,531.89
On current accounts	2,368.84	540.52
On EEFC account	1,113.53	801.17
On unpaid dividend accounts*	29.25	25.72
On interest warrant accounts*	48.91	97.77
On deposit accounts	<u>18,343.68</u>	<u>1,270.90</u>
	22,015.73	4,267.97
With other banks:		
Banque Saudi Fransi Bank	2.29	27.46
HSBC Bank, Dubai	14.10	-
Saudi British Bank	<u>22.77</u>	<u>40.32</u>
	39.16	67.78
Cash and cash equivalents	<u>22,061.35</u>	<u>4,340.06</u>

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

As per our report of even date  
For S. R. BATLIBOI & CO.  
Firm's Registration No.: 301003E  
Chartered Accountants

H. S. BAWA  
Managing Director

S. K. PODDAR  
Chairman

D. B. ENGINEER  
Director

Per ANIL GUPTA  
Partner  
Membership No. : 87921

BINAYAK DATTA  
Vice President - Finance

R. Y. PATIL  
GM-Legal Affairs  
& Company Secretary

Place : Gurgaon  
Date : 8th May, 2010

Place : New Delhi  
Date : 8th May, 2010

**Consolidated Financial Statements**

**SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET  
AS AT 31<sup>ST</sup> MARCH, 2010**

	As at 31 <sup>st</sup> March, 2010		As at 31 <sup>st</sup> March, 2009	
	Rs. in lacs	Rs. in lacs	Rs. in lacs	Rs. in lacs
<b>SCHEDULE 1</b>				
<b>SHARE CAPITAL</b>				
AUTHORISED :				
3,57,50,000 Equity Shares of Rs.10/- each .....		<b>3,575.00</b>		3,575.00
1,00,00,000 Redeemable Cumulative Preference Shares of Rs. 100/- each .....		<b>10,000.00</b>		10,000.00
		<u>13,575.00</u>		<u>13,575.00</u>
ISSUED:				
2,94,51,168 Equity Shares of Rs. 10/- each fully paid-up ..		<u>2,945.12</u>		<u>2,945.12</u>
SUBSCRIBED AND PAID-UP:				
2,94,40,604 Equity Shares of Rs.10/- each fully paid-up ... (Refer note 11 in schedule 18)		<b>2,944.06</b>		2,944.06
Add : Forfeited shares (amount paid-up) Equity Shares .....		<b>0.05</b>		0.05
		<u>2,944.11</u>		<u>2,944.11</u>
Of the above, 48,13,332 Equity Shares have been issued as fully paid-up for consideration other than cash				
<b>SCHEDULE 2</b>				
<b>RESERVES AND SURPLUS</b>				
CAPITAL REDEMPTION RESERVE :				
Balance as per last balance sheet .....		<b>412.49</b>		412.49
CAPITAL RESERVE :				
Balance as per last balance sheet .....		<b>0.01</b>		0.01
GENERAL RESERVE :				
Balance as per last balance sheet .....		<b>36,545.53</b>		31,540.53
Add : Transferred from profit and loss account .....		<b>5,005.00</b>		5,005.00
		<u>41,550.53</u>		<u>36,545.53</u>
FOREIGN CURRENCY TRANSLATION RESERVE:				
Exchange difference during the year on net investment in Non-integral operations .....		<b>5.30</b>		—
Balance in profit and loss account .....		<b>91,050.33</b>		72,256.79
		<u>1,33,018.66</u>		<u>1,09,214.82</u>



**Consolidated Financial Statements**

**SCHEDULE 3**

**SECURED LOANS**

(Refer note 26 in Schedule 18)

	As at 31 <sup>st</sup> March, 2010 Rs.in lacs	As at 31 <sup>st</sup> March, 2009 Rs.in lacs
1. Cash credits (including working capital demand loans) from banks .....	4,065.16	10,757.13
2. Buyers' credit from banks .....	59,640.08	8,228.56
3. Term loans from banks .....	2,636.44	1,583.21
4. Short term loans from banks .....	49,476.13	47,149.99
5. Term loan from a body corporate .....	—	12.67
6. Deferred credit on hire purchase / finance lease .....	7.63	24.87
7. External Commercial Borrowings .....	18.57	41.72
8. Interest accrued and due on term loan .....	4.58	—
	<u>1,15,848.59</u>	<u>67,798.15</u>

**SCHEDULE 4**

**UNSECURED LOANS**

1. Fixed deposits from public .....	474.27	1,246.60
2. Short term loans from banks .....	45,000.00	7,500.00
3. Buyers' credit from banks .....	—	3,821.25
4. Loan from Government of India .....	2,028.50	10,028.50
5. Interest accrued and due on loan from Government of India	2,135.72	7,512.50
6. Interest free sales tax deferral from the Government of Tamil Nadu	889.85	991.29
7. Commercial Paper (Short term) issued to a bank (Maximum amount raised at any time during the year Rs.7,500 lacs, previous year Nil) .....	2,500.00	—
8. Term Loan from others .....	25.00	—
	<u>53,053.34</u>	<u>31,100.14</u>

**Consolidated Financial Statements**  
**SCHEDULE 5**  
**FIXED ASSETS**

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Particulars	Gross Block						Depreciation/Amortisation			Net Block	
	As at 1.04.2009	Additions	Deletions	As at 31.03.10	As at 1.04.2009	For the year	On Deletions	As at 31.03.10	As at 31.03.10	As at 31.03.09	
<b>Tangible Assets</b>											
Land (freehold)	335.10	7,69.73	0.05	1,104.78	—	—	—	—	1,104.78	335.10	
Land (leasehold)	150.75	—	—	150.75	29.88	4.27	—	34.15	116.60	120.87	
Leasehold improvements	209.91	26.74	—	236.65	142.03	23.07	—	165.10	71.55	67.88	
Buildings	13,011.20	690.09	1.33	13,699.96	6,081.85	386.15	—	6,468.00	7,231.96	6,929.35	
Railway siding	1,941.72	—	—	1,941.72	1,155.95	72.98	—	1,228.93	712.79	785.77	
Plant & machinery	63,739.24	1,843.14	712.86	64,869.52	42,423.19	2,707.62	412.98	44,717.83	20,151.69	21,316.05	
Vehicles	687.27	134.76	96.95	725.08	155.30	71.71	30.50	196.51	528.57	531.97	
Furniture, fittings and office equipment	3,980.92	692.91	114.10	4,559.73	2,449.68	438.66	88.69	2,799.65	1,760.08	1,531.24	
<b>Intangible Assets</b>											
Computer software	717.05	560.31	—	1,277.36	337.08	307.12	—	644.20	633.16	379.97	
Internally generated intangible asset *	199.48	0.13	—	199.61	53.47	29.64	—	83.11	116.50	146.01	
<b>Total</b>	<b>84,972.64</b>	<b>4,717.81</b>	<b>925.29</b>	<b>88,765.16</b>	<b>52,828.43</b>	<b>4,041.22</b>	<b>532.17</b>	<b>56,337.48</b>	<b>32,427.68</b>	<b>32,144.21</b>	
Add: Capital Work-in-progress including capital advances of Rs. 718.30 lacs (Previous year Rs. 104.25 lacs)	—	—	—	—	—	—	—	—	5,309.38	2,883.80	
<b>Grand Total</b>	<b>84,972.64</b>	<b>4,717.81</b>	<b>925.29</b>	<b>88,765.16</b>	<b>52,828.43</b>	<b>4,041.22</b>	<b>532.17</b>	<b>56,337.48</b>	<b>37,737.06</b>	<b>35,028.01</b>	
Previous Year	83,071.58	2,216.42	315.36	84,972.64	49,176.34	3,854.84	202.75	52,828.43	35,028.01	—	

\* Refer note 9 in Schedule 18

Notes:

- (1) In respect of parent company, deletions for the year from Gross Block of Plant and Machinery include Rs. 242.82 lacs (Previous year — Nil) on account of reduction in liability. Depreciation of Rs.113.93 lacs provided thereon upto the previous year has been adjusted from the depreciation for the current year.
- (2) In respect of a subsidiary of a joint venture, conveyance deed /patta have been executed for 2,104.05 acres (Zuari Group's proportionate share 1,052.03 acres) (previous year 2,104.05 acres, Zuari Group's proportionate share 1,052.03 acres) against possession of 2,282.40 acres (Zuari Group's proportionate share 1,141.20 acres), (previous year 2,282.40 acres, Zuari Group's proportionate share 1,141.20 acres) of land by the entity.
- (3) In respect of joint venture, plant & machinery includes Rs. 699.80 lacs (Gross Block) (Net Block Rs. 498.81 lacs) [previous year Rs. 699.80 lacs (Gross Block) (Net Block Rs. 532.05 lacs)], being the proportionate share of Zuari Group, representing pipelines laid on land for which Right of Way agreement is yet to be executed.
- (4) In respect of a joint venture, buildings of Rs. 258.73 lacs (Gross Block) (Net Block Rs. 206.79 lacs) [previous year Rs. 258.73 lacs (Gross Block) (Net Block Rs. 215.44 lacs)], being proportionate share of Zuari Group, and plant & machinery worth Rs.2,492.07 lacs (Gross Block) (Net Block Rs. 1,800.66 lacs) [previous year Rs. 2,486.93 lacs (Gross Block) (Net Block Rs. 1,913.17 lacs)], being the proportionate share of Zuari Group, have been constructed/erected on leasehold land.
- (5) In respect of a subsidiary company, vehicles of aggregate value of Rs. 2.15 lacs (previous year Rs. 4.49 lacs) is held in the name of person other than the subsidiary company.
- (6) In respect of a joint venture, additions and capital work in progress include Rs.20.60 lacs (being proportionate share in Zuari Group) (Previous year - Nil) and Rs. 2.38 lacs (being proportionate share in Zuari Group) (Previous year - Nil) respectively, on account of borrowing costs capitalised during the year.

**Consolidated Financial Statements****SCHEDULE 6****INVESTMENTS**

LONG TERM (at cost)

**Trade, quoted**

5,61,33,334 (previous year 5,44,76,334) Equity shares of Chambal Fertilisers and Chemicals Limited of Rs. 10 each fully paid—up .....

7,133.78

6,300.66

8,00,000 Equity shares of Gobind Sugar Mills Limited of Rs. 10 each fully paid—up (Refer note 14(iii) in Schedule 18)

611.39

611.39

7,745.17

6,912.05

**Other than trade, quoted**

Nil (previous year 30,000) Equity shares of Housing Development Finance Corporation Limited of Rs.10 each, fully paid—up ...

—

4.01

3,29,98,900 (previous year 3,29,88,900) Equity shares of Texmaco Limited of Re. 1/- each fully paid—up .....

2,336.63

2,327.03

Nil (Previous year 350) Equity shares of Larsen &amp; Toubro Limited of Rs.2 each fully paid—up .....

—

0.44

Nil (previous year 140) Equity shares of Ultra Tech Cement Limited of Rs.10 each fully paid—up .....

—

0.21

42,73,313 (previous year Nil) Equity shares in Nagarjuna Fertilisers &amp; Chemicals Limited of Rs. 10 each fully paid up (Refer note 14(i) in Schedule 18) .....

1,428.23

—

8,32,252 (previous year - Nil) Equity shares of Southern Petrochemical &amp; Industries Corporation Limited of Rs. 10 each fully paid up

153.91

—

3,918.77

2,331.69

**Trade, unquoted**

72,000 Equity shares of Indian Potash Limited of Rs. 10 each fully paid—up .....

3.60

3.60

1,00,000 Equity shares of Biotech Consortium of India Limited of Rs. 10 each fully paid—up .....

10.00

10.00

Nil (Previous year 24,17,673) 2.50% Redeemable Preference Shares of Zuari Maroc Phosphates Limited of Rs.100 each fully paid-up for a consideration other than cash .....

—

2,417.68

2,58,250 Equity shares of Lionel India Limited (Refer note 14 (ii) in Schedule 18) .....

258.90

258.90

6,60,000 - 6 % Non cumulative, Preference shares of Academiam Sales Private Limited of Rs. 100 each .....

660.00

660.00

1,00,000 (Previous Year Nil) 6.5 % Non cumulative Redeemable Preference shares in Fullford Vinimay Private Limited .....

93.00

—

19,092 Equity shares of Lionel Edwards Limited of Rs.100 each.

1.91

1.91

1,027.41

3,352.09

**Consolidated Financial Statements**

**SCHEDULE – 6 Contd.**

**Investment in Associates**

89,00,000 Equity shares of Style Spa Furniture Limited of Rs. 10 each fully paid—up (including Goodwill of Rs. 234.93 lacs) .  
Less: share in post acquisition losses of the entity  
as at the beginning of the year .....  
Add: share of profit for the current year .....

4,00,000 10% Non Cumulative Redeemable Preference shares of Style Spa Furniture Limited of Rs. 100 each fully paid-up .....

**Other than Trade, Unquoted**

Nil (Previous year 3,10,000) 5.50% Non Convertible Redeemable Taxable Bond of Rural Electrification Corporation Limited of Rs.10,000 each fully paid-up .....  
27 6.25% Non Convertible Redeemable Taxable Bond of Rural Electrification Corporation Limited of Rs.10,000 each fully paid-up  
Investment in Government Securities - National Saving Certificates (pledged with sales tax authorities) .....  
30,00,000 (previous year 25,00,000 ) units of UTI FMP Yearly of Rs. 10 each .....

**CURRENT (at lower of cost and fair value),**

**Other than Trade, Unquoted**

Nil (previous year 68,697.87 ) units of UTI Liquid cash plan-Institutional Dividend Daily Income Option of Rs. 1,019.44 each .....  
Nil (Previous year 10,02,427.13) units of UTI Treasury Advantage Fund - Inst Plan Daily Income Option - Re invested of Rs. 1,000.22 each .....  
Nil (previous year 1,02,12,373.30) units of SBI Magnum Insta Cash - Daily Dividend Option of Rs. 16.75 each .....  
Nil (previous year 4,45,79,162.46) units of SBI SHF Ultra short Term Fund Inst Plan - Daily dividend of Rs. 10 each .....  
Nil (previous year 1,00,14,457.81) units of Principal Floating Rate Fund FMP - Inst Option - Dividend Reinvestment Daily of Rs. 10.01 each .....  
Nil (previous year 1,35,01,003.63) units of Principal Cash Mgt. Fund Liquid Option Inst Prem Dividend Reinvestment Daily of Rs. 10 each .....  
Nil (previous year 2,39,53,291.08) units of Birla Sunlife Cash Plus - Inst Prem Daily Dividend Reinvestment of Rs. 10.02 each. ...  
Nil (previous year 6,08,53,758.58) units of Birla Sunlife Savings Fund - Inst Daily Dividend Reinvestment of Rs. 10.01 each .....  
Nil (previous year 61,12,310.05) units of HDFC Cash Management Fund - Savings plan - Daily dividend Reinvestment Option - Reinvestment of Rs. 10.64 each .....  
1,21,19,466.724 (previous year 4,62,20,071.38) units of HDFC Cash Management Fund - treasury advantage wholesale - Daily dividend Option Reinvestment of Rs. 10.03 each. ....  
13,46,34,593.355 (previous year 1,73,37,463.02) units of Reliance Liquid Fund - Treasury Plan Inst Option Daily dividend Option of Rs. 15.29 each. ....  
2,61,301 (previous year 16,807) units of Reliance Medium Term Fund - Daily Dividend Plan of Rs.1001 each .....

As at 31 <sup>st</sup> March, 2010		As at 31 <sup>st</sup> March, 2009	
Rs.in lacs	Rs.in lacs	Rs.in lacs	Rs.in lacs
	<b>890.00</b>		890.00
	<b>(68.01)</b>		(93.04)
	<b>72.45</b>		25.03
	<b>894.44</b>		821.99
	<b>400.00</b>		400.00
	—		30,500.00
	<b>2.65</b>		2.65
	<b>0.24</b>		0.24
	<b>300.00</b>		250.00
	—		700.33
	—		10,026.48
	—		1,710.61
	—		4,460.15
	—		1,002.68
	—		1,350.20
	—		2,400.00
	—		6,089.51
	—		650.13
	<b>13,171.38</b>		4,636.57
	<b>13,493.04</b>		2,650.42
	<b>2,615.98</b>		168.27



**Consolidated Financial Statements**  
**SCHEDULE 6 Contd.**

	As at 31 <sup>st</sup> March, 2010		As at 31 <sup>st</sup> March, 2009	
	Rs.in lacs	Rs.in lacs	Rs.in lacs	Rs.in lacs
Nil (previous year 4,96,155.80) units of Reliance Money Manager Fund - Inst Option Daily Dividend Plan of Rs. 1,001.14 each .....	—		4,967.20	
Nil (previous year 60,35,660.591) units of face value Rs. 10 each in LIC Mutual Fund daily dividend .....	—		603.69	
Nil (previous year 46,01,302.8080 ) units of face value Rs. 12.4071 each in Canara Robeco daily dividend .....	—		570.89	
Nil (previous year 5,04,059.1790) units of face value Rs. 10.0068 each in Birla Sunlife daily dividend. ....	—		50.44	
7,35,912.03 (previous year 28,746.6990) units of face value Rs. 1,000.2140 each in UTI daily dividend. ....	7,502.22		287.53	
Nil (previous year 1,14,71,011.81) units of face value Rs.10.0356 each in Tata Floater Fund daily dividend. ....	—		1,151.21	
Nil (previous year 48,886.9150) units of face value Rs. 1,001.1364 each in Reliance Medium Term Fund daily dividend. ....	—		489.42	
Nil (previous year 2,92,66,306) Units of SBI Magnum Insta Cash Mutual Fund -Daily Dividend of Rs. 10 each fully paid—up ..	—		4,902.19	
10,03,560.53 Units (previous year Nil)of Tata Liquid Super High Investment Fund daily dividend reinvestment option of Rs.1,000/- each	11,184.88		—	
1,00,36,936.13 (Previous year Nil) units of ICICI Institutional Liquid plan - Super Institutional Dividend plan of Rs. 100 each. Daily Income Option .....	10,039.15		—	
284.442 (Previous year Nil) SBI Magnum Insta Cash - Daily dividend Option plan of Rs.10 each .....	0.05		—	
2,49,99,695.11 (previous year Nil) IDFC Cash Plan Daily dividend reinvestment option of Rs. 10 each .....	2,500.59		—	
8,98,48,879.21 (previous year Nil) units of Birla Sunlife Cash Plus - Insta Prem Daily Dividend Reinvestment option of Rs.10 each	9,002.41		—	
34,24,642.605 units (previous year Nil) of Birla Sunlife Savings Fund - Inst Daily Dividend Reinvestment of Rs.10 each .....	342.70		—	
49,98,400.512 units (previous year Nil) Units of Reliance quarterly Interval fund Series III Institutional Dividend Plan of Rs.10 each	500.00		—	
4,06,059.5699 (previous year Nil) Canara Robeco Treasury Advantage Institutional Daily dividend fund of Rs.20 each .....	50.38		—	
1,38,34,001.112 (previous year Nil) units of Fortis Money Plus Institutional Plan daily dividend of Rs.10 each .....	1,383.83		—	
43,314.182 (previous year Nil) Units of Templeton India Treasury Management Super Institutional Plan daily dividend of Rs.1,000 each	433.43		—	
		<b>72,220.04</b>		48,867.92
		<b>86,508.72</b>		93,438.63
Aggregate amount of quoted investments .....		<b>11,663.94</b>		9,243.74
Aggregate amount of unquoted investments .....		<b>74,844.78</b>		84,194.89
		<b>86,508.72</b>		93,438.63
Market value of quoted investments .....		<b>83,342.78</b>		32,758.72

**Consolidated Financial Statements**

**SCHEDULE 7**

**INVENTORIES (at lower of cost and net realisable value)**

	As at 31 <sup>st</sup> March, 2010		As at 31 <sup>st</sup> March, 2009	
	Rs.in lacs	Rs.in lacs	Rs.in lacs	Rs.in lacs
Stores and spares .....		4,435.55		4,571.90
Fuel oil .....		3,489.93		2,014.64
Raw materials .....		35,164.46		41,078.78
Packing materials .....		862.31		1,007.28
Work-in-process .....		3,460.00		3,504.30
Projects work-in-progress .....		851.29		280.59
Finished goods .....		13,395.23		33,170.53
Stock in trade .....		3,941.09		3,941.09
Stock in trade (Securities) .....		2.38		0.88
		<u>65,602.24</u>		<u>89,569.99</u>

**SCHEDULE 8**

**SUNDRY DEBTORS**

Outstanding for more than six months :

Considered good :

Secured by deposits held .....	18.85	1.28
Unsecured .....	32,854.19	8,265.81
* [including subsidy receivable from Government of India Rs. 28,731.81 lacs (Previous Year Rs. 7,964.64 lacs)]	<u>32,873.04</u>	<u>8,267.09</u>
Considered doubtful - unsecured .....	<u>798.06</u>	<u>902.17</u>
	33,671.10*	9,169.26*
Less : Provision for doubtful debts .....	<u>798.06</u>	<u>902.17</u>
	32,873.04	8,267.09

**Other debts :**

Considered good :

Secured by deposits held .....	2,002.28	1,235.88
Unsecured .....	67,251.42	1,43,320.48
[including subsidy receivable from Government of India Rs. 57,172.32 (Previous Year Rs. 1,38,504.53 lacs)] .....	<u>69,253.70</u>	<u>1,44,556.36</u>
	<u>1,02,126.74</u>	<u>1,52,823.45</u>



## Consolidated Financial Statements

### SCHEDULE 11 Contd.

Loans given to bodies corporate .....	
VAT/Service tax credit receivable .....	
Income tax payments and tax deducted at source .....	
(net of provision for tax and MAT credit entitlement set off)	
MAT credit entitlement (Refer note 10 in schedule 18) .....	
Less :Set off during the year .....	
Security deposits .....	
Balances with customs, port trust, excise and other government authorities .....	

### SCHEDULE 12

#### CURRENT LIABILITIES

Acceptances .....	
Sundry creditors :	
Total outstanding dues of micro enterprises and small enterprises	
Total outstanding dues of creditors other than micro enterprises and small enterprises .....	
Unclaimed statutory liabilities (as referred in Section 205C of the Companies Act,1956 to be credited as & when due)	
— Unclaimed dividends .....	
— Unclaimed deposits and interest warrants .....	
— Unclaimed preference warrants .....	
Interest accrued but not due on loans and deposits .....	
Advances from dealers and others .....	
Temporary Bank Overdraft .....	
Trade deposits - dealers .....	
Deferred revenue .....	
Other liabilities .....	

### SCHEDULE 13

#### PROVISIONS

Income tax .....	
Wealth tax .....	
Proposed dividend .....	
Corporate dividend tax thereon .....	
Warranty * .....	
Contingencies * .....	
Leave encashment .....	
Gratuity .....	
Provision others (Refer note 41 in Schedule 18) .....	

As at 31 <sup>st</sup> March, 2010		As at 31 <sup>st</sup> March, 2009	
Rs.in lacs	Rs.in lacs	Rs.in lacs	Rs.in lacs
	2,725.00		2,550.00
	47.75		382.00
	2,823.65		5,318.49
704.89		3,116.48	
695.79		2,420.69	
	9.10		695.79
	1,500.50		805.28
	184.27		121.15
	<u>11,104.23</u>		<u>22,926.69</u>
	36,220.04		1,94,668.44
28.66		49.17	
55,612.97		1,02,817.51	
	55,641.63		1,02,866.68
29.25		25.72	
97.63		169.25	
5.91		5.97	
	132.79		200.94
	385.46		6,381.20
	4,708.38		5,024.73
	35.72		58.85
	3,759.01		2,885.44
	8,218.53		—
	2,565.53		6,309.99
	<u>1,11,667.09</u>		<u>3,18,396.27</u>
	131.43		—
	40.02		37.00
	1,324.83		883.22
	237.92		162.87
	9.20		10.47
	—		101.88
	4,167.43		3,087.52
	252.12		55.51
	2,195.70		2,291.76
	<u>8,358.65</u>		<u>6,630.23</u>



**Consolidated Financial Statements**

**SCHEDULE 13 Contd.**

\*Details of movement during the year :

Balance as on March 31, 2009 .....		
Additions during the year .....		
Amount used during the year .....		
Unused amount reversed during the year .....		
Balance as on March 31, 2010 .....		

As at 31 <sup>st</sup> March, 2010		As at 31 <sup>st</sup> March, 2009	
Rs.in lacs	Rs.in lacs	Rs.in lacs	Rs.in lacs
Warranty	Contingencies	Warranty	Contingencies
10.47	101.88	11.50	119.54
9.20	—	10.47	—
10.47	0.19	11.50	3.18
—	101.69	—	14.48
<u>9.20</u>	<u>—</u>	<u>10.47</u>	<u>101.88</u>

**SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2010**

**SCHEDULE 14**

**OTHER INCOME**

Interest received on income tax refunds .....	
Interest on deposits and others. [Interest income on long term investments other than trade Rs. 579.08 (previous year Rs.1677.50 lacs)] .....	
Dividend income from long term investments	
Trade .....	
Other than trade .....	
Divided income from current investments	
Other than trade .....	
Profit on disposal of assets (net) .....	
Profit on disposal of long—term investments .....	
Profit on sale of current Investments	
Other than trade .....	
Rent recovered .....	
Excess provisions / unclaimed liabilities/ unclaimed balances written back .....	
Miscellaneous income .....	

Year ended 31 <sup>st</sup> March, 2010		Year ended 31 <sup>st</sup> March, 2010	
Rs.in lacs	Rs.in lacs	Rs.in lacs	Rs.in lacs
	390.60		40.46
	2,364.19		4,220.29
1,028.98		1,024.85	
31.70		33.06	
	<u>1,060.68</u>		<u>1,057.91</u>
	1,872.08		1,645.79
	281.55		—
	963.00		—
	90.03		617.34
	104.25		103.39
	4,725.90		21,032.16
	1,401.13		564.88
	<u>13,253.41</u>		<u>29,282.20</u>

**Consolidated Financial Statements**

**SCHEDULE 15**

**MANUFACTURING AND OTHER EXPENSES**

**Raw materials consumed :**

	Year ended 31 <sup>st</sup> March, 2010		Year ended 31 <sup>st</sup> March, 2009	
	Rs.in lacs	Rs.in lacs	Rs.in lacs	Rs.in lacs
Opening Stocks .....	41,078.78		24,392.82	
Add : Purchases .....	2,84,900.57		5,36,393.75	
Add : Transfer from stock of finished goods for captive consumption (Refer Schedule 16) .....	—		314.37	
Less : Closing Stocks .....	35,164.46		41,078.78	
		<b>2,90,814.89</b>		<b>5,20,022.16</b>

**Packing materials consumed :**

Opening Stocks .....	1,007.28		822.41	
Add : Cost of bags and other purchases .....	5,774.87		6,201.36	
Less: Closing Stocks .....	862.31		1,007.28	
		<b>5,919.84</b>		<b>6,016.49</b>

Job charges .....		370.60		266.60
Power, fuel and water .....		21,710.03		25,482.21
Stores and spares consumed .....		792.46		919.19
Catalysts consumed .....		440.92		294.79

**Repairs and maintenance :**

Buildings .....	358.43		451.43	
Machinery .....	5,451.30		4,434.79	
Others .....	583.62		372.12	
		<b>6,393.35</b>		<b>5,258.34</b>

Bagging and other services .....		3,047.98		2,498.10
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**Payments to and provisions for employees :**

Salaries, wages, bonus and allowances .....	10,017.03		7,939.96	
Contribution to provident and other funds .....	942.73		806.40	
Gratuity (Refer note 39 in Schedule 18) .....	220.67		303.35	
Staff welfare expenses .....	1,874.98		1,644.11	
		<b>13,055.41</b>		<b>10,693.82</b>

Outward freight and handling .....		25,762.29		20,364.91
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**Project expenses**

Project Supplies .....	6,982.88		7,184.20	
Salaries, wages & bonus .....	35.94		49.69	
Travelling /conveyance /hotel /visa .....	257.22		199.21	
Consultation / sub-contracting fee .....	13,277.59		4,115.49	
Insurance .....	30.19		31.99	
Interest .....	22.43		134.97	
Site office expenses .....	147.74		151.81	
Printing stationery /courier /communication .....	9.34		3.13	
Miscellaneous expenses .....	11.76		38.22	
		<b>20,775.09</b>		<b>11,908.71</b>

**Consolidated Financial Statements****SCHEDULE 15 Contd.**

	Year ended 31 <sup>st</sup> March, 2010		Year ended 31 <sup>st</sup> March, 2009	
	Rs.in lacs	Rs.in lacs	Rs.in lacs	Rs.in lacs
Rent .....		1,090.90		698.48
Lease rentals .....		165.93		147.45
Rates and taxes .....		176.94		437.71
Insurance .....		504.00		516.27
Cash rebate .....		102.29		65.12
Commission other than to sole selling agents .....		203.26		218.95
Subsidy claims written off .....		115.40		45.01
Provision for doubtful debts / advances .....		119.69		242.74
Sundry balances written off .....		381.27		22.54
Loss on disposal of fixed assets (net) .....		—		68.95
Diminution in value of Investments .....		10.45		—
Diminution in the value of Fertiliser Companies' Government of India Special Bonds .....		6,823.74		1,497.94
Loss on sale of Fertilizer Companies' Government of India Special Bonds .....		—		1,097.90
Technical know-how/royalty fees .....		12.50		145.16
Excise duty on (increase)/decrease in stock .....		51.15		(63.70)
Donations .....		104.90		40.71
Miscellaneous expenses .....		7,669.42		8,637.94
		<u>4,06,614.70</u>		<u>6,17,544.49</u>

**SCHEDULE 16****(INCREASE)/DECREASE IN STOCKS**

Opening Stocks				
Work-in-process .....	3,504.30		2,650.44	
Projects work-in-progress .....	280.59		323.78	
Finished goods .....	33,170.53		16,574.87	
Less : Captive consumption (Refer Schedule 15) .....	—		314.37	
		<u>36,955.42</u>		19,234.72
Less : Closing Stocks				
Work-in-process .....	3,460.00		3,504.30	
Projects work-in-progress .....	851.29		280.59	
Finished goods .....	13,395.23		33,170.53	
		<u>17,706.52</u>		36,955.42
Net (increase) / decrease in stocks .....		<u>19,248.90</u>		<u>(17,720.70)</u>

**SCHEDULE 17****INTEREST**

On fixed term loans .....	3,950.51		6,131.79	
To others .....	1,696.24		3,016.21	
	<u>5,646.75</u>		<u>9,148.00</u>	

## Consolidated Financial Statements

### SCHEDULE-18 : NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE ZUARI GROUP FOR THE FINANCIAL YEAR 2009-10

#### 1. Accounting Policies

##### I) Basis for preparation of accounts

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

##### II) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

##### III) Changes in accounting policies

- i) During the current year, the parent company and one subsidiary company have implemented SAP system under ERP platform. The parent company has changed the method of ascertaining cost for the purpose of valuation of inventories of Stores and Spares from annual weighted average method to moving weighted average method and for valuation of inventories of Fuel Oil, Raw Material, Packing Materials, Traded Goods, material costs for Finished goods and Work in Process from First in First out (FIFO) basis to moving weighted average method. The subsidiary company has changed their method of ascertaining cost for the purpose of valuation of inventories of Raw Materials and Stores and Spares from annual weighted average method to moving weighted average method. This change, however, does not have material impact on the profits for the current year.
- ii) During the current year, the parent company and some of the subsidiaries have revised the estimated useful lives of computers and peripherals (included under office equipment and plant & machinery) and software (included under intangible) to three years as against earlier estimated useful lives of six years in case of computers and peripherals and four and five years in case of software, due to change in technological environment. This has resulted in higher charge of depreciation/amortization

for the year amounting to Rs. 276.26 lacs and fixed assets are lower by Rs. 276.26 lacs.

#### IV Principles of Consolidation

In the preparation of these Consolidated Financial Statements, investments in Subsidiaries, Associate companies and Joint Venture entities have been accounted for in accordance with AS 21 (Accounting for Consolidated Financial Statements), AS 23 (Accounting for Investments in Associates in Consolidated Financial Statements) and AS -27 (Financial Reporting of Interests in Joint Ventures) respectively "notified under the Companies (Accounting Standards) Rules, 2006" (as amended). The Consolidated Financial Statements have been prepared on the following basis-

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

## Consolidated Financial Statements

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such Associates are not accounted for unless the accumulated losses (not accounted for by the Company) are recouped. Where the Associate has prepared and presented consolidated financial statements, such financial statements have been used for the purpose of equity accounting. In other cases, stand alone financial statements of Associates have been used.

- vi) As far as possible, the consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company's stand alone financial statements. Differences in accounting policies have been disclosed separately.
- vii) The financial statements of the group entities used for the purpose of consolidation are drawn up to same reporting date as that of the Company i.e. year ended March 31, 2010.

#### V. Fixed 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. In case of one of the subsidiaries, fixed assets (other than land) are stated at cost less accumulated depreciation and capital investment subsidy for applicable assets.

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.

#### VI. Depreciation

- Depreciation on Fixed Assets (except to the extent stated in para (ii) to (viii) below) is provided using the Straight Line Method as per the useful lives of the fixed assets as estimated by the management which is in accordance with the rates prescribed under Schedule XIV to the Companies Act, 1956.
- In case of the parent company, some of the subsidiaries, 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 3 years.
- Premium paid on acquisition of Leasehold Land is being amortized over the period of the respective leases.
- Leasehold Improvements are being depreciated over the respective primary lease periods.
- Machinery Spares are depreciated prospectively over the estimated remaining useful lives of the respective mother assets.
- Depreciation on fixed assets acquired under finance lease is provided over the period of lease or the useful lives of the respective assets, whichever is lower.

- vii) In respect of a subsidiary, depreciation is provided on straight line method as per the useful lives of the assets estimated by the management which are as follows.

Name of the Assets	Rate as per the useful lives estimated by the management	Rates as per Schedule XIV to the Companies Act 1956
<b>Office Equipment</b>		
Telephone Equipments	33.33	4.75
Air Conditioners	6.67	4.75
Others	20.00	4.75
<b>Furniture &amp; Fittings</b>		
Carpets	20.00	6.33
Others	10.00	6.33
<b>Computer Systems</b>	33.33	16.21
<b>Technical Codes &amp; Standards</b>	20.00	20.00
<b>Vehicles (Motor Car)</b>	9.50	9.50

#### VII Goodwill

Goodwill represents the difference between the Group's share in the net worth of the investee company and the cost of acquisition at each point of time of making the investment. For this purpose, the Group's share of net worth of the investee company is determined on the basis of the latest financial statements of that company available at the date of acquisition, after making necessary adjustments for material events between the date of such financial statements and the date of respective acquisition.

#### VIII Impairment

- The carrying amounts of 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 at the weighted average cost of capital.
- After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

#### IX Intangibles

Intangibles representing computer software are amortized using the Straight Line Method over their estimated useful lives of three years.

Internally generated intangibles, representing the development expenditure incurred by a subsidiary in relation to the BT. Cotton project are being amortized on a straight line basis over a period of five years, starting from the date of commencement of commercial production from the project.

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**X Inventories**

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

Stores and Spares, Fuel Oil, Raw Materials and Packing Materials: Moving weighted average method (except to the extent stated in (ii) and (iii) below)

Work-in-process: Material cost on Moving weighted average method and appropriate manufacturing overheads based on normal operating capacity (except to the extent stated in (ii) and (iii) below)

Finished goods (manufactured): Material cost on Moving Weighted average Method and appropriate manufacturing overheads based on normal operating capacity including Excise Duty (except to the extent stated in (ii) and (iii) below)

Finished goods (traded): 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.

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

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

- ii) In respect of one of the subsidiaries engaged in the business of trading, manufacture and sale of hybrid seeds, inventories are valued as under (Zuari seeds):
- A. Stock of foundation seed is valued at cost and is shown under work in process. The cost of component consists of proportionate breeder seed cost, purchase cost and production cost adjusted for nominal recovery charges of seed delivered to cultivator.
- B. Raw seed stock represents the stock of unprocessed raw seeds received at year end and determined at specified percentage of quantity received, valued at the aggregate cost of foundation seeds, purchase cost and transportation charges.
- C. Finished goods representing stock of processed raw seeds is valued at lower of cost or net realizable value. Cost components consist of cost of foundation seeds, purchase cost, processing cost, chemical and primary packing costs and the freight charges incurred for transportation of seeds to C & F A, in respect of stock lying with C & FA.

- iii) 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.

**XI Investments**

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

**XII Fertiliser Companies' Government of India Special Bonds**

Fertiliser Companies' Government of India Special Bonds issued by the Government of India in lieu of subsidy dues are intended to be kept for short term and are valued at lower of Cost and Market Value and are shown as 'Other Current Assets'.

**XIII Retirement and other Employee Benefits**

- i) Provident fund and pension fund
- Retirement benefits in the form of Provident Fund / Pension Funds is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective trusts.
- 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.
- The parent Company, a joint venture and two of the subsidiaries 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 is charged to the Profit & Loss Account every year. The difference between the amount paid/payable to LIC and the actuarial valuation made at the end of each financial year is charged to the Profit & Loss Account.
- 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
- Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation made at the

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end of each financial year. The actuarial valuation is done as per projected unit credit method.

#### v) Superannuation and Contributory Pension Fund

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

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

- vi) Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.
- vii) Payments made under the Voluntary Retirement Scheme are charged to the Profit and Loss Account immediately.

## XIV 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.

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

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

The premium or discount arising at the inception of forward exchange contracts is amortized as expense or

income over the life of the contract. Exchange differences on such contracts are recognized in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year.

### v) Translation of Integral and Non - Integral Foreign Operation :

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

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

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

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

## XV Government Grants

In case of a subsidiary company, capital investment subsidy sanctioned by the state government to the transferor company is reduced from the respective value of fixed assets, which were considered as eligible investment.

## XVI Leases

### Finance Lease

Finance leases, which effectively transfer to the lessee substantially all risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term by credit to liability for an equivalent amount. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

### 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

## **Consolidated Financial Statements**

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are recognized as an expense in the Profit and Loss Account on a straight-line basis over the lease term.

Where the Company is the lessor:

Assets subject to operating leases are included in fixed assets. Lease income is recognized in the Profit and Loss Account on a straight-line basis over the lease term. Costs, including depreciation are recognized as an expense in the Profit and Loss Account. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the Profit and Loss Account.

#### **XVII Accounting for taxes**

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

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

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

MAT Credit is recognized as an asset only when and to the extent there is convincing evidence that the Company (within the Zuari Group) will pay normal income tax during the specified period. In the year in which the Minimum Alternate Tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the

recommendations contained in Guidance Note issued by Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company (within the Zuari Group) reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company (within the Zuari Group) will pay normal Income Tax during the specified period.

#### **XVIII 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, which generally coincides with the dispatch of goods. 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.

Concessions for DAP, MOP and Complex Fertilizers is recognized as per the final rates notified by the Government of India. In the absence of notified rates, the concession is accounted based on rates estimated by the management in accordance with known policy parameters in this regard. No subsidy is recognized on "Export Sales" in line with the policy on subsidy.

Equated freight subsidy on Urea and uniform freight subsidy on Urea, Complex fertilisers, Imported DAP and MOP from 1st April 2008 onwards has been accounted for in accordance with the parameters and provisional notified rates. The differential amount between the final notified rates and provisional notified rates is accounted for, in the year, final rates are notified.

- ii) Interest Income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.
- iii) Claims receivable on account of Dispatch money on shipment (net of demurrage payable) and insurance claim is accounted for to the extent the Group is reasonably certain of their ultimate collection.

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iv) Dividend is recognized when the shareholders' right to receive payment is established by the Balance Sheet date. Dividend from subsidiaries is recognized even if same are declared after the balance sheet date but pertains to period on or before the date of balance sheet as per the requirement of Schedule VI of the Companies Act, 1956.

v) Income from Engineering Service:

Revenue from fixed price construction services contracts is recognized by reference to the stage of completion of the project at the balance sheet date. The stage of completion of project is determined by the proportion that contract costs incurred for work performed upto the balance sheet date bear to the estimated total contract cost. The cost incurred is measured by the jointly certified progress of work done by the Company (within the Group) and its sub contractors as at the end of the financial year.

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

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

Liquidated damages / penalties are provided for, based on management's assessment of the estimated liability, as per contractual terms and / or acceptances. Possible liquidated damages which can be levied by customers for delay in execution of project are accounted for as and when they are levied by the customer.

vi) In case of a Joint Venture, revenue from Terminalling and Operation & Maintenance Services are recognized as per contractual terms on rendering the services.

vii) In respect of a Subsidiary of the Company engaged in manufacture and sale of furniture products, revenue is recognised when the products are shipped from the factory/stock points to the customers.

viii) In respect of a Subsidiary of the Company engaged in construction of SEZ, revenue in respect of the project is recognized on completion of the project.

**XIX Borrowing costs**

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

**XX 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.

In respect of one of the subsidiaries of the Group engaged in the business of manufacturing and trading and sale of ready to assemble furniture, warranty provisions are made based on past experience for expected future cash outflows that may be incurred to repair or replace items that fail to perform satisfactorily during the warranty period. In respect of another subsidiary engaged in provision of engineering consultancy services, a provision is recognized for expected claims/expenditure during post project completion period on the basis of management estimates in respect of the completed projects.

**XXI Earnings per Share**

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

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

**XXII Derivative Instruments**

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

In case of a subsidiary and subsidiary of a joint venture, accounting for derivative contracts other than those covered under AS-11, are marked to market on portfolio basis, and the net loss after considering the offsetting effect on the underlying hedge items is charged to the income statement. Net gains are ignored.

**XXIII Cash and Cash Equivalents**

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

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**NOTES ON CONSOLIDATED ACCOUNTS**

**2. List of Subsidiaries, Joint Ventures and Associates considered for Consolidation:**

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

Name of the Company	Country of Incorporation	Proportion of Ownership Interest as at March 31, 2010	Proportion of Ownership Interest as at March 31, 2009
Zuari Seeds Limited (Refer Note (i) below)	India	100.00 %	100.00 %
Simon India Limited (consolidated including its joint venture)(Refer note (ii) below)	India	100.00 %	100.00 %
Indian Furniture Products Limited (IFPL)	India	100.00 %	100.00 %
Zuari Infrastructure and Developers Limited	India	100.00 %	100.00 %
Zuari Developers Limited (Direct with effect from March 4, 2009, earlier this was 100% subsidiary of Zuari Infrastructure and Developers Limited)	India	100.00 %	100.00 %
Zuari Investments Limited (with effect from March 30, 2009) consolidated including its subsidiaries and associates. (Refer Note (iii) below)	India	83.33 %	66.67 %
Gulbarga Cement Limited (with effect from December 30, 2008)	India	100.00 %	100.00 %
Globex India Limited (with effect from August 9, 2009)	UAE	100.00 %	–
Zuari Fertilizers & Chemicals Limited (with effect from January 29, 2010)	India	100.00 %	–

**b. Following Joint Ventures have been consolidated on proportionate basis:**

Name of the Company	Country of Incorporation	Proportion of Ownership Interest as at March 31, 2010	Proportion of Ownership Interest as at March 31, 2009
Zuari Indian Oiltanking Limited	India	50 %	50 %
Zuari Maroc Phosphates Limited (consolidated including its 80.45% subsidiary – Paradeep Phosphates Limited)	India	50 %	50 %
Zuari Rotem Speciality Fertilizers Limited (ZRSFL)	India	50 %	50 %

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

Name of the Company	Country of Incorporation	Proportion of Ownership Interest as at March 31, 2010	Proportion of Ownership Interest as at March 31, 2009
Zuari Investments Limited (Associate upto March 30, 2009)	India	–	–
Style Spa Furniture Limited (12.90% held by Indian Furniture Products Ltd. and 36.47% by Zuari Investments Ltd.)	India	49.37 %	49.37 %

**Consolidated Financial Statements****SCHEDULE 18 Contd.**

- d. During the year, the Group has acquired additional stake of 16.67% in Zuari Investments Limited on May 16<sup>th</sup>, 2009. The aforesaid acquisitions have effect of increase in assets and liabilities by Rs. 1,031.81 lacs and Rs. 268.08 lacs respectively and increase in results by Rs. 38.77 lacs in Consolidated Financial Statements.

**Notes :**

- (i) Unaudited financial statements of this entity have been considered for consolidation purposes. The share of the Group in the profits of this entity accounted for in the current year's consolidated profit and loss account amounts to Rs. 24.69 lacs.
- (ii) Simon Engineering & Partners LLC, incorporated in Sultanate of Oman is a Joint Venture entity of a subsidiary. Unaudited financial statements of this entity have been considered for consolidation purpose. The proportionate share of the Group in the profits of this entity accounted for in the current year's consolidated profit and loss account amounts to Rs 29.25 lacs (Previous year loss Rs.20.51 lacs).
- (iii) Consolidated including its subsidiaries - Zuari Insurance Brokers Limited (100%), - Zuari Commodity Trading Limited (100%) - Zuari Financial Services Limited (100%), Zuari Holdings Limited (100%), Associates - Style Spa Furnitures Limited (36.47%)

**3. Contingent Liabilities ( Not Provided For):****(Rs in lacs)**

Particulars	As at March 31, 2010		As at March 31, 2009	
	Zuari & its Subsidiaries	* Joint Ventures	Zuari & its Subsidiaries	* Joint Ventures
<b>I. Demands/claims from Government Authorities **</b>				
(A) Demands from Excise/ Service Tax Authorities				
(i) Excise duty for a matter under appeal (CESTAT has set aside the order of the lower authority and has remanded the case back to the original authority).	-	-	56.32	-
(ii) Disputed Service Tax matters in respect of Input tax credit pending.	104.51	-	112.87	0.26
(iii) Demand notices from Service Tax Authorities towards Service Tax under Goods Transport Agency Services for the period 2006-07 to 2008-09.	76.78	-	-	-
(B) Demands from Sales Tax Authorities				
i) Sales Tax on the amount of Subsidy : Company's appeal was filed in the Tribunal in view of a favorable decision of the Supreme Court in a similar matter and the matter was heard. Order is awaited.	-	33.50	-	33.50
ii) Sales tax demand in UP Region : for appeal is filed before the Appellate Authority.	-	60.90	-	-
iii) 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 parent company has deposited Rs.21.28 lacs against the same which is appearing in the schedule of Loans & Advances)	42.56	-	-	-
iv) Input tax credit (ITC) taken on furnace oil was disallowed by the Orissa Sales Tax Authority. Appeal was filed in the High Court of Orissa. Case has been disposed off by the Hon'ble High Court of Orissa by remanding the matter for fresh assessment. The original authority has disposed off the case by considering ITC & sanctioned the refund order.	-	-	-	208.96
v) Demand notice from Maharashtra Sales Tax Authorities in respect of Sales tax Assessment for the year 2004-05. The Company has applied for cancellation of assessment order under the Bombay Sales Tax Act 1959.	130.61	-	-	-

**Consolidated Financial Statements**  
**SCHEDULE 18 Contd.**

(Rs. in lacs)

Particulars	As at March 31, 2010		As at March 31, 2009	
	Zuari & its Subsidiaries	* Joint Ventures	Zuari & its Subsidiaries	* Joint Ventures
vi) Entry Tax on sale of finished goods levied by the Orissa Sales Tax Authority. The matter was remanded to the original authority for fresh assessment. Case is pending before the original authority.	–	36.77	–	36.77
vii) Branch transfers were disallowed and considered as interstate sales. Stay has been received from the Supreme Court of India and Appellate Tribunal against such demand. However, the case has been disposed off by Hon'ble Supreme Court with continuance of stay till disposal by Appellate Authority and cases are pending for further hearing.	–	5,238.43	–	5,238.43
viii) Penalty on Entry Tax on account of Custom Duty levied by the Orissa Sales Tax Authority. Case is pending before the Appellate Authority.	–	32.55	–	32.55
ix) Others	192.47	0.18	60.07	–
<b>II. Other claims against the Company not acknowledged as debts**</b>				
(i) Penal interest on loan from Government of India, due to non-payment.	–	222.33	–	581.94
(ii) Based on the meeting held in presence of the Collector and District Magistrate for amicable settlement against pending legal cases for additional compensation towards land acquisition at Paradeep Phosphate Limited, payment will be released through the special land acquisition officer as per agreed terms and condition once the claims materialize. Stay has been obtained against all such demands.	–	314.09	–	564.02
(iii) Industrial Dispute and Miscellaneous Labour cases pending at various forums at different stages of dispute.	–	452.14	–	424.45
(vi) Others	–	8.75	–	11.32
<b>III. Taxation matters**</b>				
(i) Penalty u/s 271 (1)(C) of the Income Tax Act, 1961 pertaining to penalty on capital gain on transfer of Cement undertaking: Income Tax Appellate Tribunal has passed order in favour of the Company during the year.	–	–	1,426.16	–
(ii) Demand from income tax authorities Income tax department passed order u/s 271(1)(C) on 31 <sup>st</sup> March, 2008 for the Assessment Year 2004–05 and levied penalty of Rs 343.77 lacs (being the proportionate share of Zuari Group) and issued notice u/s 226(3) to attach the Bank Accounts and has recovered penalty of Rs 13.33 lacs (being the proportionate share of Zuari Group). In respect of this, the Company has filed Appeal & Stay Application to Income Tax Appellate Tribunal (ITAT) on 8 <sup>th</sup> April, 2009. Income Tax Appellate Tribunal has passed order in favour of the Company during the year.	–	–	–	343.77

**Consolidated Financial Statements**  
**SCHEDULE 18 Contd.**

(Rs. in lacs)

Particulars	As at March 31, 2010		As at March 31, 2009	
	Zuari & its Subsidiaries	* Joint Ventures	Zuari & its Subsidiaries	* Joint Ventures
(iii) Disputed income tax demand in respect of AY 2006-07, under appeal with the Appellate Authorities, pending judgment.	-	-	10.00	-
<b>IV. Aggregate amount of guarantees issued by the banks to various Government Authorities and Others</b>	<b>20,889.76</b>	-	28,166.18	-
<b>V. Estimated amount of contracts remaining to be executed on capital account not provided for</b>	<b>2,209.72</b>	<b>446.47</b>	1,072.95	672.65
<b>VI. Arrears of Dividend on 48,35,346, 2.5% Cumulative Redeemable Preference Shares of Rs.100/- each fully paidup</b>	-	-	-	181.32

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

\*\*Based on discussions with solicitors / favourable 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.

**4. Corporate guarantees given in favour of banks & others on behalf of Associates and others :**

(Rs. in lacs)

Particulars	As at March 31, 2010	As at March 31, 2009
Style Spa Furniture Limited	—	1,325.00

**5. Contingent Liabilities of Associates\*:**

(Rs. in lacs)

Particulars	As at March 31, 2010	As at March 31, 2009
Claims & Government demands against the Company not acknowledged as debts	<b>68.28</b>	156.83

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

6. Goodwill appearing in the financial statements denotes the goodwill in respect of subsidiaries acquired by the parent Company and the proportionate share of the Group in the goodwill appearing in the consolidated financial statements of Zuari Maroc Phosphates Limited. No provision for impairment of goodwill has been made by Zuari Maroc Phosphates Limited in their financial statements and hence no provision has been made thereagainst in these financial statements. Also, in respect of other subsidiaries, such goodwill has been tested for impairment using the cash flow projections, which are based on most recent financial budgets/ forecasts approved by the management.

**Consolidated Financial Statements**  
**SCHEDULE 18 Contd.**

7. Earnings Per Share (EPS):

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Profit after taxation as per Profit and Loss Account (Rs in lacs)	25,361.29	30,236.56
Number of shares used in computing earnings per share – Basic and Diluted	2,94,40,604	2,94,40,604
Earnings per share - Basic and diluted (in Rupees)	86.14	102.70
Face value per share (in Rupees)	10.00	10.00

8. Deferred Tax (Liabilities) / Assets consist of:

(Rs. in lacs)

Particulars	As on March 31, 2009	Current Year (charge) / credit	As on March 31, 2010
Book / Tax Depreciation difference	(3,374.15)	(1,734.97)	(5,109.13)
Voluntary Retirement Scheme	0.52	(0.52)	–
Provision for Fertiliser Companies' Govt. of India Bonds	478.76	3,075.92	3,554.68
Unabsorbed depreciation and losses of earlier years	–	–	–
Provision for doubtful Debts, Loans & Advances	42.30	303.46	345.76
Provision for Leave Encashment	580.29	561.88	1,142.17
Others	154.45	1,260.78	1,415.23
<b>Net Deferred Tax Asset/ (Liability)</b>	<b>(2,117.83) *</b>	<b>3,466.54</b>	<b>1,348.71 **</b>

\* After netting off deferred tax asset in respect of one of the subsidiaries aggregating to Rs 25.30 lacs.

\*\*After netting off deferred tax liabilities in respect of some of the entities aggregating to Rs. 403.23 lacs

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

9. One of the subsidiaries of the Company engaged in the business of trading, manufacture and sale of hybrid seeds has capitalized total amount of Rs. 199.49 lacs on intangible assets being the development expenditure. During the year, Rs. 29.63 lacs have been amortized on straight line basis over estimated useful life of these assets.
10. The asset of Rs. 9.10 lacs (Previous Year Rs. 695.79 lacs) recognized by the Group as 'MAT credit entitlement' under Loans and Advances' represents that portion of MAT liability, which can be recovered and set off in subsequent years based on the provisions of Section 115JB of the Income Tax Act, 1961. The management based on the present trend of profitability and also the future profitability projections, opines that there would be sufficient taxable income in foreseeable future, which will enable the respective group companies to utilize MAT credit assets.
11. Under instructions from the Special Court (Trial of Offences relating to Transactions in Securities) Act, 1992 and in respect of shareholders who could not exercise their rights in view of disputes, mistakes, discrepancy in holdings, etc., 10,564 (previous year 10,564) Rights Equity Shares entitlements have been kept in abeyance pursuant to Section 206A of the Companies Act, 1956.



## Consolidated Financial Statements

### SCHEDULE 18 Contd.

#### 12. Parent Company

- (a) Stage III of the New Pricing Scheme (NPS) for Urea was in operation from 1<sup>st</sup> October, 2006 to 31<sup>st</sup> March, 2010. As per this scheme, all naptha based units (including the Company) were required to take steps for conversion to natural gas/liquid natural gas by 31<sup>st</sup> March, 2010. The Company has initiated necessary steps for conversion. Government of India vide notification dated 17<sup>th</sup> March 2010 has extended till further orders the provisions of Stage III of NPS.
- (b) Subsidy for Urea has been accounted based on Stage III parameters of the New Pricing Scheme and other adjustments as estimated in accordance with known policy parameters in this regard.
- (c) Pending announcement of final rates of concession for Complex Fertilizers for the month of July 2009 to March 2010, the concession for this period has been estimated based on the known policy parameters in this regard and the difference between the notified base rates and estimated rates of concession amounting to Rs. 15,873.97 lacs has been accounted as payable to Government of India.
- (d) Government subsidies include Rs. 3,396.89 lacs (previous year Rs. 1,126.84 lacs) in respect of earlier years, notified during the year.

#### Subsidiary of a Joint Venture

- (e) Pending announcement of final rates concession for Di-ammonium Phosphate, Muriate of Potash and Complex Fertilizers for the period from July 1, 2009 to March 31, 2010, the concession for this period has been estimated by the management of the subsidiary of a joint venture, on known policy parameters and other relevant information. The income accounted for on the above basis is lower by Rs. 3,391.79 lacs (being the proportionate share of Zuari Group) over the base rate which is subjected to announcement of final rates notified by Government of India. Actual settlement shall be done once such final rates are determined.
- (f) Subsidy income is net off Rs. 278.93 lacs (being the proportionate share of Zuari Group) in respect of previous year. Previous year figure includes Rs. 670.76 lacs (being the proportionate share of Zuari Group) in respect of earlier year.

13. The Revenue Department of the Government of Goa has issued a notification under sub-section (1) of Section 4 of the Land Acquisition Act, 1894 on 5<sup>th</sup> February, 2007 and further notification on 19<sup>th</sup> April, 2007 proposing to acquire 1,59,700 sq. mts. of the land belonging to Company for public purpose. The 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.

#### 14. Investments

- i) The parent company has invested a sum of Rs. 1,428.23 lacs in the equity shares of Nagarjuna Fertilizers and Chemicals Limited (NFCL). The market value of these investments at the year end is Rs. 1,311.91 lacs. Hence, there is a diminution in the value of this investment by Rs. 116.32 lacs.
- ii) The parent company has an investment of Rs. 258.90 lacs in the equity shares of Lionel India Limited (LIL). As per the latest audited financial statements of LIL, it has accumulated losses which have resulted in erosion of a major portion of its net worth. LIL has incurred losses in the last three financial years.
- iii) One of the subsidiary companies has made investments of Rs. 611.39 lacs in the equity shares of Gobind Sugar Mills Limited (GSML). Further a sum of Rs. 1,100.00 lacs is recoverable from GSML in respect of loan granted to it by the parent company. As per the latest audited financial statements of GSML, it has not recognized a liability of Rs. 963 lacs which is due on the basis of Supreme Court decision in regard to State Advice Prices of sugarcane @ Rs. 125 per quintal as against Rs. 110 per quintal considered by GSML. It has also recognized deferred tax asset on unabsorbed losses and depreciation. After considering these two adjustments, the net worth of GSML is fully eroded, however, market value of investment in listed companies made by GSML is much higher than the book value.

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

15. The Board of Directors of the parent company approved the merger of Gobind Sugar Mills Limited (GSML) in the meeting held on February 22, 2010. Pursuant to this approval, the parent company has on March 26, 2010, filed with the Honorable High Court of Bombay at Goa, a scheme of amalgamation entailing merger of GSML with the Company. As per the said scheme, with effect from the Appointed Date i.e. April 01, 2009, the undertaking of GSML, pursuant to the provisions contained in Sections 391 to 394 and other applicable provisions of the Companies Act 1956, shall stand transferred to and

## Consolidated Financial Statements

### SCHEDULE 18 Contd.

vested in the parent company on a going concern basis without any further act, deed or matter. However, the Amalgamation shall be effective from the date of filing of the certified copy of the Order of the Honorable High Court of Bombay at Goa and Calcutta with Registrar of Companies, Goa. Pending the approval of the said High Courts, the effect of the amalgamation has not been given.

16. Net foreign exchange variation credited to the current year consolidated profit and loss account aggregates Rs. 3,972.83 lacs (including Rs. 3,947.66 lacs in respect of joint venture entities) [previous year Rs. 37,585.59 lacs (including Rs. 11,035.76 lacs in respect of joint venture entities) charged to the consolidated profit and loss account].
17. A sum of Rs. 934.00 lacs (including Rs. 37.24 lacs in respect of joint venture entity) [previous year Rs. 1,311.84 lacs (including Rs. 238.69 lacs in respect of joint venture entity)] on account of unamortized foreign exchange premium on outstanding forward exchange contracts is being carried forward to be charged to consolidated Profit and Loss Account of the subsequent period.
18. Particulars of Foreign Currency Exposures :

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

Details of Derivatives	31.03.2010	31.03.2009	Purpose
Buy (Amount in USD)	22,17,05,201.00	39,31,97,796.47	To hedge the purchases of raw materials and traded goods
Sell (Amount in USD)	-	88,13,000.00	To hedge the receivables of export services

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

Details of Derivatives	31.03.2010	31.03.2009	Purpose
Buy (Amount in USD)	3,14,24,745.88	4,83,19,903.39	To hedge the purchases of raw materials and traded goods
Sell (Amount in USD)	-	2,04,603.71	To hedge the receivables of export services

#### Unhedged foreign currency exposures as at the Balance Sheet Date (for the parent company and its subsidiaries) :

Nature of Exposure	Outstanding amount in foreign currency		Foreign currency Involved
	31.03.2010	31.03.2009	
Import Creditors	2,19,68,886.57	1,88,46,841.10	USD
Claims receivable	15,66,914.00	4,62,596.72	USD
Import Creditors	8,98,980.00	41,25,644.00	Euro
Export Debtors	1,36,44,358.91	6,87,521.00	USD
Foreign Currency Loans	41,145.00	81,145.00	USD
EEFC USD Account	24,78,546.05	1,33,288.93	USD
EEFC Euro Account	1,099.90	4,86,519.93	Euro
Saudi Bank (SAR) (Banque Saudi Fransi Bank, Saudi British Bank)	3,26,550.87	4,86,519.93	SAR



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**SCHEDULE 18 Contd.**

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

Nature of Exposure	Outstanding amount in foreign currency		Foreign currency Involved
	31.03.2010	31.03.2009	
Import Creditors	2,14,35,478.70	9,58,74,190.38	USD
Claims receivable	2,66,670.36	13,13,307.16	USD
Import Creditors	–	79,90,405.00	Dirham
Claims receivable	1,72,935.00	–	Dirham

19. i) Operating Leases :

Certain vehicles are obtained on operating leases. The lease term is for 3 to 5 years and renewable at the option of the Company. There is no escalation clause in the lease agreements. There are no restrictions imposed by the lease arrangements. There are no subleases.

a) **Motor car:** (Rs. in Lacs)

Particulars	2009-10	2008-09
i) Lease payments for the year	1.84	1.84
ii) Payable for a period not later than One Year	1.84	1.84
iii) Payable for a period later than one year and not later than 5 years	1.08	2.92
iv) Payable for a period later than five years	–	–

b) **Office Premises:**

Office Premises are obtained on operating lease. The lease term is for 3 years and renews for further 2 years at the option of the Company at an escalation of 15% on rent. There are no restrictions imposed by the lease arrangements. There are no subleases.

(Rs. in lacs)

Particulars	2009-10	2008-09
i) Lease payments for the year	257.75	193.13
ii) Payable for a period not later than One Year	257.75	262.69
iii) Payable for a period later than one year and not later than 5 years	380.85	896.34
iv) Payable for a period later than five years	—	—

20. The Subsidiary of a Joint Venture (Paradeep Phosphates Limited, 'PPL') has settled the old dues with all foreign creditors last year except Groupe Communique Tunisie (GCT) who did not agree with the decision of the Board for Industrial and Financial Reconstruction (BIFR) and appealed before the Appellate Authority for Industrial and Financial Reconstruction (AAIFR) and Yunnan Provincial Import & Export Corporation (YPIE) who could not be contacted / traced.

During the year, the AAIFR vide its order dated 2nd February, 2010 disposed of the case and remanded to BIFR to modify the Scheme for giving similar treatment to GCT as given to Office Cherifien Des Phosphates/Maroc Phosphore. The matter was challenged by PPL in the High Court of Orissa, which dismissed the case vide its Order dated 10th March, 2010 by

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### SCHEDULE 18 Contd.

upholding the AAIFR decision. PPL has now filed a Special Leave Petition (SLP) in the Supreme Court of India on 07th April, 2010 against the Order of AAIFR / High Court. Pending the above decision, the management of PPL based on a legal opinion and also on a conservative basis, continues to treat the entire principal amount payable to GCT as current liabilities. Further, in spite of repeated efforts by PPL to trace YPIE, PPL failing to locate YPIE, it has decided to write back its Principal liability of Rs 229.98 lacs (being the proportionate share of the Zuari Group) in its books. In addition to this, interest provided in earlier years amounting to Rs. 3,169.32 lacs (being the proportionate share of the Zuari Group) relating to these parties has also been written back in the books.

21. In respect of the Joint Venture the Sundry Debtors include over dues of Rs. 22.45 lacs (being the proportionate share of Zuari Group) [previous year Rs. Nil due from a Public Sector Oil Marketing Company which, in the opinion of the Management is fully recoverable from the concerned party in the due course of time.]
22. The subsidiary of the Joint Venture entity is carrying in its books a total liability of Rs. 23,239.49 lacs (being the proportionate share of Zuari Group) [(Previous year Rs. 70,584.27lacs) (being the proportionate share of Zuari Group)] for import of Raw materials including certain foreign suppliers for which debit balances of Rs. 533.04 lacs (being the proportionate share of the Zuari Group) [(previous year Rs. 917.13 lacs) (being the proportionate share of Zuari Group)] are lying in the books as receivables on account of shortages and overage premium including the amounts which are outstanding since long. Such Credit and Debit balances, shown in the accounts herein above on a net balance basis.
23.
  - a) The subsidiary of a Joint Venture entity (PPL) 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 during the year. However, as against the above order, the PPT has gone into further appeal with the High Court, which in its interim order has directed PPL not to execute award at this stage, PPL has not recognized this award as income in the Profit and Loss account.
  - b) In respect of demand for revision of Port charges by Paradeep Port Trust (PPT), where in PPT has proposed revision of scale of rates applicable to PPL for cargo handling in the Company's captive berth w.e.f. April 1, 1999, PPL, in absence of pending final rates to be decided, has made provision for liability amounting to Rs. 371.98 lacs (being the proportionate share of Zuari Group) [(previous year Rs. 143.79 lacs) (being proportionate share of Zuari Group)] towards revised port charges.
24. In respect of a subsidiary of a joint venture entity (PPL), 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, provision was created towards ground rent and interest for Rs. 50.42 lacs (being the proportionate share of Zuari Group) [(Previous Year Rs. 49.72 lacs) (being proportionate share of Zuari Group)] against the demand raised by Paradeep Port Trust.
25. In respect of a subsidiary of a joint venture entity (PPL), in relation to a pollution control matter, wherein the Central Pollution Control Board (CPCB) was directed by the Hon'ble Supreme Court of India to conduct a revised inspection, the CPCB has submitted its report on 25th January 2010. In response to above, both PPL and Orissa State Pollution Control Board (OSPCB) have submitted its views. The management of PPL is confident that the matter shall be decided in its favour as the OSPCB has in its views has highlighted the overall improvement in compliance by PPL.
26. Details of charge on secured loans
  - a) Cash Credit from banks
    - i) In case of the parent company, cash credit from banks is secured on first charge by way of hypothecation of 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 ranking pari passu with buyer's credit from banks.
    - ii) In respect of a subsidiary of the Group, cash credit from banks is secured on pari passu basis by hypothecation of stocks, book debts, other movables and joint mortgage by deposit of title deeds of immovable properties, both present and future.
    - iii) In respect of a subsidiary of the Group, cash credit from banks is secured by equitable mortgage of land, hypothecation of stock-in-trade, book debts, plant and machinery and vehicles ranking pari passu with term loans from banks other than the assets covered under para 26 (f) given below.



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#### SCHEDULE 18 Contd.

- iv) In respect of the subsidiary of a joint venture, cash credit from banks is secured by hypothecation of inventories, book debts and first charge on entire fixed assets of the Company, both present and future, on pari passu basis in favour of all consortium banks.
- b) Buyer's credit from banks**
- In case of parent company, secured against first charge by way of hypothecation of 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 ranking pari passu with the cash credit from the banks.
- c) Term loans from banks**
- i) In respect of a joint venture, term loan is secured by first charge by way of assignment of right in users leasehold land and hypothecation of all movable assets including plant & machinery, vehicles both present and future.
- ii) In respect of the subsidiary of a joint venture, term loan is secured against first charge on inventories, book debts and first charge on fixed assets on pari passu basis.
- iii) In respect of a joint venture, term loan is secured by first charge on factory land and building, plant & machinery and movable assets of the project and a negative lien on the assets of the Company.
- iv) In respect of a subsidiary of the Group, term loan from banks is secured by equitable mortgage of land, hypothecation of stock - in - trade, book debt, plant and machinery and vehicles ranking pari passu with term loans from banks other than the assets covered under para 26 (f) given below.
- d) Short term loans from banks**
- i) In respect of the subsidiary of a joint venture, short term loan from banks are secured by way of pledge of Fertilizer Companies' Government of India Special Bonds.
- The company has applied for and obtained a secured loan of Rs. 10,000 lacs (being the proportionate share of Zuari Group) from a Bank in the month of March 2010. Though the pledging formalities of the Bond in respect of the above loan were completed only in the month of April, the terms of the arrangement with the bank have been considered as secured as at March 31, 2010.
- ii) In respect of the subsidiary, short term loans are secured against hypothecation of vehicles acquired.
- e) Deferred Credit on hire purchase/finance lease**
- In respect of the subsidiary, facilities are secured against hypothecation of vehicles acquired.
- f) External commercial borrowings**
- In respect of a subsidiary of the Group (ZSL), the external commercial borrowings drawn from bank are secured against equitable mortgage of Company's agricultural land and hypothecation of plant and machinery and vehicles and other assets located at the office and godown which are acquired out of the said loan.
- g) In respect of the parent company, Credit obtained from Indian Oil Corporation Limited against supply of Naphtha to the extent of Rs 248.23 lacs (previous year Rs. 10,716.04 lacs) (balance included under Current Liabilities) is secured by third charge on stocks of raw materials, finished goods, stock in trade, stores and spares limited to Rs.10,000.00 lacs.**
- 27.** 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 Rs. 15,155.00 lacs (proportionate share of Zuari Group Rs. 7,577.50 lacs), which will be accounted for as and when the claim is settled.
- 28.** 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. Pending final order, liability was created in the books in earlier years. Liability has been continuing along with interest and shown under provision till the settlement of the cases.

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### SCHEDULE 18 Contd.

29. In respect of one of the subsidiaries, the accumulated losses based on unaudited financial statements for the year ended March 31, 2010 of the company exceed the aggregate of its paid up capital and reserves. However, the accounts have been prepared on a going concern basis, as the Board of Directors are examining various options for undertaking activities.
30. In respect of a subsidiary of the Joint venture (PPL) in order to make an amicable settlement of dispute for additional compensation to the land losers, a meeting has been conducted during the year under the chairmanship of the Collector and District Magistrate, Jagatsinghpur. It was decided that the additional compensation will be paid by the subsidiary company at the rate fixed to the claimants through the Special Land Acquisition Officer, Government of Orissa as per the terms agreed. Based on the aforesaid decision, the subsidiary company has provided interest liability of Rs. 85.92 lacs (being the proportionate share of Zuari Group) to the land losers based on the estimates by the subsidiary company.
31. In respect of a joint venture of the company, rent expenses include Rs. 32.86 lacs (being the proportionate share of Zuari Group) [(previous year Rs. 32.86 lacs) (being the proportionate share of Zuari Group)] for amount provided towards Right of Way Charges payable to Public Works Department, Goa, on the basis of expected settlement.
32. One of the subsidiary had, in the previous year, placed short term inter-corporate deposit (ICD) amounting to Rs. 100 million for a period of three months with Straight Curve Ideas Private Limited ('Straight Curve'). The repayment period has since been extended until June 30, 2010. Further, as at March 31, 2010, the company has a receivable of Rs. 12 million towards interest accrued and due on the ICD. The company has obtained personal guarantee of one of the directors of Straight Curve and has also obtained pledge of shares of the Straight Curve as security for the ICD. The management is of the view that deposit is fully recoverable and hence, no provision has been made in the financial statements in this regard.
33. In respect of a joint venture of the parent company, liabilities written back amounting to Rs 495.23 lacs (being the proportionate share of Zuari Group) represents earlier years payable to Moroc Phosphates SA, in respect of services rendered by them vide agreement dated 29th March 2004, which they have agreed to relinquish their right to this payment. Also, service tax amounting to Rs. 252.78 lacs (being the proportionate share of Zuari Group) paid to the Government has been written off as it is not recoverable.
34. In respect of a joint venture of the parent company, pending receipt of appeal effect orders for the assessment years 2002-03, 2003-04 and 2004-05, where appeal has been decided partly in favour of the joint venture company by the Income Tax Appellate Tribunal, interest on income tax refund has not been recognized thereof as the amount is presently not reasonably determinable. Interest income on this refund will be recognized in the year the appeal effect order is received from Income Tax Department.
35. In respect of a subsidiary engaged in engineering and contracting sector (Simon India Limited, 'SIL'), disclosures relating to Project revenue recognized in accordance to Accounting Standard-7 on Construction Contracts\* are as under:

Sl.No.	Particulars	As at 31 March 2010 Rs. in lacs	As at 31 March 2009 Rs. in lacs
1.	Contract revenue recognized as revenue in the period. [Clause 38(a)]	25,447.15	12,216.27
2.	Aggregate Amount of cost incurred and recognized profits upto the reporting date on contract under progress. [Clause 39(a)]	21,135.77	11,936.48
3.	Amount of advance received on contract under progress and outstanding at year end. [Clause 39(b)]	2,270.84	2,373.55
4.	Amount of retentions on contract under progress. [Clause 39(c)]	4,406.67	Nil
5.	Gross amount due from customers for contract work as an asset. [Clause 41(a)]	4,150.71	0.23
6.	Gross amount due to customers for contract work as a liability. [Clause 41(b)]	Nil	Nil
7.	Method used to determine project revenue during the year	Refer accounting policy for revenue recognition	
8.	Method used to determine the stage of completion of projects in progress.	Refer accounting policy for revenue recognition	

\* Excluding engineering and other monthly service contracts.

**Consolidated Financial Statements****SCHEDULE 18 Contd.**

36. In respect of subsidiary of a Joint Venture, Rock Phosphate price revision is due from 01.01.2010 as per the agreement with M/s. OCP, Morocco and the rate is under negotiation. The company has made additional provision of Rs.394.38 lacs (being the proportionate share of the Zuari Group) for the enhancement of rate in the books pending finalization of rate agreement. The company is also of the opinion that the differential amount after finalization of rate will not be material.
37. In respect of a joint venture of a subsidiary, on the basis of legal opinion obtained by the subsidiary company, provisions of Sec 372A of the Companies Act, 1956 are not applicable for investment made in mutual funds. Accordingly, the subsidiary company has not placed any resolution in the Annual General Meeting for authorization from the shareholders.
38. In respect of the Joint Venture of the Company, they are in the process of developing a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under sections 92-92F of the Income Tax Act, 1961. The management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.
39. 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, two joint ventures and two of the subsidiaries the scheme is funded with an insurance company in the form of a qualifying insurance policy.

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

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

**Profit and Loss account**

Net employee benefit expense (recognized in Employee Cost) for the year ended March 31, 2010:

(Rs. in lacs)

Particulars	Gratuity			
	Funded		Unfunded	
	31.3.2010	31.3.2009	31.3.2010	31.3.2009
Current Service Cost	210.23	156.38	19.08	10.15
Interest cost on benefit obligation	153.11	145.86	2.90	1.95
Expected return on plan assets	(189.09)	(130.27)	-	-
Net actuarial (gain)/loss recognized in the year	20.41	111.77	5.08	(2.71)
Past service cost	4.34	10.34	-	-
<b>Net benefit expense</b>	<b>199.00*</b>	294.18	<b>27.06</b>	9.39
Actual return on plan assets	132.71	119.81	-	-

\* excluding Rs. 5.39 lacs (Previous year Nil) in respect of earlier years liabilities adjusted.

**Consolidated Financial Statements**  
**SCHEDULE 18 Contd.**

**Balance Sheet**

Details of Provision for gratuity benefit as at March 31, 2010 :

(Rs. in lacs)

Particulars	Gratuity					
	Funded			Unfunded		
	31.03.2010	31.03.2009	31.03.2008	31.03.2010	31.03.2009	31.03.2008
Present Value of Defined benefit obligation	2,456.30	2,202.11	1,370.63	67.04	32.46	561.39
Fair value of plan assets	2,271.22	2,143.37	1,349.12	-	-	-
Less : Unrecognized Past service cost	-	-	-	-	-	-
Plan assets/(liability)	(185.08)	(58.74)*	(21.51)	(67.04)	(32.46)	(561.39)
Experience gain/(loss) on obligation	147.29	13.32	-	-	-	-
Experience adjustment on plan assets	19.75	0.13	-	-	-	-

\* The parent Company, expects to contribute Rs 229.19 lacs towards gratuity fund during the year 2010-11.

Changes in the present value of the defined benefit obligation for the year ended March 31, 2010 are as follows:

(Rs. in lacs)

Particulars	Gratuity			
	Funded		Unfunded	
	31.03.2010	31.03.2009	31.03.2010	31.03.2009
Opening defined benefit obligation	2,202.11	1,906.28*	42.64**	25.73
Adjustment to opening balance	1.44	-	-	-
Interest cost	153.11	145.86	2.90	1.95
Current service cost	210.23	156.38	19.08	10.15
Benefits paid	(150.34)	(121.62)	(2.66)	(2.66)
Actuarial (gains)/losses on obligation	39.76	115.20	5.08	(2.71)
Closing defined benefit obligation	2,456.31	2,202.11	67.04	32.46

\*\*Including Rs. 10.18 lacs in respect of a subsidiary company which was acquired on March 30, 2010

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

(Rs. in lacs)

Particulars	Gratuity (Funded)	
	31.03.2010	31.03.2009
Opening fair value of plan assets	2,143.47	1,349.12
Adjustment to opening balance	53.60	-
Expected return	189.09	130.27
Contributions by employer	16.05	789.02
Benefits paid	(150.34)	(121.62)
Actuarial (gains)/losses	19.35	(3.43)
Closing fair value of plan assets	2,271.22	2,143.37

**Consolidated Financial Statements****SCHEDULE 18 Contd.**

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

Investment with insurer (Life Insurance Corporation of India)	<b>Gratuity 2009-10</b>
	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	2009-10	2008-09
Discount Rate	7.00% - 8.00%	7.00% - 8.00%
Expected rate of return on plan assets	7.76% - 9.40%	8.00% - 9.35%
Increase in Compensation cost	5.00% - 12.00%	5.00%
Employee turnover	0.50% - 15.00%	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 only the third year of adoption of AS 15 (Revised) for few Companies in the group and fourth year of adoption of AS 15 (Revised) for other Companies in the group, disclosures as required by Para 120 (n) (i) of Accounting Standard 15 (Revised) have been furnished only for the previous two years and not for the two years prior to that.
- (ii) The following table summarizes the present value of obligation relating to long term post retirement medical benefit, 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.

**Profit and Loss Account**

Net employee benefit expense (recognized in Employee Cost) for the year ended March 31, 2010 :

(Rs. in lacs)

S. No.	Particulars	2009-10	2008-09
1	Current Service Cost	4.14	-
2	Interest Cost	2.42	-
3	Expected Return on plan assets	-	-
4	Expenses relating to earlier years	32.57	-
5	Net Actuarial (Gains)/ Losses	30.38	-
6	Total Expenses	69.51	-

**Balance sheet**

Details of net (Asset)/Liability recognized in the Balance Sheet as at March 31, 2010:

(Rs. in lacs)

S. No.	Particulars	2009-10	2008-09
1	Present value of Defined Benefit Obligation as at 31st March 2010	68.92	-
2	Fair Value of Plan Assets as at 31st March 2010	-	-
3	Unrecognised transitional liability	-	-
4	Unrecognised past service cost – non-vested benefits	-	-
5	Net Liability / (Assets) as at 31st March 2010	68.92	-

**Consolidated Financial Statements**  
**SCHEDULE 18 Contd.**

Changes in the present value of the defined benefit obligation for the year ended March 31, 2010 are as follows

(Rs. in lacs)

S. No.	Particulars	2009-10	2008-09
1	Present value of Obligation at the beginning of theYear	32.57	–
2	Current Service Cost	4.14	–
3	Interest Cost	2.42	–
4.	Past service cost – non-vested benefits	–	–
5.	Past service cost – vested benefits	–	–
6	Benefits paid by the Company	(0.59)	–
7	Actuarial (Gains)/Losses	30.38	–
8	Present Value of Defined Benefit Obligation at the end of the year	68.92	–

The principal assumptions used in determining liability are shown below:

S. No.	Particulars	2009-10	2008-09
1	Discount Rate	7.5 % p.a.	–
2	Expected rate of return on plan assets	–	–
3	Rate of increase in salary	12 % p.a.	–
4	Withdrawal Rate	5 % p.a.	–
5	Medical cost escalation rate	4 % p.a.	–
6	Mortality retirement	LIC (1994-96) Ultimate Mortality Table	–

Details of Defined Contribution Plan in respect of the Group :

(Rs. in lacs)

S. No.	Particulars	2009 – 10	2008 – 09
1	Contribution to Provident Fund	524.64	452.69
2	Contribution to Superannuation Fund	248.16	225.01
3	Contribution to Contributory pension fund	162.29	116.02
	<b>Total</b>	<b>935.09</b>	<b>793.72</b>

**Consolidated Financial Statements****SCHEDULE 18 Contd.**

40. a) Fertiliser Companies' Government of India Special Bonds included under Other Current Assets\* :

Sr. No.	Description	As at 31 <sup>st</sup> March, 2010 (Rs. in lacs)	As at 31 <sup>st</sup> March, 2009 (Rs. in lacs)
1.	7.00 % Fertiliser Companies' Government of India Special Bonds 2022 (at lower of Cost and Market Value)	35,946.67	38,041.90
2.	6.20 % Fertiliser Companies' Government of India Special Bonds 2022 (at lower of Cost and Market Value)	11,752.64	13,369.89
3.	6.65 % Fertiliser Companies' Government of India Special Bonds 2023 (at lower of Cost and Market Value)	32,624.74	35,735.99
	<b>Total</b>	<b>80,324.05</b>	87,147.78

\*(Includes the proportionate share of the Zuari Group, in respect of the joint venture of the subsidiary)

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

41. In respect of subsidiary of a joint venture, the movement for "Provision-Others" during the year is as follows :

(Rs in lacs)

Particulars	Balance as on March 31,2010	Balance as on March 31,2009
Balance as at 1st April,2009	2,286.90	2,966.83
Additions during the year	535.27	1,119.50
Amount used during the year	(538.55)	(344.31)
Unused amounts reversed during the year	(87.92)	(1,455.12)
Balance as at 31st March,2010	2,195.70*	2,286.90*

\*Includes the following

Provision for ground rent to PPT	462.20	411.79
Provision for port charges to PPT	1,117.66	745.66
Provision for wage revision to workers	-	434.56
Provision for other exposures	615.84	694.89
	<u>2,195.70</u>	<u>2,286.90</u>

42. Minority Interest represents the following :

(Rs. in lacs)

Name of the Company	As at 31st March 2010		As at 31st March 2009	
	Zuari Investment Ltd.	Paradeep Phosphates Ltd.*	Zuari Investment Ltd.	Paradeep Phosphates Ltd.*
% share of Minority	16.67%	19.55%	33.33%	19.55%
Share in the equity	624.10	5,625.02	1,248.20	5,625.02
Share in the reserves / (losses)	138.90	1,054.86	201.71	(426.54)
Total	763.00	6,679.88	1,449.91	5,198.48

\*Representing Zuari's Group proportionate share

**Consolidated Financial Statements**  
**SCHEDULE 18 Contd.**

**43. Segment Reporting**

i) Identification of Segments

§ **Primary Segment** - The Company has disclosed Business Segment as the Primary Segment. Segments have been identified and reported taking into account the nature of products and services, the differing risks and returns, the organization structure and the internal reporting system. The identified reportable segments for the year under review are Fertilizers, Engineering services and others. Fertilizer Segment includes manufacturing of and trading in fertilizers. Other Segment includes provision of Terminalling services, furniture and seeds.

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

ii) Unallocated items

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

iii) Financial Information about business segments for the year ended March 31, 2010 is presented below:

(Rs. in lacs)

Particulars	Fertilizer		Engineering Services		Other Operations		Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
External Sales/ Income	5,88,980.22	8,91,303.93	26,765.68	13,637.14	14,495.99	11,440.90	6,30,241.89	9,16,381.97
Inter-Segment Sales/Income	—	(46.17)	(502.41)	—	(277.96)	(498.51)	(780.37)	(544.68)
Segment Revenue	5,88,980.22	8,91,257.76	26,263.27	13,637.14	14,218.03	10,942.39	6,29,461.52	9,15,837.29
Segment Results	29,770.31	47,591.82	3,968.73	(21.94)	1,287.19	(137.59)	35,026.23	47,432.29
Segment Assets	2,65,493.36	3,62,366.59	11,294.36	3,789.45	18,645.43	17,074.92	2,95,433.15	3,83,230.96
Segment Liabilities	96,575.25	3,03,405.61	16,760.19	9,059.85	4,490.64	4,952.81	1,17,826.08	3,17,418.27
Capital Expenditure	5,996.00	2,627.52	156.57	60.43	748.00	1,835.44	6,900.57	4,523.39
Depreciation and Amortization	3,476.13	3,436.25	86.67	62.74	478.42	355.85	4,041.22	3,854.84
Provision for Doubtful Debts & Advances and write off	464.62	240.02	87.35	—	64.39	70.29	616.36	310.29

**Consolidated Financial Statements****iv) Reconciliation of Reportable Segments with the Financial Statements**

(Rs. in lacs)

Particulars	Revenues		Results — Net Profit		Assets		Liabilities	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Total of Reportable Segments	6,29,461.52	9,15,837.29	35,026.23	47,432.29	2,95,433.15	3,83,230.96	1,17,826.08	3,17,418.27
Add/(Less) :								
Corporate Unallocated	6,740.59	7,581.78	3,985.79	3,321.03	1,32,718.72	1,55,604.70	1,69,420.18	1,06,506.52
Minority Interest	—	—	(1,521.14)	(5,198.48)	—	—	7,442.88	6,648.39
Share in Profit/Losses of Associates	—	—	72.45	151.22	—	—	—	—
Inter-Segment Elimination	—	—	—	—	—	—	—	—
Interest Expenses (Net)	—	—	(2,891.96)	(4,887.25)	—	—	—	—
Taxes	—	—	(12,776.62)	(10,949.11)	2,832.75	6,014.28	131.43	—
Deferred Tax	—	—	3,466.54	366.86	1,751.93	25.30	403.23	2,143.13
As per Segment	6,36,202.11	9,23,419.07	25,361.29	30,236.56	4,32,736.55	5,44,875.24	2,95,223.80	4,32,716.31
As per Financial Statements	6,36,202.11	9,23,419.07	25,361.29	30,236.56	4,32,736.55	5,44,875.24	2,95,223.80	4,32,716.31

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

## **Consolidated Financial Statements**

### **45. Related party disclosures under Accounting Standard – 18**

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

#### **(i) Joint ventures of the Company**

- 1 Zuari Indian Oiltanking Limited (ZIOTL)
- 2 Zuari Maroc Phosphates Limited (ZMPL)
- 3 Paradeep Phosphates Limited (Subsidiary of Zuari Maroc Phosphates Limited)
- 4 Zuari Rotem Speciality Fertilizers Limited
- 5 Simon Engineering and Partners, LLC (Joint Venture of Simon India Limited)

#### **(ii) Associates of the Company and its subsidiaries**

1. Style Spa Furniture Limited (SSFL)

#### **(iii) Key Management Personnel of the Zuari Group**

- 1 Mr. H. S. Bawa, Managing Director of the Company
- 2 Mr. S. S. Nandurdikar, Managing Director of Simon India Limited and Paradeep Phosphates Limited
- 3 Mr. Arun Mahajan, Managing Director of Indian Furniture Products Limited and Style Spa Furniture Limited
- 4 Mr. Suresh Krishnan, Managing Director of Zuari Maroc Phosphates Limited, Director of Zuari Infrastructure and Developers Limited and Zuari Rotem Speciality Fertilisers Limited
- 5 Mr. A. Beer Ali, CEO and Manager of Zuari Indian Oiltanking Limited
- 6 Mr Vijay Kathuria, Whole Time Director of Zuari Investments Limited.
- 7 Mr Praveen Malhotra (Principal Officer of Zuari Insurance Brokers Limited)

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

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

#### **(v) Other Venturers in respect of JV Entities**

- 1 Maroc Phosphores, SA
- 2 IOT Infrastructure and Energy Services Limited
- 3 Rotem Amfert Negev Limited
- 4 Indo Maroc Phosphore Limited

#### **(vi) Party having Significant Influence**

- 1 OCP, Morocco (in respect of a JV)

**Consolidated Financial Statements  
Related Party disclosures under Accounting Standard – 18**

b) The transactions with related parties are given below.

**Consolidated Related Party**

(Rs. in Lacs)

Sl. No	Transaction details	2009 - 10						2008 - 09					
		Joint Ventures	Joint Venturers	Asso- ciates	Key manag- ement personnel (KMP)	Relatives of KMP	Total	Joint Ventures	Joint Venturers	Asso- ciates	Key manag- ement personnel (KMP)	Relatives of KMP	Total
<b>1</b>	<b>Payment made on their behalf</b>												
	– Zuari Maroc Phosphates Limited	94.74	–	–	–	–	94.74	64.85	–	–	–	–	64.85
	– Paradeep Phosphates Limited	17.76	–	–	–	–	17.76	42.94	–	–	–	–	42.94
	– IOT Infrastructure and Energy Services Limited	–	0.48	–	–	–	0.48	–	0.24	–	–	–	0.24
	– Style Spa Furniture Limited	–	–	0.04	–	–	0.04	–	–	0.02	–	–	0.02
	– Zuari Rotem Speciality Fertilisers Ltd	5.72	–	–	–	–	5.72	7.13	–	–	–	–	7.13
	– Zuari Indian Oiltanking Limited	8.40	–	–	–	–	8.40	–	–	–	–	–	–
	– Maroc Phosphores S.A.	–	9.43	–	–	–	9.43	–	–	–	–	–	–
	– Simon Engineering and Partners, LLC	0.52	–	–	–	–	0.52	–	–	–	–	–	–
<b>2</b>	<b>Payment made on our behalf</b>												
	– IOT Infrastructure and Energy Services Limited	–	20.18	–	–	–	20.18	–	19.18	–	–	–	19.18
	– Paradeep Phosphates Limited	0.03	–	–	–	–	0.03	0.86	–	–	–	–	0.86
	– Stylespa Furniture Limited	–	–	0.44	–	–	0.44	–	–	0.57	–	–	0.57
	– Zuari Investment Limited	–	–	–	–	–	–	–	–	615.11	–	–	615.11
	– Zuari Maroc Phosphates Limited	9.45	–	–	–	–	9.45	–	–	–	–	–	–
	– Zuari Indian Oiltanking Limited	–	–	–	–	–	–	2.06	–	–	–	–	2.06
<b>3</b>	<b>Issue of Share Capital</b>												
	– Maroc Phosphores S.A.	–	1,420.81	–	–	–	1,420.81	–	–	–	–	–	–
	– Rotem Amfert Nagev Ltd.	–	49.54	–	–	–	49.54	–	–	–	–	–	–
<b>4</b>	<b>Equity contribution made</b>												
	– Zuari Rotem Speciality Fertilisers Ltd	49.54	–	–	–	–	49.54	111.16	111.16	–	–	–	222.31
	– Zuari Maroc Phosphates Limited	1,420.81	–	–	–	–	1,420.81	–	–	–	–	–	–
<b>5</b>	<b>Redemption of Preference Shares</b>												
	– Zuari Maroc Phosphates Limited	2,653.68	–	–	–	–	2,653.68	–	–	–	–	–	–
<b>6</b>	<b>Purchase of assets</b>												
	– Style Spa Furniture Limited	–	–	1.32	–	–	1.32	–	–	1.46	–	–	1.46
<b>7</b>	<b>Service / Consultancy charges paid</b>												
	– Zuari Indian Oiltanking Limited	58.41	–	–	–	–	58.41	54.56	–	–	–	–	54.56
<b>8</b>	<b>Inter–corporate deposits / loans given</b>												
	– Zuari Investments Limited	–	–	–	–	–	–	–	–	250.00	–	–	250.00

**Consolidated Financial Statements**  
**Related Party disclosures under Accounting Standard – 18 contd.**

(Rs. in Lacs)

Sl. No	Transaction details	2009 - 10						2008 - 09					
		Joint Ventures	Joint Venturers	Associates	Key management personnel (KMP)	Relatives of KMP	Total	Joint Ventures	Joint Venturers	Associates	Key management personnel (KMP)	Relatives of KMP	Total
9	<b>Receipt of Inter–Corporate Deposits/Loans given</b>												
	– Zuari Investments Limited	–	–	–	–	–	–	–	–	250.00	–	–	250.00
10	<b>Rent paid</b>												
	– H.S.Bawa	–	–	–	70.61	–	70.61	–	–	–	64.19	–	64.19
	– Ms. Veena Bawa	–	–	–	–	24.45	24.45	–	–	–	–	22.23	22.23
	– Ms. Seema Behl	–	–	–	–	2.68	2.68	–	–	–	–	2.73	2.73
11	<b>Repayment of fixed deposit accepted</b>												
	– Ms. Meenakshi Bawa	–	–	–	–	–	–	–	–	–	–	13.50	13.50
	– Ms. Seema Behl	–	–	–	–	2.50	2.50	–	–	–	–	–	–
12	<b>Refund of Security Deposit</b>												
	– Ms. Seema Behl	–	–	–	–	22.20	22.20	–	–	–	–	–	–
13	<b>Managerial remuneration</b>												
	– Mr. H.S.Bawa	–	–	–	205.61	–	205.61	–	–	–	177.05	–	177.05
	– Mr. S.S. Nandurdikar	–	–	–	74.40	–	74.40	–	–	–	26.68	–	26.68
	– Mr. Arun Mahajan (Refer note 1 below)	–	–	–	72.51	–	72.51	–	–	–	60.16	–	60.16
	– Mr. Vijay Kathuria	–	–	–	15.64	–	15.64	–	–	–	15.25	–	15.25
	– Mrs Kavitha Kathuria	–	–	–	0.03	–	0.03	–	–	–	0.02	–	0.02
	– Mr. Sudir Borvankar	–	–	–	–	–	–	–	–	–	7.00	–	7.00
	– Mr. H.R.Shukla	–	–	–	–	–	–	–	–	–	–	–	–
	– Mr. A Beer Ali (Refer note 2 below)	–	–	–	20.00	–	20.00	–	–	–	0.94	–	0.94
	– Mr Praveen Malhotra	–	–	–	8.48	–	8.48	–	–	–	7.47	–	7.47
	– Mrs Neelam Malhotra	–	–	–	–	–	–	–	–	–	0.02	–	0.02
14	<b>Interest paid on ICDs/FDs</b>												
	– Ms. Meenakshi Bawa	–	–	–	–	–	–	–	–	–	–	0.75	0.75
	– Ms. Seema Behl	–	–	–	–	0.10	0.10	–	–	–	–	0.23	0.23
15	<b>Management Fees Paid</b>												
	– IOT Infrastructure and Energy Services Limited	–	6.90	–	–	–	6.90	–	–	–	–	–	–
16	<b>Management Fees received</b>												
	–Zuari Indian Oil Tanking Limited	6.91	–	–	–	–	6.91	–	–	–	–	–	–
17	<b>Dividend paid</b>												
	– IOT Infrastructure and Energy Services Limited	–	37.58	–	–	–	37.58	–	37.58	–	–	–	37.58
18	<b>Brokerage Paid</b>												
	– Zuari Investments Limited	–	–	–	–	–	–	–	–	1.09	–	–	1.09

**Consolidated Financial Statements  
Related Party disclosures under Accounting Standard – 18 contd.**

(Rs. in Lacs)

Sl. No	Transaction Details	2009 - 10						2008 - 09					
		Joint Ventures	Joint Venturers	Asso- ciates	Key manag- ement personnel (KMP)	Relatives of KMP	Total	Joint Ventures	Joint Venturers	Asso- ciates	Key manag- ement personnel (KMP)	Relatives of KMP	Total
19	<b>Purchase of finished goods, spares, cement etc</b>												
	– Maroc Phosphores S.A.	–	32,095.59	–	–	–	32,095.59	–	68,721.81	–	–	–	68,721.81
	– OCP, Morocco	–	21,774.80	–	–	–	21,774.80	–	45,374.24	–	–	–	45,374.24
	– Zuari Rotem Speciality Fertilizers Limited	1,125.72	–	–	–	–	1,125.72	–	–	–	–	–	–
	– Rotem Amfert Nagev Ltd.	–	161.88	–	–	–	161.88	–	–	–	–	–	–
	– Indo Maroc Phosphore S.A. Morocco	–	816.53	–	–	–	816.53	–	–	–	–	–	–
20	<b>Interest income</b>												
	– Zuari Investments Limited	–	–	–	–	–	–	–	–	0.24	–	–	0.24
21	<b>Dividend Received</b>												
	– Zuari Indian Oil Tanking Limited	37.58	–	–	–	–	37.58	37.58	–	–	–	–	37.58
	– Style Spa Furniture Limited	–	–	40.00	–	–	40.00	–	–	133.00	–	–	133.00
22	<b>Lease rentals received</b>												
	– Zuari Indian Oiltanking Limited	53.48	–	–	–	–	53.48	46.17	–	–	–	–	46.17
23	<b>Sale of finished goods, Engineering Services and Projects</b>												
	– Stylespa Furniture Limited	–	–	5,334.03	–	–	5,334.03	–	–	5,242.54	–	–	5,242.54
	– Paradeep Phosphates Limited	417.64	–	–	–	–	417.64	328.07	–	–	–	–	328.07
	– Simon Engineering and Partners, LLC	1.87	–	–	–	–	1.87	5.86	–	–	–	–	5.86
24	<b>Advances Given</b>												
	– Zuari Investments Limited	–	–	–	–	–	–	–	–	652.65	–	–	652.65
25	<b>Write Back</b>												
	– Maroc Phosphores S.A.	–	500.82	–	–	–	500.82	–	16,472.88	–	–	–	16,472.88
	– OCP, Morocco	–	7.27	–	–	–	7.27	–	753.59	–	–	–	753.59
26	<b>Write Off, Claims and Demmurgas</b>												
	– Maroc Phosphores S.A.	–	103.79	–	–	–	103.79	–	316.64	–	–	–	316.64
	– OCP, Morocco	–	45.45	–	–	–	45.45	–	145.61	–	–	–	145.61
27	<b>Corporate Guarantee withdrawn</b>												
	– Style Spa Furniture Limited	–	–	1,325.00	–	–	1,325.00	–	–	–	–	–	–

**Consolidated Financial Statements**  
**Balance Outstanding at the year end.**

(Rs. in Lacs)

Sl. No.	Transaction details	2009 - 10					2008 - 09						
		Joint Ventures	Joint Venturers	Associates	Key management personnel (KMP)	Relatives of KMP	Total	Joint Ventures	Joint Venturers	Associates	Key management personnel (KMP)	Relatives of KMP	Total
<b>1</b>	<b>Rent Security Deposit</b>												
	— H.S.Bawa	—	—	—	7.20	—	7.20	—	—	—	7.20	—	7.20
	— Ms. Seema Behl	—	—	—	—	—	—	—	—	—	—	22.22	22.22
	— Ms.Veena Bawa	—	—	—	—	7.50	7.50	—	—	—	—	7.50	7.50
<b>2</b>	<b>Fixed Deposit</b>												
	— Ms. Seema Behl	—	—	—	—	—	—	—	—	—	—	2.50	2.50
<b>3</b>	<b>Interest on Fixed Deposits</b>												
	— Ms. Seema Behl	—	—	—	—	—	—	—	—	—	—	0.53	0.53
<b>4</b>	<b>Interest on Loan receivable (payable)</b>												
	— Maroc Phosphores S.A.	—	—	—	—	—	—	—	—	—	—	—	—
	— OCP, Morocco	—	—	—	—	—	—	—	—	—	—	—	—
<b>5</b>	<b>As Debtors</b>												
	— Zuari Maroc Phosphates Limited	—	—	—	—	—	—	66.04	—	—	—	—	66.04
	— Paradeep Phosphates Limited	148.51	—	—	—	—	148.51	8.33	—	—	—	—	8.33
	— Style Spa Furniture Limited	—	—	557.42	—	—	557.42	—	—	342.53	—	—	342.53
	— Zuari Rotem Speciality Fertilisers Ltd.	—	—	—	—	—	—	1.66	—	—	—	—	1.66
	— Simon Engineering and Partners,LLC	7.33	—	—	—	—	7.33	5.96	—	—	—	—	5.96
<b>6</b>	<b>As Creditor</b>												
	— IOT Infrastructure and Energy Services Limited	—	2.13	—	—	—	2.13	—	11.57	—	—	—	11.57
	— Paradeep Phosphates Limited	4.75	—	—	—	—	4.75	1.04	—	—	—	—	1.04
	— Style Spa Furniture Limited	—	—	0.34	—	—	0.34	—	—	342.54	—	—	342.54
	— Zuari Indian Oil Tanking Limited	—	—	—	—	—	—	4.70	—	—	—	—	4.70
	— OCP, Morocco	—	1,585.01	—	—	—	1,585.01	—	29,908.29	—	—	—	29,908.29
	— Maroc Phosphores S.A.	—	4,005.76	—	—	—	4,005.76	—	5,250.07	—	—	—	5,250.07
	— Zuari Rotem Speciality Fertilisers Ltd.	137.24	—	—	—	—	137.24	—	—	—	—	—	—
	— Zuari Maroc Phosphates Limited	9.45	—	—	—	—	9.45	—	—	—	—	—	—
	— Rotem Amfert Nagev Ltd.	—	34.86	—	—	—	34.86	—	—	—	—	—	—
<b>7</b>	<b>Unsecured Loan</b>												
	— Zuari Maroc Phosphates Limited	—	—	—	—	—	—	—	—	—	—	—	—
	— OCP, Morocco	—	—	—	—	—	—	—	—	—	—	—	—
<b>8</b>	<b>Managerial Remuneration</b>												
	— Mr P K Lakhota	—	—	—	—	—	—	—	—	—	—	—	—
<b>9</b>	<b>Service/Consultancy charges receivable(payable)</b>												
	— Maroc Phosphores S.A.	—	—	—	—	—	—	—	495.23	—	—	—	495.23
<b>10</b>	<b>Corporate Guarantee</b>												
	— Style Spa Furniture Limited	—	—	—	—	—	—	—	—	1,325.00	—	—	1,325.00

Notes :

- 1 Managing Director has been reappointed w.a.f. November 1, 2009 for a period of three years. The subsidiary company has filed the application to obtain the approval of the Central Government for the revised remuneration considering the inadequacy of profits. The subsidiary company had received similar approval for the remuneration paid to its Managing Director in earlier years also. The management is of the view that the approval for the current remuneration will come in due course. Pending the final outcome of the subsidiary company's application, no adjustments have been made to the accompanying financial statements in this regard.
- 2 Includes Rs. 250,000 for which shareholders' approval is being obtained in the ensuing Annual General Meeting.

**Consolidated Financial Statements**

46. Details of the Company's share in Joint Ventures included in the Consolidated Financial Statements are as follows :

(Rs. in lacs)

Particulars	As at March 31, 2010	As at March 31, 2009
<b>I. Sources of funds</b>		
Reserves & Surplus (net)	28,217.70	21,947.78
Loan funds :		
(a) Secured loans	53,237.19	43,202.37
(b) Unsecured loans	4,164.21	21,362.25
Deferred payment creditors	-	-
Deferred tax liability	390.33	361.56
<b>Total</b>	<b>86,009.43</b>	<b>86,873.96</b>
<b>II. Application of funds</b>		
Goodwill	18,029.28	18,029.28
Fixed assets :		
Gross block	42,626.82	41,411.46
Less: Accumulated depreciation and amortization	(28,648.16)	(27,307.15)
Net block	13,978.66	14,104.31
Capital work-in-progress including capital advances	755.90	375.38
Investments	479.04	41,065.20
Deferred tax assets (net)	1,684.65	-
Current assets, loans and advances :		
(a) Inventories	18,817.53	27,582.32
(b) Sundry debtors	30,306.46	43,468.71
(c) Cash and bank balances	13,606.73	2,416.45
(d) Loans and advances	3,579.26	4,714.62
(e) Other current assets	42,311.25	45,372.32
	1,08,621.23	1,23,554.42
Less : Current liabilities and provisions :		
(a) Current liabilities	28,525.82	83,464.88
(b) Provisions	3,004.22	2,714.60
	31,530.04	86,179.48
Net current assets	77,091.19	37,374.94
Debit balance in Reserves & Surplus (net)	-	-
<b>Total</b>	<b>1,12,018.72</b>	<b>1,10,949.11</b>

## Consolidated Financial Statements

(Rs. in lacs)

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
<b>INCOME</b>		
Income from Operations	1,51,045.64	2,57,233.87
Interest on Government of India Fertilizer Bonds	3,168.71	1,643.08
Other income	5,309.04	24,267.32
<b>Total</b>	<b>1,59,523.39</b>	<b>2,83,144.27</b>
<b>EXPENDITURE</b>		
Purchases of finished goods for resale	25,659.74	27,899.10
Manufacturing and other expenses	1,14,645.82	2,20,982.73
(Increase)/decrease in stocks	4,539.97	(4,592.12)
Interest	3,695.81	2,898.37
Depreciation and amortization	1,660.34	1,807.77
Miscellaneous expenditure written off	-	-
<b>Total</b>	<b>1,50,201.68</b>	<b>2,48,995.85</b>
Profit/(Loss) before tax and Exceptional items	9,321.71	34,148.42
Exceptional items	-	-
Profit/(Loss) before tax and after Exceptional items	9,321.71	34,148.42
Provision for income-tax		
Current tax	3,146.76	7,075.43
MAT credit entitlement	(9.10)	-
Deferred tax charge/(credit)	(1,655.89)	71.15
Fringe benefit tax	-	36.18
Tax adjustment relating to earlier years	0.69	-
Profit/(Loss) after income-tax	7,839.25	26,965.66
Share of minority in profits / (losses)	1,481.39	5,198.48
Profit / (Loss) for the year	6,357.86	21,767.18

47. Figures pertaining to the subsidiaries, joint ventures and associate Companies have been reclassified wherever considered necessary to bring them in line with the Company's financial statements. Figures reported with respect to the joint ventures and their subsidiaries represent the Company's proportionate share only.

48. Previous year figures have been regrouped / recasted wherever necessary to confirm to this year's classification.

As per our report of even date

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

H.S. BAWA  
Managing Director

S. K. PODDAR  
Chairman

D. B. ENGINEER  
Director

per ANIL GUPTA  
Partner  
Membership No. : 87921

BINAYAK DATTA  
Vice President - Finance

R.Y.PATIL  
GM-Legal Affairs  
& Company Secretary

Place : Gurgaon  
Date : 8<sup>th</sup> May, 2010

Place : New Delhi  
Date : 8<sup>th</sup> May, 2010



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

Rs. in Lacs

	Share Capital	Reserves	Total Assets	Total Liabilities	Details of investments	Total Turnover/Income	Profit / (Loss) before taxation	Tax expense	Profit / (Loss) after taxation
Zuari Seeds Limited	1,417.42	(1,835.45)	3,555.22	3,973.25	0.24	3,059.39	27.46	2.76	24.70
Zuari Infrastructure & Developers Ltd.	5.00	(396.20)	28.09	0.29	-	-	(0.24)	-	(0.24)
Indian Furniture Products Ltd	2,300.01	(155.09)	7,076.71	4,931.79	233.00	9,352.79	248.08	41.97	206.11
Simon India Limited	500.00	3,231.52	21,005.01	17,340.72	5,727.20	26,618.93	4,428.16	1,448.02	2,980.14
Zuari Developers Pvt. Ltd.	5.00	(27.52)	5,494.63	5,517.15	-	0.08	(24.83)	-	(24.83)
Zuari Investments Ltd.	3,744.58	869.13	6,175.96	1,562.24	4,240.47	1,053.90	286.93	65.22	221.71
Gulbarga Cements Ltd.	601.27	(47.53)	2,030.90	1,477.16	-	-	(5.14)	-	(5.14)
Globex Limited	13.40	(1.81)	14.10	2.51	-	0.01	(0.67)	-	(0.67)
Zuari Fertilizers & Chemicals Ltd.	5.00	(0.79)	12.18	7.97	-	-	(0.79)	-	(0.79)
Zuari Commodity Trading Ltd.	150.00	(12.15)	138.10	0.26	-	3.09	(7.43)	-	(7.43)
Zuari Insurance Brokers Ltd.	110.00	(65.75)	92.31	48.06	-	78.78	(36.09)	-	(36.09)
Zuari Financial Services Ltd.	250.00	(3.93)	247.58	1.52	-	6.33	5.96	2.00	3.96
Zuari Holdings Ltd.	5.00	(2.69)	5.09	2.78	-	-	(2.69)	-	(2.69)

H.S. BAWA  
Managing Director

S. K. PODDAR  
Chairman

D. B. ENGINEER  
Director

Place : New Delhi  
Date : 8<sup>th</sup> May, 2010

BINAYAK DATTA  
Vice President - Finance

R.Y.PATIL  
General Manager  
-Legal Affairs & Company Secretary