



ANNUAL REPORT
2010 - 2011

ZUARI INDUSTRIES LIMITED TEN YEARS AT A GLANCE

(Rs. in Lacs)

Particulars	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
Sales Turnover	5,52,283	4,27,755	6,09,060	2,61,794	2,39,696	2,18,063	1,75,711	1,19,921	1,17,419	1,22,858
Capital Employed	1,85,913	1,87,352	96,314	1,42,191	1,37,959	80,982	51,580	48,968	49,073	53,594
Net Worth	1,22,039	1,06,886	92,740	84,445	78,137	39,644	37,698	35,620	34,161	36,550
Gross Profit	29,911	25,636	20,383	15,837	46,639	9,998	9,336	8,028	7,195	5,849
Interest	(3,832)	(1,721)	(6,066)	(5,677)	(6,103)	(5,494)	(5,465)	(5,443)	(5,310)	(3,607)
Depreciation	(2,134)	(1,951)	(1,775)	(1,728)	(1,731)	(1,602)	(1,610)	(1,262)	(1,282)	(1,525)
Profit Before Exceptional Items & Tax	29,945	21,964	12,542	11,482	5,406	3,148	2,796	2,041	1,956	1,722
Exceptional Items	—	—	—	—	35,387	329	—	—	—	—
Profit After Exceptional Items & before Tax	23,945	21,964	12,542	11,482	40,794	3,477	2,796	2,041	1,956	1,722
Profit After Tax	16,688	15,696	9,328	7,341	39,355	2,617	2,682	1,957	2,084	1,265
Dividends	1,325	1,325	883	883	736	589	530	442	442	294
Earnings per Equity Share (Rs.)	56.68	53.31	31.69	24.94	133.67	8.89	9.11	6.65	7.08	4.30
Net Worth per Equity Share (Rs.)	414.53	363.06	315.01	286.83	265.41	134.66	128.05	120.99	116.03	124.15
No. of Shareholders	35,291	35,077	36669	36760	38907	35994	37553	38953	40400	40682
No. of Employees	776	740	725	713	703	734	750	788	928	1167

Previous years figures have been regrouped wherever necessary.

DIRECTORS

: Saroj Kumar Poddar, Chairman
H. S. Bawa, Executive Vice Chairman
Suresh Krishnan, Managing Director
Shyam Bhartia
Arun Duggal
D. B. Engineer
J. N. Godbole
Jyotsna Poddar
S. P. Tyagi
Marco Wadia

**CHIEF GENERAL MANAGER
& COMPANY SECRETARY**

: R. Y. Patil

PRESIDENT AGRI-BUSINESS

: Naveen Kapoor

VICE PRESIDENTS

: L. M. Chandrasekaran
Binayak Datta
V. K. Sinha

BANKERS

: State Bank of India
HDFC Bank Limited
Corporation Bank
Canara Bank
ICICI Bank
IDBI Bank

LEGAL ADVISERS

: Crawford Bayley & Co., Mumbai
Khaitan & Co., Kolkata

AUDITORS

: S. R. Batliboi & Co.
Chartered Accountants, Gurgaon

REGISTERED OFFICE

: Jai Kisaan Bhawan
Zuarinagar, Goa 403 726.

DIRECTORS' REPORT

To the Members,

1. Your Directors place before you the Forty-Third Annual Report of the Company together with Statement of Accounts for the accounting year ended 31st March, 2011.
2. **Financial Results and Appropriation :**

	Rs.in lacs	Previous Year Rs.in lacs
Profit for the year before depreciation and taxation	26078.63	23914.51
Less :Depreciation for the year	2133.87	1950.76
Profit/(loss) before tax	23944.76	21963.75
Less : Provision for taxation		
– Current Tax	6900.00	8041.29
– Tax adjustment relating to earlier year	(79.83)	(12.38)
– Deferred Tax charge	437.06	(1,755.14)
– Fringe Benefit Tax	–	(6.12)
Profit/(loss) after tax	16687.53	15696.10
Add : Balance of profit brought forward	62214.07	53067.95
Less : Transfer to general reserve	15000.00	5000.00
Proposed Dividend : 45% (PY 45%)	1324.83	1324.83
Tax on dividend (Including Surcharge)	209.80	225.15
Balance of profit carried forward	62366.97	62214.07

3. Dividend:

The Directors recommend a dividend of Rs.4.50 per equity share (Rs.4.50 per equity share in the previous year).

4. Debt Servicing:

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

5. Fixed Deposits:

As reported in the year 2008–09, the Fixed Deposit Scheme of the Company has been discontinued and the company has stopped renewals and accepting fresh deposits. Deposits accepted during the Scheme and matured during the year, have been repaid alongwith interest as on 31st March, 2011 in accordance with the terms of deposits. 242 deposits amounting to Rs.45.52 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.1.72 lakhs towards unclaimed / unpaid deposits and interest thereon to 'The Investors Education and Protection Fund', pursuant to Section 205 C of the Companies Act, 1956.

6. Directors:

The Board of Directors of the Company at its meeting held on 21st January, 2011 appointed Mr. Suresh Krishnan as an Additional Director of the Company w.e.f. 21st January, 2011. Mr. Suresh Krishnan will cease to hold Office at the forthcoming Annual General Meeting of the Company and is eligible for re-appointment. The Company has received a notice under section 257 of the Companies Act, 1956 proposing his candidature for the office of Director. Mr. Suresh Krishnan was appointed as Managing Director effective 1st February, 2011 for a period of five years.

Mr. S.K. Poddar, Mr. Marco Wadia and Mr. Shyam Bhartia, retire by rotation at the forthcoming Annual General Meeting and are eligible for re-appointment. The resume and details of other directorships and committee memberships of Mr. S.K. Poddar, Mr. Marco Wadia and Mr. Shyam Bhartia, are given in Annexure 'C' to this report.

7. Auditors:

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

8. Cost Auditors :

The Company has re-appointed Mr. Savari Muthu I., Cost Accountant, Membership No.6716, as the Cost Auditor for the year 2010-11. The Cost Audit Report for the year ended 31-3-2010 was filed by the Company with The Ministry of Corporate Affairs.

9. Conservation of Energy:

Information disclosing particulars of conservation of energy is given in Annexure 'A' to this report.

10. Technology Absorption:

As part of up-gradation with new technology absorption, Ammonia, Urea and Power Plants were converted to Distributed Control System (DCS).

11. Foreign Exchange earnings and outgo:

By producing fertilizers, of which the country is a net importer, there has been savings of valuable foreign exchange to the National exchequer. Foreign exchange earnings and outgo is noted under Schedule 18 (Note 7(C)(ii), 7(E), 7(F) and 10) of the Annual Report and Accounts.

12. Capital Projects:

During the year, based on the Basic Engineering Design Package supplied by M/s. Kellogg Brown & Root, U.S.A. and Detailed Engineering done by M/s. Projects & Development India Ltd., the Plant has been retrofitted and is completely ready to seamlessly change over from the present feedstock of Naphtha to Natural Gas, as and when, it is available.

Furthering energy saving initiatives, the regenerative type Lungstrom Combustion Air Heater in the reformer flue gas duct has been replaced with a Plate type heat exchanger. As a result of this, energy saving is expected by reduction in drive energy of the fans in the air circuit and also higher heat recovery from the flue gas.

"adventz" – Corporate Identity :

The Group has developed a new corporate identity, "adventz", with a view to harness and harmonise the vast reservoir of human talent, technological know-how and other resources in a collaborative, inclusive and sustainable manner so as to drive India's development and progress.

The new logo adopted as part of the corporate identity symbolizes Group's deep commitment to the two fundamental drivers of the Indian economy : Agriculture and Industry.

13. Environment & Safety:

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

In line with the Company's policy to continuously improve the environment, the new dual fired burners installed for the feedstock conversion project are designed for a lower NOx emission.

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

The Company, during the year, received the "Gomant Sarvochcha Suraksha Puraskar" (1st Prize) from the Green Triangle Society, Goa and The Inspectorate of Factories & Boilers, Govt. of Goa, for Outstanding Performance in Occupational Safety, Health & Environment.

The Company also completed 'One Million' man-hours without reportable lost time accident to ZIL employees.

14. Personnel:

Keeping in focus the projected growth of the Company and the need for building up leadership at different levels, training activities have been carried out for effective succession plan.

The industrial relations in the Company continued to be harmonious.

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'.

15. Subsidiary Companies:

In accordance with Accounting Standard 21, Consolidated Financial Statements presented by the Company includes 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 by any member of the Company interested in receiving this information. The Annual Accounts of the Subsidiary Companies will also be kept for inspection by any investor at the Registered Office of the Company.

Effective 2nd December, 2010 the name of Zuari Developers Limited, a wholly owned subsidiary of the Company has changed to Adventz Infraworld India Limited and effective 17th January, 2011 the name of Zuari Infrastructure and Developers Limited, a wholly owned subsidiary of the Company, has changed to Zuari Management Services Limited. Effective 10th March, 2011 Zuari Holdings Limited, became wholly owned subsidiary of the Company.

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

Subsidiaries :

a. Globex Ltd. :

Globex, an offshore subsidiary Company was established at Jebel Ali Free Zone on 9th August, 2009. 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 holds limestone Mining Lease of 989.89 hectares at Ferozabad in Gulbarga District of Karnataka.

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

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 at its state-of-the-art plant at Kakkalur near Chennai. The Plant is highly automated and is CNC (Computer Numeric Control) operated. The factory has a floor area of 225,000 sq.ft. and has capacity to produce 200,000 units of furniture annually. The company has been awarded with ISO 9001:2000 by TUV Suddeuschland accredited by TUV, Germany.

The Company has achieved a turnover of Rs. 123.29 crores during the current financial year, an increase of 28% as compared to the previous year. The mass distribution channel under 'Zuari' brand has grown up by 42% and the momentum is expected to be carried out in next few years. The major portion of IFPL production is supplied to Style Spa Furniture Limited (SSFL) which has also shown a growth of 20% during the current year. A new product line set up in the factory during the year, has yielded good results. A plan has been worked out for debottlenecking the operations in the plant, replacement of old machinery and creating additional warehouse space which will entail an investment of Rs. 14 crores. This is expected to increase production by 10% and productivity by 12%. Emphasis is on leapfrogging the institutional business and also entering into kitchen segment.

SSFL has entered into Franchise Agreement with Chateau d'Ax for premium and luxury segment of furniture business.

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.166.79 crores during the current financial year 2010-11. SIL has an order book of Rs.158.88 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. Phosphoric Acid storage tanks with associated facilities project for Paradeep Phosphates Limited, Orissa
3. Final Absorption Tower and associated facilities for Hindustan Zinc Ltd. (Vedanta Group) at Chanderiya, Rajasthan
4. Energy Recovery Project for Sulphuric Acid Plant for IFFCO Paradeep.

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

e. Adventz Infraworld India Limited (AIIIL):

Adventz Infraworld India Limited, (formerly known as Zuari Developers Limited), a wholly owned subsidiary of your Company is engaged in the business of real estate. AIIIL 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 is in the process of obtaining various approvals from State and Central Governments for setting up 12 lakhs MTPA of Urea manufacturing plant, based on the Liquefied Natural Gas (LNG), at Mastihole Village, Hukkeri Taluka in Belgaum District of Karnataka. The change in the location from Biranholi Village to Mastihole Village was approved by the State High Level Clearance Committee (SHLCC), Government of Karnataka. The Company is in the process of acquisition of land for the said project.

g. Zuari Management Services Limited (ZMSL):

Zuari Management Services Limited (ZMSL) [formerly known as Zuari Infrastructure & Developers Limited], a wholly owned subsidiary of your Company is engaged in management consultancy business.

h. Zuari Holdings Limited :

Zuari Holdings Limited (ZHL), a wholly owned subsidiary of your Company, is set up to carry on business of investment, holding of investment and as investment Company, having its registered office at Jai Kisaan Bhawan, Zuarinagar, Goa.

i. 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), Central Depository Services Limited (CDSL), National Commodity Derivative Exchange Limited (NCDEX), Multi Commodity Exchange Limited (MCX) and National Spot Exchange Limited (NSEL). Besides being empanelled with Association of Mutual Fund of India (AMFI) for distribution of Mutual Fund products, the company is also a Dealer of OTC 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 20 branches in different parts of India.

The three subsidiaries of Zuari Investments Limited are :-

i. Zuari Insurance Brokers Ltd. :

The Company is a Licensed Direct Insurance Broker for Life and Non-life segment registered with Insurance Regulatory and Development Authority (IRDA).

ii. Zuari Commodity Trading Ltd. :

The Company has become a member of National Commodity Derivative Exchange Limited (NCDEX) and Multi Commodity Exchange Limited (MCX). The Trading activity has started in all the branches during the quarter ended March 2011.

iii. Zuari Financial Services Ltd. :

The Company was incorporated with an object to provide financial services. It has submitted application to Reserve Bank of India (RBI) for registration as Non Banking Finance Company (NBFC).

Zuari Investments Limited plans to offer complete bouquet of financial services and poised for one stop shop for Stock Broking, Depository Services, Investment Advisory Services, Insurance Broking Services and Commodity Broking Services.

j. Zuari Seeds Limited (ZSL) :

ZSL, 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. 40.96 crores during the current financial year. Despite seasonal aberrations, by controlling both variable costs and fixed costs effectively, company is back on to the stability track.

As informed earlier, out of the total Hybrid cotton seed market in India the BGII technology based hybrids occupy almost 95% of the market share. These Hybrids are getting commercialized in Kharif 2011.

The Company has initiated trading activities in association with group companies. Vegetable seeds portfolio is also being strengthened with the introduction of Hybrid Bhendi with resistance to Yellow Vein Mosaic virus. A high value Tomato Hybrid was launched during the year which has given encouraging results.

A high value tomato hybrid – Shivani which was launched during previous year has shown good results and the Company is in the process of sealing up the volumes.

16. 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 2010-11 was Rs. 3630.64 crores as compared to the previous year Rs. 3169.27 crores.

PPL continues to increase its market share in its marketing areas. The sale of own fertilizers and traded fertilizers for the year 2010-11 was 11,68,592 MT and 2,77,492 MT respectively.

b. Zuari Indian Oiltanking Limited (ZIOL) :

Zuari Indian Oiltanking Limited (ZIOL) a 50:50 joint venture between Zuari Industries Limited and IOT Infrastructure & Energy Services Limited has a state-of-the-art terminalling facility for petroleum products namely Naphtha, Motor Spirit, High Speed Diesel & Superior Kerosene. The Terminal at Goa with 71000 KL tankage is situated 85 M above sea

level with a 14 KM long piggable pipeline from Mormugao Harbour, Goa.

The Company provides terminaling services to Zuari Industries Limited, Hindustan Petroleum and Bharat Petroleum.

In the year 2010-11, the terminal has achieved a throughput of 6,57,356 KL @15 degree.

c. Zuari Rotem Speciality Fertilisers Limited (ZRSFL) :

Zuari Rotem Speciality Fertilisers Limited, a 50:50 joint venture with Rotem Amfert Negev Limited, Israel, has commenced regular production from 14/08/2010 at its plant at Baramati in Pune District of Maharashtra. The Plant is fully automatic and works on PLC Scada and has manufacturing capacity of 24000 MT per annum on two shift basis with different NPK blends.

Presently, the plant is operating on one shift and producing 19:19:19 Grade under brand name "Poorna – 19".

Introduction of new Water Soluble Fertilisers (WSF) grades with distinct advantages in India is being worked out. Trials are being conducted in different Universities which are mandatory for introducing new grades.

The Company imported WSF products – 3401 MT, MAP – 565 MT and MKP – 161 MT for trading activity.

17. Withdrawal of Scheme of Amalgamation:

Your Board of Directors decided to withdraw the Scheme of Amalgamation of Gobind Sugar Mills Limited (GSML) with the Company, which was pending for sanction before Hon'ble High Court of Bombay at Goa. The withdrawal was in view of change in the business/economic environment in relation to the Company's operation resulting from deregulation of the fertilizer sector and to focus on its core business.

18. 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'.

19. Group :

Pursuant to an intimation from the promoters, the names of the promoters and entities comprising "Group" as defined under the Monopolies and Restrictive Trade Practices (MRTP) Act, 1969 are disclosed as Annexure 'G' in the Annual Report for the purpose of the SEBI (Substantial Acquisition of shares and Takeovers) Regulations 1997.

20. Corporate Social Responsibility:

A. Care for Stakeholder :

The Company is implementing a tailor made programme "Jaikisaan Sangam" to provide social as well as farm advisory services to the community at large. About 180 grass root level workers known as Jaikisaan Krishi Salahkars have been deployed in different parts of marketing territory. They work as extended arm of the company for delivery of services in the field.

The Company endeavours to promote mechanization in paddy cultivation to begin with, in its home state, Goa. The objective is to help farmers to overcome labour shortage which is threatening paddy cultivation in Goa in recent years. In collaboration with Department of Agriculture, Goa, technology for paddy transplantation, through use of Mechanized Transplanters, was demonstrated in 70 hectares of area in different parts in State of Goa.

Similarly, in order to enhance vegetable production in Goa state, the Company has launched a special campaign in collaboration with Horticultural Corporation, Goa. Demonstrations on vegetable crops like Chilli, Brinjal, Bendi, Cluster Beans, etc. were organized in 60 hectares of area in different parts of Goa during the year. The Company also raised nursery seedlings of new drum stick variety "Bhagya" in collaboration with Department of Agriculture, Goa and distributed the same to farmers in different parts of Goa.

B. Respect for Environment :

Company is committed to conserve environment and as a part of clean environment initiative, a garbage disposal vermi composting unit was set up to take care of waste generated at canteen, office and household in Company's township. A sintex waste management bin with capacity of 3 m³ was handed over to Sancoale Panchayat in Goa.

The Company has also created wetland for birds in its man made forest.

C. Activities for Social and Inclusive development :

a. Animal health camps :

Under Jaikisaan Sangam, the company organized 233 animal health camps and 114 family health camps during the year. As a part of agronomic services, 145 crop seminars and 156 farmer visits to research stations were organized in the field.

b. Family health drives :

The Company has been participating in the pulse polio and filarial drive initiated by Rotary Club and Municipal Council by providing services of van, jeep, for public addressal during such drives.

The company has given on lease land for construction of market complex, sulab souchalaysas, etc. to the local Panchayat.

- c. Schools :
- As part of continuous community welfare awareness, the Company conducted programme for school teachers in and around Zuarinagar. The topics covered were DO's and DON'Ts in the event of Ammonia leak, preventive measures adopted by the Company to avoid untoward incident. Besides the Company provides grants towards infrastructural development for the school in its marketing territory.
- d. Telephone help line 'Hello Jaikisaan':
- Company is also operating help line service "Hello Jaikisaan" for farmers in Maharashtra and Karnataka. In the year 2010-11, 4884 farmers from Karnataka and 13473 farmers from Maharashtra availed the benefit of this helpline service.
- e. Zuari Agri Park, Solapur :
- At the model farm, Zuari Agri Park, Solapur, the Company endeavours to lay out practical demonstrations for showcasing the modern technology in crop cultivation. In the year 2010-11, the Company organized field demonstrations on new crops such as marigold, drumstick, sugarcane, etc. Number of farmers from neighbouring areas of Solapur District visited Zuari Agri Park and acquainted themselves with the modern practices in farming.
- f. Rural sports :
- The Company also organizes several rural sports in the villages in the marketing area, with the objective to support traditional rural sports and encourage rural youth. During the year, 3 wrestling competitions and 5 Bullock cart races were organized in rural areas.

D. Dissemination of Information on CSR :

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

21. Directors' Responsibility Statement:

Your Directors hereby report:

- i. that in the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relative to material departures;
- ii. that the directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2011 and of the profit and loss account for the period ended 31st March, 2011;
- iii. that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. that the directors have prepared the annual accounts on a going concern basis.

22. Acknowledgements :

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

For and on behalf of the Board

New Delhi
May 9, 2011

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	
A. POWER & FUEL CONSUMPTION			
1. Electricity			
(a) Purchased			
Unit (KWH)	90,63,665	1,53,66,570	
Total Amount (Rs. in lacs)	481.57	688.45	
Rate/Unit (Rs.)	5.31	4.48	
(b) Own generation (KWH)			
(i) Through Diesel Generator			
Unit (KWH)	2,69,75,950	2,26,52,820	
Units per kg. of Diesel/LSHS/Fuel Oil	4.11	4.08	
Cost/Unit (Rs.)	6.30	5.36	
(ii) Through Steam Turbine/Generator			
Unit (KWH)	4,88,56,547	4,86,59,382	
Units per kg. of Fuel Oil / LSHS	4.344	4.618	
Cost/Unit (Rs.)	5.96	4.73	
2. (a) Furnace Oil			
Quantity (MT)	80,508	75,664	
Total cost (Rs. in lacs)	20,846.99	16,538.13	
Average rate (Rs./MT)	25,894.45	21,857.45	
3. Other/internal generation (please give details)			
Diesel :-			
Quantity (KL)	}		
Total cost (Rs. in lacs)		N. A.	N. A.
Average rate (Rs./KL)			
B. CONSUMPTION PER UNIT OF PRODUCTION			
1. Electricity			
Product (with details) Unit			
(i) Purchased Power (KWH)			
Urea	7.20	7.94	
18:46:0	12.52	14.19	
10:26:26	8.81	21.14	
12:32:16	7.10	13.96	
20:20:0	-	12.77	
(ii) Generated Power (KWH)			
Urea	119.94	120.46	
18:46:0	29.77	37.70	
10:26:26	38.96	21.06	
12:32:16	41.81	32.82	
20:20:0	-	54.68	
2. Furnace Oil (MT)			
Urea	0.18	0.17	
18:46:0	0.01	0.01	
10:26:26	0.01	0.01	
12:32:16	0.01	0.01	
20:20:0	-	0.02	
3. Others	-	-	

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

Sr. No.	Name	Designation / Nature of duties	Qualifications	Age (Years)	Date of commencement of employment	Experience (No. of Years)	Remuneration received	Name of last employer	Designation	Period
A) Employed throughout the year										
1	H. S. BAWA	Executive Vice Chairman	M.S.(CHEM ENGG.) (USA)	80	04/16/1979	55	26057002.00	Hindustan Petroleum Corp.	General Manager (Ref. Div.)	3 Years
2	S. KRISHNAN	Managing Director	B.E (Hons.), MSc.	47	11/15/2006	25	8853162.00	Zuari Cement Ltd.	Director (Finance)	3 Years
B) Employed for part of the year										
1	RAJU PATIL	General Manager — Finance & Accounts	B.Com, M.B.A	51	12/01/1983	27	5481464.00	—	—	—
2	BRIAN FURTADO	Senior Manager — Raw Material Handling	B.Sc	59	07/23/1975	35	1781925.00	—	—	—
3	VIVEK PRABHUDESAI	Sr. S & D Assistant	B.A	59	07/01/1988	33	681763.00	Bennett Coleman & Co Ltd.	Stores Assistant	11 Years
4	MANDKISHOR KANEKAR	Sr. Assistant — Operations	B.Sc	52	09/23/1982	28	567619.00	—	—	—
5	BALKRISHNA KULKARNI	Chief Manager Mkt — ZRSFL	M.Sc (Agriculture)	59	06/15/1976	34	2612273.00	Hindustan Lever Ltd.	Sunflower Cultivation Advisor	—
6	S. RAJU	Master Technician	ITI(Welder)	59	07/14/1975	39	1255214.00	Kaveri Structural	Welder	4 Years

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.

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

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 ten members which includes Executive Vice Chairman and 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 8th May, 2010, 29th July, 2010, 27th September, 2010, 30th October, 2010, 15th December, 2010 and 21st January, 2011 were held.

Attendance of each Director at the Board of Directors meetings and the last AGM and number of Companies and Committees where he 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	11	5	79406	No	2	1
H. S. Bawa \$	Executive Vice Chairman	13	4	NIL	No	N.A.	5
Suresh Krishnan £	MD	13	1	NIL	No	4	N.A.
Shyam Bhartia	NED	12	3	NIL	No	1	N.A.
Arun Duggal	NED / I	11	5	NIL	Yes	1	3
D. B. Engineer	NED / I	9	5	NIL	Yes	5	3
J. N. Godbole	NED / I	12	5	NIL	Yes	1	8
Jyotsna Poddar	NED	10	3	71621	No	N.A.	N.A.
S. P. Tyagi	NED/I	1	3	NIL	Yes	N.A.	N.A.
Marco Wadia	NED / I	10	6	2795	Yes	3	5

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 Executive Vice Chairman w.e.f. 1st September, 2010

£ Appointed as Managing Director w.e.f. 1st February, 2011

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

Mr. S.K. Poddar, Mr. Marco Wadia and Mr. Shyam Bhartia, Directors, are liable for retirement by rotation and are eligible for re-appointment during the forthcoming Annual General Meeting.

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

Mr. S. K. Poddar

Mr. Saroj Kumar Poddar, aged 65, a gold medalist in B. Com (Hons) from Calcutta University, and recipient of the Rashtriya Samman from the Central Board of Direct Taxes, is the Chairman of Poddar Heritage Enterprises. Under Mr. Poddar, the group has promoted various projects including joint ventures with leading international corporations. The most notable of these ventures are Gillette India Ltd – a joint venture with The Gillette Company of U.S.A and Hettich India Private Ltd – a joint venture with the Hettich Group of Germany. Mr Poddar is the Chairman of these two Joint Ventures.

Besides above, Mr. Poddar is the Chairman of Zuari Industries Limited, Chambal Fertilisers & Chemicals Limited, Chambal Infrastructure Ventures Limited, Simon India Limited, Texmaco Limited and Texmaco Rail & Engineering Ltd. He is also on the Advisory Board of one of the most reputed global corporate financial investment banking – Indian arm of Messrs N M Rothschild & Sons.

In addition, Mr. Poddar is Chairman of Zuari Cement Ltd. – a wholly owned company of the Italcementi Group and a member of the Indian Advisory Board of N M Rothschild.

Having served as President of FICCI and International Chamber of Commerce in India, Mr. Poddar has been appointed by Govt. of India on Board of Trade (the highest body on trade) and also on the Indian Institute of Science, Bangalore. Mr. Poddar has also served as a member of the Board of Governors of the IIT, Kharagpur and on the local Board of the Reserve Bank of India for 10 years each.

Names of Indian Public Limited Companies in which Mr. S. K. Poddar is a Director:

Sr.No.	Name of the Company
1.	Gillette India Limited
2.	Simon India Limited
3.	Chambal Infrastructure Ventures Ltd.
4.	Lionel India Ltd.
5.	Indian Furniture Products Ltd.
6.	Texmaco Limited
7.	Chambal Fertilisers & Chemicals Limited
8.	Texmaco Rail & Engineering Ltd.
9.	Zuari Cement Ltd.
10.	Adventz Investments And Holdings Ltd.
11.	Zuari Industries Limited

Mr. Marco Wadia

Mr. Marco Wadia aged 55 years is B.A. (Hons.) L.L.B. and practicing Advocate since 1986, specializing in corporate matters and is currently, a partner in the firm of Crawford Bayley & Co., Mumbai.

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

Sr.No.	Name of the Company
1.	GMAC Financial Services India Limited
2.	Chambal Fertilisers & Chemicals Limited
3.	Johnson & Johnson Ltd.
4.	Jost's Engineering Co. Ltd.
5.	Simon India Ltd.
6.	Stovec Industries Ltd.
7.	Zuari Maroc Phoshates Ltd.
8.	Paradeep Phosphates Ltd.
9.	Adventz Infracworld India Ltd.
10.	Zuari Industries Limited

Mr. Wadia is a Director of your Company, as well as, a member of the Audit Committee of your Company, GMAC Financial Services India Ltd. and Stovec Industries Ltd. He is also member of Investors' Grievance Committee of your Company and Josts Engineering Co. Ltd.

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

Mr. Shyam Bhartia

Mr. Shyam S. Bhartia, aged 58 years, is the Chairman and Managing Director of Jubilant Life Sciences Limited. Mr. Bhartia is a fellow member of the ICWAI. A leading industrialist of India, he has rich industrial experience in the Pharmaceuticals, Speciality Chemicals, Food, Oil and Gas (Exploration & Production), Aerospace and Information Technology sectors. He is a director on the boards of numerous companies both in India and overseas.

His past association with institutional segment included – Member of Board of Governors, Indian Institute of Technology (IIT), Mumbai, Member of Board of Governors, Indian Institute of Management (IIM), Ahmedabad, Director on the Board of Air India. He is a Member of the Executive Committee of Federation of Indian Chamber of Commerce & Industry (FICCI) & Confederation of Indian Industry (CII) & currently a member of Task Force on Chemicals appointed by the Government of India.

Names of Indian Public Limited Companies in which Mr. Shyam Bhartia is a Director:

Sr. No.	Name of the Company
1	Jubilant Life Sciences Limited
2	Jubilant Chemsys Limited
3	Jubilant Infrastructure Limited
4	Jubilant Clinsys Limited
5	Vam Holdings Ltd.
6	Geo-Enpro Petroleum Limited
7	Lionel India Limited
8	Chambal Fertilizers & Chemicals Limited
9	Jubilant Foodworks Limited
10	Jubilant First Trust Healthcare Limited
11	Jubilant Innovation (India) Limited
12	Zuari Industries 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 Managing Director, Chief Financial Officer & Vice President-Finance and Chief General Manager & Company Secretary, as the Secretary of the Committee. The Committee has met 7 times during the financial year ended March 31, 2011.

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	6
Mr. Marco Wadia	Member	7
Mr. Arun Duggal	Member	4
Mr. J.N. Godbole	Member	7

b. Investors Grievance Committee:

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

Terms of Reference:

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

There were 503 complaints received and replied to the shareholders during the year. There were no outstanding complaints or share transfers pending as on 31st March, 2011.

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

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

c. Other Committees:

Apart from above, the Board has constituted Committees for Banking & Finance 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 Executive Vice Chairman/

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

Amount Rs. in lacs

Executive Directors	Salary	Perquisites	Retirement benefits
H.S. Bawa*	204.58	21.18	38.88
Suresh Krishnan** ***	16.39	0.59	1.51

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

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

*** Remuneration subject to approval of the shareholders

- The term of Executive Vice Chairman is for a period of three years with effect from 1/9/2010. Notice period for termination of appointment of Executive Vice Chairman is three months on either side.
- The term of Managing Director is for a period of five years with effect from 1/2/2011. Notice period for termination of appointment of Managing Director is three months on either side.
- No severance pay is payable on termination of appointment of Executive Vice Chairman and Managing Director.

Sitting fees paid to Non-Executive Directors:

Remuneration by way of sitting fees paid to the non-executive directors during the financial year ended 31st March, 2011 for attending the meetings of the Board and the Committees thereof:

Sr. No.	Name of 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*	1,95,000
5.	Mr. J.N. Godbole	1,27,500
6.	Mrs. Jyotsna Poddar	45,000
7.	Mr. S.P. Tyagi	45,000
8.	Mr. Marco Wadia*	2,17,500

* 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.34.71 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
2007-2008	Jai Kisaan Bhawan, Zuarinagar, Goa 403726	15-9-2008	11.00 a.m.	YES
2008-2009	-same as above-	14-9-2009	11.00 a.m.	YES
2009-2010	-same as above-	27-9-2010	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 Exchanges or SEBI or any statutory authority on any matter related to capital markets, during the last three years:

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

8. Means of communication :

- a. Half-yearly Unaudited financial results:
Unaudited financial results for the half-year ended 30th September, 2010 were sent to each household of shareholders, apart from publishing in one National Daily and local dailies, one of which is in vernacular language.
- b. Quarterly Results:
Quarterly results are published in one National Daily and local dailies, one of which is in vernacular language.
- c. Web-site on which results are displayed:
www.zuari.in
- d. Presentation was made to Institutional Investors or to the Analysts during the year under review.

9. Code of Conduct & Ethics :

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

The declaration given by the 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 19th September, 2011 at 10.30 A.M., at Jai Kisaan Bhawan, Zuarinagar, Goa.

b. Financial calendar (Tentative)

Results for the quarter ended 30 th June, 2011	– 2 nd week of August, 2011
Results for the half-year ended 30 th Sept. 2011	– 2 nd week of November, 2011
Results for the quarter ended 31 st Dec. 2011	– 2 nd week of February, 2012
Audited Annual Results 2011-12	– May, 2012

c. Date of book closure : 19th May, 2011 to 26th May, 2011 (inclusive of both days)

d. Dividend payment date : On or after 23rd September, 2011 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 1st April, 2010 to 31st March, 2011:

Month	High	Low	BSE Sensex	
			High	Low
April, 2010	705.00	593.30	18047.86	17276.80
May, 2010	740.00	629.00	17536.86	15960.15
June, 2010	749.00	651.40	17919.62	16318.39
July, 2010	762.20	666.05	18237.56	17395.58
August, 2010	760.00	675.00	18475.27	17819.99
September, 2010	833.80	689.00	20267.98	18027.12
October, 2010	895.00	778.15	20854.55	19768.96
November, 2010	874.85	636.00	21108.64	18954.82
December, 2010	702.00	582.10	20552.03	19074.57
January, 2011	738.00	581.70	20664.80	18038.48
February, 2011	657.00	557.25	18690.97	17295.62
March, 2011	653.50	562.80	19575.16	17792.17
Annual Average	755.87	633.48	19327.60	17810.22

i. Share Transfer System:

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

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

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

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

j. An exclusive e-mail id : investor_redressal@zuari.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 are monitored and addressed on daily basis.

k. Shareholding:

The distribution of shareholding as on 31st March, 2011 was as follows:

No. of shares	No. of shareholders	% of shareholders
Upto 500	34345	97.32
501 – 1000	488	1.38
1001 – 2000	200	0.57
2001 – 3000	70	0.20
3001 – 4000	28	0.08
4001 – 5000	20	0.06
5001 – 10000	40	0.11
10001 and above	100	0.28
TOTAL	35291	100.00

Shareholding Pattern as on 31st March, 2011:

Category	No. of shares held	% shareholding
Promoters	10119373	34.37
Banks/Financial Institutions and Insurance Companies	2440173	8.29
Foreign Institutional Investors	1442336	4.90
Mutual Funds	3933904	13.36
NRIs/OCBs	7970442	27.07
Private Bodies Corporate	900060	3.06
Public	2634316	8.95
TOTAL	29440604	100.00

i. Dematerialisation of shares and liquidity:

2,06,58,864 equity shares (70.17%) have been dematerialised as on 31st March, 2011.

m. Plant Location:

Jai Kisaan Bhawan,
Zuarinagar, Goa – 403726

n. The Address for correspondence is:

Zuari Industries Limited,
Jai Kisaan Bhawan,
Zuarinagar, Goa – 403 726.
Tel. : 91-0832-2592431
Fax : 91-0832-2555279
E-mail : shares@zuari.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 (The Company), for the year ended on March 31, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

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

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

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

Place : Gurgaon
Date : 9th May, 2011

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, Suresh Krishnan, 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 2010-11.

Place : New Delhi
Date : 9th May, 2011

Suresh Krishnan
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 world economy has recovered from the financial crisis and the recession that followed earlier than was being expected. There are positive trends in employment and growth except for occasional spike observed in some of the Mediterranean and PIGS Economies.

In the latest World Economic Outlook (WEO) the IMF upgraded its estimated Global Growth from 4.8% to 5.0%.

Emerging Economies have by and large been the major drivers of this remarkable recovery.

With the initial de-stocking phases in the post recession now over, consumption has regained strength and the recovery has shown signs of self sustenance.

On the Capital Side there are healthy pre-recession-level inflows in practically all of the emerging economies.

However overall growth has to pick up further and unemployment though seemingly under control has yet to solidify.

The consumer prices are on the upswing. The IMF Projections on Consumer Price Indices for Emerging & Developing Economies have forecast an increase of 6.9% in 2011 and 5.3% in 2012.

The overall commodity price indices rose by 32% from the middle of 2010 to February 2011.

LIBOR on both Dollars & Euro Deposits also are up.

The Inflation is writ on the world economy in varying degrees in varying regions.

There are concerns on the food front and on the oil front arising from the social unrest in the middle-east and in the North Africa and this could be an undoing in itself to the impressive gains referred to above.

(ii) The World Agriculture & Food Scenario:

Global food outputs are expected to recover quickly from the recent supply shocks with increased global acreage and from normal weather conditions predicted. There are favourable harvest prospects in 2011.

However increased consumption even with effects of de-stocking will certainly put pressure on prices.

Regarding medium-term prospects for key commodities, genuine resource scarcity concerns are now widespread. A gradual, significant downshift in oil supply trend growth is quite possible but might present only a limited drag on

annual global growth of less than ¼ percent in the medium term. This relatively small effect reflects the small share of oil in overall economic production and consumption and the scope to adjust production and consumption to rising prices over the long term. However, given low (and falling) short-term supply and demand elasticity, such a trend could also bring abrupt price changes that could have very damaging short-term effects on economic activity.

Given the improvement in financial markets, buoyant activity in many emerging and developing economies, and growing confidence in advanced economies, economic prospects for 2011-12 are good, notwithstanding new volatility caused by fears about disruptions in oil supply.

However, the economic activity is projected to pick up from the recent dip, with global growth reaching about 4½ percent during 2011-12. Real GDP is expected to expand by about 2½ percent in advanced economies and by 6½ percent in emerging and developing economies. This entails a modest slowdown relative to the growth rates reached in 2010.

Leading indicators already show evidence of a pickup in growth following the inventory-led rundown. After stagnating during much of the fall, industrial production has begun to regain speed, reflected in the return of manufacturing purchasing managers indices (PMIs) to more expansionary levels. Service sector PMIs suggest that the recovery is now broadening to this large part of the global economy. Retail sales are going strong in emerging market economies and have bounced back in advanced economies, led by the United States. At the same time, the impact of recent oil price hikes is expected to be relatively limited.

On the agriculture side, The USDA has released its Prospective Plantings Report. U.S growers are expected to plant 92.2 million acres of corn (+5% from 2010), 76.6 million acres of soybeans (-1% from 2010) and 58 million acres of wheat (+8% from 2010). The ranges for market expectations were: 91.0-92.6 million acres for corn, 75.0-78.5 million acres for soybeans and 56.0-58.4 million acres for wheat.

U.S. wheat stocks at March 1, 2011, were 1.4 million bushels (+68 thousand from March'10). Current USDA projections of U.S. wheat stocks for the 2011 marketing-year ending June 1 are 843 million bushels (133 million bushels lower than 2010). This implies an accelerated drawdown of U.S. wheat between March 1 and June 1, 2011. Given the late juncture in the crop year, Middle East unrest and the situation in Japan, these expectations may not be met and ending stocks could be revised upward.

Wheat prices have come off from highs of around \$9/bushel in February, which may suggest that this risk has already been discounted. While the easing of wheat prices can indirectly impact corn if feed demand shifts, it would appear that

U.S. closing corn stocks for 2011-12 may not surpass the crucial 1 billion bushel level and corn prices should remain healthy. Regionally, lower wheat prices have a larger effect on grower sentiment and fertilizer demand in Europe versus North America, where fertilizer application is largely driven by corn plantings.

The Reading from this is that demand will be high on global fertilisers causing price pressures but availability of fertilisers have been and are expected to continue to be stable ensuring adequate supplies during the year. The big picture points to a favourable economic environment for this industry in general.

(iii) The India Picture:

The Indian Economy has grown by around 8.6% during the year and the projections released by the Government show a growth of 9% next year. However the growth of agriculture and allied sectors is still a critical factor in the overall performance of the Indian economy.

As per the 2010-11 advance estimates released by the Central Statistics Office (CSO) on 07.02.2011, the agriculture and allied sector accounted for 14.2 per cent of the gross domestic product (GDP), at constant 2004-05 prices. However the share in GDP of Agriculture is stagnating in fact slowly reducing over the years and this remains a key concern.

With a good monsoon last year and a negative growth rate in the previous year the growth in the current year is expected to be around 5%. However with a plan target of average 4% per year the task before the Country for the year 2011-12 is 8.5%. The production of food grains for the year 2010-11 is estimated at 232 million tons. Inflation is a major cause for concern and the follow on actions of a high interest regime will stand in the way for a smooth uphill journey for this Country's Economy.

In the Fertiliser Sector, the production of Urea was around 215 million tons for the year against 211 million tons last year a marginal increase of 2%. Production of DAP was constrained by availabilities in Raw Materials and intermediaries and the production came down from 42 million tons to around 40 million tons and that of complex grades increased from 80 million tons to 92 million tons around a 15% growth.

(iv) The Outlooks:

Early Projections reveal that real GDP will grow by 8.8 per cent during the fiscal.

The agriculture sector is projected to grow by 3.8 per cent, the industrial sector by 9.4 per cent and the services sector by 9.9 per cent.

Foodgrain production is projected to grow by 3.7 per cent and touch a record 236.9 million tonnes, assuming that the monsoon does not play spoilsport. The growth will be powered by higher output of rice and wheat. This is expected

to bring more income in the hands of the farming community.

The growth in industrial production will be driven by a rise in consumption and investment demand. Consumption demand, in turn, will be driven by a rise in corporate wages, fresh employment generation and lower inflation. Compared year-on-year, Corporate India is expected to spend 14.7 per cent more on salaries & wages in 2011-12. This implies that there will be more money in the hands of urban consumers as well.

Investment demand is expected to be buoyant because more and more projects are moving into the implementation stage. Projects cumulatively valued at Rs.8 lakh crore are scheduled to be commissioned in 2011-12, as compared to Rs.3.6 lakh crore in 2010-11. The largest contribution to these capacity additions will come from the power sector.

Consumer spending is back on track as purchasing power has increased. Private Final Consumption Expenditure (PFCE) is estimated to have grown by 8.6 per cent in 2010-11, compared to 4.3 per cent in the preceding fiscal.

(v) The New Policy Initiatives:

Fertiliser Industry, Plant Nutrients and Plant Protection solutions have consistently played a significant role in the development of the agricultural sector. In India, the per hectare consumption of fertilizers in nutrient terms has been increasing.

There have been major policy initiatives in the fertilizer sector during the year. The nutrient-based subsidy scheme for Phosphatics and Potassic Fertilisers was introduced with effect from 1st April 2010. Under the nutrient based subsidy scheme (NBS), Government now pays a fixed subsidy per kg of nutrients N, P, K and S contained in P & K fertilizers and have laid down a rate per ton of fertilizers. This has been fixed keeping in view the international prices, local demand and soil requirements.

Maximum retail prices (MRPs) of the decontrolled P&K fertilizers have been kept open and companies are free to announce their MRPs.

A uniform freight subsidy policy has been announced under which rail freight is paid on actual and road freight on a normative average district lead. These policy initiatives have pulled the industry out of its erstwhile protective shields resulting in efficiency, quality and reliability as the major priorities for the industry.

This Company reiterates its support to the Policy and in its opinion it is a step towards free markets, competitions and quality of efficient, mature and responsible operations.

The Policies in respect of investments in Urea Manufacturing facilities are still awaited.

However, the Investments in Fertiliser Plants have been accorded "Investments in Infrastructure Facilities" Status for the purposes of claiming investment linked incentives in the Tax Laws. This is a very positive step and is in response to a long standing demand from the Industry.

In line with preparatory actions for implementation of GST, Fertilisers have been made excisable at the rate of 1% from 28th of March this year. This will put pressures on the farm gate prices of fertilisers. However the market has reacted positively to this and your Company has been able to recover the incidence fully at the market place.

(vi) The Fertiliser Bonds :

The Government bought back at the end of the year Fertiliser Bonds it had issued during the periods 07-08 and 08-09 at discounts around 12 to 14%.

The Government has indicated its willingness to share a significant part of this loss which will greatly smoothen cash flow situation of the industry.

(vii) Opportunities :

Union budget 2011-12 has initiated several measures to give boost to agriculture and manufacturing sectors. The investments in fertiliser industry has now been considered as investment in infrastructure. Government initiatives in terms of increase in allocation of funds to the sector, increase in FII limits for investment in corporate bonds and provision of tax free status to infrastructure bonds would attract the flow of funds, accelerating the growth of the fertiliser industry.

Due to large gap in indigenous production and demand for N and P fertilisers, the country has to depend largely on imported products for ensuring food security. Further, in the absence of any indigenous source of Potash, country's entire MOP requirement has to be met through imports. In 2011-12, the country will need to import more than 75 lakh tonnes of DAP, 45 lakh tonnes of MOP, and 10 lakh tonnes of complexes and these imports will continue to rise in the near future. Banking on this opportunity, your Company has embarked on ambitious plan to increase the imports of DAP, MOP and complexes and fulfill the market requirement. Company's sales of imported fertilisers are likely to cross 18 lakh tonnes in next two years.

Nutrient based Subsidy (NBS) implemented by government has helped in improving the availability and aiding balanced application of fertilisers in the country. Government has also provided for additional subsidies on secondary nutrient Sulphur and micronutrients Boron and Zinc, supplied through fortified and customised fertilisers. Accordingly, the company has taken requisite steps to manufacture and market customised fertilisers in the near future. Revised policy also provides for additional subsidy to the indigenous manufacturers of complex fertilizers using naphtha based captive ammonia to compensate for higher cost of 'N'. This will help in profitably enduring complex production in plant at Zuarinagar till Gas/LNG is made available for feedstock changeover.

(viii) Threats :

Considering the actual production cost of fertilisers in the country and additional requirement of imports, overall

fertiliser subsidy requirement for the year 2011-12 is around Rs 80,000 crore; while the Government has earmarked only Rs 50,000 crore in Union Budget 2011-12, leaving a wide gap. This may result in delay in receipt of payments from the Government, affecting the company's bottom line.

As per the envisaged plan, the peak output of natural gas from east coast deep water blocks of Krishna – Godavari basin fields was to rise to 80 mmscmd (million standard cubic meter a day) by April 2012. However, compounding woes at these fields have resulted in 13 % drop in output currently and the problems are likely to continue even in 2012-13. Reduced availability of gas would force urea producers to cut down their output or go for costlier imported LNG for feedstock. Resultant increase in production cost and enhanced imports may affect the demand-supply balance, thereby impacting the profitability of fertiliser industry.

For the year 2011-12, Government of India has fixed subsidy rates on Nitrogen, Phosphorus, Potash and Sulphur based on corresponding reference import prices of last year. However, with continuous flare up of fertiliser prices in the global market, the gap between the landed price and recovery price from farmers is widening and the same may have to be passed on to farmers if the government does not effect the corrections in the subsidy. This may result in hike in retail prices of complex fertilisers and affect the overall demand for fertilisers.

(ix) Future Outlook :

Company has received the green signal from Government of Karnataka to go ahead with the Rs 5000 crore gas based urea plant in the state with annual capacity of 1.2 million tonnes. The Company has started the process of acquiring land in Belgaum district, bordering Maharashtra and Goa. The plant will be in the vicinity of Dabhol – Bangalore gas pipeline and is expected to be commissioned by 2015-16. The Company is also in the process of land acquisition near Karwar, in Uttar Kannada district of Karnataka for building phosphate and customised fertiliser plant at estimated investment of Rs 700 crore. The company has already completed the necessary overhauling and hardware jobs for feedstock changeover from naphtha to LNG in its plant at Zuarinagar, Goa. With availability of gas through a separate 120 km pipeline from Belgaum, the plant is expected to be converted to gas as feedstock by 2012. Following revamp, phosphate production capacity of Goa plant would rise to 1 million tonnes a year from current level of 0.8 million tonnes. Commissioning of new Urea plant in Belgaum and revamp of existing plant at Goa will give a major boost to Zuari's market share, particularly in its primary market.

(x) Internal Control Systems:

The Company has adequate Internal Control systems with focus on protection of resources, best practices on governance, sound financial management, Roles and Authorities and compliance with Statutes and Regulations.

Its basic information processes are run on the latest version of ERP Systems with adequate protections and security procedures.

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 397,854 MT while actual despatches for the year was 399,300 MT.

In NPK Plant 'A', 205,716 MT of Samarth (10:26:26), 45,959 MT of Samrat (18:46:0) and 73,010 MT of Sampatti (12:32:16) grades were produced, totalling to 324,685 MT.

In NPK Plant 'B', 105,728 MT of Samrat (18:46:0), 85,357 MT of Sampatti (12:32:16) and 145,056 MT of Samarth (10:26:26) grades were produced, totalling to 336,141 MT.

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

(xii) Company's strength:

During last couple of years, the company has taken number of steps to expand its marketing territory, in line with its vision to have pan-India presence. The company's product portfolio includes almost full range of agri inputs needed by farming community, such as fertilisers, pesticides, micronutrients, speciality fertilisers, compost etc. Company feeds its primary markets of Maharashtra and Karnataka mainly from its Goa plant, while distant and new markets such as Andhra Pradesh, Tamilnadu, Kerala, Gujarat etc are taken care through imports. Company is now regarded as one of the major suppliers of imported fertilisers in the country, operating through all major ports of the western and eastern coast. With formidable presence in the market, Jaikisaan brand is now a well accepted brand in the entire peninsular region. The company plans to further expand its marketing activities into the states of Madhya Pradesh and Orissa in the year 2011-12.

With the commissioning of its Joint Venture i.e. Zuari Rotem Speciality Fertiliser plant at Baramati, the company has become a major player in speciality fertiliser segment, ensuring availability of the products throughout the year. Company's plant protection business is fortified with new molecules procured from MNCs and with this, your Company enjoys number one position in Karnataka and number three position in Maharashtra. In secondary markets, the Company is consolidating its position.

Company's specially tailored Market Development programmes such as Jaikisaan Sangam, demos on precision agriculture at model farm, operation of toll-free telephone service and soil testing services through high-tech laboratories are providing unique support to Zuari's customer base, thus strengthening Jaikisaan brand equity.

(xiii) Material development in human resources:

The fresh recruitment at different levels has also been done and new market positions created to facilitate the growth of agribusiness.

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

(xiv) Marketing:

Company's marketing territory covers the states of Goa, Karnataka, Maharashtra, Andhra Pradesh and parts of Tamil Nadu, Gujarat and Kerala.

Country as a whole received normal rainfall from southwest monsoon during 2010. Rainfall from northeast monsoon was also quite satisfactory.

In your company's marketing territory, monsoon was normal in Maharashtra, Karnataka & Kerala and excess in Andhra Pradesh and Tamil Nadu. Banking on increased demand and with timely imports, the company managed to achieve the highest ever sales of 21,01,912 MT during the year, an increase of 21% over previous year. In respect of imported fertiliser DAP, total sales at 5,32,616 MT was 133% higher compared to last year. Similarly, MOP sales at 4,13,704 MT registered an increase of 10% over last year. The Company also commenced marketing of imported complex grades, clocking 19620 MT sale of 16:20:0:13 grade in the first year. In respect of traded product SSP, the company could increase the sale to 26702 MT from 4143 MT of last year. Tolling arrangement with DMCC has helped in achieving increased sale of SSP. The company has consolidated its marketing presence in the state of Tamil Nadu and in Marathwada region of Maharashtra. In 2011-12, company plans to further extend its marketing activities in Vidharbha region of Maharashtra and in Madhya Pradesh.

Agri input sale of the company stood at 265.69 crores, 27% higher compared to previous year. Introduction of new molecules, timely product placement and grass root level customer support through Jaikisaan Sangam & Hello Jaikisaan helpline have helped in improving the sales in this segment. In respect of speciality fertilisers, total sale at 6821.74 MT is 39% higher compared to previous year. The seed sale was Rs 809.22 lacs during the year.

Annexure 'G' to the Directors' Report

Persons constituting group coming within the definition of "group" for the purpose of Regulation 3(1)(e)(i) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, include the following :

Sr.No.	Name of the Entity	Sr.No.	Name of the Entity
1.	Abhisekh Holding Pvt. Ltd.	25.	Mcfarlene & Co. Ltd.
2.	Academiam Sales Pvt. Ltd.	26.	New Eros Tradecom Ltd.
3.	Adventz Industries India Limited	27.	Paradeep Phosphates Limited
4.	Adventz Infracore India Ltd.	28.	Planon Group Ltd.
5.	Adventz Investments And Holdings Limited	29.	Poddar Heritage Finance Pvt. Ltd.
6.	Adventz Securities Enterprises Limited	30.	Ricon Commerce Limited
7.	Birla Construction Ltd.	31.	Sanghashree Investment & Trading Company Ltd.
8.	Coltrane Corporation Ltd.	32.	Simon India Limited
9.	Duke Commerce Limited	33.	Style Spa Furniture Limited
10.	Eureka Traders Pvt. Ltd.	34.	Syndak Teatech Ltd.
11.	Fullford Vinimay Pvt. Ltd.	35.	The Pench Valley Coal Company Limited
12.	Future Fuels (International) India Pvt. Ltd.	36.	Texmaco Limited
13.	Globalware Holdings Ltd.	37.	Texmaco Rail & Engineering Ltd.
14.	Globex Limited	38.	Zuari Commodity Trading Limited
15.	Gobind Sugar Mills Limited	39.	Zuari Fertilisers & Chemicals Limited
16.	Greenland Trading Pvt. Ltd.	40.	Zuari Financial Services Limited
17.	Gulbarga Cement Limited	41.	Zuari Holdings Limited
18.	High Quality Steels Ltd.	42.	Zuari Indian Oiltanking Limited
19.	Indian Furniture Products Limited	43.	Zuari Insurance Brokers Limited
20.	Indrakshi Trading Company Pvt. Ltd.	44.	Zuari Investments Limited
21.	Interglas India Pvt. Ltd.	45.	Zuari Management Services Limited
22.	Lionel Edwards Limited	46.	Zuari Maroc Phosphates Limited
23.	Lionel India Limited	47.	Zuari Rotem Speciality Fertilisers Limited
24.	Master Exchange & Finance Limited	48.	Zuari Seeds Limited

Auditors' Report

To

The Members of Zuari Industries Limited

1. We have audited the attached balance sheet of Zuari Industries Limited ('the Company') as at March 31, 2011 and also the profit and loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account.
 - iv. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - v. On the basis of the written representations received from the directors, as on March 31, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 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, 2011;
 - 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

Place : Gurgaon

Partner

Date : 9th May, 2011

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 not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Therefore, the provisions of paragraph 4 (iii) (a), (b), (c) and (d) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 and as such, clauses 4 (iii) (e) to 4 (iii) (g) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system of the Company. Due to the nature of its business, the Company is not required to sell any services.
- (v) According to the information and explanations provided by the management, we are of the opinion that there are no transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956. Therefore, the provisions of clause 4(v) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (vi) In respect of deposits accepted in earlier years, in our opinion and according to the information and explanations given to us, directives issued by the Reserve Bank of India and the provisions of Sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed thereunder, to the extent applicable, have been complied with. We are informed by the management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and other material statutory dues applicable to it.
- Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other material undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

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

Name of the statute	Nature of dues	Amount (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)
Chapter V of Finance Act 1994	Service tax under Goods Transport Agency Services	84.10	2006-07 to 2009-10	Additional Commissioner, Customs and Central Excise, Panaji, Goa

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

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

Place : Gurgaon
Date : 9th May, 2011

per Anil Gupta
Partner
Membership No.: 87921

BALANCE SHEET AS AT 31ST MARCH, 2011

	Schedule Number	As at 31 st March, 2011		As at 31 st March, 2010	
		Rs. in lacs	Rs. in lacs	Rs. in lacs	Rs. in lacs
I. SOURCES OF FUNDS					
(1) Shareholders' funds :					
(a) Share capital.....	1	2,944.11		2,944.11	
(b) Reserves and surplus.....	2	1,19,095.10		1,03,942.19	
			1,22,039.21		1,06,886.30
(2) Loan funds :					
(a) Secured loans	3	57,058.71		60,278.91	
(b) Unsecured loans.....	4	40,134.98		47,974.27	
			97,193.69		1,08,253.18
(3) Deferred tax liabilities (net)..... (Refer note no.19 of Schedule 18)			449.96		12.90
Total			2,19,682.86		2,15,152.38
II. APPLICATION OF FUNDS					
(1) Fixed assets :					
(a) Gross block		44,723.70		42,069.55	
(b) Less : Accumulated depreciation/ amortization		27,740.08		25,728.70	
(c) Net block.....	5	16,983.62		16,340.85	
(d) Capital work-in-progress including capital advances		5,604.22		2,648.03	
			22,587.84		18,988.88
(2) Investments.....	6		52,087.61		1,04,652.74
(3) Current assets, loans and advances :					
(a) Inventories	7	71,775.68		37,869.87	
(b) Sundry debtors	8	76,472.72		61,828.42	
(c) Cash and bank balances.....	9	28,664.06		5,692.36	
(d) Other current assets.....	10	21,234.13		40,701.56	
(e) Loans and advances	11	26,335.61		13,025.03	
		2,24,482.20		1,59,117.24	
Less :					
Current liabilities and provisions					
(a) Current liabilities	12	74,499.97		62,405.92	
(b) Provisions.....	13	4,974.82		5,200.56	
		79,474.79		67,606.48	
Net current assets.....			1,45,007.41		91,510.76
Total			2,19,682.86		2,15,152.38
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

S. K. Poddar
Chairman

Suresh Krishnan
Managing Director

Marco Wadia
Director

Per ANIL GUPTA
Partner
Membership No. : 87921

Binayak Datta
CFO & Vice President – Finance

R. Y. PATIL
Chief General Manager
& Company Secretary

Place : Gurgaon
Date : 9th May, 2011

Place : Gurgaon
Date : 9th May, 2011

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	Schedule Number	Year ended 31 st March, 2011		Year ended 31 st March, 2010	
		Rs. in lacs	Rs. in lacs	Rs. in lacs	Rs. in lacs
INCOME					
Sales including subsidy on fertilisers		5,52,315.22		4,27,772.18	
Less: Excise duty		32.43		17.63	
Sales (net)		5,52,282.79		4,27,754.55	
Interest on Fertiliser Companies' Government of India Special Bonds		2,905.20		2,940.02	
Other income	14	5,091.56		7,331.19	
			5,60,279.55		4,38,025.76
EXPENDITURE					
Purchases of finished goods for resale		2,51,565.39		1,37,535.52	
Manufacturing and other expenses.....	15	3,00,343.49		2,59,321.33	
(Increase)/decrease in stocks	16	(21,539.90)		15,533.23	
Depreciation / amortisation.....	5	2,133.87		1,950.76	
Interest	17	3,831.94		1,721.17	
			5,36,334.79		4,16,062.01
Profit before tax			23,944.76		21,963.75
Provision for tax					
Current tax		6,900.00		8,041.29	
Current tax adjustment relating to earlier years		(79.83)		(12.38)	
Deferred tax charge/(credit) [Refer note No.19 of Schedule 18]		437.06		(1,755.14)	
Fringe Benefit Tax (credit) related to earlier years.....		-		(6.12)	
			7,257.23		6,267.65
Profit after tax			16,687.53		15,696.10
Credit balance of profit and loss account brought forward			62,214.07		53,067.95
			78,901.60		68,764.05
Less : Appropriations					
Proposed dividend on equity shares.....			1,324.83		1,324.83
Corporate dividend tax thereon			209.80		225.15
Transfer to general reserve.....			15,000.00		5,000.00
			16,534.63		6,550.98
Balance carried to balance sheet			62,366.97		62,214.07
Earnings per share					
Basic [Nominal value of shares Rs.10/- (previous year:Rs.10/-)](Rs)			56.68		53.31
Diluted [Nominal value of shares Rs.10/- (previous year:Rs.10/-)](Rs)			56.68		53.31
(Refer note No.18 of 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

S. K. Poddar
Chairman

Suresh Krishnan
Managing Director

Marco Wadia
Director

Per ANIL GUPTA
Partner
Membership No. : 87921

Binayak Datta
CFO & Vice President – Finance

R. Y. PATIL
Chief General Manager
& Company Secretary

Place : Gurgaon
Date : 9th May, 2011

Place : Gurgaon
Date : 9th May, 2011

CASH FLOW STATEMENT

	Year ended 31 st March, 2011 (Rs.in Lacs)	Year ended 31 st March, 2010 (Rs.in Lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Profit before Tax	23,944.76	21,963.75
Adjustments For :		
Depreciation / amortisation	2,133.87	1,950.75
Interest income	(4,752.83)	(5,371.56)
Dividend income	(2,085.10)	(2,227.88)
Provision for doubtful debts	(2.74)	(5.82)
Interest expense	3,831.94	1,721.17
(Profit) or loss on disposal of assets (net)	28.77	(333.24)
(Profit) or loss on sale of long term Investments	-	(1,326.22)
(Gain) or Loss on Foreign Exchange Variation	(1,359.60)	446.21
Diminution in the value of Fertiliser Companies' Government of India Special Bonds	548.03	4,006.86
	(1,657.66)	(1,139.73)
Operating Profit before Working Capital Changes	22,287.10	20,824.02
Changes in :		
Inventories	(33,905.81)	15,581.80
Sundry Debtors	(14,641.55)	46,161.55
Other Current Assets	19,106.18	176.40
Loans and Advances	(2,226.86)	7,522.61
Current Liabilities and Provisions	12,574.85	(1,58,783.91)
	(19,093.19)	(89,341.55)
Cash from Operations	3,193.91	(68,517.53)
Direct Taxes (Paid)	(8,303.27)	(4,534.23)
Net Cash flow (used in) Operating Activities (A)	(5,109.36)	(73,051.76)
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Interest Received	4,566.06	8,047.51
Dividend Received on Investments	2,085.10	2,227.88
Sale of Fixed Assets	15.73	391.05
Purchase of Fixed Assets	(5,763.00)	(4,039.27)
Purchase of Investments in Subsidiaries	(1,260.96)	(1,679.64)
Purchase of other Investments	(2,71,596.46)	(5,38,842.49)
Proceeds from sale/redemption of other Investments	3,25,422.56	5,09,137.81
Fixed Deposits with Banks	(3,559.76)	(30.75)
Fixed Deposits matured	30.00	30,281.16
Loans given to Bodies Corporate	(13,560.00)	(4,602.32)
Loans given to Bodies Corporate received back	3,833.59	3,099.80
Net Cash flow from Investing Activities (B)	40,212.86	3,990.74

CASH FLOW STATEMENT (Contd....)

	Year ended 31st March, 2011 (Rs. in Lacs)	Year ended 31st March, 2010 (Rs. in Lacs)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Repayment of Long Term Loans	(339.31)	(772.33)
Proceeds / (Repayment) of Short Term Loans	(9,867.40)	76,440.85
Dividend Paid [including dividend tax Rs. 220.03 lacs (previous year Rs. 150.10 lacs)]	(1,543.11)	(1,029.85)
Interest Paid	(3,911.74)	(1,531.63)
Net Cash flow from/ (used in) Financing Activities (C)	<u>(15,661.56)</u>	<u>73,107.04</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS (A + B + C)	19,441.94	4,046.02
CASH AND CASH EQUIVALENTS (OPENING) Cash and Bank Balances (Refer Note 2 below)	5,661.51	1,615.49
CASH AND CASH EQUIVALENTS (CLOSING) Cash and Bank Balances (Refer Note 2 below)	25,103.45	5,661.51

- 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. 3,560.61 lacs (previous year Rs. 30.85 lacs) with an original maturity period of more than three months.

	As at 31st March, 2011 (Rs. in Lacs)	As at 31st March, 2010 (Rs. in Lacs)
Cash on hand	2.17	0.38
Cheques on hand	4.72	-
With scheduled banks :		
On current accounts	9,941.03	582.97
On unpaid dividend accounts*	31.01	29.25
On Interest warrant accounts*	24.52	48.91
On deposit accounts	15,100.00	5,000.00
	<u>25,096.56</u>	<u>5,661.13</u>
Cash and cash equivalents	<u>25,103.45</u>	<u>5,661.51</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

S. K. Poddar
Chairman

Suresh Krishnan
Managing Director

Marco Wadia
Director

Per ANIL GUPTA
Partner
Membership No. : 87921

Binayak Datta
CFO & Vice President – Finance

R. Y. PATIL
Chief General Manager
& Company Secretary

Place : Gurgaon
Date : 9th May, 2011

Place : Gurgaon
Date : 9th May, 2011

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST MARCH, 2011**

	As at 31 st March, 2011		As at 31 st March, 2010	
	Rs.in lacs	Rs.in lacs	Rs.in lacs	Rs.in lacs
SCHEDULE 1				
SHARE CAPITAL				
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		2,944.06		2,944.06
Add : Forfeited shares (amount paid-up): Equity Shares		0.05		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.

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	41,315.62		36,315.62	
Add :				
Transferred from profit and loss account	15,000.00		5,000.00	
		56,315.62		41,315.62
BALANCE IN PROFIT AND LOSS ACCOUNT				
		62,366.97		62,214.07
		<u>1,19,095.10</u>		<u>1,03,942.19</u>

SCHEDULE 3

SECURED LOANS

(Refer Note No. 13 of Schedule 18)

	As at 31st March, 2011		As at 31 st March, 2010	
	Rs. in lacs	Rs. in lacs	Rs. in lacs	Rs. in lacs
1. Cash credits (including working capital demand loans) from banks		9,665.91		638.83
2. Buyers' credit from banks (Short term)		47,392.80		59,640.08
		<u>57,058.71</u>		<u>60,278.91</u>

SCHEDULE 4

UNSECURED LOANS

1. Fixed deposits from public [due within one year Rs.134.96 lacs, (previous year Rs.339.06 lacs)		134.98		474.27
2. Short Term loans from banks.....		40,000.00		45,000.00
3. Commercial Paper (Short term) issued to a bank (Maximum amount raised at any time during the year Rs.2,500 lacs, previous year Rs.7,500 lacs)		-		2,500.00
		<u>40,134.98</u>		<u>47,974.27</u>

**SCHEDULE 5
FIXED ASSETS**

(Rs. In Lacs)

	GROSS BLOCK				DEPRECIATION/ AMORTISATION				NET BLOCK	
	As at 1st April, 2010	Additions	Deletions	As at 31st March, 2011	As at 1st April, 2010	For the Year	Deletions	As at 31st March, 2011	As at 31st March, 2011	As at 31st March, 2010
Tangible Assets										
Land (Freehold)	865.15	0.00	0.00	865.15	0.00	0.00	0.00	865.15	865.15	865.15
Buildings	2,250.93	199.90	0.00	2,450.83	1,026.69	56.65	0.00	1,083.34	1,367.49	1,224.24
Railway siding	1,500.59	0.00	0.00	1,500.59	830.19	71.74	0.00	901.93	598.66	670.40
Plant and machinery	34,617.84	2,144.39	94.76	36,667.47	22,465.64	1,588.96	81.14	23,973.46	12,694.01	12,152.20
Vehicles	468.39	176.62	48.25	596.76	109.16	49.69	20.68	138.17	458.59	359.23
Furniture, fittings and office equipment	1,632.17	248.79	23.97	1,856.99	987.54	166.53	20.67	1,133.40	723.59	644.63
Intangible Assets										
Computer Softwares	734.48	51.43	0.00	785.91	309.48	200.30	0.00	509.78	276.13	425.00
Total	42,069.55	2,821.13	166.98	44,723.70	25,728.70	2,133.87	122.49	27,740.08	16,983.62	16,340.85
Previous year	39,807.94	2,656.27	394.66	42,069.55	23,871.96	1,950.76	94.02	25,728.70		
Capital work in progress including capital advances of Rs. 636.97 lacs (Previous year Rs.521.22 lacs)									5,604.22	2,648.03
TOTAL									22,587.84	18,988.88

SCHEDULE 6

INVESTMENTS

LONG TERM (At cost)

Trade, quoted

5,90,15,360 (previous year 5,61,33,334)
Equity Shares of Chambal Fertilisers and
Chemicals Limited of Rs. 10/ – each fully paid-up

	As at 31st March, 2011		As at 31st March, 2010	
	Rs. in lacs	Rs. in lacs	Rs. in lacs	Rs. in lacs
	9,055.72	9,055.72	<u>7,133.78</u>	7,133.78
Other than trade, quoted				
50,39,480 (previous year 40,35,000) Equity Shares of Texmaco Limited of Re.1/ – each fully paid up (Refer note no. 21(b) of Schedule 18).....	645.72		563.25	
40,35,000 (previous year Nil) Equity Shares of Texmaco Rail & Engineering Limited of Re.1/ – each fully paid up (Refer note no. 21(b) of Schedule 18).....	330.06		–	
2,13,90,900 (previous year 42,73,313) Equity Shares of Nagarjuna Fertilizers & Chemicals Limited at Rs.10/ – each fully paid..... (Refer note no. 29(i) in Schedule 18)	6,583.05	7,558.83	<u>1,428.23</u>	1,991.48
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	
4,00,000 10% Non Cumulative Redeemable Preference Shares of Style Spa Furniture Limited of Rs. 100/ – each fully paid-up.....	400.00		400.00	
1,00,20,000 Equity Shares of Zuari Indian Oiltanking Limited of Rs. 10/ – each fully paid-up.....	1,002.00		1,002.00	
17,98,16,178 Equity Shares of Zuari Maroc Phosphates Limited of Rs. 10/ – each fully paid-up..... (Company under the same management w.e.f. February 01, 2011)	17,981.62		17,981.62	
34,57,501 Equity Shares of Zuari Rotem Speciality Fertilizers Limited of Rs.10/ – each fully paid up (of the above, 70 shares are held jointly alongwith nominee shareholders)	345.75		345.75	
2,58,250 Equity Shares of Lionel India Limited of Rs.100/ – each fully paid up (Refer note no. 29 (ii) in Schedule 18)	258.90	20,001.87	<u>258.90</u>	20,001.87
Subsidiary Companies				
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	
(Refer note no. 29 (iii) in Schedule 18)				
50,000 Equity Shares of Zuari Management Services Limited (formerly known as Zuari Infrastructure & Developers Limited) of Rs 10/–each fully paid up.....	5.00		5.00	

SCHEDULE 6 Contd....**INVESTMENTS (Contd.)**

50,000 Equity Shares of Adventz Infracore India Limited (formerly known as Zuari Developers Limited) of Rs.10/- each fully paid-up
 3,74,45,790 (previous year 3,12,04,798) Equity Shares of Zuari Investments Limited of Rs. 10/- each fully paid-up
 100 Equity Shares of Globex Limited at AED 1000/- each fully paid
 20,00,000 (previous year Nil) Equity Shares of Zuari Holding Limited of Rs. 10/- each fully paid-up
 50,000 Equity Shares of Zuari Fertilizers & Chemicals of Rs. 10/- each fully paid-up
 60,12,670 Equity Shares of Gulbarga Cement Limited of Rs. 10/- each , fully paid up

CURRENT (At lower of cost and fair value)**Other than Trade, unquoted**

Nil (previous year 13,41,62,960.64) Units of Reliance liquidity fund – Daily Dividend reinvestment option of Rs.10/- each
 2,24,359.69 (previous year 10,03,560.53) Units of Tata Liquid Super High Investment Fund – Daily dividend reinvestment option of Rs.1000/- each
 Nil (previous year 8,98,48,879.21) Units of Birla Cash Plan – Daily dividend reinvestment option of Rs.10/- each
 Nil (previous year 1,00,36,936.13) Units of ICICI Institutional Liquid Plan – Super Institutional dividend plan Mutual fund reinvestment plan of Rs.100/- each.....
 Nil (previous year 11,90,84,083.66) Units of HDFC Cash Management Fund – Treasury Advantage Plan – Wholesale – Daily dividend reinvestment option of Rs.10/- each
 Nil (previous year 7,35,912.03) Units of UTI Cash Plan Institutional daily income option – re-investment option of Rs.1000/- each..
 2,49,99,156.71 (previous year 2,49,99,695.11) Units of IDFC Cash Plan Daily Dividend reinvestment option of Rs.10/- each.....
 Less :
 Diminution in value of the Investment in a subsidiary (Zuari Seeds Limited)

Aggregate amount of quoted investments
 Aggregate amount of unquoted investments
 (Net of provision for diminution in the value of the investments) .

Market value of quoted investments

Net Asset Value of unquoted current investments

Note :

Refer note no. 21(a) of Schedule 18 for investments bought and sold during the year.

As at 31st March, 2011		As at 31st March, 2010	
Rs. in lacs	Rs. in lacs	Rs. in lacs	Rs. in lacs
	832.82	832.82	
	5,057.83	3,996.87	
	13.40	13.40	
	200.00	–	
	5.00	5.00	
	601.27	601.27	
	10,782.94		9,521.98
	–	13,420.94	
	2,500.53	11,184.88	
	–	9,002.41	
	–	10,039.15	
	–	12,666.26	
	–	7,502.22	
	2500.54	2,500.59	
	5001.07		66,316.45
	52,400.43		1,04,965.56
	312.82		312.82
	52,087.61		1,04,652.74
	16,614.55		9,125.26
	35,473.06		95,527.48
	52,087.61		1,04,652.74
	56,889.26		41,553.70
	5,001.07		66,316.45

**SCHEDULE 7
INVENTORIES**

(at lower of cost and net realisable value)

	As at 31st March, 2011		As at 31 st March, 2010	
	Rs. in lacs	Rs. in lacs	Rs. in lacs	Rs. in lacs
Stores and spares		3,894.49		3,475.27
Fuel oil		5,085.25		3,258.41
Raw materials [including goods-in-transit Rs.7,043.47 lacs (previous year Rs.6,929.23 lacs) and material lying with others Rs.492.91 lacs (previous year Rs.270.24 lacs)]		29,773.93		20,255.02
Packing materials		1,155.52		554.57
[including material lying with others Rs.338.98 lacs (previous year Rs.250.19 lacs)]				
Work-in-process		1,222.36		1,611.37
Finished goods [including goods-in-transit Rs.3,261.24 lacs (previous year Rs. 1,906.76 lacs) and material lying with others Rs.400.05 lacs (previous year Rs.96.09 lacs)]		30,644.13		8,715.23
		<u>71,775.68</u>		<u>37,869.87</u>

SCHEDULE 8

SUNDRY DEBTORS

Outstanding for more than six months :

Considered good :

Secured by deposits held.....	12.51	0.84
Unsecured	16,025.33	20,487.64
(Including subsidy receivable from Government of India Rs.16,018.17 lacs, previous year Rs.20,487.64 lacs)	16,037.84	20,488.48
Considered doubtful – unsecured	85.88	88.62
	16,123.72	20,577.10
Less: Provision for doubtful debts	85.88	88.62
	16,037.84	20,488.48

Other debts :

Considered good

Secured by deposits held.....	2,644.47	1,906.49
Unsecured	57,790.41	39,433.45
(Including subsidy receivable from Government of India Rs.51,899.03 lacs, previous year Rs.35,802.12 lacs)	60,434.88	41,339.94
	<u>76,472.72</u>	<u>61,828.42</u>

SCHEDULE 9**CASH AND BANK BALANCES**

Cash on hand	
Cheques on hand.....	
With Scheduled banks :	
On current accounts.....	
On unpaid dividend accounts.....	
On Interest warrant accounts.....	
On deposit accounts (Receipts of Rs. 0.85 lac (Previous year Rs. 0.85 lac) pledged with sales tax authorities).....	

As at 31st March, 2011
Rs. in lacs Rs. in lacs

As at 31st March, 2010
Rs. in lacs Rs. in lacs

	2.17		0.38
	4.72		-
	9,941.03	582.97	
	31.01	29.25	
	24.52	48.91	
	18,660.61	5,030.85	
	<u>28,657.17</u>		<u>5,691.98</u>
	<u>28,664.06</u>		<u>5,692.36</u>

SCHEDULE 10**OTHER CURRENT ASSETS**

Interest accrued on loans & deposits	
Interest accrued on loans to employees	
(Refer note no. 24 of Schedule 18)	
Unamortised premium on forward contracts.....	
Fertiliser Companies' Government of India Special Bonds (at lower of Cost and Market value)	
(Refer note no. 22 of Schedule 18)	

	901.23	680.98
	188.42	221.90
	1,241.55	896.76
	18,902.93	38,901.92
	<u>21,234.13</u>	<u>40,701.56</u>

SCHEDULE 11**LOANS AND ADVANCES**

(considered good)	
Secured	
Loan to employees	
Unsecured	
Advances recoverable in cash or kind or for value to be received	
Advances to subsidiaries	
Loans to employees	
(Refer note no. 24 of Schedule 18)	
Loans to subsidiaries.....	
(Refer note no. 14 of Schedule 18)	
Loan given to a body corporate	
VAT credit receivable	
Income tax payments and tax deducted at source (net of provision for income tax and MAT credit entitlement set off).....	
Security deposits	
Balances with customs, port trust and excise authorities.....	

	246.19	253.60
	1,945.61	1,271.04
	2,497.81	1,050.53
	427.18	406.61
	19,359.77	8,533.36
	-	1,100.00
	62.43	47.75
	1,358.34	-
	431.20	361.95
	7.08	0.19
	<u>26,335.61</u>	<u>13,025.03</u>

SCHEDULE 12

CURRENT LIABILITIES

Acceptances	
Sundry creditors :	
Total outstanding dues of micro enterprises and small enterprises (Refer note no. 25 of Schedule 18)	
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 and when due)	
– Unclaimed dividends	
– Unclaimed deposits	
– Unclaimed interest warrants	
– Unclaimed preference warrants	
Interest accrued but not due on loans & deposits	
Advances from dealers & others	
Trade deposits – dealers	
Other liabilities	

As at 31st March, 2011		As at 31 st March, 2010	
Rs. in lacs	Rs. in lacs	Rs. in lacs	Rs. in lacs
	20,349.21		17,931.48
	0.12		3.90
	48,519.12		39,428.79
	48,519.24		39,432.69
	31.01		29.25
	45.52		48.72
	24.52		48.90
	5.90		5.91
	106.95		132.78
	331.83		384.04
	901.91		788.66
	3,802.54		2,997.22
	488.29		739.05
	74,499.97		62,405.92
	–		125.79
	50.00		40.02
	7.95		229.19
	3,377.13		3,255.58
	1,324.83		1,324.83
	214.92		225.15
	4,974.82		5,200.56

SCHEDULE 13

PROVISIONS

Provision for taxation (net of advance tax payments)	
Wealth tax	
Gratuity	
Leave encashment	
Proposed dividend	
Corporate dividend tax thereon	

**SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 2011**

SCHEDULE 14

OTHER INCOME

	Year ended 31 st March, 2011		Year ended 31 st March, 2010	
	Rs.in lacs	Rs.in lacs	Rs.in lacs	Rs.in lacs
Interest on Income tax refunds		-	390.60	
Interest on deposits and others, (gross) [tax deducted at source Rs.122.27 lacs (previous year Rs. 149.34 lacs)] (Interest income on long term investments – other than trade Rs.Nil (previous year Rs.579.08 lacs)		1,847.63	2,040.93	
		1,847.63		2,431.53
Dividend income from long term investments				
Trade		1,220.71	1,104.13	
Other than trade.....		59.18	31.70	
		1,279.89		1,135.83
Dividend income from current investments other than trade.....		805.21		1,092.05
Profit on disposal of long-term investments		-		1,326.22
Profit on disposal of fixed assets (net).....		-		333.24
Rent recovered (gross) [tax deducted at source Rs 14.94 lacs (previous year Rs. 29.14 lacs)]		149.29		141.65
Excess provisions/ unclaimed liabilities/ unclaimed balances written back		2.74		13.30
Miscellaneous income.....		1,006.80		857.37
		5,091.56		7,331.19

SCHEDULE 15

MANUFACTURING AND OTHER EXPENSES

Raw materials consumed :				
Opening stocks		20,255.02	21,479.62	
Add : Purchases		2,32,691.49	1,93,878.04	
Less: Closing stocks		29,773.93	20,255.02	
		2,23,172.58		1,95,102.64
Packing materials consumed :				
Opening Stocks		554.57	636.42	
Add : Cost of bags and other purchases.....		4,423.24	3,696.65	
Less: Closing Stocks.....		1,155.52	554.57	
		3,822.29		3,778.50
Job charges		471.16		298.60
Power, fuel and water.....		22,361.60		18,331.82
Stores and spares consumed		542.37		566.35
Increase in excise duty and cess on stocks..... (Refer note no. 11 in schedule 18)		8.45		-
Catalyst consumed		-		380.40
Repairs and maintenance :				
Buildings		142.77	176.17	
Machinery		3,480.72	3,631.32	
Others		1,116.34	362.69	
		4,739.83		4,170.18

SCHEDULE 15 Contd.....

Bagging and other services	
Payments to and provisions for employees :	
Salaries, wages, bonus and allowances	
Contribution to provident and other funds	
Gratuity	
(Refer note no. 20 (a) of Schedule 18)	
Staff welfare expenses	
Outward freight and handling	
Rent	
Lease rentals	
Rates and taxes	
Insurance	
Cash rebate	
Subsidy claims written off	
Sundry balances written off.....	
Loss on disposal of fixed assets (net).....	
Loss on sale of Fertiliser Companies' Government of India Special Bonds	
Diminution in the value of Fertiliser Companies' Government of India Special Bonds	
Donations	
Miscellaneous expenses	

Year ended 31st March, 2011		Year ended 31 st March, 2010	
Rs. in lacs	Rs. in lacs	Rs.in lacs	Rs.in lacs
	2,490.10		2,184.47
	5,091.11	5,515.89	
	775.86	639.31	
	697.80	226.11	
	1,381.98	1,205.35	
	7,946.75		7,586.66
	24,979.86		17,758.10
	1,037.48		346.67
	87.57		110.34
	131.42		74.98
	305.12		335.54
	58.60		102.29
	35.90		115.40
	-		42.11
	28.77		-
	429.37		-
	548.03		4,006.85
	5.00		101.00
	7,141.24		3,928.41
	3,00,343.49		2,59,321.33

SCHEDULE 16

(INCREASE)/DECREASE IN STOCKS

Opening Stocks	
Work-in-process	
Finished goods	
Less: Closing Stocks	
Work-in-process	
Finished goods.....	

	1,611.37	733.15	
	8,715.22	25,126.67	
	10,326.59		25,859.82
	1,222.36	1,611.37	
	30,644.13	8,715.22	
	31,866.49		10,326.59
	(21539.90)		15,533.23

SCHEDULE 17

INTEREST

On fixed term loans.....	
To others	

	1,441.26	592.43	
	2,390.68	1,128.74	
	3,831.94	1,721.17	

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.

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 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) 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.

iv) 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.

v) Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of

impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-discount rate that reflects current market assessment of the time value of the money and rates specific to the asset.

vi) Intangibles

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

vii) Inventories

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

The Cost is determined as follows:

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

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

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

(ii) 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.

viii) 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.

ix) Fertiliser Companies' Government of India Special Bonds

Fertiliser Companies' Government of India Special Bonds issued by Government of India in lieu of subsidy

Schedule – 18 Contd.

- 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'.
- x) 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 except in case of contribution towards Provident Fund, where the deficit, arising in making the statutory payment by the Trust to its members, if any, is being borne by the Company in terms of the provisions under Employee Provident Fund & Miscellaneous Provisions Act, 1952.
- 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.
- xi) Foreign currency transactions
- a) Initial recognition
Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.
- b) Conversion
Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency, are reported using the exchange rates that existed when the values were determined.
- c) Exchange Differences
Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.
- d) Forward Exchange Contracts not intended for trading or speculation purposes
The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.
- xii) Revenue Recognition
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.
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. Excise Duty deducted from turnover (gross) is the amount that is included in the amount of turnover (gross) and not the entire amount of liability assessed during the year.
Concessions in respect of Urea as notified under the New Pricing Scheme is recognised with adjustments for escalation/ de-escalation in the prices of inputs and other adjustments as estimated by the management in accordance with the known policy parameters in this regard.
Subsidy for Phosphatic and Potassic (P&K) fertilizers are recognized as per rates notified by the Government of India

Schedule – 18 Contd.

in accordance with Nutrient Based Subsidy Policy from time to time.

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

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

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

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

xiii) Borrowing costs

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

xiv) Operating Leases

Where the Company is the lessee

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

xv) Accounting for Taxes

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

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

income will be available against which such deferred tax assets can be realised.

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

xvi) Provisions

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

xvii) Earnings per Share

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

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

xviii) Derivative Instruments

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

xix) Government grants and subsidies

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

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

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

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.

Schedule – 18 Contd.

	Year ended 31st March, 2011 Rs. in lacs	Year ended 31 st March, 2010 Rs. in lacs
3. Directors' fees	8.55	7.80
4. Auditors' remuneration (including service tax where applicable) :		
As auditor :		
Audit fees	22.06	22.06
Tax audit fees	5.52	5.52
Limited review fees	8.27	8.27
In Other Matters :		
Certifications etc.	37.84	30.39
Reimbursement of out-of-pocket expenses	7.50	2.53
	81.19	68.76

5 Contingent liabilities not provided for : Rs. in lacs

Particulars	Year ended 31st March, 2011	Year ended 31 st March, 2010
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	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 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 2009-10. (The Company has deposited Rs. 10.00 lacs against the same which is appearing in the schedule of Loans & Advances).	94.10	76.87

* 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 31st March, 2011 Rs. in lacs	Year ended 31 st March, 2010 Rs. in lacs
6. Estimated amount of contracts remaining to be executed on capital account not provided for	2,056.49	1,138.96

Schedule – 18 Contd.

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 ³)	SM ³ Per day	6,600	6,600
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(iii) Production:

Ammonia (for captive consumption)	2,29,548	2,26,689
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Urea	3,97,854 *	3,87,825 *
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Compound fertilisers of the grades :

18:46:0	1,51,687	3,51,990
---------	-----------------	----------

10:26:26	3,50,772	2,09,122
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12:32:16	1,58,367	1,34,905
----------	-----------------	----------

20:20:0	-	22,653
---------	----------	--------

SSP	26,191	-
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Pesticides (on job basis from outside parties)	Ltrs.	22,77,316	19,83,603
------------------------------------------------	-------	------------------	-----------

	Kgs.	36,01,356	39,82,517
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* Production of urea is recorded on the basis of standard ratio based on ammonia consumed for manufacture of urea.

Schedule – 18 Contd.

	Year ended 31st March, 2011		Year ended 31st March, 2010	
	Tonnes	Rs. in lacs	Tonnes	Rs. in lacs
(iv) Sales* :				
Urea	3,99,258	1,20,221.67	3,99,198	1,09,497.09
Compound fertilisers of the grades :				
18:46:0	1,31,147	37,394.20	3,53,325	69,467.71
10:26:26	3,44,854	84,028.24	2,09,455	47,067.31
12:32:16	1,57,948	38,701.68	1,34,989	28,630.50
20:20:0	-	(19.06)**	25,917	3,622.06
CO2	19,546	238.83	21,104	213.98
SSP	19,741	1,466.83	-	-
Pesticides	22,84,685	6,281.27	20,60,992	5,788.06
	Ltrs.			
	Kgs.		38,43,260	4,412.81
		2,92,579.98		2,68,699.52
* Net of Excise duty.				
** On account of revision of subsidy notified on sales made in previous year.				
(v) Stocks :				
Ammonia (included under work in process):				
Opening stock	1,945	760.29	194	45.07
Closing stock	737	331.93	1,945	760.29
Urea:				
Opening stock	2,092	523.32	13,567	2,274.56
Closing stock	646	194.12	2,092	523.32
Compound fertilisers:				
Opening stock of the grades:				
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	34.67
20:20:0	-	-	3,270	452.04
Pesticides	3,05,763	640.91	3,83,152	1,040.03
	Ltrs.			
	Kgs.	4,86,105	3,46,848	608.00
		2,071.40		3,697.77
Closing stock of the grades :				
18:46:0	25,320	6,285.34	4,825	885.69
10:26:26	5,989	1,326.74	163	38.09
12:32:16	379	77.70	-	-
20:20:0	-	-	-	-
SSP	6,447	323.54	-	-
Pesticides	2,80,676	719.44	3,05,763	640.91
	Ltrs.			
	Kgs.	5,59,054	4,86,105	506.71
		9,289.43		2,071.40

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

Schedule – 18 Contd.

(B) Quantitative information in respect of goods traded :

Purchases :

Urea

–

–

3,534

166.93

MOP

4,72,827

84,007.04

3,48,781

81,856.63

DAP

5,45,072

1,35,974.43

2,19,928

45,253.46

SS Phosphate

7,000

233.06

4,144

193.51

SOP

2,230

562.23

3,192

1,023.65

GTSP

16,011

3,073.51

–

–

Imported 12:32:16

27,948

6,070.64

–

–

Imported 20:20:0:13

30,220

4,929.70

–

–

Imported 16:20:0:13

19,857

2,960.04

–

–

Pesticides

Ltrs.

3,59,143

3,065.78

3,97,931

2,313.79

Kgs.

1,82,91,779

10,115.99

1,14,60,700

6,406.20

Seeds

Tonnes

882

557.87

107

277.96

Bio-phos

Kgs.

5,92,900

15.10

16,71,000

43.39

2,51,565.39

1,37,535.52

Sales :

Urea

–

–

3,534

164.30

MOP

4,13,704

81,622.96

3,77,217

97,863.20

DAP

5,32,616

1,44,628.90

2,28,377

48,990.29

SS Phosphate

6,961

231.55

4,144

202.90

SOP

2,391

690.99

2,836

1,136.47

GTSP

15,960

3,329.09

–

–

Imported 12:32:16

27,668

6,684.42

–

–

Imported 20:20:0:13

30,047

5,471.24

–

–

Imported 16:20:0:13

19,620

3,239.29

–

–

Pesticides

Ltrs.

3,81,205

3,458.06

3,59,781

2,734.37

Kgs.

1,47,23,095

9,647.45

1,16,76,622

7,330.58

Seeds

Tonnes

852

678.53

400

575.28

Bio-phos

Kgs

5,57,000

20.33

16,71,000

57.63

2,59,702.81

1,59,055.03

Schedule – 18 Contd.

		Year ended 31 st March, 2011		Year ended 31 st March, 2010	
		Tonnes	Rs. in lacs	Tonnes	Rs. in lacs
Opening 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	Tonnes	307	396.53	1,031	809.83
Bio-phos	Kgs	7,550	2.27	7,550	2.27
			6,120.50		19,154.34
Closing stock :					
MOP		69,883	12,249.42	11,844	1,985.61
SOP		196	49.11	356	105.50
DAP		20,865	4,962.68	9,976	2,335.45
SS Phosphate		39	1.29	–	–
GTSP		2	0.37	–	–
Imported 12:32:16		79	18.18	–	–
Imported 20:20:0:13		58	9.00	–	–
Imported 16:20:0:13		168	23.43	–	–
Pesticides	Ltrs	65,515	695.73	83,501	444.92
	Kgs	47,29,319	3,061.10	11,72,634	850.22
Seeds	Kgs	28	89.38	307	396.53
Bio-phos	Kgs	35,900	0.90	7,550	2.27
			21,160.59		6,120.50
Note : Difference in quantity tally is on account of shortages/damages etc.					
(C) (i) Consumption of raw materials:					
Naphtha		1,92,469	77,898.90	1,91,274	64,199.59
Phosphoric acid		2,12,038	80,547.88	2,65,337	74,250.29
Muriate of potash		1,97,022	34,761.31	1,28,508	28,639.16
Filler		39,780	261.90	42,177	251.27
Sulphuric acid		17,246	690.12	36,558	653.55
Ammonia		1,01,273	20,160.34	1,30,000	20,044.07
Purchased Urea		4	0.84	121	24.79
Rock Phosphate		15,109	891.71	–	–
Sulphuric acid (SSP)		10,029	300.20	–	–
Spent Acid		78	1.35	–	–
Pesticides	Ltrs	22,76,690	4,578.62	18,81,620	3,942.89
	Kgs	36,01,356	3,079.41	39,89,638	3,097.03
			2,23,172.58		1,95,102.64
Percentage of indigenous/imported raw material consumed to total raw materials		%		%	
Indigenously obtained		5.02	11,202.75	7.23	14,105.92
Imported		94.98	2,11,969.83	92.77	1,80,996.72
		100.00	2,23,172.58	100.00	1,95,102.64

Schedule – 18 Contd.

	Year ended 31st March, 2011 Rs. in lacs	Year ended 31 st March, 2010 Rs. in lacs
(ii) Value of imports on CIF basis are in respect of :		
Raw materials	1,30,079.01	1,14,273.76
Spare parts	77.84	238.89
Capital goods	336.02	394.67
Traded goods	2,13,032.93	1,19,575.08
(D) (i) Consumption of stores and spares [including Rs. 1,833.86 lacs (previous year Rs. 1,389.74 lacs) and Rs. Nil (previous year Rs. 380.40 lacs) debited to repairs and maintenance and catalysts consumed respectively]	2,376.23	2,336.50
(ii) In respect of information required under paragraph 4D(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	105.66	31.28
Professional fees/(net of tax)	186.95	–
Interest expense	1,502.55	624.13
Others	5.64	3.24
(F) Earnings in foreign currency (Accrual Basis):		
Consideration on cancellation of material purchase contract	678.29	–
(G) Remittances in foreign currency in respect of dividend		
Related to the year 2009 – 2010 (Related to the year 2008 – 2009)	377.65	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.

11. In accordance with explanations below Para 10 of Notified Accounting Standard 9 – Revenue Recognition, excise duty on sales amounting to Rs. 32.43 lacs (Previous Year Rs. 17.63 lacs) has been reduced from sales in Profit & Loss Account and excise duty on variation of opening and closing stock of finished goods amounting to Rs. 8.45 lacs (Previous Year Nil) has been considered as expense in the financial statements.
12. The Board of Directors of the Company in its meeting held on April 14, 2011 have decided to withdraw the Scheme of Amalgamation of Gobind Sugar Mills Limited (GSM) with the Company, which was pending for sanction before Hon'ble High Court of Bombay at Goa. The withdrawal was in view of the change in the business / economic environment in relation to the Company's operation resulting from deregulation of the fertilizer sector and to focus on its core business.
13. Item 1 and 2 under head 'Secured Loans', Bank guarantees as included in Note No. 8 above, 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.
14. 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 31st March, 2011 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 Limited, Adventz Infracworld India Limited, (formerly known as Zuari Developers Limited), Gulbarga Cement Limited, Zuari Investments Limited and Zuari Fertilizers & Chemicals Ltd.	19,359.77 (8,533.36)	19,362.54 (8,533.36)
2	Loans and advances in the nature of Loans where there is no repayment schedule or repayment is beyond seven years	–	Nil (Nil)	Nil (Nil)
3	Loans and advances in the nature of loans where there is no interest or interest is below Section 372A of the Companies Act.	Adventz Infracworld India Limited (formerly known as Zuari Developers Limited) and Zuari Fertilizers & Chemicals Ltd.	10,728.00 (6,890.32)	10,728.00 (6,890.32)
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)

Notes :

- i. The loan to Indian Furniture Products Limited (IFPL) of Rs. 1,290.77 lacs. (Balance outstanding on 1st April, 2010 Rs. 430.26 lacs) has been repaid during the year.
- ii. A loan of Rs.100.00 lacs (Balance outstanding on 31st March 2011 is Rs.44.44 lacs (Previous year Rs. 77.78 lacs) was given to IFPL on 22nd July, 2009 and it is repayable in 36 equal monthly installments w.e.f 1st August, 2009.
- iii. The loan to IFPL of Rs 1,000.00 lacs renewed repayable on 3rd May 2011.
- iv. The loan of Rs. 4,053.00 lacs to Adventz Infracworld India Limited (formerly known as Zuari Developers Limited) was given on 6th February 2009 .It is renewed on 6th August 2010 and is repayable at the end of 18 months. Maximum amount of loan outstanding during the year is Rs. 4,053.00 lacs.
- v. The loan to Adventz Infracworld India Limited (formerly known as Zuari Developers Limited) of Rs. 420.00 lacs was given on 13th May 2009. It was renewed on 13th November, 2010 and it is repayable in 18 months.
- vi. The loan to Adventz Infracworld India Limited (formerly known as Zuari Developers Limited) of Rs.25.00 lacs was given on 18th August, 2009. It was renewed on 18th February 2011 and it is repayable in 18 months.
- vii. The loan to Adventz Infracworld India Limited (formerly known as Zuari Developers Limited) of Rs.10.00 lacs was given on 20th August, 2009 . It was renewed on 19th February 2011 and it is repayable in 18 months.

Schedule – 18 Contd.

- viii. The loan to Adventz Infracore India Limited (formerly known as Zuari Developers Limited) of Rs.50.00 lacs was given on 10th September, 2009 .It was renewed on 10th March 2011 and it is repayable in 18 months.
- ix. The loan to Adventz Infracore India Limited (formerly known as Zuari Developers Limited) of Rs.115.00 lacs on 17th November, 2009 and it is repayable in 18 months.
- x. The loan to Adventz Infracore India Limited (formerly known as Zuari Developers Limited) of Rs.110.00 lacs on 27th November, 2009 and it is repayable in 18 months.
- xi. The loan to Adventz Infracore India Limited (formerly known as Zuari Developers Limited) of Rs.150.00 lacs on 9th February, 2010 and it is repayable in 18 months.
- xii. The loan to Adventz Infracore India Limited (formerly known as Zuari Developers Limited) of Rs.295.00 lacs on 31st March, 2010 and it is repayable in 18 months.
- xiii. During the year, a loan of Rs.100.00 lacs (Balance outstanding on 31st March, 2011 is Rs.100.00 lacs) is given to Adventz Infracore India Limited on 18th May 2010 and it is repayable in 18 months.
- xiv. During the year, a loan of Rs.400.00 lacs (Balance outstanding on 31st March, 2011 is Rs.400.00 lacs) is given to Adventz Infracore India Limited (formerly known as Zuari Developers Limited) on 21st June 2010 and it is repayable in 18 months.
- xv. During the year, a loan of Rs.100.00 lacs (Balance outstanding on 31st March, 2011 is Rs.100.00 lacs) is given to Adventz Infracore India Limited (formerly known as Zuari Developers Limited) on 23rd July 2010 and it is repayable in 18 months.
- xvi. During the year, a loan of Rs.100.00 lacs (Balance outstanding on 31st March, 2011 is Rs.100.00 lacs) is given to Adventz Infracore India Limited on 7th October 2010 and it is repayable in 18 months.
- xvii. During the year, a loan of Rs.100.00 lacs (Balance outstanding on 31st March, 2011 is Rs.100.00 lacs) is given to Adventz Infracore India Limited (formerly known as Zuari Developers Limited) on 28th October 2010 and it is repayable in 18 months.
- xviii. During the year, a loan of Rs.150.00 lacs (Balance outstanding on 31st March, 2011 is Rs.150.00 lacs) is given to Adventz Infracore India Limited on 23rd November 2010 and it is repayable in 18 months.
- xix. During the year, a loan of Rs.150.00 lacs (Balance outstanding on 31st March, 2011 is Rs.150.00 lacs) is given to Adventz Infracore India Limited on 10th December 2010 and it is repayable in 18 months.
- xx. During the year, a loan of Rs.200.00 lacs (Balance outstanding on 31st March, 2011 is Rs.200.00 lacs) is given to Adventz Infracore India Limited on 8th March 2011 and it is repayable in 18 months.
- xxi. The loan to Gulbarga Cement Limited of Rs. 932.32 lacs paid on 1st January 2009 is renewed and is repayable on 30th September 2011.
- xxii. The loan of Rs.25.00 lacs to Gulbarga Cement Limited paid on 22nd September, 2009 is renewed and it is repayable on 3rd November 2011.
- xxiii. The loan of Rs.270.00 lacs to Gulbarga Cement Limited on 15th January, 2010 is renewed and it is repayable on 14th July 2011.
- xxiv. The loan of Rs.200.00 lacs to Gulbarga Cement Limited on 31st March, 2010 is renewed and it is repayable on 30th September 2011.
- xxv. During the year, a loan of Rs.100.00 lacs to Gulbarga Cement Limited on 23rd April 2010 is renewed and it is repayable on 22nd October 2011.
- xxvi. During the year, a loan of Rs.860.00 lacs is given to Gulbarga Cement Limited on 26th July 2010 and it is repayable on 25th January 2012.
- xxvii. During the year, a loan of Rs.700.00 lacs is given to Gulbarga Cement Limited on 16th September 2010 and it is repayable on 15th February 2012.
- xxviii. During the year, a loan of Rs.300.00 lacs is given to Gulbarga Cement Limited on 20th September 2010 and it is repayable on 19th March 2012.
- xxix. During the year, a loan of Rs.100.00 lacs is given to Gulbarga Cement Limited on 5th October 2010 and it is repayable on 4th April 2012
- xxx. During the year, a loan of Rs.150.00 lacs given to Gulbarga Cement Limited on 20th October 2010 and it is repayable on 19th April 2012.
- xxxi. During the year, a loan of Rs.1,000.00 lacs given to Gulbarga Cement Limited on 28th October 2010 and it is repayable on 27th April 2012.
- xxxii. During the year, a loan of Rs.500.00 lacs given to Gulbarga Cement Limited on 26th November 2010 and it is repayable on 25th May 2012.
- xxxiii. During the year, a loan of Rs.700.00 lacs given to Gulbarga Cement Limited on 22nd December 2010 and it is repayable on 19th June 2012.

Schedule – 18 Contd.

- xxxiv. During the year, a loan of Rs.450.00 lacs given to Gulbarga Cement Limited on 30th December 2010 and it is repayable on 29th June 2012.
- xxxv. During the year, a loan of Rs.300.00 lacs given to Gulbarga Cement Limited on 21st January 2011 and it is repayable on 20th July 2012.
- xxxvi. The loan of Rs. 135.00 lacs given to Zuari Investments Limited on 10th February, 2010 and it was repaid on 6th September 2010.
- xxxvii. During the year, a loan of Rs.200.00 lacs is given to Zuari Investments Limited on 1st June 2010 and repaid on 6th September 2010.
- xxxviii. During the year, a loan of Rs.100.00 lacs is given to Zuari Investments Limited on 1st July 2010 and repaid on 30th August 2010.
- xxxix. During the year, a loan of Rs.1,000.00 lacs given to Zuari Investments Limited on 16th September 2010 and it is repayable on 30th September 2011.
- xl. During the year, a loan of Rs.4,200.00 lacs is given to Zuari Fertilisers & Chemicals Limited on 15th June 2010 and it is repayable on 15th June 2011.
- xli. Figures in brackets denote previous year figures.

15. 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	31.03.11	31.03.10	31.03.11	31.03.10	31.03.11	31.03.10
4	Assets	136,654.78	139,492.39	2,681.89	2,626.43	1,527.63	1,429.85
5	Liabilities	83,797.19	93,728.81	969.25	1,164.44	1,090.86	1,071.18
6	Revenue	181,493.98	158,961.12	957.43	790.63	2,332.67	1,101.59
7	Depreciation / Amortization	1,235.01	1,524.16	134.69	134.96	38.23	1.22
8	Other expenses	168,341.11	148,453.87	370.28	370.68	2,178.06	1,046.83
9	Profit before tax	11,967.98	8,983.10	452.45	285.00	114.38	53.54
10	Contingent Liabilities	5,937.40	6,293.76	7.62	7.00	0.61	0.18
11	Capital Commitments	2,594.47	404.39	-	-	-	42.08

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

16. 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.

Schedule – 18 Contd.

17. 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 Management Services Limited (formerly known as Zuari Infrastructure & Developers Limited)
 - (5) Adventz Infraworld India Limited (formerly known as Zuari Developers Limited)
 - (6) Gulbarga Cement Limited
 - (7) Zuari Holdings Limited – 100% Subsidiary-with effect from 10th March, 2011 (earlier subsidiary of Zuari Investments Limited)
 - (8) Zuari Fertilizers & Chemicals Limited
 - (9) Globex Limited
 - (10) Zuari Investments Limited
 - (11) Zuari Chambal Insurance Brokers Limited – Subsidiary of Zuari Investments Limited
 - (12) Zuari Commodity Trading limited – Subsidiary of Zuari Investments Limited
 - (13) Zuari Financial Services Limited – Subsidiary of Zuari Investments Limited
 - ii) Joint Ventures of the Company:
 - (1) Zuari Indian Oiltanking Limited
 - (2) Zuari Maroc Phosphates Limited
 - (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)
- * The Company holds more than 20% of the voting power of a body corporate. The Company has been legally advised that it does not have any “significant influence” in the said body corporate as defined in Accounting Standard 18 “Related Party Disclosures” and accordingly has not considered the above investee as related party under AS-18 for the above disclosure.
- iv) Key Management Personnel of the Company:
 - (1) Mr. H.S. Bawa, Executive Vice Chairman
 - (2) Mr. Suresh Krishnan, Managing Director (with effect from 1st February, 2011)
 - v) Relatives of Key Management Personnel of the Company:
 - (1) Mrs. Veena Bawa
 - (2) Mrs. Seema Behl
 - (3) Mrs. Meenakshi Bawa

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	2010 – 11					2009 – 10				
		Subsidiaries	Joint Ventures	Associates	Key Management Personnel (KMP)	Relatives of KMP	Subsidiaries	Joint Ventures	Associates	Key Management Personnel (KMP)	Relatives of KMP
Transaction during the year											
1	Payment made on their behalf										
	– Indian Furniture Products Limited	3.50	–	–	–	–	0.54	–	–	–	–
	– Zuari Seeds Limited	0.16	–	–	–	–	15.20	–	–	–	–
	– Simon India Limited	6.47	–	–	–	–	0.24	–	–	–	–
	– Zuari Management Services Limited	83.62	–	–	–	–	0.86	–	–	–	–
	– Zuari Maroc Phosphates Limited	–	0.05	–	–	–	–	189.47	–	–	–
	– Paradeep Phospahtes Limited	–	71.24	–	–	–	–	32.88	–	–	–
	– Zuari Investments Limited	–	–	–	–	–	0.11	–	–	–	–
	– Style Spa Furniture Limited	–	–	4.55	–	–	–	–	0.04	–	–
	– Adventz Infroworld India Limited	13.23	–	–	–	–	202.13	–	–	–	–
	– Zuari Rotem Speciality Fertilisers Limited	–	20.53	–	–	–	–	11.43	–	–	–
	– Zuari Holdings Limited	0.04	–	–	–	–	0.51	–	–	–	–
	– Zuari Fertiliseres & Chemicals Ltd	214.24	–	–	–	–	7.78	–	–	–	–
	– Gulbarga Cement Ltd.	278.61	–	–	–	–	247.31	–	–	–	–
	– Zuari Indian Oiltanking Limited	–	5.52	–	–	–	–	16.79	–	–	–
2	Payment made on our behalf										
	– Paradeep Phosphates Limited	–	1.60	–	–	–	–	0.06	–	–	–
	– Style Spa Furniture Limited	–	–	–	–	–	–	–	0.44	–	–
	– Simon India Limited	–	–	–	–	–	0.63	–	–	–	–
	– Zuari Seeds Limited	2.41	–	–	–	–	0.10	–	–	–	–
	– Zuari Investments Limited	7,489.29	–	–	–	–	2,270.95	–	–	–	–
	– Zuari Maroc Phosphates Limited	–	–	–	–	–	–	18.85	–	–	–
	– Adventz Infroworld India Limited	0.01	–	–	–	–	–	–	–	–	–
3	Equity contribution made										
	– Zuari Rotem Speciality Fertilisers Limited	–	–	–	–	–	–	99.08	–	–	–
	– Gulbarga Cement Limited	–	–	–	–	–	596.27	–	–	–	–
	– Zuari Maroc Phosphates Limited	–	–	–	–	–	–	2,841.63	–	–	–
	– Globex Ltd.	–	–	–	–	–	13.40	–	–	–	–
	– Zuari Fertilisers & Chemicals Ltd	–	–	–	–	–	5.00	–	–	–	–
	– Adventz Infroworld India Limited	–	–	–	–	–	4.00	–	–	–	–

Schedule – 18 Contd.

Sl. No.	Transaction details	2010 – 11					2009 – 10				
		Subsidiaries	Joint Ventures	Associates	Key Management Personnel (KMP)	Relatives of KMP	Subsidiaries	Joint Ventures	Associates	Key Management Personnel (KMP)	Relatives of KMP
4	Sale of Investments										
	– Zuari Investments Limited	–	–	–	–	–	382.23	–	–	–	
5	Purchase of Assets										
	– Indian Furniture Products limited	110.97	–	–	–	–	2.64	–	–	–	
	– Style Spa Furniture Limited	–	–	3.53	–	–	–	1.32	–	–	
6	Purchase of Investments										
	– Zuari Investments Limited	200.00	–	–	–	–	–	–	–	–	
7	Redemption of Preference Shares										
	– Zuari Maroc Phosphates Limited	–	–	–	–	–	5,307.35	–	–	–	
	(Including premium on Redemption)	–	–	–	–	–	–	–	–	–	
8	Service charges paid										
	– Zuari Indian Oiltanking Limited	–	131.72	–	–	–	116.81	–	–	–	
	– Simon India Limited	7.50	–	–	–	–	–	–	–	–	
	– Indian Furniture Products Limited	344.49	–	–	–	–	–	–	–	–	
9	Inter-corporate Deposits / loans given										
	– Adventz Infroworld India Limited	1,300.00	–	–	–	–	1,175.00	–	–	–	
	– Zuari Investments Limited	1,300.00	–	–	–	–	800.00	–	–	–	
	– Indian Furniture Products Limited	–	–	–	–	–	100.00	–	–	–	
	– Gulbarga Cement Limited	5,160.00	–	–	–	–	495.00	–	–	–	
	– Zuari Fertilisers & Chemicals Ltd	4,200.00	–	–	–	–	–	–	–	–	
10	Receipt of Inter-corporate Deposits / loans given										
	– Indian Furniture Products limited	463.59	–	–	–	–	452.48	–	–	–	
	– Zuari Investments Limited	435.00	–	–	–	–	665.00	–	–	–	
	– Adventz Infroworld India Limited	235.00	–	–	–	–	–	–	–	–	
11	Rent paid										
	– Mr. H. S. Bawa	–	–	–	55.42	–	–	–	70.61	–	
	– Ms. Veena Bawa	–	–	–	–	10.59	–	–	–	24.45	
	– Ms. Seema Behl	–	–	–	–	–	–	–	–	2.68	
12	Repayment of Fixed deposit accepted										
	– Ms. Seema Behl	–	–	–	–	–	–	–	–	2.50	
13	Managerial remuneration										
	– Mr. H. S. Bawa	–	–	–	264.64	–	–	–	205.61	–	
	– Mr. S.Krishnan	–	–	–	18.49	–	–	–	–	–	

Schedule – 18 Contd.

(Rs. in Lacs)

Sl. No.	Transaction details	2010 – 11					2009 – 10				
		Subsidiaries	Joint Ventures	Associates	Key Management Personnel (KMP)	Relatives of KMP	Subsidiaries	Joint Ventures	Associates	Key Management Personnel (KMP)	Relatives of KMP
14	Interest paid on Fixed deposits										
	– Ms. Seema Behl	–	–	–	–	–	–	–	–	–	0.10
15	Brokerage Paid										
	– Zuari Investments Limited	20.18	–	–	–	–	11.79	–	–	–	–
16	Purchase of finished goods,spares, cement, etc										
	– Zuari Seeds Limited	546.78	–	–	–	–	277.96	–	–	–	–
	– Zuari Rotem Speciality Fertilisers Limited	–	4,792.30	–	–	–	–	2,251.43	–	–	–
	– Globex Limited	4,101.30	–	–	–	–	–	–	–	–	–
17	Interest Income										
	– Indian Furniture Products Limited	144.10	–	–	–	–	194.75	–	–	–	–
	– Zuari Investments Limited	60.09	–	–	–	–	19.30	–	–	–	–
	– Gulbarga Cement Limited	596.86	–	–	–	–	–	–	–	–	–
	– Mr. S. Krishnan	–	–	–	1.53	–	–	–	–	–	–
18	Dividend Received										
	– Zuari Indian Oiltanking Limited	–	75.15	–	–	–	–	75.15	–	–	–
	– Style Spa Furniture Limited	–	–	40.00	–	–	–	–	40.00	–	–
19	Lease Rentals Received										
	– Zuari Indian Oiltanking Limited	–	112.29	–	–	–	–	106.95	–	–	–
20	Corporate Guarantee issued										
	– Simon India Limited	–	–	–	–	–	300.00	–	–	–	–
	– Zuari Seeds Limited	25.00	–	–	–	–	1,000.00	–	–	–	–
	– Globex Limited	5,000.00	–	–	–	–	–	–	–	–	–
21	Corporate Guarantee Withdrawn										
	– Style Spa Furniture Limited	–	–	–	–	–	–	–	1,325.00	–	–
22	Management Fees										
	– Zuari Indian Oiltanking Limited	–	11.03	–	–	–	–	13.81	–	–	–
	– Zuari Seeds Limited	35.30	–	–	–	–	–	–	–	–	–
23	Refund of Security Deposit										
	– Mr. H.S.Bawa	–	–	–	7.20	–	–	–	–	–	–
	– Ms. Veena Bawa	–	–	–	–	7.50	–	–	–	–	–
	– Ms. Seema Behl	–	–	–	–	–	–	–	–	–	22.20

Schedule – 18 Contd.

Balance Outstanding at the year end

(Rs. in Lacs)

Sl. No.	Transaction details	2010 – 11					2009 – 10				
		Subsidiaries	Joint Ventures	Associates	Key Management Personnel (KMP)	Relatives of KMP	Subsidiaries	Joint Ventures	Associates	Key Management Personnel (KMP)	Relatives of KMP
1	Rent Security Deposit										
	– Mr. H.S.Bawa	–	–	–	–	–	–	–	7.20	–	
	– Ms. Veena Bawa	–	–	–	–	–	–	–	–	7.50	
2	Loan/ ICD Given										
	– Indian Furniture Products Limited	1,044.44	–	–	–	–	1,508.04	–	–	–	
	– Adventz Infraworld India Limited	6,528.00	–	–	–	–	5,463.00	–	–	–	
	– Gulbarga Cement Limited	6,587.32	–	–	–	–	1,427.32	–	–	–	
	– Zuari Investments Limited	1,000.00	–	–	–	–	135.00	–	–	–	
	– Zuari Fertilisers & Chemicals Ltd	4,200.00	–	–	–	–	–	–	–	–	
	– Mr. S. Krishnan	–	–	–	37.20	–	–	–	–	–	
3	As Creditors										
	–Zuari Indian Oiltanking Limited	–	11.22	–	–	–	–	–	–	–	
	– Zuari Maroc Phosphates Limited	–	18.84	–	–	–	–	18.84	–	–	
	– Zuari Rotem Speciality Fertilisers Limited	–	7.15	–	–	–	–	274.47	–	–	
	– Style Spa Furniture Limited	–	–	–	–	–	–	–	0.34	–	
	– Indian Furniture Products Ltd	153.66	–	–	–	–	–	–	–	–	
	– Globex Limited	4,099.29	–	–	–	–	–	–	–	–	
4	As Debtors/ Advances Recoverable										
	– Zuari Fertilisers & Chemicals Ltd	–	–	–	–	–	7.78	–	–	–	
	– Paradeep Phosphates Limited	–	28.80	–	–	–	–	9.25	–	–	
	– Zuari Holdings Limited	–	–	–	–	–	0.12	–	–	–	
	– Zuari Rotem Speciality Fertilisers Limited	–	–	–	–	–	–	–	–	–	
	– Indian Furniture Products Ltd	–	–	–	–	–	0.29	–	–	–	
	– Globex Limited	–	–	–	–	–	2.01	–	–	–	
	– Simon India Limited	3.24	–	–	–	–	–	–	–	–	
	– Style Spa Furniture Limited	–	–	0.43	–	–	–	–	–	–	
5	Advances Given										
	– Zuari Seeds Limited	1,611.26	–	–	–	–	939.39	–	–	–	
	– Gulbarga Cement Limited	400.91	–	–	–	–	45.86	–	–	–	
	– Zuari Investment Limited	170.44	–	–	–	–	54.05	–	–	–	
	– Adventz Infraworld India Limited	6.33	–	–	–	–	1.10	–	–	–	
	– Zuari Management Services Limited	83.62	–	–	–	–	–	–	–	–	
	– Zuari Fertilisers & Chemicals Ltd	222.02	–	–	–	–	–	–	–	–	
6	Corporate Guarantee										
	– Zuari Seeds Limited	2,205.00	–	–	–	–	2,180.00	–	–	–	
	– Indian Furniture Products Limited	4,050.00	–	–	–	–	4,050.00	–	–	–	
	– Simon India Limited	16,584.00	–	–	–	–	16,584.00	–	–	–	
	– Globex Limited	5,000.00	–	–	–	–	–	–	–	–	
7	Interest on ICD / Loan										
	– Gulbarga Cement Limited	520.42	–	–	–	–	–	–	–	–	
	– Indian Furniture Products Ltd	8.88	–	–	–	–	–	–	–	–	
	– Mr. S. Krishnan	–	–	–	1.53	–	–	–	–	–	

Schedule – 18 Contd.

18. Earnings Per Share (EPS):

Particulars	Year ended 31.03.2011	Year ended 31.03.2010
Profit after taxation as per Profit and Loss Account (Rs. in lacs)	16,687.53	15,696.09
Number of shares used in computing earnings per share – Basic and Diluted	29,440,604	29,440,604
Earnings per share – Basic and diluted (in Rupees)	56.68	53.31
Face value per share (in Rupees)	10.00	10.00

19. Deferred Tax (Liability) Consists of :

(Rs. in Lacs)

Particulars	As on 31-03-10	Current Year (Charge)/Credit	As on 31-03-11
Book/Tax depreciation difference	(2,934.12)	238.85	(2,695.27)
Provision for Fertilizer Companies Government of India Bonds	1,840.68	(784.36)	1,056.32
Provision for doubtful debts	30.12	(2.26)	27.86
Provision for leave encashment	913.23	(1.68)	911.55
Others	137.19	112.39	249.58
Total Deferred Tax (Liability)	(12.90)	(437.06)	(449.96)

20. 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 31st March, 2011

(Rs. in Lacs)

Particulars	2010-11	2009-10
Current Service Cost	224.73	132.98
Interest cost on benefit obligation	107.67	92.90
Past service cost(Non Vested Benefits)	3.80	–
Past service cost(Vested Benefits)	1,080.89**	–
Expected return on plan assets	(166.82)	(124.65)
Net actuarial (gain)/loss recognized in the year	(555.46)	130.27
Net benefit expense*	694.82	231.50

* Excluding Rs. 2.98 lacs (Previous year 5.39 lacs) in respect of earlier years liabilities adjusted.

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

Schedule – 18 Contd.

Balance sheet

Details of Provision for gratuity benefits as at 31st March, 2011:

(Rs. in Lacs)

Particulars	2010-11	2009 – 10	2008-09	2007-08	2006-07
Defined benefit obligation	2,318.06	1,628.06	1,385.16	1,300.10	1,107.04
Fair value of plan assets	2,310.11	1,398.87	1,387.35	1,306.86	1,116.31
Less: Unrecognized Past service cost	–	–	–	–	–
Plan asset/(liability)	(7.94)	(229.19)	2.19*	6.76*	9.27*
Experience (gain)/loss on obligation	(619.86)	47.22	–	–	–
Experience (gain)/loss on plan assets	(11.57)	(9.48)	–	–	–

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

Changes in the present value of the defined benefit obligation for the year ended 31st March, 2011 are as follows:

(Rs. in Lacs)

Particulars	2010 – 11	2009 – 10
Opening defined benefit obligation	1,628.06	1,385.16
Adjustment to opening balance	3.47	–
Interest cost	107.67	92.90
Current service cost	224.73	132.98
Benefits paid	(186.68)	(122.74)
Past service cost (Non Vested Benefits)	3.80	–
Past service cost (Vested Benefits)	1,080.89	–
Actuarial (gain)/loss on obligation	(543.89)	139.79
Closing defined benefit obligation	2,318.06	1,628.06

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

(Rs. in Lacs)

Particulars	2010-11	2009-10
Opening fair value of plan assets	1,398.87	1,387.35
Adjustment to opening balance	–	0.12
Expected return	166.82	124.65
Contributions by employer	919.52	–
Benefits paid	(186.68)	(122.74)
Actuarial gains/(losses)	11.57	9.48
Closing fair value of plan assets	2,310.11	1,398.87

The Company expects to contribute Rs 7.94 lacs (previous year Rs. 229.19 lacs) towards gratuity fund during the year 2011-12.

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

Particulars	2010-11	2009-10
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.

Schedule – 18 Contd.

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

Particulars	2010-11	2009-10
Discount Rate	6.50%	7.00%
Expected rate of return on assets	9.45%	9.40%
Increase in Compensation cost	7.50%	7.50%
Employee turnover	0.50%	0.50%

- a) The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
- b) The current year being the fifth 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 from the year of its adoption.

B. Defined Contribution Plan

(Rs. In lacs)

Particulars	2010 - 11	2009-10
Contribution to Provident Fund *	415.55	291.45
Contribution to Superannuation Fund	212.26	201.58
Contribution to Contributory pension fund	140.09	144.24
Total	767.90	637.27

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

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Schedule – 18 Contd.

21. (a) 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.	RELIANCE MUTUAL FUND	Reliance Liquidity Fund–Daily Dividend	1,12,26,63,033	1,12,323.56	1,25,68,25,994	1,25,744.50
2.	TATA MUTUAL FUND	TATA Liquid Super High Investment Fund – Daily Dividend	41,88,780	46,684.79	49,67,981	55,369.14
3.	ICICI MUTUAL FUND	ICICI Institutional Liquid Plan – Super Institutional Daily Dividend	1,30,32,028	13,034.91	2,30,68,964	23,074.06
4.	HDFC MUTUAL FUND	HDFC Cash Management Fund – Savings Plan – Daily Dividend Reinvestment	26,88,98,250	28,601.09	38,79,82,333	41,267.35
5.	UTI MUTUAL FUND	UTI Liquid Cash Management – Daily Dividend	3,17,662	3,238.39	10,53,574	10,740.61
6.	BIRLA MUTUAL FUND	Birla Cash Plan Daily Dividend	17,48,53,534	17,519.45	26,47,02,413	26,521.86
7.	IDFC MUTUAL FUND	IDFC Cash Plan Daily Dividend	13,54,47,792	13,548.17	13,54,48,331	13,548.22
8.	BIRLA MUTUAL FUND	Birla Sunlife Cash Manager Daily Dividend	28,64,54,027	28,654.00	28,64,54,027	28,654.00
9.	LIC MUTUAL FUND	LIC Income Plus–Daily Dividend	50,20,658	502.07	50,20,658	502.06

(b) Pursuant to the Scheme of Arrangement between Texmaco Limited and Texmaco Rail and Engineering Limited (TREL) the Company has got one equity share of Re.1/ – each fully paid in TREL for every equity share held in Texmaco Limited. The cost of shares held in Texmaco Limited has been allocated in the ratio of 41.40% and 58.60% to the shares of Texmaco Limited and TREL respectively in accordance with the Scheme.

22. (a) Fertiliser Companies’ Government of India Special Bonds:

Sl. No.	Description	As at 31st March 2011 (Rs. in lacs)	As at 31st March 2010 (Rs. in lacs)
1.	7.00% Fertiliser Companies’ Government of India Special Bonds 2022 (at lower of Cost and Market Value)	5,635.12	11,596.89
2.	6.20 % Fertiliser Companies’ Government of India Special Bonds 2022 (at lower of Cost and Market Value)	3,608.21	7,425.56
3.	6.65 % Fertiliser Companies’ Government of India Special Bonds 2023 (at lower of Cost and Market Value)	9,659.60	19,879.47
	Total	18,902.93	38,901.92

(b) In terms of guidelines issued by Government of India, Ministry of Chemicals & Fertilizers (MCF) dated 31st March, 2011, the Company has sold 50% of its holding in Fertilizer Companies Government of India Special Bond at price determined by Reserve Bank of India (RBI) resulting in a loss of Rs 3,137.06 lacs (including Rs 2,707.69 lacs charged to Profit & Loss Account in earlier years). As per the guidelines the Government of India will buyback the remaining bonds held by the company through RBI in 2011–12 at a price to be determined by Government of India. As per the above guidelines, a part of the loss incurred by the Company would be compensated by Government of India. However the mechanism for determination of such compensation has not been notified by MCF. On determination of the compensation applicable the same will be accounted for in terms of accounting policies and accounting standards followed by the company.

Schedule – 18 Contd.

(c) 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.

23. Interest accrued on loans shown under Other Current Assets includes an amount of Rs. 529.30 lacs (previous year Nil) receivable from subsidiaries.
24. Loan to employees and interest accrued on employee's loan include amount due from officer of the Company Rs. 40.01 lacs (including Rs. 37.20 lacs from a Managing Director of the Company being loan given before appointed as Managing Director) (previous year Rs.4.49 lacs) and Rs.5.67 lacs (including Rs. 1.53 lacs from a Managing Director of the Company) (previous year Rs.3.90 lacs) respectively. Maximum amount outstanding at any time during the year is Rs. 41.09 lacs (including Rs. 38.00 lacs from a Managing Director of the Company) (previous year Rs.6.17 lacs) and Rs.5.67 lacs (including Rs. 1.53 lacs from a Managing Director of the Company) (previous year Rs. 3.65 lacs) in respect of loan and interest accrued respectively.
25. Disclosure as per Section 22 of "The Micro, Small and Medium Enterprises Development Act, 2006".

(Rs. in lacs)

Sl. No.	Particulars	2010-11	2009-10
i)	The principal amount and the interest due thereon remaining unpaid to any supplier: – Principal amount – Interest thereon	Nil 0.12	3.90 0.03
ii)	The amount of interest paid by the buyer in terms of Section 16, along with the amounts of the payment made to the supplier beyond the appointed day.	Nil	Nil
iii)	The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	Nil	Nil
iv)	The amount of interest accrued and remaining unpaid	Nil	Nil
v)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small investor	Nil	Nil

26. (a) Stage III of the New Pricing Scheme (NPS) for Urea was in operation from 1st October, 2006 to 31st March, 2010. As per this scheme, all naphtha based units (including the company) were required to take steps for conversion to natural gas/liquid natural gas by 31st March, 2010. The Company has initiated necessary steps for conversion. Government of India vide notification dated 17th March, 2010 has extended till further orders the provisions of Stage III of NPS.
- (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) Government subsidies include Rs. 6,708.40 lacs (previous year of Rs. 3,396.89 lacs) in respect of earlier years, notified during the year.
27. The Revenue Department of the Government of Goa has issued a notification under sub-section (1) of Section 4 of the Land Acquisition Act, 1984 on 5th February, 2007 and further notification on 19th April, 2007 proposing to acquire 1,59,700 sq. mts. of the land belonging to the 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.
28. The agreement with Zuari Maroc Phosphates Limited (ZMPL) for providing management services to Paradeep Phosphates Limited, which got suspended on 1st October, 2005, continues to remain so and consequently no management services fees has been accounted for during the year.
29. Investments
- i) The Company has invested a sum of Rs.6,583.05 lacs in the equity shares of Nagarjuna Fertilizers and Chemicals Limited (NFCL). The market value of these investments at the year end is Rs.6,032.23 lacs. Hence, there is a diminution in the value of this investment by Rs.550.82 lacs.
- ii) 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 is continuously incurring losses.

- iii) The Company has invested a sum of Rs. 1,417.60 lacs in the equity shares of one of the 100% subsidiary company. Further, the Company has receivables of Rs. 1,611.26 lacs by way of trade advances. The Company has also given corporate guarantees in respect of facilities given by the banks to the subsidiary company aggregating to Rs. 2,205 lacs and has also promised to provide continuous financial support. As per the latest audited financial statements of this subsidiary, accumulated losses of this subsidiary has resulted in erosion of its 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.

30. Pending receipt of appeal effect orders for the assessment years 1998-99 to 2000-01 and 2002-03 to 2005-06, where appeal has been decided partly in favour of the Company by the Income Tax Appellate Tribunal, Interest on income tax refund has not been recognized thereof as the amount is presently not reasonably determinable. Interest income on this refund will be recognized in the year the appeal effect order is received from Income Tax Department.
31. The Company has obtained office premises, apartments and warehouses on operating leases for the period ranging from 2-6 years. In all the cases, the agreements are further renewable at the option of the Company. There is escalation clause in the respective lease agreements. All these leases are cancellable in nature. The total lease payments in respect of such leases recognized in the Profit and Loss account for the year are Rs. 455.48 lacs (previous year Rs. 346.67 lacs).
32. 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
33. 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

S. K. PODDAR
Chairman

SURESH KRISHNAN
Managing Director

MARCO WADIA
Director

Per ANIL GUPTA
Partner
Membership No. : 87921

BINAYAK DATTA
CFO & Vice President – Finance

R. Y. PATIL
Chief General Manager
& Company Secretary

Place : Gurgaon
Date : 9th May, 2011

Place : Gurgaon
Date : 9th May, 2011

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

State

2	4
---	---

Registration No.

0	0	0	1	5	7
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Balance Sheet Date

3	1	0	3	2	0	1	1
---	---	---	---	---	---	---	---

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

Public Issue

-	-	-	-	-	-	-
---	---	---	---	---	---	---

Rights Issue

-	-	-	-	-	-	-	-
---	---	---	---	---	---	---	---

Bonus Issue

-	-	-	-	-	-	-
---	---	---	---	---	---	---

On Amalgamation

-	-	-	-	-	-	-
---	---	---	---	---	---	---

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

Sources of Funds Total Liabilities

2	9	9	1	5	7	6	5
---	---	---	---	---	---	---	---

Total Assets

2	9	9	1	5	7	6	5
---	---	---	---	---	---	---	---

Paid-up Capital

-	-	2	9	4	4	1	1
---	---	---	---	---	---	---	---

Reserves & Surplus

1	1	9	0	9	5	1	0
---	---	---	---	---	---	---	---

Secured loans

-	5	7	0	5	8	7	1
---	---	---	---	---	---	---	---

Unsecured Loans

-	4	0	1	3	4	9	8
---	---	---	---	---	---	---	---

Deferred Payment Creditors

-	-	-	-	-	-	-	-
---	---	---	---	---	---	---	---

Deferred tax liability (net)

-	-	-	4	4	9	9	6
---	---	---	---	---	---	---	---

Application of Funds Net Fixed Assets

2	2	5	8	7	8	4
---	---	---	---	---	---	---

Investments

-	5	2	0	7	8	6	1
---	---	---	---	---	---	---	---

Net Current Assets

1	4	5	0	0	7	4	1
---	---	---	---	---	---	---	---

Misc. Expenditure

-	-	-	-	-	-	-
---	---	---	---	---	---	---

Deferred Tax Assets (net)

-	-	-	-	-	-	-
---	---	---	---	---	---	---

Accumulated Losses

-	-	-	-	-	-	-
---	---	---	---	---	---	---

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

Turnover

5	6	0	2	7	9	5	5
---	---	---	---	---	---	---	---

Total Expenditure

5	3	6	3	3	4	7	9
---	---	---	---	---	---	---	---

+ - Profit/Loss Before Tax

<input checked="" type="checkbox"/>	<input type="checkbox"/>	2	3	9	4	4	7	6
-------------------------------------	--------------------------	---	---	---	---	---	---	---

+ - Profit/Loss After Tax

<input checked="" type="checkbox"/>	<input type="checkbox"/>	1	6	6	8	7	5	3
-------------------------------------	--------------------------	---	---	---	---	---	---	---

(please tick Appropriate box +for Profit, - for loss)

Earning Per Share in Rs.

-	-	5	6	.	6	8
---	---	---	---	---	---	---

Dividend @ %

-	-	-	-	-	4	5
---	---	---	---	---	---	---

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

Item Code No.

3	1	0	2	1	0	-	0	0
---	---	---	---	---	---	---	---	---

(ITC Code)

Product Description

U	R	E	A
---	---	---	---

Item Code No.

3	1	0	4	9	0	-	0	0
---	---	---	---	---	---	---	---	---

(ITC Code)

Product Description

N	P	K	S	A	M	P	A	T	T	I	S	A	M	A	R	T	H	S	A	M	R	A	T
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

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, 2011, 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. 33,482.85 lacs as at March 31, 2011, total revenues of Rs. 6,236.88 lacs and cash flows amounting to Rs. 872.22 lacs for the year then ended. The financial statements and other financial information of these subsidiaries 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, 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 note no. 34 of Schedule 18 to the financial statements, regarding non compliance with the provisions of Section 297 of the Companies Act, 1956 in respect of transactions for the purchase of goods from a private limited company covered under Section 297 by a subsidiary company. The subsidiary company is in the process of initiating necessary approvals including seeking condonation from the Central Government for the non compliance and pending final determination thereon, no adjustments have been recorded in the accompanying financial statements.
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, 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, 2011;
 - 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

Place : Gurgaon
Date : 9th May, 2011

per Anil Gupta
Partner
Membership No.: 87921

Consolidated Financial Statements

CONSOLIDATED BALANCE SHEET AS AT 31st March, 2011

	Schedule No.	As at 31 st March, 2011		As at 31 st March, 2010	
		Rs. in lacs	Rs. in lacs	Rs. in lacs	Rs. in lacs
I. SOURCES OF FUNDS					
(1) Shareholders' funds :					
(a) Share capital	1	2,944.11		2,944.11	
(b) Reserves and surplus	2	1,56,217.36		1,33,018.66	
			1,59,161.47		1,35,962.77
Minority Interest (Refer note no. 46 in Schedule 18)			8,410.69		7,442.88
(2) Loan funds :					
(a) Secured loans	3	1,18,190.38		1,15,848.59	
(b) Unsecured loans	4	41,893.60		53,053.34	
			1,60,083.98		1,68,901.93
(3) Deferred tax liabilities (net)			870.25		403.23
(Refer note no. 8 in Schedule 18)					
			3,28,526.39		3,12,710.81
II. APPLICATION OF FUNDS					
(1) Goodwill (Refer note no. 6 in Schedule 18)			19,930.12		19,632.17
(2) Fixed assets :	5				
(a) Gross block		93,272.63		88,765.16	
(b) Less : Accumulated depreciation and amortisation		59,802.73		56,337.48	
(c) Net block		33,469.90		32,427.68	
(d) Capital work-in-progress including capital advances		16,854.22		5,309.38	
			50,324.12		37,737.06
(3) Investments	6		38,086.87		86,508.72
(4) Deferred tax assets (net)			1,099.15		1,751.93
(Refer note no. 8 in Schedule 18)					
(5) Current assets, loans and advances :					
(a) Inventories	7	1,07,579.82		65,602.24	
(b) Sundry debtors	8	1,07,268.42		1,02,126.74	
(c) Cash and bank balances	9	67,745.80		24,980.80	
(d) Other current assets	10	42,085.58		83,292.66	
(e) Loans and advances	11	8,943.06		11,104.23	
			3,33,622.68		2,87,106.67
Less : Current liabilities and provisions :					
(a) Current liabilities	12	1,00,758.71		1,11,598.19	
(b) Provisions	13	13,777.84		8,427.55	
			1,14,536.55		1,20,025.74
Net current assets			2,19,086.13		1,67,080.93
			3,28,526.39		3,12,710.81
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 Regn. No.: 301003E
Chartered Accountants

S. K. Poddar
Chairman

Suresh Krishnan
Managing Director

Marco Wadia
Director

Per ANIL GUPTA
Partner
Membership No. : 87921

Binayak Datta
CFO & Vice President - Finance

R. Y. PATIL
Chief General Manager
& Company Secretary

Place : Gurgaon
Date : 9th May, 2011

Place : Gurgaon
Date : 9th May, 2011

Consolidated Financial Statements

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2011

	Schedule No.	Year ended 31 st March, 2011		Year ended 31 st March, 2010	
		Rs. in lacs	Rs. in lacs	Rs. in lacs	Rs. in lacs
INCOME					
Sales including subsidy on fertilisers		7,43,530.21		5,89,583.51	
Less : Excise duty		1,021.47		563.93	
Sales (net)		7,42,508.74		5,89,019.58	
Income from engineering and other services (net of service tax) .		16,508.02		27,123.17	
Income from terminalling services (net of service tax)		862.49		717.63	
Interest on Fertiliser Companies' Government of India		6,023.80		6,108.72	
Other income	14	8,894.32		13,253.41	
			7,74,797.37		6,36,222.51
EXPENDITURE					
Purchases of finished goods for resale		2,86,160.09		1,64,576.84	
Manufacturing and other expenses	15	4,64,950.30		4,06,635.11	
(Increase)/decrease in stocks	16	(27,875.19)		19,202.54	
Interest	17	9,216.26		5,646.75	
Depreciation / amortisation		3,940.53		4,041.22	
			7,36,391.99		6,00,102.46
Profit before tax			38,405.38		36,120.05
Provision for tax					
Current tax			12,566.81		12,762.02
MAT Credit entitlement			(41.76)		(9.10)
Current tax adjustment relating to earlier years			(1,760.62)		29.82
Deferred tax charge / (credit) (Refer note no. 8 in Schedule 18)			1,119.79		(3,466.54)
Fringe benefit tax / (credit) relating to earlier year			0.03		(6.12)
Profit after tax			26,521.13		26,809.97
Share in profits/(Loss) of Associates			(38.09)		72.45
Less: Share of minority interests in profit			1,730.81		1,521.14
Net profit attributable to shareholders of Zuari Industries Limited			24,752.23		25,361.28
Credit balance of profit and loss account brought forward			91,050.33		72,256.79
Balance available for appropriation			1,15,802.56		97,618.08
Less : Appropriations					
Proposed dividend on equity shares			1,324.83		1,324.83
Corporate dividend tax thereon			221.99		237.92
Transfer to general reserve			15,005.00		5,005.00
Balance carried to balance sheet			99,250.74		91,050.33
Earnings per share (in rupees)					
Basic [Nominal value of shares Rs.10/- (previous year Rs.10/-)]			84.07		86.14
Diluted [Nominal value of shares Rs.10/- (previous year Rs.10/-)]			84.07		86.14
(Refer note no. 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 & Loss account.

As per our report of even date

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

S. K. Poddar
Chairman

Suresh Krishnan
Managing Director

Marco Wadia
Director

Per ANIL GUPTA
Partner
Membership No. : 87921

Binayak Datta
CFO & Vice President - Finance

R. Y. PATIL
Chief General Manager
& Company Secretary

Place : Gurgaon
Date : 9th May, 2011

Place : Gurgaon
Date : 9th May, 2011

Consolidated Financial Statements

CONSOLIDATED CASH FLOW STATEMENT

PARTICULARS	Year ended 31 st March, 2011 (Rs. in Lacs)	Year ended 31 st March, 2010 (Rs. in Lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Tax	38,405.38	36,120.06
Adjustments For :		
Depreciation / amortisation	3,940.53	4,041.22
Interest income	(7,924.21)	(8,863.52)
Dividend income	(2,672.83)	(2,932.76)
Provision for doubtful debts, loans and advances	1,259.76	119.69
Interest expense	9,216.26	5,646.75
(Profit) or loss on disposal of fixed assets (net)	81.53	(281.55)
(Profit) on disposal of current investments	(12.31)	(90.03)
(Profit) on sale of long term Investments	(117.88)	(963.01)
(Gain) on Foreign Exchange Variation	(1,398.75)	(1,021.68)
Diminution in the value of Fertiliser Companies' Government of India Special Bonds	603.07	6,823.74
Bad Debts written off	152.04	381.27
Provision for Unclaimed liability written back	(2,217.86)	(4,725.90)
	<u>909.35</u>	<u>(1,865.78)</u>
Operating Profit before Working Capital Changes	<u>39,314.73</u>	<u>34,254.28</u>
Changes in :		
Inventories	(41,977.58)	23,967.76
Sundry Debtors	(5,421.90)	62,912.15
Other Current Assets	39,802.46	1,822.26
Loans and Advances	(1,616.78)	8,435.59
Current Liabilities and Provisions	(3,778.30)	(2,07,137.45)
	<u>(12,992.10)</u>	<u>(1,09,999.69)</u>
Cash from / (used in) Operations	26,322.63	(75,745.41)
Direct Taxes (Paid)	(8,612.24)	(9,461.72)
Net Cash flow from / (used in) Operating Activities (A)	<u><u>17,710.39</u></u>	<u><u>(85,207.12)</u></u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Interest Received	8,725.76	11,309.92
Dividend Received on Investments	2,672.83	2,932.91
Proceeds from sale of Fixed Assets	55.50	431.86
Purchase of Fixed Assets	(16,664.61)	(6,900.57)
Purchase of Investments	(5,59,403.56)	(10,17,744.41)
Proceeds from sale/redemption of Investments	6,06,864.16	10,24,733.56
Fixed Deposits with Banks	(12,197.07)	(449.41)
Fixed Deposits matured	8,356.02	31,281.16
Loans given to Bodies Corporate	-	(2,820.88)
Loans given to Bodies Corporate received back	1,600.00	2,645.88
Net Cash flow from Investing Activities (B)	<u><u>40,009.03</u></u>	<u><u>45,420.02</u></u>

Consolidated Financial Statements

Cashflow Statement Contd.

PARTICULARS	Year ended 31 st March, 2011 (Rs.in Lacs)	Year ended 31 st March, 2010 (Rs.in Lacs)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Long Term Loans	11,073.09	1,657.29
Proceeds / (Repayment) of Short Term Loans	(12,102.87)	73,720.63
Repayment of Long Term Loans	(4,801.00)	(603.44)
Dividend Paid (including dividend tax)	(1,555.59)	(1,042.34)
Interest Paid	(11,409.11)	(17,039.60)
Net Cash flow from/ (used in) Financing Activities (C)	<u>(18,795.48)</u>	<u>56,692.54</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	38,923.94	16,905.43
CASH AND CASH EQUIVALENTS (OPENING)		
Cash and Bank Balances (Refer Note 2 below)	22,061.35	4,340.06
Cash/Bank Balance acquired on acquisition in a subsidiary (refer Note 2)	-	815.86
CASH AND CASH EQUIVALENTS (CLOSING)		
Cash and Bank Balances (Refer Note 2 below)	60,985.29	22,061.35

- 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. 6,760.51 lacs (previous year Rs. 2,919.46 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 st March, 2011 (Rs. in lacs)	As at 31 st March, 2010 (Rs. in lacs)
Cash on hand	11.02	6.46
Cheques on Hand	4.72	-
With scheduled banks :		
On cash credit accounts	137.73	111.52
On current accounts	33,396.26	2,368.84
On EEFC account	1,326.41	1,113.53
On unpaid dividend accounts*	31.01	29.25
On Interest warrant accounts*	24.52	48.91
On deposit accounts	<u>25,958.69</u>	<u>18,343.68</u>
	60,874.62	22,015.73
With other banks:		
Banque Saudi Fransi Bank	22.98	2.29
HSBC Bank, Dubai	64.80	14.10
Saudi British Bank	<u>7.15</u>	<u>22.77</u>
	94.93	39.16
Cash and cash equivalents	<u>60,985.29</u>	<u>22,061.35</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

S. K. Poddar
Chairman

Suresh Krishnan
Managing Director

Marco Wadia
Director

Per ANIL GUPTA
Partner
Membership No. : 87921

Binayak Datta
CFO & Vice President – Finance

R. Y. PATIL
Chief General Manager
& Company Secretary

Place : Gurgaon
Date : 9th May, 2011

Place : Gurgaon
Date : 9th May, 2011

Consolidated Financial Statements

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

SCHEDULE 1

SHARE CAPITAL

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

13,575.00

13,575.00

ISSUED:

2,94,51,168 Equity Shares of Rs. 10 each fully paid-up

2,945.12

2,945.12

SUBSCRIBED AND PAID-UP:

2,94,40,604 Equity Shares of Rs. 10 each fully paid-up
(Refer note no. 10 in schedule 18)

2,944.06

2,944.06

Add : Forfeited shares (amount paid-up)
Equity Shares

0.05

0.05

2,944.11

2,944.11

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

41,550.53

36,545.53

Add: Transferred from profit and loss account

15,005.00

5,005.00

56,555.53

41,550.53

FOREIGN CURRENCY TRANSLATION RESERVE:

Balance as per last balance sheet

5.30

-

Exchange difference during the year on net investment in

Non-integral operations

6.71

-

(1.41)

5.30

Balance in profit and loss account

99,250.74

91,050.33

1,56,217.36

1,33,018.66

Consolidated Financial Statements

SCHEDULE 3

SECURED LOANS

(Refer note no. 28 in Schedule 18)

	As at 31st March, 2011		As at 31 st March, 2010	
	Rs. in lacs	Rs. in lacs	Rs. in lacs	Rs. in lacs
1. Cash credits (including working capital demand loans) from banks		12,176.39		4,065.16
2. Buyers' credit from banks (Short term).....		57,815.37		59,640.08
3. Term loans from banks		11,089.18		2,636.44
4. Short term loans from banks		37,098.54		49,476.13
5. Deferred credit on hire purchase / finance lease.....		5.01		7.63
6. External commercial borrowings.....		-		18.57
7. Interest accrued and due on term loan.....		5.89		4.58
		1,18,190.38		1,15,848.59

SCHEDULE 4

UNSECURED LOANS

1. Fixed deposits from public		134.98		474.27
2. Short term loans from banks		40,000.00		45,000.00
3. Loan from Government of India		-		2,028.50
4. Interest accrued and due on loan from Government of India		-		2,135.72
5. Interest free sales tax deferral from the Government of Tamil Nadu		758.62		889.85
6. Commercial Paper (Short term) issued to a bank (Maximum amount raised at any time during the year Rs.2500 lacs, previous year Rs.7500 lacs)		-		2,500.00
7. Term Loan from others		1,000.00		25.00
		41,893.60		53,053.34

Consolidated Financial Statements

Consolidated Financial Statements SCHEDULE 5

FIXED ASSETS

(Rs. in lacs)

Particulars	Gross Block				Depreciation / Amortisation				Net Block		
	As at 1.04.2010	Additions	Deletions	Deletion on Disposal of Investment in Joint venture by the subsidiary Company	As at 31.03.11	As at 1.04.2010	For the year	On Deletions	Deletion on Disposal of Investment in Joint venture by the subsidiary Company	As at 31.03.11	As at 31.03.10
Tangible Assets											
Land (freehold)	1,104.78	85.00	—	—	1,189.78	—	—	—	—	1,189.78	1,104.78
Land (leasehold)	150.75	6.60	—	—	157.35	34.15	4.34	—	—	118.86	116.60
Leasehold improvements	236.65	17.51	75.63	—	178.53	165.10	25.88	69.63	—	57.18	71.55
Buildings	13,699.96	1,123.68	—	—	14,823.64	6,468.00	405.25	—	—	6,873.25	7,231.96
Railway siding	1,941.72	—	—	—	1,941.72	1,228.93	72.96	—	—	1,301.89	712.79
Plant & machinery	64,869.52	2,785.42	302.37	0.16	67,352.41	44,717.83	2,638.74	256.57	—	47,100.00	20,151.69
Vehicles	725.08	265.96	80.50	9.45	901.09	196.51	76.39	38.31	4.61	229.98	528.57
Furniture, fittings and office equipment	4,559.73	480.07	118.39	14.27	4,907.14	2,799.65	341.50	97.86	4.85	3,038.44	1,760.08
Intangible Assets											
Computer software	1,277.36	265.37	—	11.53	1,531.20	644.20	349.02	—	3.45	989.77	633.16
Internally generated intangible asset *	199.61	90.16	—	—	289.77	83.11	26.45	—	—	109.56	116.50
Total	88,765.16	5,119.77	576.89	35.42	93,272.63	56,337.48	3,940.53	462.37	12.91	59,802.73	32,427.68
Add: Capital Work-in-progress including capital advances of Rs. 7,521.36 lacs (Previous year Rs. 1,234.94 lacs)	—	—	—	—	—	—	—	—	—	—	5,309.38
Grand Total	88,765.16	5,119.77	576.89	35.42	93,272.63	56,337.48	3,940.53	462.37	12.91	59,802.73	37,737.06
Previous Year	84,972.64	4,717.81	925.29	—	88,765.16	52,828.43	4,041.22	532.17	—	56,337.48	—

Notes:

- (1) 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 1052.03 acres) (previous year 2104.05 acres, Zuari Group's proportionate share 1052.03 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.
- (2) In respect of joint venture, leasehold land of Rs. 117.19 lacs (Gross Block) (Net Block Rs. 85.62 lacs) (previous year Rs. 117.19 lacs (Gross Block) (Net Block Rs. 89.53 lacs) being the proportionate share of Zuari Group is pending for registration in the name of the Company.
- (3) In respect of joint venture, plant & machinery includes of Rs. 699.80 lacs (Gross Block) (Net Block Rs. 465.57 lacs) (previous year Rs. 699.80 lacs (Gross Block) (Net Block Rs. 498.81 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. 198.14 lacs) (previous year Rs. 258.73 lacs (Gross Block) (Net Block Rs. 206.79 lacs)), being proportionate share of Zuari Group, and plant & machinery valuing Rs. 1,799.36 lacs (Gross Block) (Net Block Rs. 989.52 lacs) (previous year Rs. 1,792.27 lacs (Gross Block) (Net Block Rs. 1,100.86 lacs)), being the proportionate share of Zuari Group, have been constructed/elected on leasehold land and rented land.
- (5) In respect of a subsidiary company, vehicle of Rs. 2.15 lacs (previous year Rs. 2.15 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 Nil (Previous year: Rs. 20.60 lacs and Rs. 2.38 lacs respectively) (being proportionate share of Zuari Group) on account of borrowing costs capitalised during the year.

Consolidated Financial Statements

SCHEDULE 6

INVESTMENTS

LONG TERM (at cost)

Trade, quoted

6,00,78,200 (previous year 5,61,33,334)
Equity shares of Chambal Fertilisers and Chemicals Limited of
Rs.10 each fully paid-up.....

9,895.63

7,133.78

8,00,000 Equity shares of Gobind Sugar Mills Limited of
Rs. 10 each fully paid-up (Refer note no. 15(iii) in Schedule 18)

611.39

611.39

10,507.02

7,745.17

Other than trade, quoted

12,50,000 (Previous year Nil) Reliance Broadcast Network Ltd
equity shares of Rs.10 each (Refer note no. 15(iv) in Schedule 18)

1,062.50

–

3,29,98,900 (Previous year Nil) Equity Shares of Texmaco Rail
& Engg Limited of Re. 1/- each fully paid-up.
(Refer note no. 21 of Schedule 18)

1,369.26

–

3,40,03,380 (Previous year 3,29,98,900) Equity shares of
Texmaco Limited of Re. 1 each fully paid-up.
(Refer note no. 21 of Schedule 18)

1,379.90

2,336.63

2,13,90,900 (Previous year– 42,73,313) Equity shares in
Nagarjuna Fertilisers & Chemicals Limited of Rs. 10 each fully paid up
(Refer note no. 15(i) of schedule 18)

6,583.05

1,428.23

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

–

153.91

10,394.71

3,918.77

Trade, unquoted

9,800 (Previous year nil) Equity Share of Exit Liability Omani Riyal
1 each fully paid-up in Simon Engineering and Partners LLC,
Sultanate of Oman. (Refer note no. 2(i) in schedule 18).....

10.45

–

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

2,58,250 Equity shares of Lionel India Limited
(Refer note no. 15 (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

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

–

93.00

5,25,000 (Previous year Nil) Equity shares of ANS Constructions Ltd.
of Rs.10/- each

420.00

–

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

1.91

1.91

1,364.86

1,027.41

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

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)

Nil (previous year 30,00,000) units of UTI FMP Yearly of Rs. 10 each

CURRENT (at lower of cost and fair value),

Other than Trade, Unquoted

50,435 (Previous year Nil) units of UTI Liquid cash plan– Institutional Dividend Daily Income Option of Rs 1000 each.....

60,59,069 (Previous year Nil) units of B 47 Birla sun life Cash Manager – IP Daily Dividend of Rs.10 each.....

4,94,876 (Previous year Nil) units of Reliance Liquid Fund Treasury plan daily dividend option of Rs 10 each

Nil (previous year 121,19,466.724) units of HDFC Cash Management Fund – treasury advantage wholesale– Daily dividend Option Reinvestment of Rs. 10 each.

Nil (previous year 13,46,34,593.355) units of Reliance Liquid Fund – Treasury Plan Inst Option Daily dividend Option of Rs. 10 each.

39,987 (previous year 2,61,301) units of Reliance Medium Term Fund – Daily Dividend Plan of Rs.1000 each.....

50,00,000 (Previous year Nil) units of Reliance Fixed Horizon Fund XVIII Series 4– Dividend Plan of Rs 10 each

49,71,859 (Previous year Nil) units of Kotak Bond (Short term) – Monthly Dividend of Rs. 10 each.....

49,96,752 (Previous year Nil) units of Reliance Monthly Interval Fund Series I – Inst Option Daily Dividend Plan Fund Daily Dividend of Rs 10 each

56,68,591 (Previous year Nil) units of Kotak Flexi Debt Scheme Institutional – Daily Dividend of Rs 10 each

	As at 31 st March, 2011		As at 31 st March, 2010	
	Rs.in lacs	Rs.in lacs	Rs.in lacs	Rs.in lacs
	890.00		890.00	
	4.44		(68.01)	
	(38.09)		72.45	
		856.35		894.44
		400.00		400.00
		2.65		2.65
		–		0.24
		–		300.00
	514.16		–	
	606.09		–	
	75.66		–	
	–		13,171.38	
	–		13,493.04	
	400.42		2,615.98	
	500.00		–	
	500.00		–	
	500.00		–	
	569.55		–	

Consolidated Financial Statements

SCHEDULE – 6 Contd.

	As at 31st March, 2011		As at 31st March, 2010	
	Rs.in lacs	Rs.in lacs	Rs.in lacs	Rs.in lacs
49,97,501 (Previous year Nil) units of Reliance Monthly interval Fund Series II – Institutional Dividend Plan of Rs.10/- each	500.00		–	
Nil (Previous year 7,35,912.03) units of face value Rs. 1000. each in UTI daily dividend.....	–		7,502.22	
25,37,780 (Previous year Nil) units of Kotak Floater Long Term – Daily dividend fund daily dividend of Rs 10 each.....	255.80		–	
2,73,32,315 (Previous year Nil) units of C222 L&T Freedom Income STP INST – Daily dividend reinvestment of Rs 10 each	2,775.65		–	
2,24,360 (previous year 10,03,560.53)units of Tata Liquid Super high Investment fund daily dividend reinvestment option of Rs. 1000/- each	2,500.53		11,184.88	
Nil (Previous year 1,00,36,936.13) units of ICICI Institutional Liquid plan-Super Institutional Dividend plan of Rs. 100 each. Daily Income Option	–		10,039.15	
Nil (Previous year 284.442) units of SBI Magnum Insta Cash – Daily dividend Option plan of Rs.10 each.....	–		0.05	
2,49,99,157 (Previous year 2,49,99,695.11) units of IDFC Cash Plan Daily dividend reinvestment option of Rs. 10 each.....	2,500.54		2,500.59	
Nil (Previous year 8,98,48,879.21) units of Birla sunlife Cash Plus – Insta Prem Daily Dividend Reinvestment option of Rs.10 each .	–		9,002.41	
Nil (Previous year 34,24,642.605) units of Birla Sunlife Savings Fund – Inst Daily Dividend Reinvestment of Rs.10 each	–		342.70	
1,05,10,359 (Previous year 49,98,400.512) units of Reliance quarterly Interval fund Series III Institutional dividend Plan Rs. 10 each.....	1,051.41		500.00	
Nil (Previous year 4,06,059.5699) units of Canara Robeco Treasury Advantage Institutional daily dividend fund of Rs.20 each.	–		50.38	
1,32,12,269 units (Previous year 1,38,34,001.112) units of Fortis Money Plus Institutional Plan daily dividend of Rs.10 each.	1,321.92		1,383.83	
Nil (Previous year 43,314.182) units of Templeton India Treasury Management super Institutional Plan daily dividend of Rs.1000 each	–		433.43	
	14,571.73		<u>72,220.04</u>	
	38,097.32		<u>86,508.72</u>	
Less : Diminution in the value of the Investment (Simon Engineering and Partners LLC).....	10.45		–	
	38,086.87		<u>86,508.72</u>	
Aggregate amount of quoted investments	20,901.73		11,663.94	
Aggregate amount of unquoted investments	17,185.14		74,844.78	
(Net of provision for diminution in the value of investment)	38,086.87		<u>86,508.72</u>	
Market value of quoted investments	88,416.32		<u>83,342.78</u>	

Consolidated Financial Statements

SCHEDULE 7

INVENTORIES (at lower of cost and net realisable value)

	As at 31 st March, 2011		As at 31 st March, 2010	
	Rs.in lacs	Rs.in lacs	Rs.in lacs	Rs.in lacs
Stores and spares		5,440.40		4,435.55
Fuel oil		5,470.12		3,489.93
Raw materials		45,513.71		35,118.10
Packing materials		1,584.62		862.31
Work-in-process		4,102.46		3,460.00
Projects work-in-progress		1,393.07		851.29
Finished goods		40,132.54		13,441.59
Stock in trade		3,941.09		3,941.09
Stock in trade (Securities)		1.81		2.38
		<u>1,07,579.82</u>		<u>65,602.24</u>

SCHEDULE 8

SUNDRY DEBTORS

Outstanding for more than six months :

Considered good :

Secured by deposits held

Unsecured

* [including subsidy receivable from Government of India
Rs. 28,343.35 lacs (Previous Year Rs. 28,731.81 lacs)]

Considered doubtful – unsecured

Less : Provision for doubtful debts

Other debts :

Considered good :

Secured by deposits held

Unsecured

[including subsidy receivable from Government of India
Rs. 62,980.84 lacs (Previous Year Rs. 57,172.32 lacs)]

Considered doubtful – unsecured

Less: Provision for doubtful debts

	22.79	18.85
	26,414.60	32,854.19
	<u>26,437.39</u>	<u>32,873.04</u>
	371.46	798.06
	26,808.85 *	33,671.10 *
	371.46	798.06
	26,437.39	32,873.04
	2,739.93	2,002.28
	78,091.10	67,251.42
	<u>80,831.03</u>	<u>69,253.70</u>
	–	4.18
	80,831.03	69,257.88
	–	4.18
	80,831.03	69,253.70
	<u>1,07,268.42</u>	<u>1,02,126.74</u>

Consolidated Financial Statements

SCHEDULE 9

CASH AND BANK BALANCES

	As at 31st March, 2011		As at 31st March, 2010	
	Rs.in lacs	Rs.in lacs	Rs.in lacs	Rs.in lacs
Cash on hand		11.02		6.46
Cheques on hand.....		4.72		-
Remittances in transit				
With scheduled banks :				
On cash credit accounts		137.73		111.52
On current accounts		33,396.26		2,368.84
On EEFC account.....		1,326.41		1,113.53
On unpaid dividend accounts		31.01		29.25
On interest warrants accounts		24.52		48.91
On deposit accounts*		32,719.20		21,263.13
		67,635.13		24,935.18
With other banks :				
Banque Saudi Fransi Bank [Maximum amount outstanding during the year Rs.48.99 Lacs (previous year Rs.16.04 lacs)].....		22.98		2.29
HSBC Bank Dubai [Maximum amount outstanding during the year Rs. Nil (previous year Rs.15.41 lacs)].....		-		14.10
HDFC Bank Ltd. Dubai [Maximum amount outstanding during the year Rs. 68.84 lacs (previous year Rs. Nil)].....		64.80		-
Saudi British Bank [Maximum amount outstanding during the year Rs 83.16 lacs (previous year Rs. 102.62 lacs)] ..		7.15		22.77
		94.93		39.16
		67,745.80		24,980.80

* Deposit account includes pledged deposits of Rs. 633.08 (Previous year Rs. 87.96 lacs) with banks and government departments

SCHEDULE 10

OTHER CURRENT ASSETS

Interest accrued on loans to employees		188.42		222.54
Interest accrued on loans and deposits.....		861.36		1,628.79
Unamortised premium on forward contracts.....		1,395.44		934.00
Unbilled revenue		81.41		183.28
Fertiliser Companies' Government of India Special Bonds (at lower of Cost and Market value) (Refer note No. 41 in Schedule 18)		39,558.95		80,324.05
		42,085.58		83,292.66

SCHEDULE 11

LOANS AND ADVANCES

Secured, (considered good)				
Loans to employees		246.19		253.60
(Unsecured, considered good unless otherwise stated)				
Loans to employees		427.18		406.61
Advances recoverable in cash or kind or for value to be received :				
Considered good		4,642.32		3,153.75
Considered doubtful		235.91		356.20
		4,878.23		3,509.95
Less: Provision for doubtful advances		235.91		356.20
		4,642.32		3,153.75

Consolidated Financial Statements

SCHEDULE 11 Contd.

Loans given to bodies corporate (including interest accrued)	
Considered good	-
Considered doubtful	1,125.00
	1,125.00
Less: Provision for doubtful advances	1,125.00
	-
VAT/Service tax credit receivable	62.43
Income tax payments and tax deducted at source (net of provision for tax) and MAT credit entitlement set off	
Considered good	1,757.27
Considered doubtful	66.05
	1,823.32
Less: Provision for doubtful advances	66.05
	1,757.27
MAT credit entitlement (Refer note No. 9 in Schedule 18)	22.83
Less :Set off during the year	-
	22.83
Security deposits	1,668.67
Balances with customs, port trust, excise and other government authorities	116.17
	8,943.06

SCHEDULE 12

CURRENT LIABILITIES

Acceptances	32,395.84
Sundry creditors :	
Total outstanding dues of micro enterprises and small enterprises	48.41
Total outstanding dues of creditors other than micro enterprises and small enterprises	56,796.90
	56,845.31
Unclaimed statutory liabilities (as referred in Section 205C of the Companies Act,1956 to be credited as & when due)	
- Unclaimed dividends	31.01
- Unclaimed deposits.....	45.52
- Unclaimed interest warrants.....	24.52
- Unclaimed preference warrants.....	5.90
	106.95
Interest accrued but not due on loans and deposits	351.40
Advances from dealers and others	2,982.14
Temporary Bank Overdraft	-
Trade deposits – dealers.....	4,628.66
Deferred revenue	1,786.10
Other liabilities	1,662.31
	1,00,758.71

	As at 31 st March, 2011		As at 31 st March, 2010	
	Rs.in lacs	Rs.in lacs	Rs.in lacs	Rs.in lacs
			2,725.00	-
			-	
			2,725.00	-
			-	2,725.00
				47.75
			2,823.65	-
			-	
			2,823.65	-
			-	2,823.65
			704.89	
			695.79	
				9.10
				1,500.50
				184.27
				11,104.23
				36,220.04
			28.66	
			55,544.07	
				55,572.73
			29.25	
			48.73	
			48.90	
			5.91	
				132.79
				385.46
				4,708.38
				35.72
				3,759.01
				8,218.53
				2,565.53
				1,11,598.19

Consolidated Financial Statements

SCHEDULE 13

PROVISIONS

	As at 31 st March, 2011		As at 31 st March, 2010	
	Rs.in lacs	Rs.in lacs	Rs.in lacs	Rs.in lacs
Income tax		1,245.28		131.43
Wealth tax		50.00		40.02
Proposed dividend		1,324.83		1,324.83
Corporate dividend tax thereon		227.40		237.92
Warranty (Refer note no. 42(c) in Schedule 18)		10.46		9.20
Contingencies (Refer note no. 42(b) in Schedule 18)		3,603.40		–
Leave encashment		4,357.66		4,167.43
Gratuity		114.02		252.12
Post retirement medical benefits		113.81		68.91
Others (Refer note No.42(a) in Schedule 18)		2,730.98		2,195.70
		13,777.84		8,427.55

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

SCHEDULE 14

OTHER INCOME

	Year ended 31 st March, 2011		Year ended 31 st March, 2010	
	Rs.in lacs	Rs.in lacs	Rs.in lacs	Rs.in lacs
Interest received on income tax refunds		494.67		390.60
Interest on deposits and others. [Interest income on long term investments other than trade Nil (previous year Rs. 578.08 lacs)		1,405.74		2,364.19
Dividend income from long term investments				
Trade	1,145.56		1,028.98	
Other than trade	59.18		31.70	
		1,204.74		1,060.68
Dividend income from current investments				
Other than trade		1,468.09		1,872.08
Profit on disposal of fixed assets (net)		–		281.55
Profit on disposal of long-term investments		117.88		963.00
Profit on sale of current Investments				
Other than trade		12.31		90.03
Rent recovered		183.96		104.25
Excess provisions / unclaimed liabilities/ unclaimed balances written back		2,217.86		4,725.90
Miscellaneous income		1,789.07		1,401.13
		8,894.32		13,253.41

Consolidated Financial Statements

SCHEDULE 15

MANUFACTURING AND OTHER EXPENSES

Raw materials consumed :

Opening Stocks	35,118.10
Add : Purchases	3,51,147.28
Less : Closing Stocks	45,513.71

	41,078.78
	2,84,854.21
	35,118.10
	2,90,814.89

Packing materials consumed :

Opening Stocks	862.30
Add : Cost of bags and other purchases	7,145.20
Less: Closing Stocks	1,584.61

	1,007.28
	5,774.87
	862.31
	5,919.84

Job charges	902.76
Power, fuel and water	27,239.32
Stores and spares consumed	916.93
Catalysts consumed	72.60

	370.60
	21,710.03
	812.87
	440.92

Repairs and maintenance :

Buildings	300.72
Machinery	6,026.96
Others	1,025.53

	358.43
	5,451.30
	583.62
	6,393.35

Bagging and other services	3,355.01
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	3,047.98
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Payments to and provisions for employees :

Salaries, wages, bonus and allowances	10,216.50
Contribution to provident and other funds	1,152.20
Gratuity (Refer note no. 40 in Schedule 18)	1,292.20
Staff welfare expenses	2,110.52

	10,017.03
	942.73
	220.67
	1,874.98
	13,055.41

Outward freight and handling	33,463.04
------------------------------------	------------------

	25,762.29
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Project expenses

Project Supplies	1,246.58
Salaries, wages & bonus	–
Travelling & conveyance	122.37
Consultation / sub-contracting fee	5,771.40
Insurance	15.83
Bank charges	51.86
Site office expenses	74.79
Contingencies	3,585.42
Printing stationery /courier /communication	6.39
Miscellaneous expenses	80.75

	6,982.88
	35.94
	257.22
	13,277.59
	30.19
	22.43
	147.74
	–
	9.34
	11.76
	20,775.09

Consolidated Financial Statements

SCHEDULE 15 Contd.

	Year ended 31st March, 2011		Year ended 31 st March, 2010	
	Rs.in lacs	Rs.in lacs	Rs.in lacs	Rs.in lacs
Rent		1,996.09		1,090.90
Lease rentals		106.09		165.93
Rates and taxes		283.46		176.94
Insurance		487.64		504.00
Cash rebate		64.98		102.29
Commission other than to sole selling agents.....		357.85		203.26
Subsidy claims written off		35.90		115.40
Provision for doubtful loans		1,125.00		-
Provision for doubtful debts and advances		134.76		119.69
Sundry balances written off		152.04		381.27
Loss on disposal of fixed assets (net).....		81.53		-
Diminution in the value of Investments (Long term)		-		10.45
Diminution in the value of Fertiliser Companies' Government of India Special Bonds.....		603.07		6,823.74
Loss on sale of Fertilizer Companies' Government of India Special Bonds.....		809.01		-
Technical know-how/royalty fees		19.57		12.50
Increase in excise duty and cess on stocks (Refer note no. 12 in Schedule 18).....		21.47		51.15
Donations		5.00		104.90
Miscellaneous expenses		12,462.60		7,669.42
		<u>4,64,950.30</u>		<u>4,06,635.11</u>

SCHEDULE 16

(INCREASE)/DECREASE IN STOCKS

Opening Stocks				
Work-in-process	3,460.00		3,504.30	
Projects work-in-progress	851.29		280.59	
Finished goods	13,441.59		33,170.53	
		<u>17,752.88</u>		<u>36,955.42</u>
Less : Closing Stocks				
Work-in-process	4,102.46		3,460.00	
Projects work-in-progress.....	1,393.07		851.29	
Finished goods	40,132.54		13,441.59	
		<u>45,628.07</u>		<u>17,752.88</u>
Net (increase) /decrease in stocks		<u>(27,875.19)</u>		<u>19,202.54</u>

SCHEDULE 17

INTEREST

On fixed term loans.....	6,230.40		3,950.51	
To others	2,985.86		1,696.24	
		<u>9,216.26</u>		<u>5,646.75</u>

Consolidated Financial Statements

SCHEDULE –18 : NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE ZUARI GROUP FOR THE FINANCIAL YEAR 2010–11

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 Subsidiary companies, joint venture companies and associated companies (collectively hereinafter referred to as the “Zuari Group”). These financial statements have been prepared to comply in all material respects in respect with the Notified Accounting Standards by Companies Accounting Standards Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Group and are consistent with those used in the previous year.

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) Principles of Consolidation

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

- i) Subsidiary companies have been consolidated on a line-by-line basis by adding together the book values of the like items of assets, liabilities, income and expenses, after eliminating all significant intra-group balances and intra-group transactions and also unrealized profits or losses.
- ii) Interests in the assets, liabilities, income and expenses of the Joint Ventures have been consolidated using proportionate consolidation method. For the purpose of proportionate consolidation, consolidated financial statements of the Joint Ventures and their subsidiaries have been used. Intra group balances, transactions and unrealized profits/losses have been eliminated to the extent of the Group’s proportionate share.
- iii) The difference of the cost to the Company of its investment in Subsidiaries and Joint Ventures over its proportionate share in the equity of the investee company as at the date of

acquisition of stake is recognized in the financial statements as Goodwill or Capital Reserve, as the case may be.

- iv) Minorities’ interest in net profit of consolidated subsidiaries for the year has been identified and adjusted against the income in order to arrive at the net income attributable to the shareholders of the Company. Their share of net assets has been identified and presented in the Consolidated Balance Sheet separately. Where accumulated losses attributable to the minorities are in excess of their equity, in the absence of the contractual obligation on the minorities, the same have been accounted for by the holding company.
- v) Investments in Associates have been accounted for using the equity method. The excess of cost of investment over the proportionate share in equity of the Associate as at the date of acquisition of stake has been identified as Goodwill and included in the carrying value of the Investment in the Associate. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the share of net assets of the Associate. However, the share of losses is accounted for only to the extent of the cost of investment. Subsequent profits of such Associates are not accounted for unless the accumulated losses (not accounted for by the Company) are recouped. Where the Associate has prepared and presented consolidated financial statements, such financial statements have been used for the purpose of equity accounting. In other cases, stand alone financial statements of Associates have been used.
- vi) As far as possible, the consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company’s stand alone financial statements. Differences in accounting policies have been disclosed separately.
- vii) The financial statements of the group entities used for the purpose of consolidation are drawn up to same reporting date as that of the Company i.e. year ended March 31, 2011.

IV. 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 subsidiary, 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.

V. Depreciation

- i) Depreciation on Fixed Assets (except to the extent stated in para (ii) to (ix) below) is provided using the Straight Line Method as per the useful lives of the fixed assets as estimated

Consolidated Financial Statements
SCHEDULE 18 Contd.

by the management which are equal to the corresponding rates prescribed under Schedule XIV to the Companies Act, 1956.

- ii) In case of the Parent Company, some of the subsidiaries companies, 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.
- iii) Premium paid on acquisition of Leasehold Land is being amortized over the period of the respective leases.
- iv) Leasehold Improvements are being depreciated over the respective primary lease periods.
- v) Machinery Spares are depreciated prospectively over the estimated remaining useful lives of the respective mother assets.
- vi) Depreciation on fixed assets acquired under finance lease is provided over the period of lease or the useful lives of the respective assets, whichever is lower.
- vii) Fixed assets whose value is less than Rs. 5000/- are depreciated fully in the year of purchase.
- viii) 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
Office Equipment		
Telephone Equipments	33.33	4.75
Air Conditioners	6.67	4.75
Others	20.00	4.75
Furniture and Fittings		
Carpets	20.00	6.33
Others	10.00	6.33
Technical Codes and Standards	20.00	20.00
Vehicles (Motor Car)	9.50	9.50

- ix) In case of a joint venture company, the company has provided depreciation at the rate higher than corresponding rate prescribed in Schedule XIV to Companies Act, 1956 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
Non Factory Building	3.34	1.63
Lightning Arrester (Building)	3.85	1.63
Security Watch Tower (Buildings)	3.85	1.63

VI. 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.

VII. Impairment

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

VIII. Intangibles

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

In case of a subsidiary company, expenditure incurred on development of new product as covered under AS - 26 Intangible Assets, for which future economic benefit will flow over a period of time is amortized, over the estimated useful life of the asset or 5 years whichever is earlier, from the time the new product starts providing economic benefits.

IX. Inventories

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

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

Work-in-process: Material cost on moving weighted average method (except in respect of a joint venture company, where it is determined on weighted average method) and appropriate manufacturing overheads based on normal operating capacity

Finished goods (manufactured): Material cost on moving weighted average method (except in respect of a joint venture company, where it is determined on weighted average method) and appropriate manufacturing overheads based on normal operating capacity including Excise Duty

Consolidated Financial Statements

SCHEDULE 18 Contd.

Finished goods (traded): Moving weighted average method (except in respect of a joint venture company, where it is determined on weighted average method)

Project work in progress: In respect of a subsidiary of the company engaged in the construction of SEZ. Expenses incurred till date is being carried over under project work in progress till the date revenue is fully recognized.

Stock in Trade (Securities): On specific identification basis.

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

X. Investments

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

XI. 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'.

XII. 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, except in the case of contributions towards Provident Fund where the deficit arising in making statutory payment by the trust to its members, if any, is being borne by the company in terms of the provisions under Employee Provident Fund and Miscellaneous Provisions Act, 1952.

- ii) Gratuity

In respect of the Group, retirement benefit in the form of gratuity is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year except in case of a subsidiary company and a joint venture company where it is provided for on actual computation basis.

The Parent Company, two of the subsidiaries, a joint venture and a subsidiary of joint venture have taken insurance policy under the group Gratuity scheme with the Life Insurance Corporation of India (LIC) to cover the gratuity liability of the employees and the amount paid/ payable in respect of present value of liability of past services 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 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.

XIII. 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

Consolidated Financial Statements

SCHEDULE 18 Contd.

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

iii) Exchange Differences:

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

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

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

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

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

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

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

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

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

XIV. Government Grants

In case of a subsidiary company, capital investment subsidy sanctioned by the state government to the transferor

company is reduced from the respective gross value of fixed assets, which were considered as eligible investment.

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

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

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

XV. 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 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.

XVI. Accounting for taxes

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

Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable

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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.

XVII. Revenue Recognition

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

- i) Revenue from sale of goods, including concession in respect of Urea, Di-ammonium Phosphate (DAP), Muriate of Potash (MOP) and Complex Fertilisers receivable from the Government of India under the New Pricing Scheme / Concession Scheme, is recognized when the significant risk and rewards of ownership of the goods have passed to the customers. Excise Duty deducted from turnover (gross) is the amount that is included in the amount of turnover (gross) and not the entire amount of liability assessed during the year.

Concessions in respect of Urea as notified under the New Pricing Scheme is recognized with adjustments for escalation/de-escalation in the prices of inputs and other adjustments

as estimated by the management in accordance with the known policy parameters in this regard.

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

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

- ii) Interest Income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.
- 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.
- iv) Dividend is recognized when the shareholders' right to receive payment is established by the balance sheet date.
- v) Income from Engineering Service:
Revenue from fixed price construction services contracts is recognized by reference to the stage of completion of the project at the balance sheet date. The stage of completion of project is determined by the proportion that contract costs incurred for work performed upto the balance sheet date bear to the estimated total contract cost. The cost incurred is measured by the jointly certified progress of work done by the Company (within the Group) and its sub contractors as at the end of the financial year, if the subcontractors/supplier has not raised bills on the company for the work completed by the subcontractor/supplier.

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

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

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) Service Income is recognized as and when the service is performed using the percentage of completion method.

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- 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.

XVIII. Borrowing costs

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

XIX. 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.

XX. Earnings per Share

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

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

XXI. Derivative Instruments

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

XXII. Segment Reporting Policies

Identification of segments :

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

Inter segment Transfers :

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

Allocation of common costs :

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

Unallocated items :

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

Segment Policies :

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

XXIII. Cash and Cash Equivalents

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

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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, 2011	Proportion of Ownership Interest as at March 31, 2010
Zuari Seeds Limited	India	100.00%	100.00%
Simon India Limited (Refer note (i) below)	India	100.00%	100.00%
Indian Furniture Products Limited (IFPL)	India	100.00%	100.00%
Zuari Management Services Limited (formerly known as Zuari Infrastructure & Developers Limited)	India	100.00%	100.00%
Adventz Infracore India Limited (formerly known as Zuari Developers Limited)	India	100.00%	100.00%
Zuari Investments Limited consolidated including its subsidiaries and associates. (Refer Note (ii) below)	India	100.00%	83.33%
Gulbarga Cement Limited	India	100.00%	100.00%
Globex Limited	UAE	100.00%	100.00%
Zuari Fertilizers & Chemicals Limited	India	100.00%	100.00%
Zuari Holdings Limited (direct with effect from March 10, 2011, earlier this was 100% subsidiary of Zuari Investments Ltd)	India	100.00%	100.00%

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

Name of the Company	Country of Incorporation	Proportion of Ownership Interest as at March 31, 2011	Proportion of Ownership Interest as at March 31, 2010
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, 2011	Proportion of Ownership Interest as at March 31, 2010
Style Spa Furniture Limited (12.9% held by Indian Furniture Products Ltd. and 36.47% by Zuari Investments Ltd.)	India	49.37%	49.37%

d. During the year, the Group has acquired additional stake of 16.67% in Zuari Investments Limited on April 23, 2010 (resulting in the company becoming a 100% Subsidiary of Zuari Industries Ltd). The aforesaid acquisitions have effect of increase in assets and liabilities by Rs. 1478.45 lacs and Rs. 718.56 lacs respectively and decrease in results by Rs. 3.97 lacs in Consolidated Financial Statements.

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Notes :

- (i) The subsidiary company, had 49% interest in the assets, liabilities, expenses and output of Simon Engineering & Partners LLC, incorporated in Sultanate of Oman (JV Company). The subsidiary company is of the opinion that they have no control on the said JV Company and hence JV Company has not been consolidated as required under Accounting Standard 27 - Financial Reporting of Interests in Joint Ventures as notified by Companies Accounting Standards Rules, 2006 (as amended).
- (ii) Consolidated including its subsidiaries – Zuari Insurance Brokers Limited (100%), - Zuari Commodity Trading Limited (100%) - Zuari Financial Services Limited (100%), Associates - Style Spa Furnitures Limited (36.47%)

3. Contingent Liabilities (Not Provided For):

(Rs in lacs)

Particulars	As at March 31, 2011		As at March 31, 2010	
	Zuari & its Subsidiaries	*Joint Ventures	Zuari & its Subsidiaries	*Joint Ventures
I. Demands / Claims from Government Authorities **				
(A) Demands from Excise/ Service Tax Authorities				
(i) Disputed Service Tax matters in respect of Input tax credit pending.	123.67	-	104.51	-
(ii) Demand notice from Service Tax Authorities towards Service Tax under Goods Transport Agency Services for the period 2006-07 to 2009-10. (The Parent Company has deposited Rs. 10.00 lacs against the same which is appearing in the schedule of Loans & Advances).	94.10	-	76.87	-
(B) Demands from Sales Tax Authorities				
i) Sales Tax Authority of West Bengal demanded Sales Tax on the amount of Subsidy received from Government of India. Company had filed an appeal before the Sales Tax Appellate Tribunal in view of a favorable decision by the Hon'ble Supreme Court in a similar matter. The matter was heard by the Hon'ble Sales Tax Tribunal and the Tribunal had allowed Company's appeal. The matter was remanded back to the original authority for reassessment. The original authority completed the assessment proceedings by deleting the entire demand.	-	-	-	33.50
ii) Sales tax demand for the year 2007-08 in Uttar Pradesh Region was stayed by the Hon'ble Allahabad High Court. The matter is pending before the Appellate Authority for further hearing.	-	45.31	-	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	-	42.56	-
iv) Demand notice from Maharashtra Sales Tax Authorities in respect of Sales tax Assessment for the year 2004-05. The Parent Company has applied for cancellation of assessment order under the Bombay Sales Act, 1959 which has been decided in favour of the Parent Company during the year.	-	-	130.61	-

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Particulars	As at March 31, 2011		As at March 31, 2010	
	Zuari & its Subsidiaries	*Joint Ventures	Zuari & its Subsidiaries	*Joint Ventures
v) Orissa Sales Tax Authority demanded entry tax on sale of finished goods i.e. fertilizer. The matter was remanded to the original authority for fresh assessment by the Appellate Authority as fertilizer is a non scheduled goods under the Orissa Entry Tax Act. The matter is pending before the original authority for further hearing.	-	36.77	-	36.77
vi) Branch transfers and export sales were disallowed and considered as inter state sales. Stay has been received from the Supreme Court of India and Appellate Tribunal against such demand. However, the case has been disposed off by the Hon'ble Supreme Court with continuance of stay till disposal by the Appellate Authority and cases are pending for further hearing.	-	5,238.43	-	5,238.43
vii) Orissa Sales Tax Authority levied penalty on Entry Tax on account of Custom Duty. The Company filed an appeal before the Appellate Authority against such demand which is yet to be disposed off.	-	32.55	-	32.55
viii) Others	49.63	0.61	192.47	0.18
II. Other claims against the Company not acknowledged as debts**				
(i) Penal interest on loan from Government of India, due to delay.	-	172.22	-	222.33
(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, payment is released through the special land acquisition officer time to time basis as per agreed terms and condition.	-	-	-	314.09
(iii) Industrial Dispute and Miscellaneous Labour cases pending at various forums at different stages of dispute.	-	357.49	-	336.68
(iv) Interest on electricity duty on captive power generation	-	35.47	-	9.79
(v) Others	15.91	19.18	15.91	8.75
IV. Aggregate amount of guarantees issued by the banks to various Government Authorities and Others	15,543.96	7.62	20,889.76	7.00
V. Estimated amount of contracts remaining to be executed on capital account not provided for	7,527.21	1,366.43	2,209.72	446.47

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

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

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

(Rs. in lacs)

Particulars	As at March 31, 2011	As at March 31, 2010
Style Spa Furniture Ltd	1025.00	-

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5. Contingent Liabilities of Associates*:

(Rs. in lacs)

Particulars	As at March 31, 2011	As at March 31, 2010
Claims & Government demands against the Company not acknowledged as debts	68.28	68.28

* 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. In respect of these entities, 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.

7. Earnings Per Share (EPS) :

(Rs. in lacs)

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Profit after taxation as per Profit and Loss Account (Rs in lacs)	24,752.23	25,361.29
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)	84.07	86.14
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, 2010	Current Year (charge)/credit	As on March 31, 2011
Book / Tax Depreciation difference	(5,101.56)	149.24	(4952.32)
Diminution in the value of Fertilizer Companies Government of India Bonds	3,554.68	(1661.29)	1893.39
Unabsorbed depreciation	–	163.12	163.12
Provision for doubtful Debts, Loans & Advances	345.76	(160.33)	185.42
Provision for Leave Encashment	1,134.60	(0.87)	1133.73
Others	1,415.23	390.34	1805.56
Net Deferred Tax Asset/ (Liability)	1,348.71*	(1119.79)**	(228.90)*

* After netting off deferred tax liabilities in respect of some of the entities aggregating to Rs. 870.25 lacs (Previous year Rs. 403.23 lacs)

** Deferred tax charge in case of subsidiary of a joint venture includes Rs. 778.30 lacs (being the proportionate share of Zuari Group) related to earlier year.

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

9. a) The asset of Rs. 22.83 lacs (Previous year Rs. 9.10 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.

- b) One of the subsidiary company has not recognized credit of Minimum Alternative Tax amounting to Rs. 91.70 lacs (Previous year Rs.70.3 lacs) as the management is of the opinion it is prudent not to recognise considering the carry forward losses.

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10. 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.

11. Parent Company

- (a) Stage III of the New Pricing Scheme (NPS) for urea was in operation from 1st October, 2006 to 31st March, 2010. As per this scheme, all naptha based units (including the company) were required to take steps for conversion to natural gas/liquid natural gas by 31st March, 2010. The Company has initiated necessary steps for conversion. Government of India vide notification dated 17th March 2010 has extended till further orders the provisions of Stage III of NPS.
- (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) Government subsidies include Rs. 6,708.40 lacs (previous year Rs. 3,396.89 lacs) in respect of earlier years, notified during the year.

Subsidiary of a Joint Venture

- (d) Subsidy income is after adjusting Rs.89.91 lacs (being the proportionate share of Zuari Group) in respect of previous year. Previous year figure was also after adjusting Rs. 278.93 lacs (being the proportionate share of Zuari Group) in respect of earlier years.

12. In the case of Parent Company, a subsidiary and the subsidiary of a Joint Venture, in accordance with explanations below Para 10 of Notified Accounting Standard 9 – Revenue Recognition, excise duty on sales amounting to Rs. 1021.47 lacs (Previous Year Rs. 563.93 lacs) has been reduced from sales in profit & loss Account and excise duty on variation of opening and closing stock of finished goods amounting to Rs. 21.47 lacs (Previous year Rs. 51.15 lacs) has been considered as expense in the financial statements.

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, 1984 on 5th February, 2007 and further notification on 19th April, 2007 proposing to acquire 1,59,700 sq. mts. of the land belonging to the Parent Company for public purpose. The Parent Company has filed an appeal with the High Court of Bombay at Goa against the notification. The High Court has asked status quo to be maintained on the land acquisition proceedings.

14. In the case of Parent Company, pending receipt of appeal effect orders for the assessment years 1998-99 to 2000-01 and 2002-03 to 2005-06, where appeal has been decided partly in favour of the Parent Company by the Income Tax Appellate Tribunal, interest on income tax refund has not been recognized thereof as the amount is presently not reasonably determinable. Interest income on this refund will be recognized in the year the appeal effect order is received from Income Tax Department.

15. Investments

- i) The Parent Company has invested a sum of Rs. 6,583.05 lacs in the equity shares of Nagarjuna Fertilizers and Chemicals Limited (NFCL). The market value of these investments at the year end is Rs. 6,032.23 lacs. Hence, there is a diminution in the value of this investment by Rs. 550.82 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 is continuously incurring losses.
- iii) One of the subsidiary company has made investments of Rs. 611.39 lacs in the equity shares of Gobind Sugar Mills Limited (GSM). As per the latest financial statements it has accumulated losses which have resulted in erosion of its net worth. Also, 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 GSM. It has also recognized deferred tax asset on unabsorbed losses and depreciation and MAT credit entitlement based on future profitability projections.
- iv) One of the subsidiary company has invested a sum of Rs. 1,062.50 lacs in the equity shares of Reliance Broadcast Networks Limited. The market value of these investments at the year end is Rs. 926.25 lacs. Hence, there is a diminution in the value of this investment by Rs. 136.25 lacs.

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 there against.

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16. The Board of Directors of the Parent Company in its meeting held on April 14, 2011 have decided to withdraw the Scheme of Amalgamation of Gobind Sugar Mills Limited (GSM) with the Parent Company, which was pending for sanction before Hon'ble High Court of Bombay at Goa. The withdrawal was in view of the change in the business / economic environment in relation to the Parent Company's operation resulting from deregulation of the fertilizer sector and to focus on its core business.
17. Net foreign exchange variation debited to the current year consolidated profit and loss account aggregates Rs. 8,737.83 lacs (including Rs. 880.01 lacs in respect of joint venture entities) [previous year Rs. (3,972.83) lacs (including Rs. (3,947.66) lacs in respect of joint venture entities) charged to the consolidated profit and loss account]
18. A sum of Rs. 1395.44 lacs (including Rs. 155.10 lacs in respect of joint venture entity) [previous year Rs. 934.00 lacs (including Rs. 37.42 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.
19. Particulars of Foreign Currency Exposures:

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

Details of Derivatives	31.03.2011	31.03.2010	Purpose
Buy (Amount in USD)	19,78,87,924	221,705,201	To hedge the purchases of raw materials and traded goods

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

Details of Derivatives	31.03.2011	31.03.2010	Purpose
Buy (Amount in USD)	30,921,163	31,424,745	To hedge the purchases of raw materials and traded goods

**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
	31.03.2011	31.03.2010	
Import Creditors	10,136,199	21,968,887	USD
Claims receivable	2,138,249	1,566,914	USD
Advance to Suppliers	266,000	-	Euro
Advance to Suppliers	25,158	-	USD
Import Creditors	934,706	898,980	Euro
Export Debtors	6,021,651	13,644,359	USD
Advances from Customers	837,216	4,433,132	USD
Foreign Currency Loans	-	41,145	USD
EEFC USD Account	2,972,786	2,478,546	USD
EEFC Euro Account	1,100	1,100	Euro
Saudi Bank (SAR) (Banque Saudi Fransi Bank, Saudi British Bank)	2,53,410	326,551	SAR

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

Nature of Exposure	Outstanding amount in foreign currency		Foreign currency Involved
	31.03.2011	31.03.2010	
Import Creditors	13,109,367	21,435,479	USD
Claims receivable	956,025	266,670	USD
Claims receivable	-	172,935	Dirham

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20. Operating Leases:

- (a) In one of the subsidiary company, 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.

(Rs. in Lacs)

Particulars	2010-11	2009-10
i) Lease payments for the year	18.52	16.27
ii) Payable for a period not later than one year	17.94	14.81
iii) Payable for a period later than one year and not later than 5 years	25.10	19.52
iv) Payable for a period later than five years	–	–

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

(Rs. in Lacs)

Particulars	2010-11	2009-10
i) Lease payments for the year	298.12	257.75
ii) Payable for a period not later than one year	254.83	257.75
iii) Payable for a period later than one year and not later than 5 years	1,116.48	380.85
iv) Payable for a period later than five years	1,145.36	–

- (c) In the case of a subsidiary company, Operating leases are mainly in the nature of lease of office premises and godowns with no restrictions and are renewable/cancellable at the option of either of the parties. There are no sub-leases. The aggregate amount of operating lease payments recognized in the profit & loss account is Rs. 109.45 lacs (previous year Rs. 82.76 lacs).

- (d) The Parent Company has obtained office premises, apartments and warehouses on operating leases for the period ranging from 2-6 years. In all cases, the agreements are further renewable at the option of the Parent Company. There is escalation clause in the respective lease agreements. All the leases are cancellable in nature. The total lease payments in respect of such leases recognized in the profit and loss account for the year are Rs. 455.48 lacs (previous year Rs. 346.67 lacs).

21. Pursuant to the Scheme of Arrangement between Texmaco Limited and Texmaco Rail and Engineering Limited (TREL) the Parent Company and a subsidiary has got one equity share of Re.1/- each fully paid in TREL for every equity share held in Texmaco Limited. The cost of shares held in Texmaco Limited has been allocated in the ratio of 41.40% and 58.60% to the shares of Texmaco Limited and TREL respectively in accordance with the Scheme.

22. The Subsidiary of a Joint Venture (Paradeep Phosphates Limited, 'PPL') had settled the old dues with all foreign creditors in the earlier year except Groupe Commnique 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)

During the year, the Company and GCT mutually settled the matter and full & final amount was paid on 1st November, 2010, which was recognized by BIFR in its hearing held on 3rd January, 2011. The excess liability of Rs. 1,528.60 lacs (being the proportionate share of Zuari Group) has been written back during the year and included under other income.

23. In respect of a Joint Venture, the sundry debtors include over dues of Rs. 22.25 lacs (being the proportionate share of Zuari Group) [previous year Rs. 22.45](being the proportionate share of the Zuari Group) due from a Public Sector Oil Marketing Company which, in the opinion of the Management is fully recoverable from the concerned party in the due course of time and no provision there against is considered necessary.

24. In respect of a subsidiary, current liabilities include amount payable to a party amounting to Rs. 39.65 lacs (Previous year Rs. 38.34 lacs) towards royalty which has been outstanding for a period of more than one year. Requisite approvals under the provisions of Foreign Exchange Management Act, 1999 have not been obtained from the RBI for the extension of the period. Management is confident that the penalties, if any, that may arise on account of such non-compliance would not be material.

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25. 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. 231.27 lacs (being the proportionate share of Zuari Group) [(previous year Rs. 371.98 lacs) (being proportionate share of Zuari Group)] towards revised port charges.
26. 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, interest and taxes for Rs. 64.29 lacs (being the proportionate share of Zuari Group) [(Previous Year Rs. 50.42 lacs) (being proportionate share of Zuari Group)] against the demand raised by Paradeep Port Trust.
27. In respect of a subsidiary of a joint venture entity (PPL), in relation to a Special Leave Petition filed by Orissa State Pollution Control Board (OSPCB), 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. Based on the above report and affidavits filed by OSPCB and the Company, the matter was disposed off in the favor of the Company.
28. 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 debt, plant and machinery and vehicles ranking pari passu with term loans from banks.
- 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
- (i) 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.
- (ii) In respect of the subsidiary of a joint venture, buyers 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.
- c) Term loans from banks
- i) In respect of the joint venture company, term loans is secured by first charge by way of hypothecation of all project/movable assets including Plant & Machinery, Vehicles, Book Debts both present and future.
- ii) In respect of the subsidiary of a joint venture, term loan of Rs. 5,000 lacs is secured against fixed assets to be created out of the aforesaid term loan and exclusive of second charge on fixed assets and Rs. 4,374.77 lacs is secured against first charge on inventories, book debts and fixed assets.
- 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 cash credit from banks.

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d) Short term loans from banks

In respect of the subsidiary of a joint venture, short term loans of Rs. 28,347.54 lacs (being the proportionate share of the Zuari Group) is secured against Fertilizer Companies GOI Special Bonds having face value of Rs. 33,185.05 lacs (being the proportionate share of the Zuari Group). In terms of guidelines issued by the Government of India, the Company has sold these pledged bonds worth Rs. 9894.03 lacs (being the proportionate share of the Zuari Group) on 31st March, 2011 through its custodian banker (State Bank of Hyderabad) with an undertaking that the proceeds of the buy-back will be utilized for repayment of aforesaid loans. Pending necessary formalities the outstanding loans are classified as "Secured Loan" on the Balance Sheet date. The Company has completed the required de-pledging and loan repayment formalities in April, 2011. Balance short term loan 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

e) Deferred Credit on hire purchase/finance lease

In respect of the subsidiary, facilities are secured against hypothecation of vehicles acquired.

29. 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.
30. In respect of a subsidiary of the joint venture ('PPL'), Employees' State Insurance Corporation (ESIC) raised various demands from PPL in respect of both Contract Labours and Employees in earlier years, which were contested by PPL in various Courts and Authorities. Provision created in earlier years is continuing in the books and reflected in Note No. 42 (a) of the Schedule.
31. In respect of one of the subsidiary, it has accumulated losses as at March 31, 2011 resulting in erosion of net worth fully. Based on the future projections of the company, continuing financial support from Parent Company and releasing of new products, management is confident that the company will be able to generate sufficient profits in future years. As such, the financial statements of that company are prepared on a going concern basis. Also goodwill of Rs. 91.97 lacs has been tested for impairment using the cash flow projection and based on that no provision for impairment is required.
32. 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, under the chairmanship of the Collector and District Magistrate, Jagatsinghpur, it was decided to pay additional compensation at the rate fixed to the claimants through the Special Land Acquisition Officer (Spl LAO), Government of Orissa. Since the disbursement process to land losers has started in the current year through Spl. LAO, the subsidiary company has accounted for total estimated liability of Rs.283.01 lacs (including interest of Rs.209.01 lacs) (being the proportionate share of the Zuari Group) during the year. The outstanding liability as on 31st March, 2011 stands at Rs.273.75 lacs (being the proportionate share of the Zuari Group) after adjustment of advance payment.
33. In respect of a joint venture of the company, has provided for right of way charges aggregating to Rs. 249.65 lacs (being the proportionate share of the Zuari Group) (including Rs. 216.79 lacs provided upto previous year) (being the proportionate share of the Zuari Group) payable to Public Works Department, Government of Goa, on the basis of expected settlement as the agreement for the same is in the process of finalization.
34. In respect of a subsidiary company, with regard to transactions of purchases of raw materials from a private limited company covered under Section 297 of Companies Act, 1956 ('the Act'), the subsidiary company has inadvertently not obtained the necessary approvals required under the Act. The said private limited company has been a regular supplier of such raw material and the aggregate value of transactions entered into during the year ended March 31, 2011 was Rs. 333 lacs. The subsidiary company is in the process of initiating necessary approval from its board of directors and seeking condonation from the Central Government for the non-compliance under Section 297 of the Act. The management does not expect any material impact on the financial statements on account of the above.
35. In respect of a subsidiary of a Joint Venture, Income Tax refund was received during the year for the Assessment Years 2008-09 & 2009-10 based on income tax returns filed by it pursuant to concession offered under BIFR and tax expert's opinion with respect

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to allowability of certain expenditures. Subsequently, the Directorate of Income Tax (Recovery) in its letter dated 29th March, 2011 has disallowed relief u/s 41 (1) of the Income Tax Act, 1961, as recommended by BIFR against which the Company is planning to approach the Department to reconsider the same. Pending such, the Company has retained the provision for tax of Rs.2006.29 lacs (being the proportionate share of Zuari Group) related to concession not considered by Director of Income Tax (Recovery) and the excess tax provision of Rs. 1699.99 lacs (being the proportionate share of Zuari Group) has been written back to the Profit & Loss Account.

36. 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:

(Rs. in lacs)

Sl. No.	Particulars	As at March 31, 2011	As at March 31, 2010
1.	Contract revenue recognized as revenue in the period [Clause 38 (a)]	15,175.78	25,447.15
2.	Aggregate Amount of cost incurred and recognized profits up to the reporting date on contract under progress [Clause 39(a)]	10,688.04	21,135.77
3.	Amount of advance received on contract under progress and outstanding at year end. [Clause 39 (b)]	421.56	2,270.84
4.	Amount of retentions on contract under progress [Clause 39 (c)]	2,213.93	4,406.67
5.	Gross amount due from customers for contract work as an asset [Clause 41(a)]	659.07	4,150.71
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.

37. In respect of subsidiary of a Joint Venture, Rock Phosphate price revision is due from 01.01.2011 as per the agreement with M/s. OCP, Morocco and the same is under negotiation. Pending such, the Company has accounted purchase of Rock Phosphate based on invoice raised by M/s OCP, Morocco. The Management feels that impact of price revision, if any, would not be material.
38. 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 is 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.
39. In respect of the Joint Venture of the Company, it has established 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 company is in the process of updating the documentation for the international transactions entered into with the associated enterprises during the current year.

The management is of the opinion that its international transactions are at arm's length such 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.

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

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

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

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Profit and Loss Account

Net employee benefit expense (recognized in Employee Cost) for the year ended March 31, 2011:

(Rs. in lacs)

Particulars	Gratuity			
	Funded		Unfunded	
	31.3.2011	31.3.2010	31.3.2011	31.3.2010
Current Service Cost	332.11	210.23	17.96	19.08
Interest cost on benefit obligation	170.83	153.11	4.53	2.90
Expected return on plan assets	(254.48)	(189.09)	–	–
Net actuarial (gain)/loss recognized in the year	(642.38)	20.41	(0.42)	5.08
Past service cost (Vested)	1,659.71**	–	–	–
Past service cost (Non Vested)	3.80	–	–	–
Effect of limit Para59(b) of AS-15-R	(3.35)	4.34	–	–
Net benefit expense*	1,266.10	199.00	22.07	27.06
Actual return on plan assets	(4.52)	132.71	–	–

* excluding Rs. 2.98 lacs (Previous year Rs.5.39 lacs) in respect of earlier years liabilities adjusted and also Rs. 1.05 lacs in respect of a joint venture company which has computed provision on actual computation basis (refer note 'c' below)

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

Balance sheet

Details of Provision for gratuity benefit as at March 31, 2011:

(Rs. in lacs)

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

* Excluding Rs. 0.49 lacs in respect of a joint venture company which has computed provision on actual computation basis (refer note 'c' below).

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Changes in the present value of the defined benefit obligation for the year ended March 31, 2011 are as follows:

(Rs. in lacs)

Particulars	Gratuity			
	Funded		Unfunded	
	31.3.2011	31.3.2010	31.3.2011	31.3.2010
Opening defined benefit obligation	2,456.31	2,202.11	67.04	42.64**
Adjustment to opening balance	(2.40)	1.44	–	–
Interest cost	170.83	153.11	4.53	2.90
Current service cost	332.11	210.23	17.96	19.08
Benefits paid	(254.84)	(150.34)	(5.09)	(2.66)
Past Service Cost (Non Vested Benefits)	3.80	–	–	–
Past Service Cost (Vested Benefits)	1659.71	–	–	–
Actuarial (gains)/losses on obligation	(621.65)	39.76	(0.42)	5.08
Closing defined benefit obligation	3,743.88	2,456.31	84.01	67.04

** 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)	
	31.3.2011	31.3.2010
Opening fair value of plan assets	2,271.22	2,143.47
Adjustment to opening balance	0.18	53.60
Expected return	254.48	189.09
Contributions by employer	1,423.57	16.05
Benefits paid	(254.84)	(150.34)
Actuarial gains/(losses)	20.74	19.35
Closing fair value of plan assets	3,715.35	2,271.22

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

Investment with insurer (Life Insurance Corporation of India)	Gratuity 2010–11
	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	2010–11	2009–10
Discount Rate	6.50% – 8.20%	7.00% – 8.00%
Expected rate of return on plan assets	8.00% – 9.45%	7.76% – 9.40%
Increase in Compensation cost	7.50% – 12.00%	5.00% – 12.00%
Employee turnover	0.50% – 19.50%	0.50% – 15.00%

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- 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) for few Companies in the group and fifth 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 from the year of its adoption.
- c) In the case of a joint venture, the company has not performed any separate actuarial valuation for arriving at the Gratuity liability of the Gratuity Scheme as at March 31, 2011 as the number of employees of the company as at and for the year ended March 31, 2011 was below 50. The liability as at March 31, 2011, as reflected in the financials, has been determined on gross undiscounted basis.
- (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, 2011:

(Rs. in lacs)

S. No.	Particulars	2010-11	2009-10
1	Current Service Cost	6.83	4.14
2	Interest Cost	5.09	2.42
3	Expected Return on plan assets	-	-
4	Expenses relating to earlier years	-	32.57
5	Net Actuarial (Gains)/ Losses	35.03	30.38
6	Total Expenses	46.95	69.51

Balance sheet

Details of net (Asset)/Liability recognized in the Balance Sheet as at March 31, 2011:

Rs. in lacs)

S. No.	Particulars	2010-11	2009-10
1	Present value of Defined Benefit Obligation as at 31st March 2011	113.81	68.91
2	Fair Value of Plan Assets as at 31st March 2011	-	-
3	Un recognised transitional liability	-	-
4	Un recognised past service cost – non-vested benefits	-	-
5	Net Liability / (Assets) as at 31st March 2011	(113.81)	68.91

Changes in the present value of the defined benefit obligation for the year ended March 31, 2011 are as follows:

(Rs. in lacs)

S. No.	Particulars	2010-11	2009-10
1	Present value of Obligation at the beginning of the Year	68.91	32.57
2	Current Service Cost	6.83	4.14
3	Interest Cost	5.09	2.42
4.	Past service cost – non-vested benefits	-	-
5.	Past service cost – vested benefits	-	-
6	Benefits paid by the Company	(2.05)	(0.59)
7	Actuarial (Gains)/Losses	35.03	30.38
8	Present Value of Defined Benefit Obligation at the end of the year	113.81	68.91

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SCHEDULE 18 Contd.

The principal assumptions used in determining liability are shown below :

(Rs. in lacs)

S. No.	Particulars	2010-11	2009-10
1	Discount Rate	8% p.a.	7.5 % p.a.
2	Expected rate of return on plan assets	–	–
3	Rate of increase in salary	12% p.a.	12 % p.a.
4	Withdrawal Rate	5% p.a.	5 % p.a.
5	Medical cost escalation rate	4% p.a.	4 % p.a.
6	Mortality retirement	LIC (1994-96) Ultimate Mortality Table	

(iii) Details of Defined Contribution Plan in respect of the Group:

(Rs. in lacs)

S. No.	Particulars	2010-11	2009-10
1	Contribution to Provident Fund*	692.34	524.64
2	Contribution to Superannuation Fund	262.15	248.16
3	Contribution to Contributory pension fund	166.08	162.29
Total		1120.57	935.09

* The Parent Company and a subsidiary of the joint venture as per its accounting policy stated above in Note No. XII has provided Rs. 118.95 lacs (Previous year Rs. Nil) (including Rs. 7.32 lacs (being the proportionate share of Zuari Group) in respect of subsidiary company of the joint venture) to meet up deficit incurred by the Provident Fund Trust in making interest payment by the Trust to its members as per statutory rate announced by Government of India.

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

S.No.	Description	As at 31st March 2011 (Rs. in lacs)	As at 31st March 2010 (Rs. in lacs)
1	7.00 % Fertiliser Companies' Government of India Special Bonds 2022 (at lower of Cost and Market Value)	17,765.31	35,946.67
2	6.20 % Fertiliser Companies' Government of India Special Bonds 2022 (at lower of Cost and Market Value)	5,773.10	11,752.64
3	6.65 % Fertiliser Companies' Government of India Special Bonds 2023 (at lower of Cost and Market Value)	16,020.55	32,624.74
Total		39,558.96	80,324.05

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

- b) In terms of guidelines issued by Government of India, Ministry of Chemicals & Fertilizers (MCF) dated 31st March, 2011, the Parent Company and a subsidiary of a Joint Venture, has sold 50% of their holding in Fertilizer Companies Government of India Special Bond at price determined by Reserve Bank of India (RBI) resulting in a loss of Rs 6096.66 lacs (including Rs 5287.66 lacs charged to Profit & Loss Account in earlier years). As per the guidelines, the Government of India will buyback the remaining bonds held by these companies through RBI in 2011-12 at a price to be determined by Government of India.

As per the above guidelines, a part of the loss incurred by these companies would be compensated by Government of India. However the mechanism for determination of such compensation has not been notified by MCF. On determination of the compensation applicable the same will be accounted for in terms of accounting policies and accounting standards followed by these companies.

- c) 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/ closing rates published by Clearing Corporation of India Limited (CCIL).

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SCHEDULE 18 Contd.

- 42. (a) In respect of the subsidiary of a joint venture, the movement for "Provision – Others" during the year is as follows:-**

(Rs. in lacs)

Particulars	Balance as on March 31,2011 (being the proportionate share of Zuari Group)	Balance as on March 31,2010 (being the proportionate share of Zuari Group)
Balance as at 1st April,2010	2,195.70	2,286.90
Additions during the year	630.46	535.27
Amount used during the year	(95.18)	(538.55)
Unused amounts reversed during the year	–	(87.92)
Balance as at 31st March,2011	2,730.98*	2,195.70*

* Includes the following

Provision for ground rent to PPT	526.50	462.20
Provision for port charges to PPT	1,348.93	1,117.66
Provision for Employees State Insurance	334.12	320.63
Provision for Land Compensation (including interest)	273.74	85.92
Provision for others	247.69	209.29
	<u>2,730.98</u>	<u>2,195.70</u>

- (b) In respect of a subsidiary of the Company, The subsidiary company has assessed the year end provision for Contingencies for expected claims/expenditure on the basis of their best estimates. The movement for the "Provision for Contingencies" during the year is as follows:**

(Rs. in lacs)

Particulars	Balance as on March 31,2011	Balance as on March 31,2010
Balance as on March 31, 2010	–	101.88
Additions during the year	3,603.40	–
Amount used during the year	–	0.19
Unused amount reversed during the year	–	101.69
Balance as on March 31, 2011	3,603.40	–

- (c) In case of a subsidiary of the Company, it gives warranty to products, undertaking to replace the items that fail to perform satisfactorily during the warranty period. Warranty provisions are made for expected future cash outflows and computed on total sales made during the year based on past experience. No reimbursements are expected.**

(Rs in lacs.)

Product Warranty	Balance as on March 31,2011	Balance as on March 31,2010
Balance as at April 01, 2010	9.20	10.47
Additions during the year	13.81	9.20
Amount used during the year	12.55	10.47
Balance as at March 31, 2011	10.46	9.20

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SCHEDULE 18 Contd.

43. In case of a Joint Venture of the Company, agreements with some of the customers have expired during the previous financial year. The Joint Venture Company is in the process of finalizing the revised agreement with these customers. These customers have given in principle their acceptance of the revised offer and terms as proposed by the Joint Venture Company. But the acceptance is tentative and is subject to the approval of the higher management of these customers. On the basis of these letters received from the customers, the Joint Venture Company has, during the year recognized additional revenue of Rs. 17.72 lacs (being the proportionate share of the Zuari Group) (including Rs. 1.20 lacs for the previous year) (being the proportionate share of the Zuari Group).
44. In respect of a subsidiary company (Zuari Seeds Limited; ZSL) the unaudited management certified accounts were considered for consolidation in the year ended March 31, 2010. The difference between the consolidated figures and audited figures of ZSL which amounts to Rs (96.72) lacs has been included in the Consolidated Profit and Loss Account of the current year under respective head of profit and loss account as per details given below:

(Rs. in lacs)	
Sales	2.03
Other Income	19.78
Less : Manufacturing and Other Expenses	79.53
Decrease in Stocks	39.00
Net decrease in profit after tax	(96.72)

45. In case of a subsidiary of the Company, it has not appointed a Company Secretary as required under Section 383A of the Companies Act, 1956 ('the Act') for the period from October 20, 2009 to March 31, 2011 and is accordingly not in compliance with the provisions of Section 383A of the Act. The subsidiary company is in the process of taking the necessary steps to comply with the provisions of the Act.
46. Minority Interest represents the following:

Name of the Company	(Rs. in lacs)		
	As at 31.03.2011	As at 31.03.2010	
	Paradeep Phosphates Ltd*	Zuari Investments Ltd	Paradeep Phosphates Ltd*
% share of Minority	19.55%	16.67%	19.55%
Share in the equity	5,625.02	624.10	5,625.02
Share in the reserves / (losses)	2,785.67	138.90	1,054.86
Total	8,410.69	763.00	6,679.88

* Representing Zuari's Group proportionate share

47. 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 Fertilizer, Engineering services and Others. Fertilizer Segment includes manufacturing of and trading in fertilizers, seeds and pesticides. Engineering services segment includes technology, basic engineering, detailed engineering, Project Management, Procurement and Construction services in the Engineering and contracting sector. Other Segment include provision of Terminalling services, furniture and other immaterial.

* **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.

Consolidated Financial Statements

iii) Financial Information about business segments for the year ended March 31, 2011 is presented below:

(Rs. in lacs)

Particulars	Fertilizer		Engineering Services		Other Operations		Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
External Sales/ Income	7,40,198.67	5,92,027.36	15,997.48	26,765.68	18,534.67	11,086.64	7,74,730.82	6,29,879.68
Inter-Segment Sales/Income	—	—	(319.70)	(502.41)	(4,501.12)	—	(4,820.82)	(502.41)
Segment Revenue	7,40,198.67	5,92,027.36	15,677.78	26,263.27	14,033.55	11,086.64	7,69,910.00	6,29,377.27
Segment Results	40,215.03	29,904.92	3,151.85	3,968.73	558.42	1,048.33	43,925.30	34,921.98
Segment Assets	3,19,908.55	2,68,388.59	5,089.92	11,294.36	22,670.34	15,750.20	3,47,668.81	2,95,433.15
Segment Liabilities	92,208.30	99,187.08	11,122.84	16,760.19	7,949.55	1,878.81	1,11,280.69	1,17,826.08
Capital Expenditure	12,465.67	5,996.00	229.51	156.57	3,969.43	748.00	16,664.61	6,900.57
Depreciation and Amortization	3,470.09	3,476.13	83.76	86.67	386.68	478.42	3,940.53	4,041.22
Provision for Doubtful Debts & Advances and write off	229.39	464.62	—	87.35	27.26	64.39	256.65	616.36
Provision for Doubtful Debts & Advances — unallocated	—	—	—	—	—	—	66.05	—

iv) Reconciliation of Reportable Segments with the Financial Statements

(Rs. in lacs)

Particulars	Revenues		Results — Net Profit		Assets		Liabilities	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Total of Reportable Segments	7,69,909.98	6,29,377.27	43,925.31	34,921.98	3,47,668.81	2,95,433.15	1,11,280.69	1,17,826.08
Add/(Less) :								
Corporate Unallocated	4,887.39	6,845.24	1,795.92	4,090.04	92,514.88	1,32,718.92	1,62,094.56	1,70,969.16
Minority Interest	—	—	(1,730.81)	(1,521.14)	—	—	8,410.69	7,442.88
Share in Profit/Losses of Associates	—	—	(38.09)	72.45	—	—	—	—
Inter-Segment Elimination	—	—	—	—	—	—	—	—
Interest Expenses	—	—	(9,216.26)	(5,646.75)	—	—	—	—
Interest Income	—	—	1,900.41	2,754.79	—	—	—	—
Taxes	—	—	(10,764.46)	(12,776.62)	1,780.10	2,832.75	1,245.28	131.43
Deferred Tax	—	—	(1,119.79)	3,466.54	1,099.15	1,751.93	870.25	403.23
As per Segment	7,74,797.37	6,36,222.51	24,752.23	25,361.29	4,43,062.94	4,32,736.75	2,83,901.47	2,96,772.78
As per Financial Statements	7,74,797.37	6,36,222.51	24,752.23	25,361.29	4,43,062.94	4,32,736.75	2,83,901.47	2,96,772.78

Consolidated Financial Statements

SCHEDULE 18 Contd.

48. The Parent Company and a subsidiary company hold more than 20% of the voting power of bodies corporate. These Companies have been legally advised that they do not have any "Significant Influence" in the said bodies corporate as defined in Accounting Standard '18' "Related Party Disclosures" and accordingly, have not considered the above investees as related parties under Accounting Standard 18 "Related Party Disclosures" and has not consolidated the accounts of the above as "Associate" under Accounting Standard 23 "Accounting for Investment in Associates in Consolidated Financial Statements".
49. 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
- (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, Executive Vice Chairman 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 Industries Limited and Zuari Maroc Phosphates Limited, Director of Zuari Management Services Limited and Zuari Rotem Speciality Fertilisers Limited
 - 5 Mr. Debasis Bhattacharya, CEO and Manager of Zuari Indian Oiltanking Limited
 - 6 Mr. Vijay Kathuria, Whole Time Director of Zuari Investments Limited.
 - 7 Mr. Praveen Malhotra (Principal Officer of Zuari Insurance Brokers Limited)
- (iv) Relatives of key Management Personnel of the Zuari Group**
- 1 Mrs. Veena Bawa
 - 2 Mrs. Seema Behl
 - 3 Mrs. Meenakshi Bawa
 - 4 Mrs. Kavita Kathuria
 - 5 Mrs. Neelam Malhotra
- (v) Other Venturers in respect of JV Entities**
- 1 Maroc Phosphores, SA
 - 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 contd.

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

Consolidated Related Party

Rs. In lacs

Sl. No	Transaction details	2010-11					2009-10						
		Joint Ventures	Joint Venturers	Asso- ciates	Key Manage- ment personnel (KMP)	Relatives of Key Mage- ment Personnel	Total	Joint Ventures	Joint Venturers	Asso- ciates	Key Manage- ment Personnel (KMP)	Relatives of Key Manage- ment Personnel	Total
1	Payment made on their behalf												
	- Zuari Maroc Phosphates Limited	0.03	–	–	–	–	0.03	94.74	–	–	–	–	94.74
	- Paradeep Phosphates Limited	49.13	–	–	–	–	49.13	17.76	–	–	–	–	17.76
	- IOT Infrastructure and Energy Services Limited	–	0.05	–	–	–	0.05	–	0.48	–	–	–	0.48
	- Style Spa Furniture Limited	–	–	18.28	–	–	18.28	–	–	14.40	–	–	14.40
	-Zuari Rotem Speciality Fertilisers Ltd	10.27	–	–	–	–	10.27	5.72	–	–	–	–	5.72
	- Zuari Indian Oiltanking Limited	2.76	–	–	–	–	2.76	8.40	–	–	–	–	8.40
	-Maroc Phosphores S.A.	–	–	–	–	–	–	–	9.43	–	–	–	9.43
	-Simon Engineering and Partners, LLC	–	–	–	–	–	–	0.52	–	–	–	–	0.52
2	Payment made on our behalf												
	- IOT Infrastructure and Energy Services Ltd.	–	12.61	–	–	–	12.61	–	20.18	–	–	–	20.18
	-Paradeep Phosphate Limited	0.80	–	–	–	–	0.80	0.03	–	–	–	–	0.03
	- Stylespa Furniture Limited	–	–	–	–	–	–	–	–	0.44	–	–	0.44
	- Zuari Maroc Phosphates Limited	–	–	–	–	–	–	9.45	–	–	–	–	9.45
3	Issue of Share Capital												
	-Maroc Phosphores S.A.	–	–	–	–	–	–	–	1,420.81	–	–	–	1,420.81
	-Rotem Amfert Nagev Ltd.	–	–	–	–	–	–	–	49.54	–	–	–	49.54
4	Redemption of Preference Shares (including Premium on Redemption)												
	- Zuari Maroc Phosphates Limited	–	–	–	–	–	–	2,653.68	–	–	–	–	2,653.68
5	Purchase of assets												
	- Style Spa Furniture Limited	–	–	3.53	–	–	3.53	–	–	1.32	–	–	1.32
6	Service / Consultancy charges paid												
	- Zuari Indian Oiltanking Limited	65.86	–	–	–	–	65.86	58.41	–	–	–	–	58.41
7	Rent paid												
	- Mr. H. S. Bawa	–	–	–	55.42	–	55.42	–	–	–	70.61	–	70.61
	- Ms. Veena Bawa	–	–	–	–	10.59	10.59	–	–	–	–	24.45	24.45
	- Ms. Seema Behl	–	–	–	–	–	–	–	–	–	–	2.68	2.68
8	Repayment of Fixed deposit accepted												
	- Ms. Seema Behl	–	–	–	–	–	–	–	–	–	–	2.50	2.50
9	Refund of Security Deposit												
	- Mr. H.S.Bawa	–	–	–	7.20	–	7.20	–	–	–	–	–	–
	- Ms. Veena Bawa	–	–	–	–	7.50	7.50	–	–	–	–	–	–
	- Ms. Seema Behl	–	–	–	–	–	–	–	–	–	–	22.20	22.20
10	Managerial remuneration												
	- Mr. H.S.Bawa	–	–	–	264.64	–	264.64	–	–	–	205.61	–	205.61
	- Mr. S.Krishnan (Refer Note below)	–	–	–	18.49	–	18.49	–	–	–	–	–	–
	- Mr. S.S. Nandurdikar	–	–	–	89.59	–	89.59	–	–	–	74.40	–	74.40
	- Mr. Arun Mahajan	–	–	–	78.77	–	78.77	–	–	–	72.51	–	72.51
	- Mr. Vijay Kathuria	–	–	–	24.57	–	24.57	–	–	–	15.64	–	15.64

Consolidated Financial Statements

Sl. No	Transaction details	2010-11					2009-10						
		Joint Ventures	Joint Venturers	Associates	Key Management personnel (KMP)	Relatives of Key Management Personnel	Total	Joint Ventures	Joint Venturers	Associates	Key Management Personnel (KMP)	Relatives of Key Management Personnel	Total
	- Mrs Kavitha Kathuria	-	-	-	-	0.01	0.01	-	-	-	-	0.03	0.03
	- Mr. A Beer Ali	-	-	-	2.90	-	2.90	-	-	-	10.00	-	10.00
	-Mr Proveen Malhotra	-	-	-	8.71	-	8.71	-	-	-	8.48	-	8.48
11	Interest paid												
	- Ms. Seema Behl	-	-	-	-	-	-	-	-	-	-	0.10	0.10
	- Style Spa Furniture Limited	-	-	15.17	-	-	15.17	-	-	29.37	-	-	29.37
12	Management Fees Paid												
	- IOT Infrastructure and Energy Services Ltd.	-	13.59	-	-	-	13.59	-	6.90	-	-	-	6.90
13	Management Fees Received												
	- Zuari Indian Oilfanking Limited	5.52	-	-	-	-	5.52	6.91	-	-	-	-	6.91
14	Dividend paid												
	- IOT Infrastructure and Energy Services Ltd.	-	37.58	-	-	-	37.58	-	37.58	-	-	-	37.58
15	Purchase of finished Goods, Raw Material, Spares, etc												
	- Maroc Phosphores S.A.	-	30,936.17	-	-	-	30,936.17	-	32,095.59	-	-	-	32,095.59
	- OCP, Morocco	-	25,226.27	-	-	-	25,226.27	-	21,774.80	-	-	-	21,774.80
	-Zuari Rotem Speciality Fertilisers Ltd	2,396.15	-	-	-	-	2,396.15	1,125.72	-	-	-	-	1,125.72
	-Rotem Amfert Nagev Ltd.	-	397.00	-	-	-	397.00	-	161.88	-	-	-	161.88
	-Indo Maroc Phosphores S.A.Morocco	-	929.10	-	-	-	929.10	-	816.53	-	-	-	816.53
	- Fertiliser and Chemicals Ltd., Israel	-	954.34	-	-	-	954.34	-	807.87	-	-	-	807.87
16	Dividend Received												
	- Style Spa Furniture Limited	-	-	40.00	-	-	40.00	-	-	40.00	-	-	40.00
17	Lease rentals received												
	- Zuari Indian Oilfanking Limited	56.15	-	-	-	-	56.15	53.48	-	-	-	-	53.48
18	Sale of finished goods, Engineering Services and Projects												
	- Stylespa Furniture Limited	-	-	6,661.51	-	-	6,661.51	-	-	5,334.03	-	-	5,334.03
	- Paradeep Phosphates Limited	278.11	-	-	-	-	278.11	417.64	-	-	-	-	417.64
	-Simon Engineering and Partners,LLC	-	0.64	-	-	-	0.64	1.87	-	-	-	-	1.87
19	Write Back												
	- Maroc Phosphores S.A.	-	64.21	-	-	-	64.21	-	500.82	-	-	-	500.82
	- OCP, Morocco	-	-	-	-	-	-	-	7.27	-	-	-	7.27
20	Write Off, Claims and Demurrage												
	- Maroc Phosphores S.A.	-	22.71	-	-	-	22.71	-	103.79	-	-	-	103.79
	- OCP, Morocco	-	386.44	-	-	-	386.44	-	45.45	-	-	-	45.45
	-Indo Maroc Phosphores S.A.Morocco	-	1.12	-	-	-	1.12	-	-	-	-	-	-
21	Corporate Guarantee withdrawn												
	- Style Spa Furniture Limited	-	-	-	-	-	-	-	-	1,325.00	-	-	1,325.00
22	Royalty												
	-Rotem Amfert Nagev Ltd.	-	19.57	-	-	-	19.57	-	-	-	-	-	-
23	Interest on Loan												
	- Mr. Suresh Krishnan	-	-	-	1.53	-	1.53	-	-	-	-	-	-

Consolidated Financial Statements

Balance Outstanding at the year end

Sl. No	Transaction details	2010-11						2009-10					
		Joint Ventures	Joint Venturers	Asso- ciates	Key Manage- ment personnel (KMP)	Relatives of Key Mage- ment Personnel	Total	Joint Ventures	Joint Venturers	Asso- ciates	Key Manage- ment Personnel (KMP)	Relatives of Key Manage ment Personnel	Total
1	Rent Security Deposit												
	- Mr. H.S.Bawa	-	-	-	-	-	-	-	-	-	7.20	-	7.20
	- Ms. Veena Bawa	-	-	-	-	-	-	-	-	-	-	7.50	7.50
2	As Debtors												
	- Paradeep Phosphates Limited	14.40	-	-	-	-	14.40	148.51	-	-	-	-	148.51
	- Style Spa Furniture Limited	-	-	-	-	-	-	-	-	557.42	-	-	557.42
	- Simon Engineering and Partners,LLC	6.91	-	-	-	-	6.91	7.33	-	-	-	-	7.33
	- Style Spa Furniture Limited	-	-	17.38	-	-	17.38	-	-	-	-	-	-
3	As Creditor												
	- IOT Infrastructure and Energy Services Ltd	-	2.75	-	-	-	2.75	-	2.13	-	-	-	2.13
	- Paradeep Phosphates Limited	296.78	-	-	-	-	296.78	4.75	-	-	-	-	4.75
	- Style Spa Furniture Limited	-	-	-	-	-	-	-	-	567.42	-	-	567.42
	- Zuari Indian Oil Tanking Limited	5.61	-	-	-	-	5.61	-	-	-	-	-	-
	- OCP, Moracco	-	642.03	-	-	-	642.03	-	1,585.01	-	-	-	1,585.01
	- Maroc Phosphores S.A.	-	1,259.73	-	-	-	1,259.73	-	4,005.76	-	-	-	4,005.76
	-Zuari Rotem Speciality Fertilisers Limited	3.58	-	-	-	-	3.58	137.24	-	-	-	-	137.24
	- Zuari Maroc Phosphates Limited	9.42	-	-	-	-	9.42	9.45	-	-	-	-	9.45
	-Rotem Amfert Nagev Ltd.	-	49.71	-	-	-	49.71	-	34.86	-	-	-	34.86
	-Indo Maroc Phosphores S.A.Morocco	-	111.50	-	-	-	111.50	-	-	-	-	-	-
	- Fertilisers and Chemicals Ltd.	-	36.86	-	-	-	36.86	-	-	-	-	-	-
4	Corporate Guarantee												
	- Style Spa Furniture Limited	-	-	1,025.00	-	-	1,025.00	-	-	-	-	-	-
5	Loan Given												
	- Mr. S. Krishnan	-	-	-	37.20	-	37.20	-	-	-	-	-	-
6	Interest on Loan												
	- Mr. S. Krishnan	-	-	-	1.53	-	1.53	-	-	-	-	-	-

Consolidated Financial Statements

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

Particulars	As at March 31, 2011	As at March 31, 2010
(Rs. in Lacs)		
I. Sources of funds		
Reserves & Surplus (net)	35,677.58	28,217.70
Loan funds :		
(a) Secured loans	57,833.96	53,237.19
(b) Unsecured loans	-	4,164.21
Deferred tax liability	408.71	390.33
Total	93,920.25	86,009.43
II. Application of funds		
Goodwill	18,029.28	18,029.28
Fixed assets :		
Gross block	44,162.62	42,626.82
Less : Accumulated depreciation and amortization	(29,851.38)	(28,648.16)
Net block	14,311.24	13,978.66
Capital work-in-progress including capital advances	1,274.24	755.90
Investments	78.31	479.04
Deferred tax assets (net)	1,018.45	1,684.65
Current assets, loans and advances :		
(a) Inventories	25,547.75	18,817.53
(b) Sundry debtors	26,013.41	30,306.46
(c) Cash and bank balances	31,997.14	13,606.73
(d) Loans and advances	1,420.52	3,579.26
(e) Other current assets	21,315.44	42,311.25
	1,06,294.26	1,08,621.23
Less : Current liabilities and provisions :		
(a) Current liabilities	14,453.81	28,525.82
(b) Provisions	4,891.61	3,004.22
	19,345.42	31,530.04
Net current assets	86,948.84	77,091.19
Total	1,21,660.36	1,12,018.72

Consolidated Financial Statements

(Rs. in Lacs)

	Year ended March 31, 2011	Year ended March 31, 2010
INCOME		
Income from Operations	1,77,533.24	1,51,045.64
Interest on Fertiliser Companies Government of India Special Bonds	3,118.60	3,168.71
Other income	4,103.47	5,309.04
Total	1,84,755.31	1,59,523.38
EXPENDITURE		
Purchases of finished goods for resale	33,330.28	25,659.74
Manufacturing and other expenses	1,38,103.96	1,14,645.82
(Increase)/decrease in stocks	(5,543.79)	4,539.97
Interest	4,924.00	3,695.81
Depreciation and amortization	1,407.93	1,660.34
Total	1,72,222.38	1,50,201.68
Profit before tax	12,532.93	9,321.71
Provision for income-tax		
Current tax	4,314.56	3,146.76
MAT credit entitlement	(41.76)	(9.10)
Deferred tax charge/(credit)	684.58	(1,655.89)
Tax adjustment relating to earlier years	(1,700.40)	0.69
Profit after income-tax	9,275.95	7,839.25
Share of minority in profits	1,730.81	1,481.39
Profit for the year	7,545.14	6,357.86

51. 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.

52. 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 Regn. No.: 301003E
Chartered Accountants

S. K. Poddar
Chairman

Suresh Krishnan
Managing Director

Marco Wadia
Director

Per ANIL GUPTA
Partner
Membership No. : 87921

Binayak Datta
CFO & Vice President - Finance

R. Y. PATIL
Chief General Manager
& Company Secretary

Place : Gurgaon
Date : 9th May, 2011

Place : Gurgaon
Date : 9th May, 2011

Consolidated Financial Statements

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES										
Particulars	Share capital	Reserves	Total Assets	Total Liabilities	Details of Investments	Total Income	Profit Before tax	Tax	(Rs. in Lacs)	
Particulars	Share capital	Reserves	Total Assets	Total Liabilities	Details of Investments	Total Income	Profit Before tax	Tax	Profit after Tax	Tax
Zuari Seeds Ltd.	1,417.42	(1,769.73)	4,408.02	4,760.33	-	4,096.66	145.06	11.44	133.62	-
Adventz Infraworld India Ltd.	5.00	(94.21)	6,609.48	6,698.69	-	0.42	(66.69)	-	(66.69)	-
Indian Furniture Products Ltd.	2,300.01	(81.54)	7,571.72	5,353.26	233.00	13,126.71	106.32	32.77	73.55	-
Simon India Ltd.	500.00	5,905.83	18,541.03	12,135.20	10,010.05	16,679.38	3,815.56	1,161.59	2,653.97	-
Zuari Management Services Ltd.	5.00	134.99	664.39	524.40	-	682.33	663.44	132.25	531.19	-
Zuari Investments Ltd.	3,744.58	930.95	8,951.18	4,275.65	5,910.93	1,079.18	90.39	28.57	61.82	-
Gulbarga Cement Ltd.	601.27	(67.67)	8,362.76	7,829.17	-	-	(20.14)	-	(20.14)	-
Globex Ltd.	13.40	23.25	4,341.90	4,305.25	-	4,448.64	25.35	-	25.35	-
Zuari Fertilisers & Chemicals Ltd.	5.00	(24.22)	4,413.93	4,433.15	-	-	(23.43)	-	(23.43)	-
Zuari Commodity Trading Ltd.	150.00	(16.19)	152.41	18.60	-	8.46	(4.04)	-	(4.04)	-
Zuari Insurance Brokers Ltd.	225.00	(117.82)	125.68	18.50	-	61.68	(51.98)	0.09	(52.07)	-
Zuari Financial Services Ltd.	250.00	6.91	260.28	3.37	-	15.46	14.90	4.06	10.84	-
Zuari Holdings Ltd.	200.00	(2.97)	197.36	0.33	-	0.19	(0.28)	-	(0.28)	-

S. K. Poddar
Chairman

Suresh Krishnan
Managing Director

Marco Wadia
Director

Place : Gurgaon
Date : 9th May, 2011

Binayak Datta
CFO & Vice President - Finance

R. Y. PATIL
Chief General Manager
& Company Secretary



ZUARI INDUSTRIES LIMITED *adventz*

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

NOTICE

NOTICE is hereby given that the Forty Third Annual General Meeting of the Members of the Company will be held at the Registered Office of the Company at "Jai Kisaan Bhawan", Zuarinagar, Goa 403726 on Monday, the 19th September, 2011 at 10.30 a.m. to transact the following business:

Ordinary Business

1. To receive, consider and adopt the audited Balance Sheet of the Company, as at 31st March, 2011 and the Profit and Loss Account for the financial year ended on that date together with the Reports of the Directors and Auditors.
2. To declare dividend on Equity Shares for the financial year ended 31st March, 2011.
3. To appoint a Director in the place of Mr. S.K. Poddar, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in the place of Mr. Marco Wadia, who retires by rotation and is eligible for re-appointment.
5. To appoint a Director in the place of Mr. Shyam Bhartia, who retires by rotation and is eligible for re-appointment.
6. To appoint M/s. S.R. Batliboi & Co., Chartered Accountants, as Statutory Auditors of the Company.

Special Business :

7. To consider, and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution:
"RESOLVED THAT Mr. Suresh Krishnan, be and is hereby appointed as Director of the Company."
8. To consider, and if thought fit, to pass with or without modification the following resolution as a Special Resolution
"RESOLVED THAT pursuant to section 31 of the Companies Act, 1956 the Articles of Association of the Company be altered in the following manner:-

Article 128

Article 128 shall be deleted and the following be substituted in its place:

128. No resolution of meeting of the Board of Directors shall be valid unless approved by the majority of the directors or alternate directors present and entitled to vote at such meeting unless otherwise prescribed by the Act or the Articles.

Article 132

Article 132 shall be deleted and the following be substituted in its place:

132. No resolution shall be deemed to have been duly passed by the Board by circulation unless the resolution has been circulated in the draft, together with the necessary papers, if any, to all the Directors, for the time being in India or their alternates at their respective addresses provided for such purpose and the same has been approved by such of the Directors as are then in India, or a majority of such of them, as are entitled to vote on the resolution.

Article 137

Article 137 shall be deleted and the following be substituted in its place:

- 137(1) Subject to the provisions of the Act and of these Articles, the Board shall have the power to appoint from time to time either Managing Director/Whole-time Director or a Manager of the Company for a term not exceeding five years at a time upon such terms and conditions as the Board thinks fit. The Board may by a resolution vest in the Managing Director/ Whole-time Director or Manager such of the powers hereby vested in the Board, generally as it thinks fit, and such powers may be made exercisable for such period as it may determine. The remuneration of the Managing Director / Whole Time Director or Manager may be by way of monthly payment, fee for each meeting or by way of a specified percentage of the net

profits of the Company calculated in the manner laid down in section 349, 350 and 351 or partly by the one way and partly by the other provided that except with the approval of the Central Government such remuneration shall not exceed in the aggregate five percent of net profits for one such Director and if there is more than one such Director, ten percent for all of them together. Provided that the Managing Director so appointed shall not while holding such office, be subject to retirement by rotation or be taken into count in determining the retirement by rotation of Directors but his appointment shall be automatically determined if he ceased to be a Director.

- 137(2) A director who is neither in the whole time employment of the Company nor a Managing Director may be paid remuneration either by way of a monthly, quarterly or annual payment with the approval of the Central Government, if any, or by way of commission if the Company by a special resolution authorises such payment provided that except with the approval of the Central Government, the remuneration paid to such Director, or where there is more than one such Director, to all of them together, shall not exceed 1% of the net profits of the Company, if the Company has a Managing Director and/or a Whole-time director or a Manager and 3% of the net profits of the Company in any other case.

Article 152A

Article 152A shall be deleted and the following be substituted in its place:

- 152A. Where a dividend has been declared by the Company but which has not been paid or claimed within 30 days from the date of the declaration to any shareholder entitled to the payment of the dividend, the Company shall within 7 days from the date of the expiry

of the said period of 30 days open a special account in that behalf in any Scheduled Bank called the unpaid dividend account of Zuari Industries Limited and transfer therein the total amount of dividend that has remained unpaid or unclaimed as aforesaid. Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to the Investor Education and Protection Fund or such other Fund as may be prescribed by the Central Government.

In this Article the expression "dividend which remain unpaid" shall mean any dividend the warrant in respect thereof has not been encashed or which has otherwise not been paid or claimed. No unclaimed dividend shall be forfeited by the Board.

Article 153(a)

Article 153(a) shall be amended as follows:

The word "Section 205A" shall be replaced by the word "Section 206A"

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

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309,310 and 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby accords approval to the appointment of Mr. Suresh Krishnan, as Managing Director of the Company for a period of five years w.e.f. 1st February, 2011 on the terms and conditions mentioned in the Explanatory Statement annexed to this Notice.

RESOLVED FURTHER THAT in the event of the Company having no profits or inadequate profits in any financial year during the tenure of Mr. Suresh Krishnan as Managing Director of the Company, subject to the approval of the Central Government, consent of the Company be and is hereby accorded to the payment of remuneration as and by way of minimum remuneration and as set

out in the Explanatory Statement annexed to this Notice.

RESOLVED FURTHER THAT the Board of Directors or the Sub-Committee of the Board be and is hereby authorised to determine such increments and corresponding increase in salary related perquisites payable to Mr. Suresh Krishnan, as it may deem fit and proper within the approved salary range."

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

"RESOLVED THAT in partial modification of the earlier resolution passed in this regard by the shareholders and pursuant to Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow from time to time, as it may consider fit, any sum or sums of money not exceeding Rs.5000 crores on such terms and conditions as the Board may deem fit, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose."

By Order of the Board of Directors

R. Y. PATIL
Chief General Manager
& Company Secretary

Date : 12th May, 2011
Registered Office :
Jai Kisaan Bhawan,
Zuarinagar-Goa 403 726

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
2. The dividend, if any, declared at this meeting will be payable on or after 23rd September, 2011 to the members whose names appear on the Register of Members, as on 19th May, 2011 or to their mandates registered with the Company. The dividend will be payable on the basis of beneficial ownership as per details furnished by the National Securities Depository Limited and Central Depository Services (India) Limited for this purpose.
3. Pursuant to section 205 C of the Companies Act, 1956, Notice is hereby given that the amount of unclaimed/unpaid dividend and interest on fixed deposits, as well as principal amount of deposits upto 31.03.2011 remaining unclaimed or unpaid for a period of 7 years from the date they became due for payment, have been transferred to the Investors Education & Protection Fund of the Central Government. No claims shall lie against the fund or the Company in respect of individual amounts which are transferred to the Fund. For the information of the shareholders it is hereby notified that the following amounts will be due for transfer to the fund.
 - a. Dividend paid for the financial year 2003-2004.
 - b. Interest on deposits paid on March, 2003 to February, 2004.
 - c. Principal amount of deposits matured during March, 2003 to February, 2004.Shareholders/depositors who have not yet encashed dividend warrants / interest warrants or have not claimed the principal amount of deposit by submitting the duly discharged Fixed Deposit Receipts are requested to do so immediately.
4. A brief profile of Mr. S.K. Poddar, Mr. Marco Wadia and Mr. Shyam Bhartia, are provided in the corporate governance Report along with details as to their shareholding.
5. An explanatory statement as required under section 173(2) of the Companies Act, 1956 in respect of special business specified in the notice is annexed hereto.

ANNEXURE TO THE NOTICE

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

Item No. 7:

The Board at its meeting held on 21st January, 2011 appointed Mr. Suresh Krishnan as Additional Director on the Board of your Company.

Mr. Suresh Krishnan is a B.E. (Hons.)/M.Sc. from BITS Pilani. He has a rich corporate experience of nearly 25 years in the fertiliser, energy and cement sectors and has been instrumental in financing of large Greenfield projects in the domestic and international markets, forging and managing joint ventures and acquisitions and in executing turnaround strategies alongside day to day operations in the manufacturing sector.

Mr. Suresh Krishnan holds directorships in Zuari Maroc Phosphates Limited, Zuari Management Services Limited, Zuari Indian Oiltanking Limited, Zuari Investments Limited, Zuari Seeds Limited, Indian Furniture Products Limited, Zuari Rotem Speciality Fertilizers Limited, Adventz Infraworld India Limited, Gulbarga Cement Limited, Zuari Fertilisers & Chemicals Limited, Zuari Holdings Limited, Adventz Industries India Limited and Globex Limited.

Mr. Krishnan holds office upto the conclusion of the 43rd Annual General Meeting of the Company. The Board recommends appointment of Mr. Suresh Krishnan as Director of the Company.

The Company has received notice u/s. 257 of the Companies Act, 1956 signifying intention to propose Mr. Suresh Krishnan, for appointment as Director of the Company.

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

Item No. 8:

The existing provisions in the Articles of Association of the Company are not in conformity with the provisions of Companies Act, 1956. Hence, the same has been altered to bring it in line with the provisions of the respective sections of the Companies Act, 1956.

Article 128

Having regard to provisions of Section 287 of the Companies Act, 1956 this article has been altered.

Article 132

Having regard to provisions of Section 289 of the Companies Act, 1956 this article has been altered.

Article 137

This Article is being amended as the number of whole-time directors of the Company has increased to two.

Having regard to provisions of Section 309 of the Companies Act, 1956 this article has been amended to provide for the remuneration of the Executive/Whole-time Directors. This article is also amended to provide for remuneration to Non-Executive Directors.

Article 152A

Having regard to provisions of Section 205A of the Companies Act, 1956 this article has been altered.

Article 153(a)

Reference to word "Section 205A" in Article 153(a) is redundant and hence it is proposed to replace by word "Section 206A".

None of the Directors are concerned or interested in the passing of this resolution.

Item No.9:

The Board at its meeting held on 21st January, 2011 appointed Mr. Suresh Krishnan as Managing Director of the Company for a period of five years w.e.f. 1st February, 2011. The term of five years comes to an end on 31st January, 2016.

The Company has ambitious growth plans in fertilizer and cement sectors in India and abroad. Mr. Krishnan's rich experience and skills would definitely help in taking forward the investments proposed by the Company in these sectors.

Considering Mr. Krishnan's experience and skills, it was felt appropriate to appoint Mr. Suresh Krishnan as Managing Director of the Company, for a period of five years effective 1st February, 2011 on the terms and conditions given herein below:-

1. Salary : Rs.2.80 lakhs per month in the range of Rs.2.50 lakhs to Rs.12.50 lakhs with such annual increments as may be determined by the Board or the Sub Committee of the Board of Directors.
2. Perquisites : Perquisites will be allowed in addition to the salary as set out herein.
 - (a) Housing : Rent free furnished accommodation or House Rent Allowance as per Company's policy shall be provided.
 - (b) Following perquisites shall be provided as per rules of the Company as applicable to Senior Executives of the Company:
 - i) Gas, electricity and water
 - ii) Medical reimbursement
 - iii) Leave Travel Concession – for self and family
 - iv) Fees of clubs
 - v) Personal Accident Insurance
 - (c) Provision of car with chauffeur and telephone at residence will not be considered as perquisites.
 - (d) Company's contribution to Provident Fund, Superannuation Fund shall not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the provisions of the Income-Tax Act.
 - (e) Gratuity: As applicable to the Senior Executives of the Company.
 - (f) Leave/encashment of leave shall be provided to the Managing Director in accordance with the Company rules applicable to Senior Executives.
 - (g) Performance Bonus in accordance with Company rules applicable to Senior Executives.
3. Additional perquisites : The Managing Director shall be entitled to such other additional perquisites which are applicable to Senior Executives of the Company.

4. Termination: The Agreement may be terminated by giving three months' notice by either party.

NOTES

- Total remuneration as above shall be subject to Part II Section I of Schedule XIII of the Companies Act, 1956 and shall not exceed 5% of the net profits of the Company.
- In case of no profits or inadequacy of profits in any financial year, the Company may pay remuneration to the Managing Director by way of salary, perquisites and any other allowance as set out hereinabove, subject to the approval of the Government of India.
- For the purposes of calculating the above ceiling, perquisites shall be evaluated as per Income Tax Rules, wherever applicable, in the absence

of any such rules, the perquisites shall be evaluated at actual cost.

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

None of the Directors of the Company except Mr. Suresh Krishnan, Managing Director is concerned or interested in the passing of the Resolution.

Item No.10:

The shareholders authorized the Board of Directors under section 293(1) (d) of the Companies Act, 1956 to borrow any sum or sums of money not exceeding Rs.3500 crores.

The additional funds requirement has become necessary in view of additional fund and non fund based working capital requirements due to increase in volumes as also requirement for the new projects of

the company on anvil. The approval of the shareholders to borrow upto Rs. 5000 crores is required in view of borrowings as above likely to be made in the near future by the Company from Financial Institutions/Banks.

None of the Directors are concerned or interested in passing of the resolution.

By Order of the Board of Directors

R. Y. PATIL
Chief General Manager
& Company Secretary

Date : 12th May, 2011

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

DETAILS OF THE DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT IN THE 43RD ANNUAL GENERAL MEETING PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT OF STOCK EXCHANGES			
Name of the Director	Mr. S. K. Poddar	Mr. Marco Wadia	Mr. Shyam Bhartia
Date of Birth	15-09-1945	30-01-1956	09-11-1952
Relationship with other Directors interse	None	None	None
Date of Appointment	15.05.1993	15.05.1993	15.05.1993
Expertise in specific functional areas	Industrialist	Advocate	Industrialist
Qualification	B. Com (Hons)	B.A. (Hons), L.Lb.	ICWA
No. of Equity Shares held in the Company	79406	2795	NIL
List of other Companies in which Directorships are held ¹	1) Gillette India Limited 2) Simon India Limited 3) Chambal Infrastructure Ventures Limited 4) Lionel India Limited 5) Indian Furniture Products Limited 6) Texmaco Limited 7) Chambal Fertilizers & Chemicals Limited 8) Texmaco Rail & Engineering Limited 9) Zuari Cement Limited 10) Adventz Investments And Holdings Ltd. 11) Zuari Industries Limited	1) GMAC Financial Services India Limited 2) Chambal Fertilizers & Chemicals Limited 3) Johnson & Johnson Limited 4) Jost's Engineering Company Limited 5) Simon India Limited 6) Stovec Industries Limited 7) Zuari Maroc Phosphates Limited 8) Paradeep Phosphates Limited 9) Adventz Infracworld India Limited 10) Zuari Industries Limited	1) Jubilant Life Sciences Limited 2) Jubilant Chemsys Limited 3) Jubilant Infrastructure Limited 4) Jubilant Clinsys Limited 5) Vam Holdings Limited 6) Geo-Enpro Petroleum Limited 7) Lionel India Limited 8) Chambal Fertilizers & Chemicals Ltd. 9) Jubilant Foodworks Limited 10) Jubilant First Trust Healthcare Ltd. 11) Jubilant Innovation (india) Limited 12) Zuari Industries Limited
List of Committees of the Board of Directors (across all Companies) in which Chairmanship/Membership is held ²	Chairman: 1) Investors/ Shareholders Grievance Committee of Texmaco Limited 2) Audit Committee of Zuari Cement Limited Member: 1) Audit Committee of Gillette India Limited	Chairman: 1) Audit Committee of Chambal Fertilizers & Chemicals Ltd. 2) Audit Committee of Johnson & Johnson Limited 3) Audit Committee of Simon India Limited Member: 1) Audit Committee of GMAC Financial Services India Ltd. 2) Audit Committee of Stovec Industries Limited 3) Audit Committee of Zuari Industries Limited 4) Investor's Grievance Committee of Jost's Engineering Company Ltd 5) Investor's Grievance Committee of Zuari Industries Ltd.	Chairman: 1) Audit Committee of Jubilant Clinsys Limited (formerly Clinsys Clinical Research Limited)
Note: 1. Directorship held by Director mentioned above, as per latest disclosure received from them, do not include Directorship of Foreign Companies, Section 25 Companies and Private Limited Companies. 2. Pursuant to Clause 49 of the Listing Agreement, only two Committee viz. Audit Committee and Shareholders' Grievance Committee have been considered.			

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ZUARI INDUSTRIES LIMITED

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

August 2, 2011

Dear Shareholder(s),

The Ministry of Corporate Affairs (MCA), Government of India, vide Circular No.17/2011 dated April 21,2011 and Circular No.18/2011 dated April 29, 2011 has introduced a "Green Initiative in the Corporate Governance" by allowing paperless compliances by companies for service of documents to its Members through electronic mode, which will be in compliance with Section 53 of the Companies Act, 1956.

Your Company, being a supporter and practitioner of all environment friendly initiatives, welcomes this Green Initiative of the MCA and proposes to send all documents and communication as required to be sent to its Members, e.g., notices, postal ballots, annual reports, abstracts under Section 302 of the Companies Act, 1956, etc., in electronic mode to your registered e-mail addresses.

To help the Green Initiative, may we request you to register your e-mail ID with the Company or Registrar and Share Transfer Agents at the earliest.

If you are holding equity shares in the Company in physical form :

Register your e-mail address with the Company at its Registered Office or with its Registrar and Share Transfer Agents, Link Intime India Pvt. Limited, C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai – 400 078, by either of the following means:

- Returning the attached registration form duly filled in and signed to the RTA by hand delivery/by post. OR
- Returning a scanned copy of the said form duly filled and signed through e-mail to the Company at shares@zuari.co.in or the RTA at rnt.helpdesk@linkintime.co.in

If you are holding equity shares in the Company in electronic form :

- Register your e-mail address with your Depository Participant concerned with a request to intimate the same to the Company and /or the RTA
- Request you to intimate change(s), if any, in your e-mail address in future, to enable us to communicate to your new e-mail ID

We would like to inform you that the document(s) and/or communication(s) to be sent to the Members of the Company in electronic mode, would also be available on the Company's website, www.zuari.in, as and when issued. We will also provide a hard copy of the said document(s) and/or communication (s) free of cost, upon receipt of requisition from you for the same.

We look forward to your co-operation in the endeavour of the Company to support the "Green Initiatives in Corporate Governance" taken by MCA.

Thanking you,

Yours faithfully,

Zuari Industries Limited

R. Y. Patil
Chief General Manager
& Company Secretary

..... Cut Here.....
[Please fill in, sign , tear the following intimation and forward to the RTA of the Company]

Link Intime India Pvt. Limited,
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (W),
Mumbai – 400 078

In view , of the "Green Initiatives in the Corporate Governance", introduced by the Ministry of Corporate Affairs (MCA) vide Circular No.17/2011 dated April 21, 2011 and Circular No.18/2011 dated April 29, 2011:

I/We.....son/daughter/wife of Shri.....
holding equity shares of Zuari Industries Limited, under Folio No. do hereby agree to receive the document(s)/communication(s)
required to be sent to me/us, in electronic mode at my/our following e-mail address :

My /our E-mail address is :

Thanking you,

Yours faithfully,

Signature (1st/Sole holder)

Name (in block letters)

Signature (2nd holder)

Name (in block letters)

Signature (3rd holder)

Name (in block letters)

Place :
Date :

ZUARI INDUSTRIES LIMITED

Jai Kisaan Bhawan, Zuaringar, Goa - 403 726