



ANNUAL REPORT 2014 – 2015

ZUARI AGRO CHEMICALS LIMITED

DIRECTORS

: Mr. Saroj Kumar Poddar, Chairman
Mr. Kapil Mehan, Managing Director
Mr. Akshay Poddar
Mr. Gopal Krishna Pillai
Mr. J. N. Godbole
Ms. Kiran Dhingra
Mr. Marco Wadia
Mr. N. Suresh Krishnan

SENIOR MANAGEMENT

: Mr. Naveen Kapoor, President, Agri-Business
Mr. R. S. Chugh, Chief Manufacturing Officer
Mr. V. Seshadri, Vice President, Finance
Mr. V. K. Sinha, Vice President, Strategic Planning
Mr. R. Y. Patil, Chief General Manager & Company Secretary

BANKERS

: State Bank of India
HDFC Bank Limited
Corporation Bank
Canara Bank
Indian Overseas Bank
IDBI Bank

LEGAL ADVISERS

: Khaitan & Co., Kolkata

AUDITORS

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

REGISTERED OFFICE

: Jai Kisaan Bhawan
Zuarinagar, Goa 403 726

Notice of the Annual General Meeting is being sent separately through permitted mode as required under the Companies Act, 2013 and Rules made thereunder.

DIRECTORS' REPORT

To the Members,

1. Your Directors place before you the Sixth Annual Report of the Company together with Statement of Accounts for the accounting year ended 31st March, 2015.
2. **Financial Results and Appropriation:**

₹ in lacs

Particulars	Standalone		Consolidated	
	Current Year 2014-2015	Previous Year 2013-2014	Current Year 2014-2015	Previous Year 2013-2014
Profit for the year before depreciation and taxation	3,859.44	4,139.41	5,316.74	(3,198.66)
Less : Depreciation for the year	1,786.82	2,069.67	3,005.57	3,401.63
Profit/(loss) before tax	2,072.62	2,069.74	2,311.17	(6,600.29)
Less : Provision for taxation – Current Tax	429.69	404.54	829.07	404.69
Income Tax Credit of earlier years	(260.79)	(1,278.42)	(430.56)	(1,369.33)
MAT Credit	(429.69)	(143.75)	(829.07)	(143.75)
Deferred Tax Charges	1,096.81	473.33	1,092.76	163.96
Profit/(loss) after tax	1,236.60	2,614.04	1,648.97	(5,655.86)
Add : Balance of profit brought forward	4,954.65	4,316.78	8,024.52	14,426.08
Less : Transfer to general reserve	150.00	500.00	150.00	500.00
Less : Charged to Opening Retained earnings due to implementation of Schedule II of the Companies Act, 2013 (net of deferred tax reversal of ₹ 232.79 lacs)	(452.81)	–	(944.39)	–
Proposed Dividend : 20% (PY 30%)	841.16	1,261.74	841.16	1,261.74
Tax on dividend (Including Surcharge)	171.24	214.43	171.24	214.43
Balance of profit carried forward	4,576.04	4,954.65	6,814.98	8,024.52
Earning per equity share (EPS)	₹ 2.94	₹ 6.22	₹ 2.13	₹ (10.52)

The Company proposes to transfer a sum of ₹ 150 lacs to General Reserve. An amount of ₹ 4,576.04 lacs shall be retained as Surplus in the Profit and Loss account.

Review of Operations :

The revenue from operations (Standalone) for the year ended 31st March, 2015 was ₹ 5,52,374.81 lacs as compared to ₹ 5,18,858.72 lacs for the previous year ending 31st March, 2014.

The Profit before tax for the year ended 31st March, 2015 was ₹ 2,072.62 lacs as compared to ₹ 2,069.74 lacs for the year ending 31st March, 2014. The Profit after Tax stood at ₹ 1,236.60 lacs for the year ending 31st March, 2015 as compared to ₹ 2,614.04 lacs for the previous year.

The revenue from operations (Consolidated) for the year ended 31st March, 2015 was ₹ 7,66,496.80 lacs as compared to ₹ 7,36,479.74 lacs for the previous year.

The Consolidated profit/(loss) before tax for the year ended 31st March, 2015 was ₹ 2,311.17 lacs as compared to a loss of ₹ 6,600.29 lacs for the year ending 31st March, 2014. The profit/(loss) after Tax stood at ₹ 1,648.97 lacs for the year ending 31st March, 2015 as compared to a loss of ₹ 5,655.86 lacs for the previous year.

There were no material changes and commitments affecting the financial position of the Company from the end of the financial year till the date of the approval of the Directors' Report.

3. Dividend:

The Directors recommend a dividend of ₹ 2.00/- per equity share (₹ 3.00 /- per equity share in the previous year).

4. Capital Projects:

The Company is evaluating the integrated revamp of the Ammonia–Urea–Steam & Power Generation facilities. Based on the techno–commercial evaluation/comparison of the two options of revamp by the combination of M/s. KBR, USA (Ammonia) and M/s. TEC, Japan (Urea) vis-à-vis M/s. Casale, Switzerland (Ammonia & Urea), the path forward will be drawn up. The identified key deliverables of the integrated revamp are increase in production capacity, reduction in specific energy consumption and improvement of the reliability of the equipment and machinery.

The Company is also in the process of revamping the NPK Plant 'A' capacity to 1350 MTPD of Di–Ammonium Phosphate (DAP) / 1,600 MTPD of NPK fertilizers. The Basic Engineering Design has been carried out by M/s. INCRO S.A., Spain. The detailed Engineering by M/s. Uhde India Pvt. Ltd., has been completed. The mechanical completion of the project is expected to be accomplished by September, 2015. This will be followed by commissioning activities.

The Company is in the process of retrofitting the NPK Pant 'B'. M/s Jacobs, USA, has completed the Basic Engineering. The detailed Engineering by M/s. Jacobs India is expected to be completed by the end of December, 2015. The target date for completion of this project is by February, 2016. The detailed engineering for the mechanised system for Muriate of Potash (MOP) handling within the plant premises has been completed. The site work commenced in December, 2014 and expected to be completed by the end of September, 2015.

As a matter of risk mitigation, the company has decided to replace the pressurized storage of Liquid Ammonia in Horton Spheres with the Atmospheric Ammonia Storage Tank (AAST). Techno–commercial negotiations for engineering are in progress while obtaining of various clearances is in process. It is expected, the Tank will be ready for commissioning in 15 months time. The detailed internal designing by M/s. Jacobs, India for the repairs of Phosphoric Acid Tanks (One number) at Vasco Installation at Mormugao Port Trust (MPT) is under process.

5. Conservation of Energy/Technology Absorption/Foreign Exchange Earnings and Outgo:

The Company has not undertaken any schemes to conserve energy/improve energy efficiency in the last financial year.

No new technology was absorbed during the year 2014 –15.

By producing fertilisers, the company has contributed to savings of valuable foreign exchange to the National exchequer. The Foreign exchange earnings and outgo is given in Note No. 30, 31, 32 & 33 to the financial statements.

6. Environment and Safety :

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

As reported earlier, the Company's policy is to continuously improve the surrounding environment; it has installed and commissioned a continuous online Ambient Air Quality Monitoring Station and an online continuous Stack Monitoring System for the Utilities Boiler Stack. The Company has commissioned an online continuous Stack Monitoring System for the Reformer stack of Ammonia plant.

Your Company continues its safety initiatives across all functions and is also planning to go for the certification of OHSAS 18001:2007 and ISO 14001:2004.

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

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

7. Industrial Relations:

The Industrial relations with Company employees continue to be harmonious. The Company has signed a settlement with Zuari Agro Chemicals Employee's Union on 11th December, 2014, for seven years (i.e. from 1st January, 2011 to 31st December, 2017). The industrial relations with contract workmen is on a firm footing. The Company is working towards rationalisation in manpower and improvement in productivity.

8. Extract of the Annual Return:

The extract of the Annual Return as on 31st March, 2015 in Form No. MGT–9 is enclosed as **Annexure 'E'** to the Directors' Report.

9. Related Party Transactions:

All related party transactions that were entered into during the financial year were on an arm's length basis. All related party transactions are approved by the Audit Committee and the Board of Directors. The details of Material Related Party transactions as per Form AOC-2 is enclosed as **Annexure 'G'** to the Directors' Report. There were no other materially significant related party transactions made by the Company with the Promoters, Directors, Key Managerial Personnel which may have a potential conflict with the interest of the Company at large.

10. Particulars of Loans, Guarantees or Investments:

The details of Loans, Corporate Guarantees and Investments made during the year under the provisions of Section 186 of the Companies Act, 2013 are given in Note No. 51 of the financial statements.

11. Nomination and Remuneration Policy and Disclosures on Remuneration:

The Board has, on the recommendation of the Nomination and Remuneration Committee framed a policy for selection, appointment and remuneration of Directors, Key Managerial Personnel and employees in the Senior Management. More details of the same is given in the Report on Corporate Governance.

The information required pursuant to Section 197 of the Companies Act, 2013 ('Act') read with Rule 5(2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, will be provided upon request by the shareholders. In terms of Section 136 of the Act, the Report and Accounts are being sent to the Members and others entitled thereto, excluding the information on employees' particulars which is available for inspection by the Members at the Registered Office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General Meeting. If any Member is interested in obtaining a copy thereof, such Member may write to the Company in this regard.

The disclosures under Section 197 of the Act read with Rule 5 (1) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is attached as **Annexure 'I'** to this Report.

12. Risk Management :

The objectives of the Risk Management Committee is to monitor and review the risk management plan for the Company including identification therein of elements of risks if any, which may threaten the existence of the Company and such other functions.

During the year, the Committee has met once on 10th February, 2015. The composition of the Risk Management Committee and the details of the attendance of the members at the meeting was as follows:–

Name of the member	Category	No. of meetings attended
N. Suresh Krishnan	Executive Director*	1
J. N. Godbole	Independent Director	1
Marco Wadia	Independent Director	1
V. Seshadri	Member	1
R. Y. Patil	Member	1

* upto 31st March, 2015

The Board of Directors on the recommendation of the Risk Management Committee has approved the Risk Management Policy for the Company in accordance with the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement. The Risk Management Policy document has in its scope, the establishment of a process for risk assessment, identification of risks both internal and external and a detailed process for evaluation and treatment of risks. The risks identified and the steps taken to mitigate risks shall be reviewed by the Risk Management Committee and shall be placed before the Board from time to time.

13. Vigil Mechanism/Whistle Blower Policy :

The Company in accordance with the provisions of Section 177(9) of the Companies Act, 2013 and Clause 49 of the Listing Agreement has established a vigil mechanism for directors and employees to report genuine concerns to the management viz. instances of unethical behavior, actual or suspected, fraud or violation of the Company's Code of Conduct. The Company has also formulated a Whistle Blower Policy ("Policy") which provides for adequate safeguard against victimisation of persons and has a provision for direct access to the Chairperson of the Audit Committee. The Company has not denied any person from having access to the Chairperson of the Audit Committee.

14. Corporate Social Responsibility ('CSR') :

The Board of Directors has constituted a CSR Committee and also approved the CSR Policy. CSR Committee comprises two Independent Directors and a Non-Executive Director.

Terms of Reference:

The CSR Committee formulates and recommends to the Board a CSR Policy which shall indicate the activities to be undertaken by the Company, as specified in Schedule VII of the Companies Act, 2013. The Committee also recommends the amount of expenditure to be incurred on the CSR activities and monitors the CSR Policy of the Company from time to time.

During the year, the Committee met twice on 29th October, 2014 and 10th March, 2015. The attendance of the members at the meeting was as follows :-

Name of the member	Status	No. of meetings attended
Gopal Krishna Pillai	Chairman**	2
J. N. Godbole	Member	1
Akshay Poddar	Member	1
Arun Duggal*	Chairman	1

* upto 4th November, 2014

** w.e.f. 22nd January, 2015

The detailed report on CSR activities as required under The Companies (Corporate Social Responsibility Policy) Rules, 2014 is attached as **Annexure 'H'** to this report.

15. Directors and Key Managerial Personnel:

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

Mr. N. Suresh Krishnan retires by rotation at the forthcoming Annual General Meeting and is eligible for re-appointment.

Mr. Arun Duggal resigned as Director of the Company w.e.f. 4th November, 2014. The Board places on record its appreciation and invaluable contribution by Mr. Duggal to the Company during his tenure.

Mr. Akshay Poddar, resigned as Executive Director of the Company w.e.f. 20th December, 2014 but continues to be a Non-Executive Director on the Board of Directors of the Company.

Ms. Kiran Dhingra has been appointed as Additional Independent Director/Woman Director w.e.f. 10th March, 2015.

Mr. N. Suresh Krishnan ceased to be the Managing Director and Key Managerial Personnel of the Company w.e.f. 31st March, 2015 but continues as a Non-Executive Director on the Board of Directors of the Company.

Mr. Kapil Mehan has been appointed as an Additional Director of the Company w.e.f. 1st April, 2015. The Board of Directors on the recommendation of the Nomination and Remuneration Committee and subject to the approval of the shareholders have appointed Mr. Kapil Mehan as Managing Director and Key Managerial Personnel of the Company for a period of 5 years w.e.f. 1st April, 2015.

Mr. V. Seshadri, Vice-President, Finance (CFO) and Mr. R. Y. Patil, Chief General Manager & Company Secretary have been designated as Key Managerial Personnel in accordance with provisions of Section 203 (1) of the Companies Act, 2013.

A brief profile and details of other directorships and committee memberships of Mr. N. Suresh Krishnan, Ms. Kiran Dhingra and Mr. Kapil Mehan are given in the Report on Corporate Governance attached as **Annexure 'A'** to this report.

16. Board Evaluation :

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Nomination and Remuneration Committee and the Board of Directors have formulated a policy for performance evaluation of its own performance, of various Committees of the Board and the individual Directors.

The Board has carried out evaluation in accordance with the policy on performance evaluation and the manner and the details of the evaluation process have been included in the Report on Corporate Governance.

17. a. Board Meetings:

During the year under review, five Board meetings were held on : 8th May, 2014, 30th July, 2014, 29th October, 2014, 22nd January, 2015 and 10th March, 2015.

b. Audit Committee:

The details of the composition of the Audit Committee are given in the Corporate Governance Report. During the year, all the recommendations of the Audit Committee were accepted by the Board.

18. Fixed Deposits:

The Company has not accepted any fixed deposits in the past or during the year.

19. Details of significant and material orders passed by the regulators or courts:

There are no significant material orders passed by the courts/regulators or tribunals impacting the going concern status and company's operations in future. The details pertaining to various demand notices from various statutory authorities are disclosed in Note No. 26 (a) of financial statements under the heading – Contingent Liabilities.

20. Adequacy of internal financial controls with reference to financial statements:

The company has adequate systems of internal control in place, which is commensurate with its size and the nature of its operations. The Company has designed and put in place adequate Standard Operating Procedures and Limits of Authority Manuals for conduct of its business, including adherence to Company's policies, safeguarding of its assets, prevention and detection of fraud and errors, accuracy and completeness of accounting records and timely preparation of reliable financial information.

These documents are reviewed and updated on an ongoing basis to improve the internal control systems and operational efficiency. The Company uses a state-of-the-art ERP (SAP) system to record data for accounting and managing information with adequate security procedure and controls.

21. Corporate Governance:

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

22. Auditors:

As per Section 139 of the Companies Act, 2013 and Rules made thereunder, the Auditors, M/s. S.R. Batliboi & Co. LLP, Chartered Accountants, Gurgaon, Statutory Auditors of the Company were appointed as Auditors from the conclusion of the Fifth Annual General Meeting till the conclusion of the Seventh Annual General Meeting subject to ratification by the members at every Annual General Meeting. The Board based on the recommendation of the Audit Committee recommends ratification of appointment of M/s. S.R. Batliboi & Co. LLP as statutory auditors of the Company for the year 2015–16.

The Report of the Statutory Auditors for the current year does not contain any qualifications or any adverse remarks.

23. Cost Auditor:

The Company has re-appointed Mr. Irudayam Savari Muthu, Cost Accountant, as the Cost Auditor for the year 2015–16 and has recommended the remuneration payable to the Cost Auditor for ratification at the ensuing Annual General Meeting. The Cost Audit Report for the year ended 31st March, 2014 was filed by the Company with the Ministry of Corporate Affairs vide SRN:S31288772 dated 20th September, 2014.

24. Secretarial Audit Report :

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr. Shivaram Bhat, Practicing Company Secretary as Secretarial Auditor, to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is enclosed as **Annexure 'F'** to this Directors' Report. The Report does not contain any qualifications.

25. Internal Complaints Committee:

As per provisions of Section 4 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, your Company has constituted an Internal Complaints Committee for redressal of complaints against sexual harassment. There were no complaints received by the said Committee during the year.

26. Employees' Stock Option Scheme:

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

27. Changes in Capital/Qualified Institutional Placement:

The Authorised Share capital of the Company has been increased from the existing ₹ 42,05,80,060/- to ₹ 65,00,00,000/- pursuant to the approval obtained from shareholders vide Postal Ballot on 11th September, 2014.

Your company has passed a Special Resolution by Postal Ballot on 9th March, 2015 to issue and allot equity shares for an amount upto ₹ 400 crores through private placement and / or preferential allotment and / or qualified institutional placement and / or any other permitted modes.

28. Consolidated Financial Statements under Section 129 of the Companies Act, 2013 :

The consolidated financial statements of the Company are prepared in accordance with Section 129 of the Companies Act, 2013 and relevant Accounting Standards (AS) issued by the Institute of Chartered Accountants of India, forms part of the Annual Report.

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

29. Subsidiaries:

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

a. Zuari Fertilisers and Chemicals Limited

Zuari Fertilisers and Chemicals Limited (ZFCL), a wholly owned subsidiary of your Company was incorporated for the manufacture of organic and inorganic fertilisers. ZFCL has set up a 600 MTPD unit at Mahad in Maharashtra for the manufacture of Powdered & Granulated Single Super Phosphate (GSSP). On completion of the construction, trial run was started on 21st August, 2014. Due to technical and related issues, the plant could not achieve reasonable level of production. The company had to carry out modifications to the plant and machinery and expected that the plant would run near or at rated capacity from the month of May, 2015.

During the current year, ZFCL has acquired additional stake of 0.04 % in the equity share capital of Mangalore Chemicals & Fertilizers Limited (MCFL) by open offer and currently holds 16.47% stake. Further, company has made another voluntary open offer for acquisition of additional 4,33,29,000 (Four Crore Thirty Three Lacs Twenty Nine Thousand) Equity Shares representing 36.56% stake in the equity share capital of MCFL. MCFL is a company engaged in the manufacture of urea and complex fertilisers.

b. Zuari Agri Sciences Limited

Zuari Agri Sciences Limited (ZASL) (formerly known as Zuari Seeds Limited) is a wholly owned subsidiary of your Company which is engaged in the production and trading of hybrid seeds.

Due to deficit rainfall in the main Kharif season, there has been a drop in the key crop areas.

However, good improvement in terms of cotton liquidation and paddy liquidation was seen during the year.

Due to focused efforts of past few years, the Company was able to bank on few performing products on each key crops like cotton, paddy, maize, bajra and few vegetables. ZASL has robust plans to bring the seed business on a stable and sustainable path in the next 2 to 3 years.

30. Joint Ventures:

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

a. Zuari Maroc Phosphates Private Limited

Zuari Maroc Phosphates Private Limited (ZMPPL), a 50:50 joint venture with Office Cherifien Des Phosphates (OCP) S.A., was established as a Special Purpose Vehicle (SPV) for acquisition of stake in Paradeep Phosphates Limited (PPL). At present, ZMPPL is holding 80.45% of the equity stake in PPL. During the current year, it has been converted from a public company to a private company.

PPL manufactures and markets complex Phosphatic fertilisers and intermediary products such as Phosphoric Acid and Sulphuric Acid which are crucial in the manufacture of Phosphatic fertilisers. All the products are marketed under the popular 'Navratna' brand. PPL's portfolio caters to almost all agricultural applications. PPL's plant is located in the port

town of Paradeep in Odisha, with an installed annual capacity of 7,20,000 Metric Tonnes of DAP and other Phosphatic fertilisers.

(b) Zuari Rotem Speciality Fertilizers Limited

Zuari Rotem Speciality Fertilizers Limited (ZRSFL), is a 50:50 joint venture with Rotem Amfert Negev Limited, Israel. It has Water Soluble Fertilisers (WSF's) manufacturing facility at Baramati, Maharashtra. ZRSFL has a capacity of 24,000 Metric Tonnes per annum, in two shift basis for production of different NPK blends. The Plant is working on one shift basis and producing 30 Metric Tonnes per day on an average.

(c) MCA Phosphates Pte. Limited

MCA Phosphates Pte. Limited (MCAP), a company incorporated in Singapore, is a joint venture between your Company and Mitsubishi Corporation (Mitsubishi), Japan. Your Company has invested an additional amount of ₹ 36.76 lacs in the Company during the current financial year. As reported earlier, your company holds 30% in MCAP while the balance 70% is being held by Mitsubishi.

MCAP has been set up as a Special Purpose Vehicle (SPV) and acquired 30% equity stake in Fosfatos del Pacifico, Peru (FDP). FDP owns rock phosphate mining license of asset - Bayovar No. 9, Peru and is implementing upstream rock phosphate project for producing beneficiated rock phosphate with an annual capacity of 2.5 million Metric Tonnes Per Annum (MMTPA). The project is likely to complete its bankable feasibility study and achieve the financial closure in the coming fiscal year. The supply of rock phosphate from the asset will help your company to reduce its dependence on suppliers for critical raw material – rock phosphate and is a step forward in the backward integration of its downstream phosphate business.

The statement containing salient features of the financial statement of subsidiaries/associates/joint ventures is attached as **Annexure 'J'** to this report.

31. Directors' Responsibility Statement :

To the best of their knowledge and belief and according to the information and explanation obtained by them, your Directors make the following statements in terms of provisions of Section 134 (5) of the Companies Act, 2013, and hereby confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (c) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors have prepared the annual accounts on a going concern basis;
- (e) the directors, have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- (f) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

32. Acknowledgements:

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

For and on behalf of the Board

Place : Gurgaon
Date : 15th May, 2015

S. K. Poddar
Chairman

ANNEXURE 'A' TO THE DIRECTORS' REPORT
Report on Corporate Governance
1. Company's Philosophy on the Code of Corporate Governance:

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

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

2. Board of Directors:

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

During the year under review, five Board meetings were held on : 8th May, 2014, 30th July, 2014, 29th October, 2014, 22nd January, 2015 and 10th March, 2015.

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

Director	Category of Directorship #	No. of Directorships in other Companies**	No. of Board Meetings Attended	No. of shares held	Attendance at last AGM	No. of Board Committees of other Companies*	
						Chairman	Member
S.K.Poddar	Promoter / Chairman	14	5	79,406	No	1	0
Kapil Mehan@	MD	–	NIL	NIL	N.A.	–	–
N. Suresh Krishnan \$	NED	8	5	NIL	Yes	1	5
Akshay Poddar +	NED	14	3	NIL	No	1	3
Arun Duggal***	NED / I	N.A.	3	NIL	Yes	N.A.	N.A.
J.N. Godbole	NED / I	9	5	NIL	Yes	2	6
Marco Wadia	NED / I	12	5	2,811	Yes	3	4
Gopal Krishna Pillai	NED / I	5	4	NIL	Yes	–	–
Kiran Dhingra ^	NED / I	3	–	NIL	N.A.	1	1

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

* Includes Audit Committee and Stakeholders' Relationship Committee

** Includes Directorship in other public and private Companies

*** Ceased to be Director w.e.f. 4th November, 2014

\$ Ceased to be a Managing Director w.e.f. 31st March, 2015 but continues to be on the Board of Directors of the Company

+ Ceased to be a Executive Director w.e.f. 20th December, 2014 but continues to be on the Board of Directors of the Company

^ Appointed as Additional Director w.e.f. 10th March, 2015

@ Appointed as Managing Director w.e.f. 1st April, 2015

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

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

Mr. N. Suresh Krishnan retires by rotation and is eligible for re-appointment.

Mr. N. Suresh Krishnan :

Mr. N. Suresh Krishnan is a Non-Executive Director. With 28 years of corporate experience in fertiliser, energy and cement sectors, Mr. Krishnan has been associated with the Adventz Group for over two decades and has been widely acknowledged for his leadership, vision and commitment. In his previous assignments, he served as the Managing Director of erstwhile Zuari Industries Limited (now Zuari Global Limited) since February, 2011 and that of Zuari Agro Chemicals Limited since March, 2012. Other senior positions held by Mr. N. Suresh Krishnan earlier, include being the Chief Financial Officer of Zuari Industries Limited and Zuari Cement Limited.

His functional experience spans corporate finance, corporate strategy, projects planning, operations and business development. Over the years, he has been instrumental in financing of large greenfield projects in the domestic and international markets, forging and managing joint ventures and acquisitions and in executing turnaround strategies alongside day-to-day operations in the manufacturing sector. An alumnus of BITS (Pilani), Mr. N. Suresh Krishnan is on the Board of Directors of several Adventz group companies and joint ventures.

Names of the other Companies in which Mr. N. Suresh Krishnan is a Director as on 31st March, 2015:

Sr. No.	Name of the Company
1	Zuari Agri Sciences Limited
2	Indian Furniture Products Limited
3	Zuari Rotem Speciality Fertilizers Limited
4	Zuari Infracore India Limited
5	Zuari Fertilisers And Chemicals Limited
6	Zuari Global Limited
7	Gobind Sugar Mills Limited
8	Zuari Maroc Phosphates Private Limited

Ms. Kiran Dhingra :

Ms. Kiran Dhingra has 38 years of experience in governance and has held senior positions in decision making capacities in practically all sectors like developmental, agricultural, social, industrial, infrastructural, transportation, economic and regulatory. She joined Government of India in 1975, after standing first in the combined merit list for IFS / IAS and opted to serve in the IAS.

Ms. Dhingra has worked with distinction in areas such as National Capital Territory of Delhi, Goa, the Andaman and Nicobar Islands and Arunachal Pradesh. She has also worked in the Ministries of Human Resource Development, Housing and Urban Poverty Alleviation, Textiles and Shipping of Government of India where she was instrumental in shaping policy for elementary education and growth of textiles in a globally competitive market; preparing programmes for slum housing; crafting regulation for cleaner air in Delhi by the introduction of CNG buses and four stroke autorickshaws; and designing stimulation packages for construction and textile industry in the two-humped economic downturn since 2008. She retired in the rank of Secretary to Government of India, in 2013.

Ms. Dhingra has several years of corporate experience, having served as Government Director or Chairman on the Board of several CPSUs, or supervised their functioning. These included the Delhi Tourism and Transport Development Corporation, the Delhi Metro, the National Housing Bank, the Housing and Urban Development Corporation, the Cotton Corporation of India, the Central Cottage Industries Corporation etc. Currently, she is appointed as Chairperson, Board of Governors of the National Institute of Fashion Technology (NIFT), a deemed university set up under an Act of Parliament.

Names of the other Companies in which Ms. Kiran Dhingra is a Director as on 31st March, 2015:

Sr. No.	Name of the Company
1	Goa Carbon Limited
2	Delhi Integrated Multi Modal Transit System Limited
3	L&T Shipbuilding Limited

Mr. Kapil Mehan :

Mr. Kapil Mehan, has joined the Adventz Group as the Managing Director of Zuari Agro Chemicals Limited w.e.f. 1st April, 2015. He is a graduate in Veterinary Science and Animal Health from the Punjab Agricultural University, Ludhiana and holds a Post Graduate Diploma in Management with specialization in Agriculture from Indian Institute of Management, Ahmedabad (1981). He is also an alumnus of Harvard Business School, where he attended Advanced Management Program (AMP) in 2008.

He brings with him rich experience and background in varied leadership roles. His career initially started with Rallis India where he served for 15 years and then he moved on to Tata Chemicals in 1996 and served in various roles including Executive Director, Fertiliser Business.

He joined Coromandel International in October, 2010 and has served as its Managing Director till February, 2015.

He is known for his knowledge of Agriculture, Agri-business and Agricultural input markets in India.

He was awarded the "India Innovator of the Year" Award by CNBC-TV18 at the India Business Leader Awards, 2014 and also the prestigious "India's Best CEO Award, 2014" in Agriculture and Allied category, by Business Today. Mr. Mehan is an active member of several industry bodies. He is serving as Director on the Boards of Fertiliser Association of India and International Fertiliser Industry Association and is also the Chairman of IFA Agriculture Committee.

Names of the other Companies in which Mr. Kapil Mehan is a Director as on 31st March, 2015:

None

4. Board Agenda :

The Board meetings are scheduled well in advance and the Board members are generally given at least 15 days notice prior to the meeting date. All major items are backed by in-depth background information and analysis, wherever possible, to enable the Board members to take informed decisions.

5. Formal letter of appointment to Independent Directors:

The Company has issued a formal letter of appointment to all Independent Directors in accordance with the provisions of the Companies Act, 2013 and Clause 49 II (4) of the Listing Agreement. The terms and conditions of appointment of Independent Directors is uploaded on the company's website.

6. Performance evaluation of Independent Directors :

Pursuant to the provisions contained in Companies Act, 2013 and Clause 49 of the Listing Agreement, the Annual performance evaluation has been carried out of all the Directors, the Board, Chairman of the Board and the working of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee.

The performance evaluation of the Board of Directors was carried out based on the detailed questionnaire containing criteria such as duties and responsibilities of the Board, information flow to the Board, time devoted to the meetings, etc. Similarly the Directors' evaluation was carried out on the basis of questionnaire containing criteria such as level of participation by individual directors, independent judgement by the director, understanding of the Company's business, etc.

The performance evaluation of the Board and the Committees, viz. Audit Committee, Nomination and Remuneration Committee and Stakeholders' Relationship Committee was done by all the Directors. The performance evaluation of the Independent Directors was carried out by the Board excluding the Director being evaluated. The performance evaluation of the Chairman and Executive Directors was carried out by all the Independent Directors. The Directors expressed their satisfaction over the entire evaluation process.

7. Independent Directors' Familiarization Programme :

The Company in compliance with Clause 49(II)(B)(7) of the Listing Agreement has formulated a programme to familiarize the Independent Directors with the company, their roles and responsibilities. The Independent Directors are given detailed presentation on the operations of the company on quarterly basis at the meetings of the Board/Committees. The details of the familiarization programme have been disclosed on the Company's website. The weblink for accessing the familiarization policy is <http://www.zuari.in/corporate-governance>

8. Board Diversity Policy :

The Company in compliance with Clause 49 (4) of Listing Agreement with Stock Exchanges has formulated a policy on Board Diversity which sets out the frame work to promote diversity on Company's Board of Directors. The policy was recommended by Nomination and Remuneration Committee and approved by the Board.

9. Independent Directors' Meeting :

During the year under review, the Meeting of the Independent Directors was held on 10th February, 2015, to discuss :

- Evaluation of the performance of Non-Independent Directors and the Board of Directors as a whole.
- Evaluation of the performance of the Chairman of the Company, taking into account the views of the Executive and Non-Executive Directors.
- Evaluation of the quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors were present at the meeting.

10. Board Committees :

The Committees of the Board are as follows:

a) Audit Committee :

The Audit Committee comprises two independent Directors and one Executive Director. The permanent invitees include Managing Director, Vice President - Finance and Head of Internal Audit. The Chief General Manager & Company Secretary is the Secretary of the Committee. The Committee met seven times during the financial year ended 31st March, 2015 on : 8th May, 2014, 11th July, 2014, 30th July, 2014, 29th October, 2014, 17th November, 2014, 22nd January, 2015 and 10th March, 2015.

Terms of Reference

The terms of reference and role of the Audit Committee was amended to cover the provisions of the revised Clause 49 of the Listing Agreement and includes among other things, review of the Company's financial reporting process and its financial statements, review of the accounting and financial policies and practices, the internal control and internal audit systems (including review and approval of Internal Audit plan, appointment of Internal Auditors and review of Internal Audit reports), risk management policies and practices, review the functioning of the Whistle Blower mechanism, etc. The role also includes making recommendations to the Board, re-appointment of Statutory Auditors / Secretarial Auditors and fixation of audit fees.

Besides the above, the additional terms of reference of Audit Committee as per the Companies Act, 2013 includes reviewing and monitoring auditor's independence and performance, and effectiveness of audit process; examination of the financial statement and the auditor's report thereon; approval or any subsequent modification of transactions of the company with related parties; scrutiny of inter-corporate loans and investments; valuation of undertakings or assets of the company, wherever it is necessary.

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

Names of the Members	Status	No. of meetings attended
Arun Duggal *	Chairman	4
Marco Wadia**	Chairman	7
J.N. Godbole	Member	7
N. Suresh Krishnan***	Member	3

* upto 4th November, 2014

** appointed as chairman of the Audit Committee w.e.f. 22nd January, 2015

*** appointed as member of the Audit Committee w.e.f. 22nd January, 2015

b) Stakeholders' Relationship Committee:

Stakeholders' Relationship Committee comprises two Independent Directors and one Executive Director. The Board has designated Mr. R. Y. Patil, Chief General Manager & Company Secretary as the Compliance Officer. The committee met five times during the financial year ended 31st March, 2015 on : 30th May, 2014, 14th August, 2014, 1st September, 2014, 18th December, 2014 and 16th March, 2015

Terms of Reference:

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

There were 61 complaints received from the shareholders during the year, which were duly addressed. There were no outstanding complaints or share transfers pending as on 31st March, 2015.

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

Name of the Member	Status	No. of meetings attended
J. N. Godbole	Chairman	5
Marco Wadia	Member	5
N. Suresh Krishnan	Member	1

c) Nomination and Remuneration Committee :

The Nomination and Remuneration Committee comprises three Non Executive Directors out of which two are Independent Directors. The Board has designated Mr. R. Y. Patil, Chief General Manager & Company Secretary as Secretary of the Committee. The committee met three times during the financial year ended 31st March, 2015 on 8th May, 2014, 10th February, 2015 and 10th March, 2015.

Terms of Reference:

The Board has constituted the Nomination and Remuneration Committee, as required under the Companies Act, 2013. The Committee shall formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees. The Nomination and Remuneration Committee shall also formulate criteria for evaluation of Independent Directors and the Board and devise a policy on Board diversity. It shall identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment, remuneration and for removal.

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

Name of the Member	Status	No. of meetings attended
Marco Wadia	Chairman**	3
Arun Duggal*	Chairman	1
J. N. Godbole	Member	3
Akshay Poddar	Member	-

* upto 4th November, 2014

** w.e.f. 22nd January, 2015

Details of remuneration to all the Directors for the year :

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

₹ in lacs

Executive Directors	Salary	Perquisites	Retirement benefits
N. Suresh Krishnan*	165.60	10.99	19.56
Akshay Poddar **	30.14	1.18	2.07

* Ceased to be Managing Director w.e.f. 31st March, 2015.

** Resigned as Executive Director w.e.f. 20th December, 2014.

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

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

Sitting fees paid to Non-Executive Directors:

Remuneration by way of sitting fees paid to the Non-Executive Directors during the financial year ended 31st March, 2015 for attending the meetings of the Board and the Committees thereof is given below:

Sr. No.	Name of Director	Amount in ₹
1.	S. K. Poddar	1,85,000
2.	Arun Duggal	1,40,000
3.	J. N. Godbole	4,20,000
4.	Marco Wadia	4,55,000
5.	Gopal Krishna Pillai	1,35,000

d) Other Committees :

Apart from above, the Board has constituted other committees including a Committee for Banking and Finance, Committee of Directors for QIP, Committee of Directors (Open offer for MCFL). The Committee meetings are held as and when the need arises and at such intervals as may be expedient.

11. Annual General Meetings:

Details of the previous three Annual General Meetings is as follows:

Year	Location	Date	Time	Whether any special resolutions have been passed
2013-2014	Jai Kisaan Bhawan, Zuarinagar, Goa – 403 726	1st September, 2014	9.30 A.M.	YES
2012-2013		24th September, 2013	10.30 A.M.	YES
2011-2012		7th August, 2012	10.30 A.M.	YES

A. Special Resolutions Passed

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

1. Details of Special resolutions passed at the AGM:

Financial Year	Date of AGM	Particulars of Special Resolution
2013-14	1st September, 2014	1. To borrow from time to time any sum or sums of money not exceeding ₹ 8000 crores.
2012-13	24th September, 2013	1. Commencement of New Business Activities of the Company. 2. Variation in the terms and conditions of the appointment of the Managing Director.
2011-12	7th August, 2012	1. Investment in Equity Shares of MCA Phosphates Pte. Limited. 2. Payment of Commission up to a maximum of ₹ 5,00,000 /- per annum to each of the Non-Executive Directors. 3. Approve the Employee Stock Option Scheme(s).

2. Details of special resolutions passed through Postal Ballot during the financial year 2014-15 :

Date of Postal ballot Notice	Details of the Resolutions passed	Result of the postal ballot
11th September, 2014	Special Resolution to mortgage, hypothecate, otherwise charge, dispose off as may be necessary of all immovable and movable properties of the Company pursuant to Section 180 (1) (a) of the Companies Act, 2013 and authorizing the Board of Directors to perform all such acts, deeds and things as may be necessary, desirable or expedient in connection therewith.	The resolution was passed by the Shareholders with requisite majority

Date of Postal ballot Notice	Details of the Resolutions passed	Result of the postal ballot
11th September, 2014	Special Resolution u/s 13, 61 of Companies Act, 2013 for alteration in Capital Clause of Memorandum of Association of the Company.	The resolution was passed by the Shareholders with requisite majority
11th September, 2014	Special Resolution u/s 14 of Companies Act, 2013 for alteration in Article 3 of the Articles of Association of the Company.	The resolution was passed by the Shareholders with requisite majority
11th September, 2014	Special Resolution u/s 186 of the Companies Act, 2013 for increasing the limits to make loan(s) or investment(s) and to give guarantee(s) or to provide security(ies) in connection with a loan(s).	The resolution was passed by the Shareholders with requisite majority
11th September, 2014	Special Resolution u/s 179, 186 & 188 of the Companies Act, 2013 to approve purchase of 3,22,67,741 shares of Nagarjuna Fertilizers and Chemicals Limited held by Zuari Global Limited	The resolution was passed by the Shareholders with requisite majority
11th September, 2014	Special Resolution u/s 188 of the Companies Act, 2013 to purchase land situated in Tamilnadu from Indian Furniture Products Limited.	The resolution was passed by the Shareholders with requisite majority
9th March, 2015	Resolution pursuant to the provisions of section 42, 62 of the Companies Act, 2013 and rules made thereunder and other applicable provisions to issue and allot equity shares for an amount upto ₹ 400 crores (Rupees Four Hundred Crores only), through private placement and / or preferential allotment and / or qualified institutional placement ("QIP") and / or any other permitted modes.	The resolution was passed by the Shareholders with requisite majority
9th March, 2015	Special Resolution to mortgage, hypothecate, otherwise charge, dispose off as may be necessary of all immovable and movable properties of the Company pursuant to Section 180 (1) (a) of the Companies Act, 2013 to secure all monies already borrowed or to be borrowed for the business of the company or by its wholly owned subsidiary, Zuari Fertilisers and Chemicals Limited (ZFCL) and authorising the Board of Directors to perform all such acts, deeds and things as may be necessary, desirable or expedient in connection therewith.	The resolution was passed by the Shareholders with requisite majority

Mr. Shivaram Bhat, Practicing Company Secretary was the Scrutinizer to conduct the Postal Ballot process.

12. Disclosures

- a) Mr. Marco Wadia, is a Partner of Crawford Bayley & Co., Solicitors & Advocates, which has a professional relationship with the Company. The professional fee of ₹ 6.79 lacs paid to Crawford Bayley & Co. during the year is not considered material enough to infringe on the independence of Mr. Wadia. Accordingly, there were no transactions of material nature with the directors or the management or their subsidiaries or relatives having potential conflict with the interest of the Company.
- b) There were no penalties or strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority or any matter related to capital markets during the last three years other than the details given below :
Competition Commission of India has passed an Order u/s 43 of the Competition Act, 2002 imposing a penalty of ₹ 3 crores on Zuari Agro Chemicals Limited and its wholly owned subsidiary Zuari Fertilisers and Chemicals Limited for failure to give notice u/s 6 (2) of the Competition Act for the acquisition of 16.43 % equity shares of Mangalore Chemicals & Fertilizers Limited during the period April to July, 2013.
Zuari Fertilisers and Chemicals Limited, being the principal acquirer has deposited the amount of ₹ 3 crores with the Competition Commission in compliance with the order.
- c) The Company has put in place a Vigil mechanism and adopted the Whistle Blower Policy and affirms that no person has been denied access to the Audit Committee. The information on Vigil mechanism is placed on the website of the Company.
- d) The Company has formulated a policy for determining material subsidiaries and the policy is disclosed on the Company's website. The weblink for accessing the policy is <http://www.zuari.in/corporate-governance>

- e) The Company has formulated a policy on dealing with Related Party transactions and the same is disclosed on the Company's website. The weblink for accessing the Related Party Transaction Policy is <http://www.zuari.in/corporate-governance>
- f) The Company has complied with all mandatory requirements as stated in Clause 49 of the Listing Agreement.

13. Means of communication:

a) Half-yearly Unaudited Financial Results :

Unaudited financial results for the half-year ended 30th September, 2014 were sent to each household of shareholders, apart from publishing in one English National Daily and Local Dailies, published in the language of the region where the registered office of the company is located.

b) Quarterly Results :

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

c) Web-site on which the results are displayed : www.zuari.in

14. Code of Conduct :

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

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

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

The Company has a code of internal procedures and conduct for trading in securities of the Company. The code inter alia prohibits purchase/sale of shares of the Company by the Directors and designated employees of the Company while in possession of unpublished price sensitive information related to the Company. The Company has revised and adopted a new Code in accordance with the SEBI (Prohibition of Insider Trading) Regulations, 2015 and the revised code will be applicable from 15th May, 2015.

16. General Shareholders Information :

Annual General Meeting :

The Annual General Meeting will be held on 21st September, 2015 at Jai Kisaan Bhawan, Zuarinagar, Goa-403726 at 10.00 A.M.

Financial calendar (Tentative):

Results for the quarter ended 30th June, 2015	– on or before 2nd week of August, 2015
Results for the half-year ended 30th September, 2015	– on or before 2nd week of November, 2015
Results for the quarter ended 31st December, 2015	– on or before 2nd week of February, 2016
Audited Annual Results 2015-16	– on or before 31st May, 2016

Date of book closure : 3rd August, 2015 to 10th August, 2015 (inclusive of both days).

Dividend payment date:

The Dividend payment date is on or after 24th September, 2015 but within the stipulated time under the Companies Act, 2013.

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

Listing on Stock Exchanges:

The company has paid the listing fees for the Financial Year 2014–15.

Company's shares are listed on:

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

Stock Code:

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

Stock Market Data:

High/Low share prices during the period 1st April, 2014 to 31st March, 2015

Month	BSE		BSE Sensex	
	High	Low	High	Low
April, 2014	155.95	127.10	22939.31	22197.51
May, 2014	164.00	124.05	25375.63	22277.04
June, 2014	217.00	153.65	25725.12	24270.20
July, 2014	203.65	170.15	26300.17	24892.00
August, 2014	197.05	173.05	26674.38	25232.82
September, 2014	245.00	175.60	27354.99	26220.49
October, 2014	274.50	194.00	27894.32	25910.77
November, 2014	309.50	247.20	28822.37	27739.56
December, 2014	307.40	245.00	28809.64	26469.42
January, 2015	292.70	226.15	29844.16	26776.12
February, 2015	273.00	234.00	29560.32	28044.49
March, 2015	273.90	221.00	30024.74	27248.45

Share Transfer System :

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

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

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

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

The Company maintains an exclusive email id: **investor.relations@adventz.com** to redress the Investor's Grievances as required under Clause 47(f) of the Listing Agreement. The correspondence received under this email id are monitored and addressed on a daily basis.

Shareholding:

The distribution of shareholding as on 31st March, 2015 is as follows:

No. of shares	No. of shareholders	% of shareholders
Upto 500	31,660	96.92
501 – 1000	519	1.59
1001– 2000	240	0.73
2001 – 3000	79	0.24
3001 – 4000	33	0.10
4001 – 5000	29	0.09
5001 – 10000	45	0.14
10001 and above	62	0.19
Total	32,667	100.00

Shareholding Pattern as on 31st March, 2015:

Category	No. of shares held	% of shareholding
Promoters	3,09,05,242	73.48
Banks/Financial Institutions and Insurance Companies	22,86,238	5.43
Foreign Institutional Investors	11,98,746	2.85
Mutual Funds	39,59,264	9.41
NRIs/OCBs	43,147	0.10
Bodies Corporate	9,48,908	2.27
Public	27,16,461	6.46
Total	4,20,58,006	100.00

Dematerialization of shares and liquidity:

4,16,68,153 equity shares (99.07%) have been dematerialized as on 31st March, 2015.

Plant Location:

Jai Kisaan Bhawan,
Zuarinagar, Goa –403726.

The Address for correspondence is:

Zuari Agro Chemicals Limited
Jai Kisaan Bhawan,
Zuarinagar, Goa-403 726.
Tel: 91-0832-2592180 / 2592509
Fax: 91-0832-2555279

Email: shares@adventz.com and / or investor.relations@adventz.com

Website: www.zuari.in

Non mandatory Requirement :

The Company has complied with the following non mandatory requirements:

1. Providing half yearly unaudited financial results of the Company to each household of the shareholder.
2. Sharing the expenses for maintaining the Chairman's Office.
3. Internal Auditor reports directly to the Audit Committee.

ANNEXURE 'B' TO THE DIRECTORS' REPORT

To

The Members of Zuari Agro Chemicals Limited

I have examined the compliance of conditions of Corporate Governance by Zuari Agro Chemicals Limited, for the year ended on March, 31, 2015, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the management. My 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 my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

I 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.

Place : Panjim, Goa
Date : 15th May, 2015

CS SHIVARAM BHAT
Practising Company Secretary
Membership No.: A10454 CP No.7853

ANNEXURE 'C' TO THE DIRECTORS' REPORT

DECLARATION BY THE MANAGING DIRECTOR

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, I, Kapil Mehan, Managing Director of Zuari Agro Chemicals Limited, declare that all Board Members and Senior Executives of the Company have affirmed their compliance with the Code of Conduct and Ethics during the year 2014-15.

Place : Gurgaon
Date : 15th May, 2015

KAPIL MEHAN
Managing Director

ANNEXURE 'D' TO THE DIRECTORS' REPORT

MANAGEMENT DISCUSSION AND ANALYSIS

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

GLOBAL ECONOMIC BACKDROP:

Global growth in 2014 was a modest 3.4 percent, reflecting a pickup in growth in advanced economies relative to the previous year and a slowdown in emerging market and developing economies. Despite the slowdown, emerging market and developing economies still accounted for three-fourths of global growth in 2014. Complex forces that affected global activity in 2014 are still shaping the outlook. These include medium and long-term trends, such as population aging and declining potential growth; global shocks, such as lower oil prices; and many country or region-specific factors, such as crisis legacies and exchange rate swings triggered by actual and expected changes in monetary policies. Overall global growth is projected to reach 3.5 percent and 3.8 percent in 2015 and 2016 respectively. Growth is projected to be stronger in 2015 relative to 2014 in advanced economies, but weaker in emerging markets, reflecting more subdued prospects for some large emerging market economies and oil exporters. Medium-term prospects have become less optimistic for advanced economies and especially for emerging markets, in which activity has been slowing since 2010. At the same time, the distribution of risks to global growth is now more balanced. A greater boost to demand from oil prices is an important upside risk, while on the downside, the most salient risks remain relevant viz. those related to geopolitical tensions, disruptive asset price shifts in financial markets, and in advanced economies, stagnation and low inflation. In this setting, raising actual and potential output continues to be a general policy priority. In many advanced economies, accommodative monetary policy remains essential to support economic activity and lift inflation expectations. There is also a strong case for increasing infrastructure investment in some economies and for implementing structural reforms to tackle legacies of the crisis and boost potential output. In many emerging market economies, macroeconomic policy space to support growth remains limited. But in some, lower oil prices will help reduce inflation and external vulnerabilities, thereby reducing pressure on central banks to raise policy interest rates. Structural reforms to raise productivity, with a varied agenda across countries, are of the essence to sustain potential output.

Growth in the United States was stronger than expected, averaging about 4 percent annualized in the last three quarters of 2014. Consumption - the main engine of growth - has benefitted from steady job creation and income growth, lower oil prices and improved consumer confidence. The unemployment rate declined to 5.5 percent in February, more than 1 percentage point below its level of a year ago. In Japan, after a weak second half of the year, growth in 2014 was close to zero, reflecting weak consumption and plummeting residential investment. In the euro area, activity was weaker than expected in the middle part of 2014 but showed signs of a pickup in the fourth quarter and in early 2015, with consumption supported by lower oil prices and higher net exports. Although activity was broadly in line with the forecast, investment growth in China declined in the second half of 2014, reflecting a correction in the real estate sector and high-frequency indicators point to some further slowdown. Growth in Latin America in the second half of 2014 was modest, reflecting weak activity in Brazil, lower than - expected growth in Mexico and weakening momentum in other economies in the region. Economic performance in Russia was a bit stronger than expected in the second half of 2014, but the increase in geopolitical tensions, declining confidence and the repercussions of the oil price decline point to a more severe weakening of the outlook in the Commonwealth of Independent States (CIS) as a whole at the start of the year.

An important global economic development is apparent reversal of the resource super-cycle that dominated the commodity markets in most part of first decade of 2000. Most notably price of oil fell from its peak of US\$133 per barrel in 2008 to its current level of below US\$ 70. The IMF predicts that the global oil prices will remain below US\$100 per barrel until at least upto 2020. This fall in oil and other commodity prices should provide boost to global growth as consumers will have more spending power and the aggregate demand should increase.

i) The world agriculture and food scenario:

The world cereal production in 2014-15 is estimated at 2550 million tonnes, with wheat at 729.50 million tonnes, coarse grains at 1326.3 million tonnes and rice at 494.20 million tonnes. These estimates represent a small increase of about 1 percent compared to 2013, much of which is accounted for by wheat production gains in Argentina, the CIS and the European Union (EU). The world cereal production in 2015-16 is projected at 2525 million tonnes.

ii) Commodity Prices:

The year saw substantial decrease in commodity prices. Broad-based commodity price declines occurred in the second half of 2014. Crude oil prices declined the most, down 55 percent to US \$47/barrel in early January 2015, from a high of US\$115/

barrel in late-June 2014, bringing an end to a four-year period of high and stable prices. Agricultural, metal, and precious metal prices weakened as well, down by 6, 8 and 9 percent, respectively, in 2014 Q4 from the previous quarter. Ample supplies, disappointing global growth prospects, and an appreciating U.S. Dollar have all weighed on prices. In oil markets, a sequence of (upward) supply and (downward) demand revisions, along with OPEC'S abandoning of supply management, have played a pivotal role in the price collapse.

iii) The Global Fertiliser Scenario:

World fertilizer demand in 2014 showed a modest increase. Fertilizer consumption was robust in East Asia, Latin America and Africa. Lower demand was seen in North America, Europe and West Asia, while remaining static in South Asia. Meanwhile, fertilizer supply flourished. Global production and trade reached record levels to meet world demand but also to replenish distribution pipelines. While domestic deliveries remained steady, the trade of fertilizer and raw materials registered a strong increase over 2013. A significant recovery in import demand was seen on phosphate rock and potash.

Total fertilizer nutrient sales in 2014, were estimated at 184 Metric Tonnes (MT) nutrients (N: 111.5 MT, P: 41.1 MT, K: 31.3 MT), growing 1.3% over 2013. World sales of primary nutrients were essentially driven by strong trade levels, which rose 12% to 54 MT nutrients. Home deliveries decreased 1%, to 186 MT nutrients, contributing 78% of total primary nutrient sales. In 2014, the combined capacity of ammonia, phosphoric acid and primary potash rose 2.7%, to 284 MT nutrients, compared with 277 MT in 2013.

On average, the fertilizer industry operated at 80% of installed capacity and at 94% of effective capacity. Nitrogen producers (ammonia and urea) operated at 95% of effective capacity. Phosphoric acid producers operated at 95% and potash producers at 93% of effective capacity.

iv) The India Picture:

The Indian economy in 2014–15 has emerged as one of the largest economies with a promising economic outlook on the back of controlled inflation, rise in domestic demand, increase in investments, decline in oil prices and reforms among others. It grew at 7.3% in 2014–15 due to improvement in the performance of both services as well as manufacturing sector. The Gross Value Added (GVA), a new concept introduced by the Central Statistics Office to measure the economic activity, rose by 7.2% in 2014–15 as compared to 6.6% in the previous fiscal. The manufacturing activity GVA rose by 7.2% during 2014–15 as against 5.3% in 2013–14. However, the agriculture sector grew by a meagre 0.2% as against 3.7% a year ago.

v) Food & Agriculture:

Deficit Monsoon of 2014 and unseasonal rains and hailstorms of February-March of 2015, which impacted rabi crop production significantly, took its toll on overall food-grain production in the country, declining the total estimated output during 2014-15 crop year by nearly 5.5%. The government estimate puts the figure of total food-grain production during 2014-15 crop year (July-June period) at 251.12 million tonnes (MT) which is lower by 13.92 MT than the last year's record food-grain production of 265.04 MT.

As per 3rd Advance Estimates for 2014-15, total production of rice is estimated at 102.54 MT which is lower by 4.11 MT than the last year's record production of 106.65 MT. Production of wheat estimated at 90.78 MT which is lower by 5.07 MT than the record production of 95.85 MT achieved during 2013-14. Total production of Coarse Cereals estimated at 40.42 MT is also lower by 2.87 MT than their production during 2013-14. Production of pulses estimated at 17.38 MT is lower by 1.87 MT than their production during the last year. With a decrease of 5.37 MT over the last year, total production of oilseeds in the country is estimated at 27.38 MT. Production of sugarcane is estimated at 356.56 MT which is higher by 4.42 MT as compared to last year. Total production of cotton estimated at 35.32 million bales (of 170 kgs each) is marginally lower than last year but higher by 2.85 million bales than the average production of last 5 years

vi) The Fertiliser Scenario in India:

As of now, the country has achieved 80% self-sufficiency in production capacity of urea. As a result, India could manage its substantial requirement of nitrogenous fertilizers through the indigenous industry. Similarly, 50% indigenous capacity has developed in respect of phosphatic fertilizers to meet domestic requirements. However, the raw-materials and intermediates for the same are largely imported. For potash, since there are no viable sources/reserves in the country, its entire requirement is met through imports.

The production of fertilizers during 2013–14 was 123.78 LMT of nitrogen and 37.14 LMT of phosphates. The production estimated for 2014–15 is 126.83 LMT of nitrogen and 40.17 LMT of phosphate, showing a growth rate of 2.46% in nitrogen and 8.16% in phosphate. Production for nitrogenous fertilizer and phosphatic fertilizer is expected to be less than the installed

capacity for the year 2014–15. However, taken together, the production of 'N' and 'P' during the year 2014–15 is expected to be more than the production during the corresponding period of last year. The domestic fertilizer industry has by and large attained the levels of capacity utilization comparable with others in the world. The capacity utilization during 2013–14 was 97.0% for nitrogen and 59.8% for phosphate. The capacity utilization during 2014–15 is expected to be 95.66% for nitrogen and 56.90% for phosphate. Within this gross capacity utilization, the capacity utilization of the urea plants was 109.5% in 2013–14 and 111.4% in 2014–15 (Estimated). For phosphatic fertilizers, the actual production capacity utilization has been influenced apart from the constraints in availability of raw materials/ intermediates which are substantially imported by the demand trends. Imports continue to play an important role in overall availability. For 2014-15, in case of Urea, DAP, NP/NPK complexes and MOP imports counted for approximately 25%, 53%, 4% and 100% respectively.

vii) Policy Initiatives :

For the year 2015–16, Government of India has made a provision of ₹ 72,968.56 crores towards Fertiliser subsidy which comprises of ₹ 12,300 crores towards imported urea, ₹ 38,200 crores towards indigenous urea and ₹ 22,468.56 crores towards NPK fertilizers. Lack of adequate budget provision continues to be a serious concern for the industry. Year-on-year there is accretion to the pending subsidy bills. Given that there is a buoyancy in revenue and overall reduction in Government subsidy, there is good likelihood that Government of India may release more funds to clear long pending subsidy bills of the industry.

viii) Internal Control Systems and their Adequacy:

The company has adequate systems of internal control in place, which is commensurate with its size and the nature of its operations. These are designed to provide reasonable assurance with respect to maintaining reliable financial and operational information, complying with applicable statutes, executing transactions with proper authorisation coupled with ensuring compliance of corporate policies through documented Standard Operating Procedure (SOP) and Limits Of Financial Authority Manual (LOAM). These documents are reviewed and updated on an ongoing basis to improve the internal control systems and operational efficiency. The company uses a state-of-the-art ERP (SAP) system to record data for accounting and managing information with adequate security procedure and controls.

The Company, through its own internal audit department supported by an external audit firm, carried out periodic audits based on the plan approved by the audit committee and brought out any deviations to internal control procedures. The observations arising out of audit are periodically reviewed and compliance ensured. The summary of the internal audit observations and status of implementation are submitted to the audit committee. The status of implementation of the recommendations is reviewed by the audit committee on a regular basis.

ix) Enterprise Risk Management (ERM):

The Risk Management Committee of the Board has approved a Risk Management Policy which has been formulated in accordance with the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

Our ERM framework encompasses practices relating to identification, assessment, monitoring and mitigation of strategic, operational, financial and compliance related risks. The coverage includes both internal and external factors. The risks identified are prioritised based on their potential impact and likelihood of occurrence. Risk register and internal audit findings also provide input for risk identification and assessment. The prioritised risks along with the mitigation plan are discussed with the Corporate Management Committee and Risk Management Committee on periodic basis.

The Company has, during the year internally conducted the Risk Assessment exercise for reviewing the existing processes of identifying, assessing and prioritizing risks. Mitigation plans have been defined for the prioritised risks and same are being reviewed for adherence periodically.

The Risk Management Committee shall periodically review the risks and report to the Board of Directors from time to time.

x) Material development in human resources:

To consolidate and scale up Agri Business, operational integration of Zuari Agro Chemicals Limited (ZACL), Paradeep Phosphates Limited (PPL) and smaller entities within the Agri space was taken up. Some of the desired outcomes envisaged include better operational efficiency across all functions, synergistic functioning amongst the teams, benchmarking internal best practices across functions, a larger force to reckon with within the Sector, consequential cost saving and better outcomes for all stake holders.

Integration has brought about a lot of opportunities for employees. Larger roles with enhanced responsibility were made available to employees in the integrated teams. These roles were manned based on current performance, competency assessment and potential for growth. Management employees underwent Development Centres and as an outcome individual development plans were generated for each one of them. These development needs will be taken up and fulfilled through specifically designed training programs. These and other development measures will ensure that employees perform better on their jobs and have clear career paths planned out. It will also ensure that the organization has a clear succession plan for all critical roles and there shall be retention of key talent at all levels.

Professionals and graduates from reputed institutions have also been selected to meet business requirements.

xi) Marketing:

The Company's marketing activities are focused in the States of Goa, Karnataka, Maharashtra, Andhra Pradesh, parts of Kerala and Madhya Pradesh. The Company consolidated its operations in Uttar Pradesh, Punjab and Haryana during the fiscal year.

South-west monsoon entered Kerala on 07-June 2014, one week behind its scheduled arrival date. During June, rainfall was only 58% of the normal, making it the second driest June in history. Previous dry June was in 2009 when the rains were only 54% of the normal. The dry spell continued during July also and rains were only 90% of the normal. Rainfall during these two months is very critical for Indian agriculture. Till July end, area sown under different crops was only 706 Lac hectares against normal area of 1,055 Lac hectares during Kharif. Cumulative rainfall during South-west monsoon was 88% of normal, which is the lowest in last 4 years. By end of September, water storage in 85 major reservoirs in the country was 91% of previous years. This adversely impacted Rabi prospects.

Cumulative rainfall during South-west monsoon, in the State of Maharashtra was normal, barring Marathwada which received 58% rainfall. Water level in Jayakwadi reservoir was 45% of live storage capacity, while other reservoirs had water levels between 78-100%.

The State of Karnataka received normal rainfall during south-west monsoon season. Major reservoirs were full except Narayanpur and Tungabhadra. Rainfall in the states of Andhra Pradesh and Telangana was deficient ranging between 66-77% of normal. Water levels in major reservoirs like Somashila and Nagarjuna Sagar ranged between 55 to 74% of their live storage capacity.

Rains in the western parts of Madhya Pradesh were normal, while it was deficient in eastern parts. Overall cropped area was normal. Water level in Indira Sagar was 93% of the storage capacity.

The Company's North India markets of Uttar Pradesh, Punjab and Haryana suffered due to deficient rains during whole of the year. There were untimely rains during February and March, 2015 in Uttar Pradesh, Punjab, Haryana and Maharashtra causing extensive damage to the standing crops that were ready for harvest.

The Company's new initiative on retail "Jaikisaan Junction" is gaining momentum. During the year, 24 Jaikisaan Junctions were in operation, extending technical services to farmers, besides making the right products available to them.

During the FY 2014-15, the total sales volume of fertilizers was 15,76,153 MT with an increase of 11% over the previous year sale of 14,25,441 MT. The sale of traded fertilizers grew by 5% to 5,71,188 MT. The sale of imported DAP declined by 19% to 2,21,940 MT. The sale of MOP grew by 76% over last year to 3,36,430 MT. The industry continued to carry unsold stocks of previous year.

Total sales of the indigenous fertilizers was at 10,04,965 MT. While the sales of phosphatic fertilizers improved over last year, urea sales came down due to product availability constraints. The company's agri inputs sale was ₹ 210.93 crore, against ₹ 159.69 crore of previous year. The total sale of specialty fertilizers improved by 22% to 13,753 MT against 11,292 MT last year.

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ANNEXURE 'E' TO THE DIRECTORS' REPORT

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2015 [Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS :

- i) CIN : L65910GA2009PLC006177
- ii) Registration Date : 10th September, 2009
- iii) Name of the Company : Zuari Agro Chemicals Limited
- iv) Category / Sub-Category of the Company : Company Limited by Shares
- v) Address of the Registered office and contact details : Jai Kisaan Bhawan, Zuarinagar, Goa, 403726
Tel No. : 0832-2592509
Email : investor.relations@adventz.com
Website : www.zuari.in
- vi) Whether listed company : Yes
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any
Link Intime India Pvt. Ltd,
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (W), Mumbai - 400078.
Tel: 022-25946970
Fax: 022-25946969
Email: rnt.helpdesk@linkintime.co.in
Website: www.linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the product / service	% to total turnover of the company
1	Fertilizers	20122	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of Shares held	Applicable Section
1	Zuari Agri Sciences Limited (formerly known as Zuari Seeds Limited), Jai Kisaan Bhawan, Zuarinagar, Goa – 403726	U01122GA1995PLC001751	Subsidiary	100	2(87)
2	Zuari Fertilisers and Chemicals Limited Jai Kisaan Bhawan, Zuarinagar, Goa – 403726	U24120GA2009PLC006158	Subsidiary	100	2(87)
3	Zuari Maroc Phosphates Private Limited (formerly known as Zuari Maroc Phosphate Limited) 5th Floor, Orissa State Handloom Weavers' Co-Operative Building, Pandit J.N Marg, Bhubaneswar, Orissa, 751001	U24124OR2002PTC017414	Joint Venture	50	2(6)

Sl. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of Shares held	Applicable Section
4	Zuari Rotem Speciality Fertilizers Limited, Jai Kisaan Bhawan, Zuarinagar, Goa – 403726	U01409GA2007PLC005489	Joint Venture	50	2(6)
5	MCA Phosphates Pte. Limited, 112 Robinson Road # 05-01 Singapore 068902	N.A.	Associate	30	2(6)
6	Paradeep Phosphates Limited* 5th Floor, Orissa State Handloom Weavers' Co-Operative Building, Pandit J. N. Marg, Bhubaneswar, Orissa, 751001	U24129OR1981PLC001020	Associate	40	2(6)

* Percentage of shares held indirectly by the Company

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders		No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A	Promoter									
	1 Indian									
	a) Individual/ HUF	181027	–	181027	0.43	181027	–	181027	0.43	0.00
	b) Central Govt	–	–	–	–	–	–	–	–	–
	c) State Govt(s)	–	–	–	–	–	–	–	–	–
	d) Bodies Corporate	23202465	–	23202465	55.17	23232465	–	23232465	55.24	0.07
	e) Banks / FI	–	–	–	–	–	–	–	–	–
	f) Any other	–	–	–	–	–	–	–	–	–
	Sub-total (A) (1)	23383492	–	23383492	55.60	23413492	–	23413492	55.67	0.07
	2 Foreign									
	a) NRIs – Individuals	–	–	–	–	–	–	–	–	–
	b) Other – Individuals	–	–	–	–	–	–	–	–	–
	c) Bodies Corporate	7491750	–	7491750	17.81	7491750	–	7491750	17.81	0.00
	d) Banks / FI	–	–	–	–	–	–	–	–	–
	e) Any Other	–	–	–	–	–	–	–	–	–
	Sub-total (A) (2)	7491750	–	7491750	17.81	7491750	–	7491750	17.81	0.00
	Total shareholding of Promoter (A) = (A)(1) + (A)(2)	30875242	–	30875242	73.41	30905242	–	30905242	73.48	0.07
B	Public Shareholding									
	1 Institutions									
	a) Mutual Funds	3544814	100	3544914	8.43	3959214	100	3959314	9.41	0.98
	b) Banks / FI	675	3965	4640	0.01	830	3965	4795	0.01	0.00
	c) Central Govt	–	–	–	–	–	–	–	–	–
	d) State Govt(s)	–	–	–	–	–	–	–	–	–

Category of Shareholders		No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
	e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
	f) Insurance Companies	2433144	200	2433344	5.79	2281243	150	2281393	5.42	(0.37)
	g) FIs	1234390	400	1234790	2.94	1198346	400	1198746	2.85	(0.09)
	h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
	i) Others (specify)	-	-	-	-	-	-	-	-	-
	Foreign Bank	217	-	217	-	217	-	217	-	0.00
	Sub-total (B)(1)	7213240	4665	7217905	17.16	7439850	4615	7444465	17.70	0.54
2	Non-Institutions									
	a) Bodies Corporate	1097766	16935	1114701	2.65	910279	16851	927130	2.20	(0.45)
	i) Indian	-	-	-	-	-	-	-	-	-
	ii) Overseas	-	-	-	-	-	-	-	-	-
	b) Individuals									
	i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	2068553	367608	2436161	5.79	2106050	349910	2455960	5.84	0.05
	ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	323576	15190	338766	0.81	245311	15190	260501	0.62	(0.19)
	c) Others (specify)									
	i) Clearing Members	32299	-	32299	0.08	20618	-	20618	0.05	(0.03)
	ii) Non Resident Indians	37280	2837	40117	0.10	39860	2837	42697	0.10	0.00
	iii) Overseas Bodies Corporate	-	450	450	-	-	450	450	-	0.00
	iv) Trusts	2365	-	2365	0.01	943	-	943	0.01	0.00
	Sub-total (B)(2)	3561839	403020	3964859	9.43	3323061	385238	3708299	8.82	(0.61)
	Total Public Shareholding (B) = (B)(1) + (B)(2)	10775079	407685	11182764	26.59	10762911	389853	11152764	26.52	(0.07)
	TOTAL (A) + (B)	41650321	407685	42058006	100	41668153	389853	42058006	100	0.00
	C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	0.00
	Grand Total (A + B + C)	41650321	407685	42058006	100	41668153	389853	42058006	100	0.00

ii) Shareholding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Globalware Trading & Holdings Limited	7012000	16.67	-	7012000	16.67	-	0.00
2	Texmaco Infrastructure & Holdings Limited	3000125	7.13	-	3000125	7.13	-	0.00
3	Adventz Investments & Holdings Limited*	1236852	2.94	-	-	-	-	(2.94)

SI No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
4	Coltrane Corporation Limited	479750	1.14	–	479750	1.14	–	0.00
5	Jeewan Jyoti Medical Society	138550	0.33	–	138550	0.33	–	0.00
6	Adventz Finance Private Limited*	85789	0.20	–	1322641	3.14	–	2.94
7	Duke Commerce Limited	81000	0.19	–	111000	0.26	–	0.07
8	Saroj Kumar Poddar	79406	0.19	–	79406	0.19	–	0.00
9	Adventz Securities Enterprises Limited	98804	0.23	–	98804	0.23	–	0.00
10	Adventz Investment Co. Pvt. Ltd.	15000	0.04	–	15000	0.04	–	0.00
11	Ricon Commerce Limited	8100	0.02	–	8100	0.02	–	0.00
12	Jyotsna Poddar	71621	0.17	–	71621	0.17	–	0.00
13	New Eros Tradecom Limited	1196767	2.85	1196767	1196767	2.85	–	0.00
14	SIL Investments Limited	3208000	7.63	2850000	3208000	7.63	1575000	0.00
15	Pilani Investment & Industries Corporation Limited	434000	1.03	–	434000	1.03	–	0.00
16	RTM Investment & Trading Co. Limited	110768	0.26	–	110768	0.26	–	0.00
17	SCM Investment & Trading Co. Limited	35000	0.08	–	35000	0.08	–	0.00
18	Ronson Traders Limited	63200	0.15	–	63200	0.15	–	0.00
19	Sarla Devi Birla	30000	0.07	–	30000	0.07	–	0.00
20	Zuari Global Limited	8411601	20.00	–	8411601	20.00	–	0.00
21	Zuari Management Services Limited	5078909	12.08	–	5078909	12.08	–	0.00
TOTAL		30875242	73.40	4046767	30905242	73.47	1575000	0.07

* Acquired by way of merger, pursuant to the scheme of Arrangement for Amalgamation of Adventz Investments & Holdings Limited and Adventz Securities Trading Private Limited with Adventz Finance Private Limited by High Court at Calcutta vide Order dated 2nd June, 2014.

iii) Change in Promoters' Shareholding (please specify, if there is no change)

SI No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Duke Commerce Limited				
	At the beginning of the year	81000	0.19	–	–
	20th March, 2015	30000	0.07	111000	0.26
	At the End of the year	–	–	111000	0.26

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Kotak Emerging Equity Scheme				
	At the beginning of the year	81074	0.19	-	-
	18th April, 2014	(12046)	0.03	69028	0.16
	10th October, 2014	2860	0.01	71888	0.17
	17th October, 2014	64500	0.15	136388	0.32
	24th October, 2014	12712	0.03	149100	0.35
	31st October, 2014	3963	0.01	153063	0.36
	07th November, 2014	3196	0.01	156259	0.37
	14th November, 2014	25346	0.06	181605	0.43
	21st November, 2014	15671	0.04	197276	0.47
	28th November, 2014	44904	0.11	242180	0.58
	05th December, 2014	19412	0.05	261592	0.62
	12th December, 2014	26736	0.06	288328	0.69
	19th December, 2014	16139	0.04	304467	0.73
	31st December, 2014	5477	0.01	309944	0.74
	02nd January, 2015	5458	0.01	315402	0.75
	09th January, 2015	41369	0.10	356771	0.85
	16th January, 2015	6703	0.02	363474	0.87
	30th January, 2015	15000	0.04	378474	0.91
	06th February, 2015	9412	0.02	387886	0.93
	13th February, 2015	8180	0.02	396066	0.95
	20th February, 2015	4555	0.01	400621	0.96
	27th February, 2015	10138	0.02	410759	0.98
	06th March, 2015	10974	0.03	421733	1.01
	13th March, 2015	676	0.00	422409	1.01
	20th March, 2015	2146	0.01	424555	1.02
	31st March, 2015	6794	0.02	431349	1.04
	At the end of the year (or on the date of separation, if separated during the year)			431349	1.04
2	Deutsche Securities Mauritius Limited				
	At the beginning of the year	899027	2.14	-	-
	At the end of the year (or on the date of separation, if separated during the year)			899027	2.14
3	DSP Blackrock Micro Cap Fund				
	At the beginning of the year	293496	0.70	-	-
	25th April, 2014	(231676)	(0.55)	61820	0.15
	2nd May, 2014	(5628)	(0.02)	56192	0.13
	9th May, 2014	(6201)	(0.01)	49991	0.12

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	16th May, 2014	(49991)	(0.12)	0	0
	At the end of the year (or on the date of separation, if separated during the year)			0	0
4	DSP Blackrock Small and Mid Cap Fund				
	At the beginning of the year	670768	1.59	-	-
	4th April, 2014	(79268)	(0.19)	591500	1.40
	2nd May, 2014	(14972)	(0.03)	576528	1.37
	9th May, 2014	(4454)	(0.01)	572074	1.36
	16th May, 2014	(572074)	(1.36)	0	0.00
	At the end of the year (or on the date of separation, if separated during the year)			0	0
5	DSP Blackrock Tax Saver Fund				
	At the beginning of the year	204289	0.49	-	-
	30th June, 2014	(38441)	(0.09)	165848	0.40
	31st October, 2014	59997	0.14	225845	0.54
	27th February, 2015	(2374)	(0.01)	223471	0.53
	20th March, 2015	(28947)	(0.07)	194524	0.46
	At the end of the year (or on the date of separation, if separated during the year)			194524	0.46
6	Earthstone Holding (Two) Limited				
	At the beginning of the year	0	0	-	-
	13th March, 2015	198225	0.47	198225	0.47
	At the end of the year (or on the date of separation, if separated during the year)			198225	0.47
7	General Insurance Corporation Of India				
	At the beginning of the year	565972	1.35	-	-
	At the end of the year (or on the date of separation, if separated during the year)			565972	1.35
8	ICICI Prudential Value Fund Series-2				
	At the beginning of the year	695594	1.65	-	-
	02nd May, 2014	26326	0.07	721920	1.72
	09th May, 2014	25000	0.06	746920	1.78
	16th May, 2014	30000	0.07	776920	1.85
	11th July, 2014	15469	0.03	792389	1.88
	18th July, 2014	16111	0.04	808500	1.92
	25th July, 2014	6492	0.02	814992	1.94
	01st August, 2014	19900	0.05	834892	1.99
	08th August, 2014	5509	0.01	840401	2.00
	At the end of the year (or on the date of separation, if separated during the year)			840401	2.00
9	Kotak Midcap				
	At the beginning of the year	238221	0.57	-	-

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	11th April, 2014	(1492)	(0.00)	236729	0.57
	18th April, 2014	(20)	(0.00)	236709	0.57
	25th April, 2014	(556)	(0.00)	236153	0.57
	09th May, 2014	(31525)	(0.08)	204628	0.49
	16th May, 2014	(10099)	(0.02)	194529	0.47
	25th May, 2014	(1348)	(0.00)	193181	0.47
	15th August, 2014	(3567)	(0.01)	189614	0.46
	At the end of the year (or on the date of separation, if separated during the year)			189614	0.46
10	Life Insurance Corporation of India				
	At the beginning of the year	1350526	3.21	-	-
	At the end of the year (or on the date of separation , if separated during the year			1350526	3.21
11	Reliance Capital Trustee Co Ltd. A/C-Reliance Regular Savings Fund -Equity Option				
	At the beginning of the year	1200000	2.85	-	-
	At the end of the year (or on the date of separation, if separated during the year)			1200000	2.85
12	SICGIL India Limited				
	At the beginning of the year	336700	0.80	-	-
	04th April, 2014	500	0.00	337200	0.80
	31st October, 2014	(60639)	(0.14)	276561	0.66
	07th November, 2014	(72561)	(0.17)	204000	0.49
	14th Novermber, 2014	(54000)	(0.13)	150000	0.36
	At the end of the year (or on the date of separation, if separated during the year)			150000	0.36
13	New India Assurance Company Limited				
	At the beginning of the year	446010	1.06	-	-
	18th July, 2014	(10487)	(0.02)	435523	1.04
	25th July, 2014	(27945)	(0.07)	407578	0.97
	01st August, 2014	(30028)	(0.07)	377550	0.90
	08th August, 2014	(2323)	(0.01)	375227	0.89
	15th August, 2014	(21157)	(0.05)	354070	0.84
	22nd August, 2014	(10309)	(0.02)	343761	0.82
	29th August, 2014	(14066)	(0.03)	329695	0.79
	At the end of the year (or on the date of separation, if separated during the year)			329695	0.79

v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
Directors					
1	Saroj Kumar Poddar				
	At the beginning of the year	79406	0.19	–	–
	At the End of the year	–	–	79406	0.19
2	Marco Wadia				
	At the beginning of the year	2811	0.007	–	–
	At the End of the year	–	–	2811	0.007
Key Managerial Personnel					
1	R. Y. Patil				
	At the beginning of the year	51	–	–	–
	At the End of the year	–	–	51	–

V INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

₹ in lacs

Particulars		Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year					
i	Principal Amount	2,41,376.76	20,000.00	–	2,61,376.76
ii	Interest due but not paid	–	–	–	–
iii	Interest accrued but not due	184.01	–	–	184.01
Total (i+ii+iii)		2,41,560.77	20,000.00	–	2,61,560.77
Change in Indebtedness during the financial year					
	Addition	3,52,750.00	1,50,000.00	–	5,02,750.00
	Reduction	3,91,109.75	1,35,000.00	–	5,26,109.75
Net Change		(38,359.75)	15,000.00	–	(23,359.75)
Indebtedness at the end of the financial year					
i	Principal Amount	2,03,201.02	35,000.00	–	2,38,201.02
ii	Interest due but not paid	–	–	–	–
iii	Interest accrued but not due	519.24	195.46	–	714.70
Total (i+ii+iii)		2,03,720.26	35,195.46	–	2,38,915.72

VI REMUNERATION TO DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Amount in ₹

Sl.No.	Particulars of Remuneration	Names of the Directors / Designation		Total Amount
		N. Suresh Krishnan Managing Director	Akshay Poddar Executive Director*	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,65,60,000	30,14,516	1,95,74,516
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	10,99,575	1,18,114	12,17,689
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission			
	- as % of profit	-	-	-
5	- others, specify Contribution to Provident fund, Superannuation fund	19,56,150	2,06,710	21,62,860
	Total (A)	1,96,15,725	33,39,340	2,29,55,065
	Ceiling as per the Act	Refer Note 1		

* upto 20th December, 2014

Note :

- No ceiling is applicable, since the managing director is a professional covered under clarification no.F.No.14/22/2012-CL-VII dated 16th August, 2012 and circular No. 7/2015 dated 10th April, 2015 issued by Ministry of Corporate Affairs (MCA).

B. Remuneration to other Directors

Amount in ₹

Sl.No.	Particulars of Remuneration	Name of Directors				Total Amount
1	Independent Directors	Mr. Marco Wadia	Mr. J. N. Godbole	Mr. Arun Duggal	Mr. Gopal Pillai	
	• Fee for attending board committee meetings	4,55,000	4,20,000	1,40,000	1,35,000	11,50,000
	• Commission	-	-	-	-	-
	• Others, please specify	-	-	-	-	-
	Total (1)	4,55,000	4,20,000	1,40,000	1,35,000	11,50,000
2	Other Non-Executive Directors	Saroj Poddar				
	• Fee for attending board committee meetings	1,85,000	-	-	-	1,85,000
	• Commission	-	-	-	-	-
	• Others, please specify	-	-	-	-	-
	Total (2)	1,85,000	-	-	-	1,85,000
	Total (B) = (1 + 2)					13,35,000
	Total Managerial Remuneration					2,29,55,065
	Overall Ceiling as per the Act	Refer Note No. 1				

Note :

- No ceiling is applicable, since the managing director is a professional covered under clarification no.F.No.14/22/2012-CL-VII dated 16th August, 2012 and circular No. 7/2015 dated 10th April, 2015 issued by Ministry of Corporate Affairs (MCA).

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Amount in ₹

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Company Secretary	CFO	
		R. Y. Patil	V. Seshadri	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	33,74,300	67,19,552	1,00,93,852
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	4,24,014	2,87,800	7,11,814
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission			
	- as % of profit	-	-	-
	- others, specify	-	-	-
5	Others, please specify Contribution to Provident fund, Superannuation fund, and gratuity permium under group gratuity policy	4,56,840	5,83,200	10,40,040
	Total	42,55,154	75,90,552	1,18,45,706

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	"Authority [RD/NCLT/ COURT]"	Appeal made, if any (give Details)
a	Company				
	Penalty		NIL		
	Punishment				
	Compounding				
b	Directors				
	Penalty		NIL		
	Punishment				
	Compounding				
c	Other Officers in Default				
	Penalty		NIL		
	Punishment				
	Compounding				

ANNEXURE 'F' TO THE DIRECTORS' REPORT

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2015

[Pursuant to section 204 (1) of the Companies Act, 2013 and Rule No.9 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,

Zuari Agro Chemicals Limited

Jai Kisaan Bhawan,
Zuarinagar, Goa 403726

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Zuari Agro Chemicals Limited (hereinafter called the 'Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended 31st March, 2015 (hereinafter referred to as the " Audit Period") complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2015 according to the provisions of:

- i) The Companies Act, 2013 (the Act) and the rules made there under;
- ii) The Securities Contracts (Regulation) Act, 1956 and the rules made there under;
- iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment and Overseas Direct Investment (provisions of external commercial borrowing not applicable to the Company during the Audit Period) ;
- v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (Not applicable to the Company during the audit period);
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the Company during the audit period);
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the audit period); and
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during the audit period).

- vi) The following laws and Regulations applicable specifically to the Company viz.
- a) Essential Commodities Act, 1955;
 - b) Seeds Act, 1966, Seeds Rules, 1968 and Seeds (Control) Order, 1983;
 - c) Insecticide Act, 1968, Insecticides Rules, 1971 and Insecticides (Price, Stock Display and Submission of Reports) Order, 1986;
 - d) Fertiliser (Control) Order, 1985 and Fertilizer (Movement Control) Order, 1973;
 - e) Explosives Act, 1884; and
 - f) Static and Mobile Pressure Vessels (Unfired) Rules, 1981.
- vii) I have also examined compliance with the applicable clauses of the following:
- i. Secretarial Standards issued by The Institute of Company Secretaries of India (During the Audit Period, not notified under the Act and hence not applicable).
 - ii. The Listing Agreements entered into by the Company with Stock Exchanges.

During the period under review, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above. It is observed that, upon the acquisition of 16.43% equity shares of Mangalore Chemicals and Fertilisers Limited during the period April to July, 2013, Competition Commission of India has passed an Order u/s 43 of the Competition Act, 2002 during the Audit Period, imposing penalty on the Company and its wholly owned subsidiary, Zuari Fertilisers and Chemicals Limited for failure to give notice u/s 6 (2) of the Competition Act.

I further report that –

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors as prescribed. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and/or recorded as part of the minutes during the audit period.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the company has passed a Special Resolution to issue and allot equity shares for an amount upto ₹ 400 crores through private placement and / or preferential allotment and / or qualified institutional placement and / or any other permitted modes.

Place : Panaji, Goa
Date : 14th May, 2015

Shivaram Bhat
Practicing Company Secretary
ACS No. 10454 & CP No. 7853

This Report is to be read with our letter of even date which is annexed as Annexure - a and Forms an integral part of this report.

'Annexure - a' (My report of even date is to be read along with this Annexure)

1. Maintenance of Secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place : Panaji, Goa
Date : 14th May, 2015

Shivaram Bhat
Practicing Company Secretary
ACS No. 10454 & CP No. 7853

ANNEXURE 'G' TO THE DIRECTORS' REPORT

Form No. AOC - 2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto.

1 Details of contracts or arrangements or transactions not at arm's length basis :

There were no contracts / arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 which are not at arm's length basis during the year ended 31st March, 2015.

2 Details of material contracts or arrangements or transactions at arm's length basis :

Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Durations of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advance, if any
(a)	(b)	(c)	(d)	(e)	(f)	(g)
Zuari Global Limited ("ZGL"). It is an Associate	Purchase of shares of Nagarjuna Fertilizers and Chemicals Limited	Not applicable	Proposal for purchase of 3,22,67,741 shares of Nagarjuna Fertilizers and Chemicals Limited ("NFCL") for a consideration that shall be at par with the market value or book value of investments held by ZGL whichever is higher and is at arm's length basis.	The purchase of shares of NFCL is a strategic Investment made by the Company. The transaction has been approved by the shareholders by way of Postal Ballot on 11th September, 2014.	30/07/2014	The company has paid an advance of ₹ 119.20 crores to ZGL subsequent to obtaining shareholders approval.

Note :

The threshold for materiality has been decided by the Board in accordance with the provisions of Section 188 read with Rule 15 (3) of the Companies (Meetings of Board and its Powers) Rules, 2014.

For and on behalf of the Board

Date : 15th May, 2015
Place : Gurgaon

S. K. Poddar
Chairman

ANNEXURE 'H' TO THE DIRECTORS' REPORT

Format of reporting of Corporate Social Responsibility (CSR)

[Pursuant to clause (o) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs :

Our projects and initiatives are guided by our CSR Policy, and reviewed closely by the CSR Committee instituted and adopted by the Board of Directors as per the "Section 135 of Companies Act, 2013".

Driven by our passion to make a difference to society, ZACL is committed to upholding the highest standards of Corporate Social Responsibility. ZACL has continued its progress on community initiatives with renewed vigour and devotion.

As a responsible business corporation, we have built sustainable and effective CSR initiatives that are vital towards fulfilling critical societal needs in the communities we operate in. We also believe that we have a larger responsibility towards making a difference within our industry and also society at large. Our initiatives include promotion of rural development, healthcare & WASH (Water, Sanitation and Hygiene), and Education. Furthermore, we have also responded positively, to natural disasters and emergencies and provided necessary support for relief and reconstruction.

2. The Composition of the CSR Committee :

Mr. Gopal Krishna Pillai	–	Chairman (w.e.f. 22nd January, 2015)
Mr. J. N. Godbole	–	Member
Mr. Akshay Poddar	–	Member
Mr. Arun Duggal	–	Chairman (upto 4th November, 2014)

3. Average net profit of the company for last three financial years :

Average of profit (in lacs) ₹ 1,847.76

4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above) :

2% of Profit before tax (in lacs) ₹ 36.97

5. Details of CSR spent during the financial year :

Total amount to be spent for the financial year (in lacs) ₹ 36.97

Amount unspent, (in lacs) ₹ 27.33

6. Manner in which the amount spent during the financial year is detailed below :

Sl. No	CSR Project or activity Identified	Sector in which the project is covered	Projects or programs 1. Local area or other 2. Specify the state and District where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub heads 1. Direct expenditure on projects or programs 2. Overheads	Cumulative expenditure upto the reporting period	Amount spent: Direct Or through implementing agency
1	Rural Drinking Water Supply Initiative in Goa	"Safe drinking water"	Bellam and Dando Villages, Mormugao, Goa	₹ 9,26,000	Direct expenditure – 100% Overheads – Nil	₹ 9,26,000	(Direct)
2	Educational Scholarships for economically backward	"Promoting education"	Mormugao Taluka, Goa	₹ 34,000	Direct expenditure – 100% Overheads – Nil	₹ 34,000	(Direct)

Sl. No	CSR Project or activity Identified	Sector in which the project is covered	Projects or programs 1. Local area or other 2. Specify the state and District where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub heads 1. Direct expenditure on projects or programs 2. Overheads	Cumulative expenditure upto the reporting period	Amount spent: Direct Or through implementing agency
3	Support to the health department for Pulse Polio drive by Urban Health Centre (UHC), Vasco	“Preventive healthcare”	Mormugao Taluka, Goa	₹ 4,000	Direct expenditure – 100% Overheads – Nil	₹ 4,000	(Direct)

The two percent of the average net profit of the last three financial years for the company is ₹ 36.97 Lac (Rupees Thirty Six lacs and Ninety Seven Thousand only). During the year 2014-15 the company spent a total of ₹ 9.64 Lac (Rupees Nine lacs and Sixty Four Thousand only) while implementing the CSR activities as per item no. 6 above.

The Company continued in its efforts towards educating farmers, nurturing the farming community, but with the commencement of the Companies Act, 2013, the CSR activities of the Company had to be re-visited and re-aligned as per the CSR provisions contained in Companies Act, 2013 and rules made thereunder and hence the company has not been able to meet the minimum spending requirements of 2 % of the average net profits. However, the Company will strive to spend the unspent amount in the financial year ending 31st March, 2016; in addition to the expenditures for activities in pipeline which are slated to be completed during 2015-16. The CSR interventions slated to be implemented during the year 2015-16 have been designed. The upcoming CSR interventions will be implemented in partnership with credible NGOs and are carefully identified to address community issues related to livelihood, healthcare and WASH (Water, Sanitation and Hygiene) and Education.

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company :

The CSR Committee of the Company hereby confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

Date : 15th May, 2015
Place : Gurgaon

Kapil Mehan
Managing Director

Gopal Krishna Pillai
Chairman of CSR Committee

ANNEXURE 'I' TO THE DIRECTORS' REPORT

Statement of particulars as per Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

- (i) The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year:

Sl. No.	Name of the Director	Ratio of the remuneration to the median remuneration of the employees
1	S. K. Poddar– Chairman*	Nil
2	N. Suresh Krishnan – Managing Director	1 : 25.87
3	Akshay Poddar – Executive Director #	1 : 4.40
4	Arun Duggal – (Independent Director)**	Nil
5	J. N. Godbole – (Independent Director)*	Nil
6	Marco Wadia – (Independent Director)*	Nil
7	Gopal Krishna Pillai – (Independent Director)*	Nil

* Mr. S. K. Poddar - Chairman, Mr. Arun Duggal, Mr. J. N. Godbole, Mr. Marco Wadia and Mr. Gopal Krishna Pillai were paid sitting fees for attending the Meetings.

** Ceases to be Director w.e.f. 4th November, 2014.

Ceases to be Executive Director w.e.f. 20th December, 2014 but continues to be on the Board of Directors of the Company.

- (ii) The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any in the financial year :

Sl.No.	Name of the Director	Ratio of the remuneration to the median remuneration of the employees
1	S. K. Poddar– Chairman*	Nil
2	N. Suresh Krishnan– Managing Director	13 %
3	Akshay Poddar – Executive Director #	Nil
4	Arun Duggal – (Independent Director)**	Nil
5	J. N. Godbole – (Independent Director)*	Nil
6	Marco Wadia – (Independent Director)*	Nil
7	Gopal Krishna Pillai – (Independent Director)*	Nil
8	V. Seshadri – Vice President Finance (CFO)	40%
9	R. Y. Patil – Chief General Manager & Company Secretary	20.51%

* Mr. S. K. Poddar-Chairman, Mr. Arun Duggal, Mr. J.N. Godbole, Mr. Marco Wadia and Mr. Gopal Krishna Pillai were paid sitting fees for attending the Meetings.

** Ceases to be Director w.e.f. 4th November, 2014.

Ceases to be Executive Director w.e.f. 20th December, 2014 but continues to be on the Board of Directors of the Company.

(iii) The percentage increase in the median remuneration of employees in the financial year :

8.51 %

(iv) The number of permanent employees on the rolls of Company :

There are 780 permanent employees on the rolls of the Company.

(v) The explanation on the relationship between average increase in remuneration and Company performance :

Average increase in remuneration	Company performance
8 %	The Company has made a net profit of ₹ 1236.60 lakhs for the year ended 31st March, 2015.

(vi) Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company :

Remuneration of Key Managerial Personnel for the current year	Remuneration of Key Managerial Personnel for the previous year	Comparison	Performance of the Company
₹ 3,14,61,431	₹ 2,62,99,351	The overall remuneration increase was 19.64 %.	The Company has made a net profit of ₹ 1,236.60 lakhs for the year ended 31st March, 2015.

(vii) Variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer.

Particulars	As at 31st March, 2015	As at 31st March, 2014
Market Capitalisation		
BSE	₹ 9,420,150,498	₹ 5,365,416,506
NSE	₹ 9,463,471,930	₹ 5,383,004,188
Price Earnings Ratio		
BSE	76.18	20.51
NSE	76.53	20.58

Note : Percentage increase over decrease in the market quotations of the shares of the Company is not provided as the Company has not come out with any public offer.

(viii) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration :

The percentile increase in salaries of employees other than managerial personnel was on an average of 15%.

There were no exceptional circumstances for increase in managerial remuneration.

(ix) Comparison of the each remuneration of the Key Managerial Personnel against the performance of the Company :

Sl. No	Name	Remuneration of Managerial Personnel for the year ended 31st March, 2015	Key Performance of the Company
1	N. Suresh Krishnan Managing Director	₹ 1,96,15,725	The Company has made a net profit of ₹ 1,236.60 lacs for the year ended 31st March, 2015.
2	V. Seshadri Vice President - Finance (CFO)	₹ 75,90,552	
3	R. Y. Patil Chief General Manager & Company Secretary	₹ 42,55,154	

(x) The key parameters for any variable component of remuneration availed by the directors :

The variable component paid to Managing Director is based on the company's turnover, EBITDA and the profit after tax. No remuneration is paid to other Directors other than sitting fees.

(xi) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year :

None

(xii) The Remuneration paid to Key Managerial Personnel is as per the Remuneration Policy of the Company.

For and on behalf of the Board

Place : Gurgaon
Date : 15th May, 2015

S. K. Poddar
Chairman

ANNEXURE 'J' TO THE DIRECTORS' REPORT

PART - A

**Statement containing salient features of the financial statement of Subsidiaries
(Pursuant to proviso to sub-section (3) of section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)**

₹ in lacs

Sl. No.	Name of the Subsidiary	Reporting Period	Reporting Currency	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investment	Turnover	Profit before taxation	Tax Expenses/ (Credit)	Profit after taxation	Proposed Dividend	% of Shareholding
	Indian Subsidiaries													
1	Zuari Agri Sciences Ltd. (formerly known as Zuari Seeds Ltd.)	2014-15	INR	2,817.42	(2,620.22)	5,380.24	5,183.04	-	4,917.27	(15.36)	11.40	(26.76)	-	100
2	Zuari Fertilisers and Chemicals Ltd.	2014-15	INR	1,535.00	(3,625.97)	27,099.68	29,190.65	10,121.73	-	(2,380.49)	-	(2,380.49)	-	100

Note 1 : Subsidiary which are yet to commence operations- Zuari Fertilisers and Chemicals Ltd.

Note 2 : Subsidiary which have been sold during the year- Nil

PART - B

**Statement containing salient features of the financial statement of Joint Ventures
(Pursuant to proviso to sub-section (3) of section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)**

₹ in lacs

Name of the Joint Ventures		Zuari Rotem Speciality Fertilisers Limited	Zuari Maroc Phosphates Private Limited (Consolidated)	MCA Phosphates Pte. Limited (Consolidated) (Refer Note 1 below)
1	Latest audited Balance Sheet Date	31st March, 2015	31st March, 2015	31st March, 2015
2	Shares of Joint Ventures held by the Company on the year end			
	Number of Shares	34,57,501	1798,16,228	190,35,000
	Amount of Investment in Joint Venture	345.75	17,981.62	10,247.37
	Extend of holding	50.00%	50.00%	30.00%
3	Description of how there is significant influence	Based on the Percentage of Holding in the Joint Venture Company	Based on the Percentage of Holding in the Joint Venture Company	Based on the Percentage of Holding in the Joint Venture Company
4	Reason why the Joint venture is not consolidated	Not Applicable	Not Applicable	Not Applicable
5	Networth attributable to Shareholding as per latest audited Balance Sheet	438.00	60,794.84	10,761.08
6	Profit for the year (Profit after Tax)	143.57	3,480.93	(755.37)
	i. Considered in Consolidation	71.78	1,740.47	(226.61)
	ii. Not Considered in Consolidation	71.78	1,740.47	(528.76)

Note 1 : Financial Statements of MCA Phosphates Pte. Limited for the year ended March, 31, 2015 are unaudited.

Note 2 : Associates or Joint Ventures which are yet to commence operations - Nil

Note 3 : Associates or Joint Ventures which have been sold during the year - Nil

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

Place : Gurgaon
Date : 15th May, 2015

S. K. Poddar
Chairman

Kapil Mehan
Managing Director

Marco Wadia
Director

V. Sheshadri
Vice President - Finance

R. Y. Patil
Chief General Manager
& Company Secretary

INDEPENDENT AUDITOR'S REPORT

To

The Members of Zuari Agro Chemicals Limited

Report on the Financial Statements

We have audited the accompanying standalone financial statements of Zuari Agro Chemicals Limited ("the Company"), which comprise the Balance Sheet as at March, 31, 2015, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March, 31, 2015, its profit, and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

- (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of accounts;
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of written representations received from the directors as on March, 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March, 31, 2015, from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note No.26(a), (e) and (f) to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S. R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration No.301003E

per Anil Gupta

Partner

Membership No: 87921

Place : Gurgaon

Date : May 15, 2015

Annexure referred to in paragraph under the heading 'Report on Other Legal and Regulatory Requirements' of our report of even date

Re: Zuari Agro Chemicals Limited

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets are physically verified by the management in a phased manner over a period of two years and accordingly, part of the fixed assets were physically verified during the year and the discrepancies observed on such verification, as compared to the book records, were not material. In our opinion, the frequency of physical verification is reasonable having regard to the size of the Company and the nature of the assets.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) The Company has granted loans to two companies covered in the register maintained under Section 189 of the Companies Act, 2013. In respect of loan granted, repayment of the principal amount is as stipulated and payment of interest has been regular except in case of a company where payment of interest is not regular.
- (b) There is no overdue amount of loan granted to two companies, firms or other parties listed in the register maintained under Section 189 of the Companies Act, 2013 except interest on loan to a company of ₹ 225.19 lacs, where reasonable steps have been taken by the Company for the recovery of the interest amount.
- (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 and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
- (v) The Company has not accepted any deposit from the public.
- (vi) 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 148(1) of the Companies Act, 2013, related to manufacture of Fertilisers and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues applicable to it.
- (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, value added tax, cess and other material undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax and cess on account of any dispute, are as follows.

Name of the statute	Nature of dues	Amount (₹ in lacs)	Period to which amount relates	Forum where dispute is pending
Service Tax Act	Service tax liability	189.39	2006-07 to 2012-13	CESTAT
Central Sales Tax Act	Demand for non submission of "F form"	120.38	2010-11 to 2012-13	Commercial Tax Department
Rajasthan Value Added Tax Act, 2003	Excess input credit availed	22.33	2011-12	Commercial Tax Department

Name of the statute	Nature of dues	Amount (₹ in lacs)	Period to which amount relates	Forum where dispute is pending
Customs Act, 1962	Demand for differential custom duty	459.12	24.03.2011 to 02.12.2011	CESTAT
			01.04.2001 to 28.02.2006	
			2002-03 to 2003-04	
			2006-07 to 2008-09	
Customs Act, 1962	Demand for differential custom duty	67.37	2006-07 to 2008-09	Commissioner of Customs Appeals
Income Tax Act, 1961	Income tax demand	1550.66	2011-12	Commissioner of Income Tax (Appeals)

- (d) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.
- (viii) 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.
- (ix) 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.
- (x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xii) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

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

per Anil Gupta
Partner
Membership No: 87921

Place : Gurgaon
Date : 15th May, 2015

Balance Sheet as at 31st March, 2015

₹ in lacs

		Notes	31st March, 2015	31st March, 2014
I. EQUITY AND LIABILITIES				
Shareholders' funds				
(a)	Share capital	3	4,205.80	4,205.80
(b)	Reserves and surplus	4	76,130.88	76,359.49
			80,336.68	80,565.29
Non-current liabilities				
(a)	Deferred tax liabilities (Net)	5	2,505.53	1,641.51
(b)	Trade payables	6	18.41	–
(c)	Other non-current liabilities	6	7,123.34	6,236.96
(d)	Long-term provisions	7	45.10	68.73
			9,692.38	7,947.20
Current liabilities				
(a)	Short-term borrowings	8	2,38,201.02	2,61,376.76
(b)	Trade payables	6	93,980.89	58,566.16
(c)	Other Current Liabilities	6	17,176.85	24,879.45
(d)	Short-term provisions	7	3,599.76	4,252.40
			3,52,958.52	3,49,074.77
Total			4,42,987.58	4,37,587.26
II. ASSETS				
Non-current assets				
(a)	Fixed assets			
	i Tangible assets	9	26,470.48	23,477.44
	ii Intangible assets	9(a)	130.04	138.70
	iii Capital work-in-progress		9,781.23	7,829.96
(b)	Non-current investments	10	32,927.34	32,890.19
(c)	Long-term loans and advances	11	37,295.71	8,036.79
(d)	Other non-current assets	12	494.44	711.79
			1,07,099.24	73,084.88
Current assets				
(a)	Inventories	13	55,791.02	55,904.13
(b)	Trade receivables	14	2,65,160.13	2,86,259.85
(c)	Cash and bank balances	15	96.01	183.26
(d)	Short-term loans and advances	11	4,775.21	18,040.11
(e)	Other current assets	12	10,065.97	4,115.04
			3,35,888.34	3,64,502.39
Total			4,42,987.58	4,37,587.26

Summary of significant accounting policies

2.1

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

As per our report of even date

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

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

S. K. Poddar
Chairman

Kapil Mehan
Managing Director

Marco Wadia
Director

per Anil Gupta
Partner
Membership No: 87921

V. Seshadri
Vice President – Finance

R. Y. Patil
Chief General Manager
& Company Secretary

Place : Gurgaon
Date : 15th May, 2015

Place : Gurgaon
Date : 15th May, 2015

Statement of Profit and Loss for the year ended 31st March, 2015

₹ in lacs

	Notes	31st March, 2015	31st March, 2014
I. Income			
(a) Revenue from operations (gross)	16	5,52,374.81	5,18,858.72
Less : excise duty		1,613.67	1,268.98
(b) Revenue from operations (net)		5,50,761.14	5,17,589.74
(c) Other income	17	4,869.81	4,396.52
Total Revenue		5,55,630.95	5,21,986.26
II. Expenses			
(a) Cost of raw materials consumed	18	2,73,995.30	2,35,863.82
(b) Purchase of traded goods	19	1,50,523.32	1,78,389.20
(c) (Increase)/Decrease in inventories of finished goods, work-in-progress and traded goods	20	3,661.12	(12,807.07)
(d) Employee benefits expense	21	8,248.18	7,769.79
(e) Depreciation and amortization expense	23	1,786.82	2,069.67
(f) Finance costs	24	23,280.20	26,046.69
(g) Other expenses	22	92,063.39	90,788.75
(h) Exceptional items	25	–	(8,204.33)
Total Expenses		5,53,558.33	5,19,916.52
III. Profit before tax		2,072.62	2,069.74
IV. Tax expenses			
(a) Current income tax		429.69	404.54
(b) MAT Credit		(429.69)	(143.75)
(c) Income Tax credit of earlier years		(260.79)	(1,278.42)
(d) Deferred tax charge		1,096.81	473.33
Total tax expense/(credit)		836.02	(544.30)
Profit for the year (III–IV)		1,236.60	2,614.04
Basic			
Earnings per equity share [nominal value of share ₹ 10/- (31st March, 2014 – ₹ 10/-)]	39	₹ 2.94	₹ 6.22
Diluted			
Earnings per equity share [nominal value of share ₹ 10/- (31st March, 2014 – ₹ 10/-)]		₹ 2.94	₹ 6.22

Summary of significant accounting policies

2.1

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

As per our report of even date

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

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

S. K. Poddar
Chairman

Kapil Mehan
Managing Director

Marco Wadia
Director

per Anil Gupta
Partner
Membership No: 87921

V. Seshadri
Vice President – Finance

R. Y. Patil
Chief General Manager
& Company Secretary

Place : Gurgaon
Date : 15th May, 2015

Place : Gurgaon
Date : 15th May, 2015

Cash Flow Statement for the year ended 31st March, 2015

₹ in lacs

Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014
A. Cash flow from operating activities: ***		
Profit / (loss) before tax	2,072.62	2,069.74
Adjustment to reconcile profit before tax to net cash flows		
Depreciation / amortisation	1,786.82	2,069.67
(Gain)/Loss on fixed assets sold / discarded (net)	(361.99)	96.61
Loss / (Profit) on sale of current investments	–	(1.18)
Excess Provision / Unclaimed Liabilities / unclaimed balances written back	(153.36)	(170.48)
Unrealized foreign exchange fluctuation loss	97.32	234.40
Interest expense	16,169.57	16,393.58
Interest income	(3,124.62)	(1,638.01)
Dividend income	(42.07)	(42.78)
Exceptional Items– Profit on sale of fixed assets	–	(16,353.19)
	14,371.67	588.62
Operating profit before working capital changes	16,444.29	2,658.36
Movements in working capital :		
Increase in trade payables	35,375.01	11,023.89
(Decrease) in provisions	(172.13)	(329.81)
Increase / (Decrease) in other current liabilities	(7,576.35)	17,540.86
Decrease in trade receivables	21,099.72	10,029.85
Decrease in Inventories	113.11	2,208.99
Decrease / (increase) in loans and advances	4,138.09	(5,892.78)
(Increase) in other current assets	(4,686.96)	(1,033.46)
	48,290.49	33,547.54
Cash generated from operations	64,734.78	36,205.91
Direct Tax paid (net of refunds)	(803.38)	(460.59)
Net cash flow from operating activities (A)	63,931.40	35,745.32
B. Cash flow from investing activities:		
Purchase of fixed assets, including intangible assets, CWIP and capital advances	(7,418.15)	(7,263.85)
Proceeds from sale of fixed assets	493.36	16,481.26
Purchase of non-current investments	(11,957.15)	(2,685.22)
Purchase of current investments	(38,442.07)	(51,542.78)
Proceeds from sale/ maturity of current investments	38,442.07	51,543.96
Interest received	2,078.02	1,723.04
Dividend received	42.07	42.78
Loans/ICD given to bodies corporate **	(8,426.00)	(12,266.00)
Loans/ICD given to bodies corporate received back **	1,455.00	800.00
Net cash flow (used in) investing activities (B)	(23,732.85)	(3,166.81)

Cash Flow Statement for the year ended 31st March, 2015

₹ in lacs

Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014
C. Cash flow from financing activities:		
Proceeds from/ repayment of short term borrowings	(35,568.94)	(12,613.94)
Proceeds from Buyer's Credit	2,23,511.79	2,63,491.78
Repayment of Buyer's Credit	(2,11,118.60)	(2,80,882.09)
Dividend paid on equity shares	(1,256.74)	(1,256.84)
Tax on equity dividend paid	(214.43)	(214.43)
Interest paid	(15,638.88)	(16,594.95)
Net cash flow (used in) in financing activities (C)	(40,285.80)	(48,070.47)
Net (decrease) / In cash and cash equivalents (A + B + C)	(87.25)	(15,491.96)
Cash and cash equivalents (Opening)	183.26	15,675.22
Cash and cash equivalents (Closing)	96.01	183.26

Notes :

Previous years figures have been regrouped wherever necessary to confirm to current year classification.

** During previous year purchase of investments in subsidiaries were considered as non cash transactions as inter-corporate deposits had been converted into equity shares aggregating to ₹ 1,305 lacs and loan had been converted into preference shares aggregating to ₹ 750 lacs.

*** Cash Flow from operating activities for the March, 31, 2015 is after considering Corporate Social Responsibility Expenditure of ₹ 9.64 lacs

	As at 31st March,2015	As at 31st March,2014
CASH AND CASH EQUIVALENTS		
Cash on hand	1.51	0.85
Cheques/drafts on hand	66.28	46.41
with banks		
– on current accounts	13.60	126.38
– unpaid dividend accounts*	14.62	9.62
Total cash and cash equivalents	96.01	183.26

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

As per our report of even date

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

per Anil Gupta
Partner
Membership No: 87921

Place : Gurgaon
Date : 15th May, 2015

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

S. K. Poddar
Chairman

V. Seshadri
Vice President – Finance

Place : Gurgaon
Date : 15th May, 2015

Kapil Mehan
Managing Director

R. Y. Patil
Chief General Manager
& Company Secretary

Marco Wadia
Director

Notes to financial statements for the year ended 31st March, 2015

1. Corporate Information

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

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

2. Basis for preparation

The financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under Section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rule 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies have been consistently applied by the Company and are consistent with those used in previous year, except for the change in accounting policy explained below.

2.1 Summary of Significant Accounting Policies

i. Change in accounting policy

A. Depreciation on Fixed Assets

Till the year ended 31st March, 2014, Schedule XIV to the Companies Act, 1956, prescribed requirements concerning depreciation of fixed assets. From the current year, Schedule XIV has been replaced by Schedule II to the Companies Act, 2013. The applicability of Schedule II has resulted in the following changes related to depreciation of fixed assets. Unless stated otherwise, the impact mentioned for the current year is likely to hold good for future years also.

a. Useful lives/ depreciation rates

Till the year ended 31st March, 2014, depreciation rates prescribed under Schedule XIV were treated as minimum rates and the Company was not allowed to charge depreciation at lower rates even if such lower rates were justified by the estimated useful life of the asset. Schedule II to the Companies Act, 2013 prescribes useful lives for fixed assets which, in many cases, are different from lives prescribed under the erstwhile Schedule XIV. However, Schedule II allows companies to use higher/ lower useful lives and residual values if such useful lives and residual values can be technically supported and justification for difference is disclosed in the financial statements.

Considering the applicability of Schedule II, the management has re-estimated useful lives and residual values of all its fixed assets. As per the transition provision, the Company has adjusted ₹ 452.81 lacs (Previous year ₹ Nil) [net of deferred tax of ₹ 232.79 lacs (Previous year ₹ Nil)] with the opening balance of retained earnings. Had the Company continued to follow the earlier useful life, the depreciation expense for the year ended March, 31, 2015 would have been higher by ₹ 581.99 lacs (Previous year ₹ Nil), Profit before tax would have been lower by ₹ 581.99 lacs for the year ended March, 31, 2015 (Previous year ₹ Nil).

ii. Basis of classification of Current and Non Current

Assets and Liabilities in the balance sheet have been classified as either current or non-current based upon the requirements of Schedule III notified under the Companies Act, 2013.

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

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

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

Notes to financial statements for the year ended 31st March, 2015

iii. Use of Estimates

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

iv. Fixed Assets

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

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

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

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

v. Depreciation

- a. Depreciation on tangible fixed assets (other than specific asset referred under Para b and c below) is provided using the Straight Line Method as per the useful lives of the assets as estimated by the management, which are equal to the rates prescribed under Schedule II of the Companies Act, 2013. For this purpose, a major portion of the plant has been considered as continuous process plant.
- b. Insurance/Machinery spares are depreciated prospectively over the estimated remaining useful lives of the respective mother assets.
- c. Fixed assets whose value is less than ₹ 5,000/- are depreciated fully in the year of purchase.

vi. Intangible Assets

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

vii. Impairment of Tangible and Intangible Assets

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

viii. Inventories

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

The Cost is determined as follows:

- (a) Stores and spares, Fuel oil, Raw Materials and Packing Materials : Moving weighted average method
- (b) Work-in-process: Material cost on moving weighted average method and appropriate manufacturing overheads based on normal operating capacity

Notes to financial statements for the year ended 31st March, 2015

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

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

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

ix. Investments

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

x. Retirement and other Employee Benefits

a) Provident Fund and Family Pension Fund

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

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

b) Gratuity

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

c) Leave Encashment

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

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

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

Notes to financial statements for the year ended 31st March, 2015

d) Superannuation and Contributory Pension Fund

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

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

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

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

c. Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting 's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise except in case of long term foreign currency monetary items for acquisition of a depreciable capital asset, which are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset.

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

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

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

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

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

Notes to financial statements for the year ended 31st March, 2015

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

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

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

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

xiii. Borrowing costs

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

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

xiv. Operating Leases

Where the Company is the lessee

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

xv. Income Taxes

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

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

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

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

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

Notes to financial statements for the year ended 31st March, 2015

obligation at the balance sheet date. These are reviewed at each balance sheet date and are adjusted to reflect the current best estimates.

xvii. Earnings per Share

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

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

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

xix. Cash and Cash equivalents

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

xx. Government grants and subsidies

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

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

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

xxi. Contingent Liabilities

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

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Notes to financial statements for the year ended 31st March, 2015

3. Share Capital

₹ in lacs

Particulars	31st March, 2015	31st March, 2014
Authorised :		
6,50,00,000 (31st March, 2014:: 4,20,58,006) Equity Shares of ₹10/- Each	6,500.00	4,205.80
	6,500.00	4,205.80
Issued *		
4,20,58,006 (31st March, 2014:: 4,20,58,006) Equity Shares of ₹ 10/- Each Fully paid.	4,205.80	4,205.80
Subscribed and Paid-up *		
4,20,58,006 (31st March, 2014:: 4,20,58,006) Equity Shares of ₹ 10/- Each Fully paid	4,205.80	4,205.80
Total	4,205.80	4,205.80

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

Equity Shares	31st March, 2015		31st March, 2014	
	In Numbers	₹ in lacs	In Numbers	₹ in lacs
At the beginning of the year	420,58,006	4,205.80	420,58,006	4,205.80
Issued during the year	-	-	-	-
Outstanding at the end of the year	420,58,006	4,205.80	420,58,006	4,205.80

b. Terms / Rights attached to equity Shares

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

During the year 31st March, 2015, the amount of per share dividend recognised for distribution to equity share holders was ₹ 2/- per share, subject to approval of shareholders (31st March, 2014:: ₹ 3/-)

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

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

Name of Shareholder	31st March, 2015		As at 31st March, 2014	
	No. of Shares held	% Holding in Class	No. of Shares held	% Holding in Class
Zuari Global Limited	84,11,601	20.00	84,11,601	20.00
SIL Investments Limited	32,08,000	7.63	32,08,000	7.63
Texmaco Infrastructure & Holdings Limited	30,00,125	7.13	30,00,125	7.13
Globalware Trading and Holdings Limited	70,12,000	16.67	70,12,000	16.67
Zuari Management Services Limited	50,78,909	12.08	50,78,909	12.08

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

Notes to financial statements for the year ended 31st March, 2015

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

Equity Shares	31st March, 2015		31st March, 2014	
	in Numbers	₹ in lacs	in Numbers	₹ in lacs
Equity shares allotted as fully paid-up pursuant to the Scheme of Arrangement and Demerger for consideration other than cash	294,40,604	2,944.06	294,40,604	2,944.06

* Pursuant to the Scheme of Arrangement and Demerger ("the Scheme") between Zuari Agro Chemicals Limited and Zuari Global Limited, Zuari Agro Chemicals Limited had issued 29,440,604 equity shares of ₹ 10/- each aggregating to ₹ 2944.06 to the existing shareholders of Zuari Global Limited in the ratio of 1 fully paid up Equity share of ₹ 10/- each of Zuari Agro Chemicals Limited during the financial year ending 31st March, 2013. Out of the above shares issued pursuant to the Scheme, 8,051 (previous year 8,051) Equity Shares entitlements have been kept in abeyance pursuant to Section 206A of the Companies Act, 1956 in accordance with instructions from the Special Court (Trial of Offences relating to Transactions in Securities) Act, 1992 and in respect of shareholders who could not exercise their rights in view of disputes, mistakes, discrepancy in holdings, etc.

4. Reserves and Surplus

₹ in lacs

Particulars	31st March, 2015	31st March, 2014
Business Restructuring Reserve *		
Balance as per last financial statements	65,404.84	65,404.84
Closing Balance	65,404.84	65,404.84
General Reserve		
Balance as per last financial statements	6,000.00	5,500.00
Add: Amount transferred from surplus balance in the statement of profit and loss	150.00	500.00
Closing Balance	6,150.00	6,000.00
Surplus in the statement of profit and loss		
Balance as per last financial statements	4,954.65	4,316.78
Charged to Opening Retained earnings due to implementation of Schedule II of the Companies Act, 2013 (net of deferred tax reversal of ₹ 232.79 lacs)	(452.81)	-
Net profit for the year	1,236.60	2,614.04
Less : Appropriations		
Proposed final equity dividends: ₹ 2/- per equity share (31st March, 2014: ₹ 3/- Per Equity Share)	841.16	1,261.74
Tax on proposed equity dividend	171.24	214.43
Transfer to general reserve	150.00	500.00
Total appropriations	1,162.40	1,976.17
Net surplus in the statement of profit and loss	4,576.04	4,954.65
Total reserves and surplus	76,130.88	76,359.49

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

Notes to financial statements for the year ended 31st March, 2015

5. Deferred tax liabilities (Net)

₹ in lacs

Particulars	31st March, 2015	31st March, 2014
Deferred tax liabilities		
Fixed assets Impact of difference between tax depreciation and depreciation/ amortisation charged for the financial reporting	4,187.47	3,293.22
Gross deferred tax liabilities	4,187.47	3,293.22
Deferred tax assets		
Provision for doubtful debts	16.37	16.08
Expenses allowable in Income tax on payment basis and deposition of Statutory dues	1,382.25	1,635.63
Unabsorbed Depreciation	283.32	–
Gross deferred tax assets	1,681.94	1,651.71
Net deferred tax liabilities	2,505.53	1,641.51

6. Trade Payables and Other Liabilities

₹ in lacs

Particulars	Non Current		Current	
	31st March, 2015	31st March, 2014	31st March, 2015	31st March, 2014
Trade payables (Including acceptance) (refer note.43 for details of dues to Micro and Small Enterprises)	18.41	–	93,980.89	58,566.16
	18.41	–	93,980.89	58,566.16
Other Liabilities				
Trade deposits – dealers and others	7,123.34	6,236.96	–	–
Unclaimed statutory liabilities to be credited to Investor Education and Protection Fund as and when due				
– Unclaimed dividends	–	–	14.62	9.62
Interest accrued but not due on loans and deposits	–	–	714.70	184.01
Forward cover payable	–	–	3,836.60	9,090.67
Advances from dealers and others	–	–	7,262.38	10,576.04
Payables towards capital goods	–	–	757.98	423.36
Employee benefit payable	–	–	14.87	0.93
Statutory obligations	–	–	4,575.70	4,594.82
	7,123.34	6,236.96	17,176.85	24,879.45
Total	7,141.75	6,236.96	1,11,157.74	83,445.61

Notes to financial statements for the year ended 31st March, 2015

7. Provisions

₹ in lacs

Particulars	Long-term		Short-term	
	31st March, 2015	31st March, 2014	31st March, 2015	31st March, 2014
Provision for employee benefits				
Gratuity (funded) [Refer note 42 (A)]	–	–	114.49	–
Provision for voluntary retirement scheme	45.10	68.73	22.83	35.57
Leave encashment (unfunded)	–	–	2,335.07	2,694.65
	45.10	68.73	2,472.39	2,730.22
Others provisions				
Provision for current tax (net of advance tax)	–	–	–	40.36
Provision for wealth tax	–	–	114.97	5.65
Provision for proposed equity dividend	–	–	841.16	1,261.74
Provision for tax on proposed equity dividend	–	–	171.24	214.43
	–	–	1,127.37	1,522.18
Total	45.10	68.73	3,599.76	4,252.40

8. Short term borrowings

₹ in lacs

Particulars		31st March, 2015	31st March, 2014
From Banks			
Secured			
a	Cash credit (including working capital demand loans) # (The rate of interest on cash credit varies according to the banks between 11.20% – 13.50% and are repayable on demand, the rate of interest on working capital demand loans varies between 10.00% – 10.90% and are repayable over a period of 60 to 90 days)	68,912.43	67,648.03
b	Buyers credit # (The rate of Interest on buyers credit varies between 0.55% – 0.95% and are repayable over a period of 90 – 180 days)	1,04,288.59	91,895.40
c	Short term loans		
	(i) 10.90% (31st March, 2014: 11.25%) bridge loan to be secured against subsidy receivable to the extent of Loan availed, repayable at the end of 60th day from the date of availment	30,000.00	30,000.00
	(ii) Nil (31st March, 2014: 10.40%) [including Nil (31st March, 2014: 8.00%) paid directly by Government of India to the bank] secured against subsidy receivable of equal amount from GOI, Ministry of Chemicals and Fertilizer under Special Banking Arrangement	–	51,833.33

Notes to financial statements for the year ended 31st March, 2015

₹ in lacs

Particulars		31st March, 2015	31st March, 2014
		2,03,201.02	2,41,376.76
Unsecured			
a	Short term loans		
	Working capital demand loans (The rate of Interest on loans varies between 11.00 % – 11.25% and are repayable over a period of 30 to 90 days)	35,000.00	20,000.00
		35,000.00	20,000.00
	Total	2,38,201.02	2,61,376.76

The cash credit (including working capital demand loans) and buyers credit are secured by the first charge by way of hypothecation on the current assets (excluding assets against which specific loans have been availed), both present and future, wherever situated pertaining to the Company and the Company's present and future book debts outstanding, moneys receivable, claims, bills, contracts, engagements, rights and assets.

9. Tangible assets

₹ in lacs

Particulars	Freehold Land	Buildings	Railway Siding	Plant & machinery	Furniture & fixtures	Office equipment	Vehicles	Total
Cost								
As at 01.04.2013	93.52	2,460.76	1,500.59	40,160.03	657.00	1,386.83	739.35	46,998.08
Additions*	–	741.94	–	5,882.98	18.06	305.41	–	6,948.39
Disposals	20.58	0.40	–	882.38	8.54	8.55	120.03	1,040.47
As at 31.03.2014	72.94	3,202.30	1,500.59	45,160.63	666.51	1,683.69	619.32	52,905.99
Additions	–	391.96	151.66	4,500.27	87.82	174.88	176.26	5,482.85
Disposals	–	0.38	–	981.35	14.17	128.07	113.42	1,237.39
As at 31.03.2015	72.94	3,593.89	1,652.25	48,679.55	740.16	1,730.50	682.16	57,151.46
Depreciation								
As at 01.04.2013	–	1,180.25	1,045.38	24,419.40	343.36	972.42	219.97	28,180.78
Charge for the year	–	76.89	71.72	1,755.39	31.26	65.93	62.39	2,063.57
Deductions	–	0.11	–	743.88	4.58	7.02	60.19	815.79
As at 31.03.2014	–	1,257.03	1,117.10	25,430.91	370.03	1,031.32	222.17	29,428.56
Charge for the year	–	71.14	24.65	1,247.40	56.31	174.46	99.63	1,673.59
Charged to Reserves due to implementation of Schedule II of the Companies Act 2013	–	125.05	127.29	295.58	7.83	129.10	–	684.85
Deductions	–	0.38	–	909.90	9.08	125.84	60.81	1,106.01
As at 31.03.2015	–	1,452.84	1,269.04	26,063.99	425.09	1,209.05	261.00	30,680.98
Net block								
As at 31.03.2015	72.94	2,141.04	383.21	22,615.56	315.07	521.45	421.16	26,470.48
As at 31.03.2014	72.94	1,945.27	383.49	19,729.72	296.48	652.37	397.15	23,477.44

Notes to financial statements for the year ended 31st March, 2015

* Additions to building during the year Nil (31st March, 2014 :: ₹ 17.50 lacs) constructed / erected on rented land.

9 (a) Intangible assets

₹ in lacs

Particulars	Software	Total
Gross block		
As at 31.03.2013	785.91	785.91
Additions	143.91	143.91
Disposals	–	–
As at 31.03.2014	929.82	929.82
Additions	104.57	104.57
Disposals	–	–
As at 31.03.2015	1,034.39	1,034.39
Amortization		
As at 31.03.2013	785.01	785.01
Charge for the year	6.10	6.10
Disposals	–	–
As at 31.03.2014	791.11	791.11
Charge for the year	113.23	113.23
Deductions	–	–
As at 31.03.2015	904.35	904.35
Net block		
As at 31.03.2015	130.04	130.04
As at 31.03.2014	138.70	138.70

10. Investments

₹ in lacs

Particulars	31st March, 2015	31st March, 2014
Non-Current Investments		
Trade Investments (valued at cost, unless stated otherwise)		
Unquoted equity instruments		
Investment in subsidiaries		
2,06,74,162 (31st March, 2014:: 2,06,74,162) Equity shares of ₹ 10/- each fully paid-up of Zuari Agri Sciences Limited (formerly known as Zuari Seeds Limited)	2,067.60	2,067.60
1,53,50,000 (31st March, 2014:: 1,53,50,000) Equity shares of ₹ 10/- each fully paid-up of Zuari Fertilisers and Chemicals Limited	1,535.00	1,535.00
Investment in Joint Ventures		
17,98,16,228 (31st March, 2014:: 17,98,16,228) Equity shares of ₹ 10/- each fully paid-up of Zuari Maroc Phosphates Private Limited (Formerly known as Zuari Maroc Phosphates Limited)	17,981.62	17,981.62
34,57,501 (31st March, 2014:: 34,57,501) Equity shares of ₹ 10/- each fully paid-up of Zuari Rotem Speciality Fertilizers Limited	345.75	345.75

Notes to financial statements for the year ended 31st March, 2015

₹ in lacs

Particulars	31st March, 2015	31st March, 2014
1,90,35,000 (31st March, 2014:: 1,89,75,000) Equity shares of USD 1/- each fully paid of MCA Phosphate Pte. Limited	10,247.37	10,210.22
Unquoted preference shares		
Investment in subsidiaries		
75,00,000 (31st March, 2014:: 75,00,000) 12% Redeemable preference shares of ₹ 10/- each fully paid-up of Zuari Agri Sciences Limited (formerly known as Zuari Seeds Limited).	750.00	750.00
Total	32,927.34	32,890.19
Aggregate Amount of unquoted Investments	32,927.34	32,890.19
Total	32,927.34	32,890.19

- (a) The Company has invested a sum of ₹ 2,067.60 lacs (31st March, 2014 :: ₹ 2067.60 lacs) in the equity shares and ₹ 750.00 lacs (31st March, 2014 :: ₹ 750.00 lacs) in Preference shares of Zuari Agri Sciences Limited (formerly known as Zuari Seeds Limited). Further, the Company has receivables of ₹ 843.60 lacs (31st March, 2014 :: ₹ 854.28 lacs) by way of loans, interest and trade advances. The Company has promised to provide continuous financial support. The said preference shares shall be redeemable on the expiry of ten years from the date of allotment with an option to the company / preference shareholders to redeem the same any time earlier. In the event of liquidation of the company, the holders of preference shares will have priority over equity shares in the payment of dividend and repayment of capital. As per the latest audited financial statements of this subsidiary, accumulated losses of this subsidiary has resulted in erosion of its net worth substantially. The above being in the nature of long term strategic investment and also in view of the projected profitable operations of the above company, management is of the view that the provision for diminution in the value of these investments is not required to be made there against.
- (b) The Company has invested a sum of ₹ 1,535.00 lacs (31st March, 2014 :: ₹ 1,535.00 lacs) in the equity shares of Zuari Fertilisers and Chemicals Limited (ZFCL). The net worth of the subsidiary company (ZFCL) is fully eroded as its accumulated loss as at the reporting date stands at ₹ 3,625.97 lacs as against the shareholders' fund of ₹ 1,535.00 lacs. The subsidiary company (ZFCL) has also incurred net loss of ₹ 2,380.49 lacs during the year. Further, based on the future profitability projections, the management of the said subsidiary (ZFCL) is hopeful that the company would be in a position to generate positive cash flows and profits in the near future. Considering the above, the financial statements of the subsidiary have been drawn up on going concern assumption, which is appropriate in the opinion of the management of the subsidiary (ZFCL).
- (c) The Company has invested in the equity shares of Zuari Rotem Speciality Fertilizers Limited. After the lock-in period which got over on November 2012, the Company may transfer its shares only after the joint venturer has been granted the right of first refusal.
- (d) The Company had invested ₹ 37.15 lacs in the equity shares of MCA Phosphate Pte.Limited by acquisition of 60,000 fully paid equity shares of USD 1/- each in the current year.
- (e) The Company had converted intercorporate deposit of ₹ Nil (31st March, 2014 ₹ 750 lacs) given to its subsidiary Zuari Agri Sciences Limited (formerly known as Zuari Seeds Limited) into Nil (31st March, 2014 75 lacs) preference shares of ₹ 10 each.
- (f) The Company had converted intercorporate deposit of ₹ Nil (31st March, 2014 ₹ 1305 lacs given to its subsidiary Zuari Fertilisers and Chemicals Limited into Nil (31st March, 2014 130.5 lacs) equity shares of ₹ 10 each.

11. Loans and Advances

₹ in lacs

Particulars	Non Current		Current	
	31st March, 2015	31st March, 2014	31st March, 2015	31st March, 2014
Capital advances				
Unsecured, considered good				

Notes to financial statements for the year ended 31st March, 2015

₹ in lacs

Particulars	Non Current		Current	
	31st March, 2015	31st March, 2014	31st March, 2015	31st March, 2014
Related Parties (Refer note 38)	692.05		–	–
Others	763.29	1,242.00	–	–
	1,455.34	1,242.00	–	–
Security deposits				
Unsecured, considered good	308.51	339.42	91.38	33.42
	308.51	339.42	91.38	33.42
Loans and advances to related parties (Refer Note 38)				
Unsecured, considered good	31,494.25	2,975.00	3,006.63	15,314.59
	31,494.25	2,975.00	3,006.63	15,314.59
Advances recoverable in Cash or Kind				
Unsecured, considered good	1,098.27	1,500.00	1,188.35	2,120.82
	1,098.27	1,500.00	1,188.35	2,120.82
Other Loans and Advances				
Secured, considered good				
Loans to employees (secured)	41.95	64.29	18.83	26.83
Unsecured, considered good				
Loans to employees	126.91	170.09	36.81	47.84
Prepaid expenses	0.68	–	298.16	370.84
Advance income tax (net of provision for income tax)	1,932.66	1,602.24	–	–
VAT credit receivable	–	–	123.05	121.92
MAT credit entitlement	837.14	143.75	–	–
Balances with customs, port trust and excise authorities	–	–	12.00	3.85
	2,939.34	1,980.37	488.85	571.28
Total	37,295.71	8,036.79	4,775.21	18,040.11
Loans to employees include				
Due from Managing Director of the Company	13.20	18.00	4.80	4.80

- (i) The Company has till date recognised ₹ 837.14 lacs (Previous year ₹ 143.75 lacs) as Minimum Alternate Tax (MAT) credit entitlement which represents that portion of the MAT Liability, the credit of which would be available based on the provision of Section 115JAA of the Income Tax Act, 1961. The management based on the future profitability projections and also profit earned during the year is confident that there would be sufficient taxable profits in future which will enable the Company to utilize the above MAT credit entitlement.

Notes to financial statements for the year ended 31st March, 2015

(ii) Provision for Tax

₹ in lacs

Particulars	31st March, 2015	31st March, 2014
Provision for Tax	429.69	404.54
Less : MAT credit entitlement	429.69	143.75
Total	–	260.79

12. Other Assets

₹ in lacs

Particulars	Non Current		Current	
	31st March, 2015	31st March, 2014	31st March, 2015	31st March, 2014
Interest accrued on loans, advances and deposits	0.20	0.02	6.81	6.92
Interest receivable from subsidiaries on loans	–	–	225.19	259.98
Interest receivable from customers	–	–	2,046.25	946.63
Interest accrued on loans to employees	88.89	104.18	14.02	17.02
Claim receivable	–	–	4,156.42	411.81
Claim for Entry Tax receivable	–	–	760.46	–
Accrued service income				
– From related parties (Refer Note 38)	404.50	606.74	202.25	202.25
– Others	–	–	–	46.53
Unamortised Premium on forward contracts*	–	–	2,654.57	2,223.90
	493.59	710.94	10,065.97	4,115.04
Non current bank balances	0.85	0.85	–	–
	0.85	0.85	–	–
Total	494.44	711.79	10,065.97	4,115.04

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

Interest accrued on employee's loan include amount due from officers of the Company ₹ 9.14 lacs [(including ₹ 8.76 lacs from the Managing Director of the Company (31st March, 2014 :: ₹ 7.42 lacs)],(31st March, 2014 :: ₹ 9.48 lacs).

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

₹ in lacs

Particulars	31st March, 2015	31st March, 2014
Raw materials [includes material in transit ₹ 7,485.74 lacs and includes material lying with others ₹ Nil) (31st March, 2014 :: includes in transit ₹ 4628.20 lacs and lying with others ₹ Nil)]	18,661.10	9,047.54
Packing materials [includes material lying with others ₹ 60.61 lacs (31st March, 2014:: ₹ 81.31 lacs)	458.03	590.05
Work-in-progress	2,762.76	2,526.99

Notes to financial statements for the year ended 31st March, 2015

₹ in lacs

Particulars	31st March, 2015	31st March, 2014
Finished goods [(includes material lying with others ₹ Nil (31st March, 2014 :: ₹ 168.59 lacs)]	6,917.94	6,881.81
Traded goods [includes material in transit ₹ 15,425.20 lacs and includes material lying with others ₹ 338.80 lacs (31st March, 2014 :: includes material in transit ₹ 5746.18 lacs and includes material lying with others ₹ 728.41 lacs)]	22,474.03	31,552.82
Fuel Oil	247.31	347.47
Stores and spares	4,269.85	4,957.45
Total	55,791.02	55,904.13

14. Trade receivables

₹ in lacs

Particulars	Current	
	31st March, 2015	31st March, 2014
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Secured, considered good	677.88	718.12
Unsecured, considered good [(including subsidy receivable ₹ 5,856.77 lacs (31st March, 2014:: ₹ 23,379.77 lacs)]	11,792.90	38,722.00
Unsecured, considered doubtful	47.31	47.31
	12,518.09	39,487.43
Less : Provision for doubtful debts	47.31	47.31
(A)	12,470.78	39,440.12
Other receivables		
Secured, considered good	3,115.52	3,511.20
Unsecured, considered good [(including subsidy receivable ₹ 1,91,138.07 lacs (31st March, 2014:: ₹ 1,84,768.39 lacs)]	2,49,573.83	2,43,308.53
(B)	2,52,689.35	2,46,819.73
Total	2,65,160.13	2,86,259.85

15. Cash and bank balances

₹ in lacs

Particulars	Non Current		Current	
	31st March, 2015	31st March, 2014	31st March, 2015	31st March, 2014
Cash and cash equivalents				
a. Balances with banks				
– On Current accounts	–	–	13.60	126.38
– On Unpaid dividend accounts	–	–	14.62	9.62
b. Cash on hand	–	–	1.51	0.85
c. Cheque on hand	–	–	66.28	46.41
	–	–	96.01	183.26

Notes to financial statements for the year ended 31st March, 2015

₹ in lacs

Particulars	Non Current		Current	
	31st March, 2015	31st March, 2014	31st March, 2015	31st March, 2014
Other bank balances				
Deposits with original maturity for more than 12 months (pledged with sales tax authorities ₹ 0.85 lac 31st March, 2014 :: ₹ 0.85 lac)	0.85	0.85	–	–
Total	0.85	0.85	–	–
Amount disclosed under non current assets	(0.85)	(0.85)	–	–
Total	–	–	96.01	183.26

16. Revenue from operations

₹ in lacs

Particulars	31st March, 2015	31st March, 2014
Revenue from operations		
Sale of products*		
Finished products	3,73,021.96	3,40,169.09
Traded products	1,79,135.26	1,78,521.19
Other operating revenues		
Scrap sales	217.59	168.45
Revenue from operations (gross)	5,52,374.81	5,18,858.72
Less : Excise duty	1,613.67	1,268.98
Revenue from operations (net)	5,50,761.14	5,17,589.74
Details of products sold		
Finished Products sold:		
Urea	1,56,878.10	1,76,263.71
Complex fertilisers of the grades:		
18:46:0	56,031.55	17,011.54
10:26:26	1,20,524.56	95,296.77
12:32:16	13,568.91	17,497.02
19:19:19	25,350.45	29,015.55
20:20:0:13	17.32	2,264.69
CO2	–	21.48
SSP	651.07	2,798.32
	3,73,021.96	3,40,169.08
Traded Products sold:		
MOP	79,140.30	53,057.20

Notes to financial statements for the year ended 31st March, 2015

₹ in lacs

Particulars	31st March, 2015	31st March, 2014
DAP	77,919.84	96,838.40
SSP	254.11	816.31
Complex Fertilisers	(47.67)	5,476.57
Speciality Fertilisers	9,705.01	9,236.57
Pesticides	10,476.88	5,732.23
Seeds	398.79	656.66
Ammonia	-	1,196.81
Phosphoric Acid	1,288.00	5,510.44
Total	1,79,135.26	1,78,521.19

- a. Sales of Finished Product and Traded Products include government subsidies. Subsidies include ₹ 513.92 lacs (31st March, 2014 :: ₹ 203.26 lacs) in respect of earlier years, notified during the year.
- b. Subsidy for Urea has been accounted based on Stage III parameters of the New Pricing Scheme and other adjustments as estimated in accordance with the known Policy parameters in this regard. The stage III of New Pricing Scheme which was operational for the period 1st October, 2006 to 31st March, 2010 was extended on provisional basis. Department of Fertilisers have notified on 2nd April, 2014, modified NPS-III for existing urea units for a period of one year ending March, 2015.
- c. Excise duty on sales amounting to ₹ 1,613.67 lacs (31st March, 2014 :: ₹ 1,268.98 lacs) has been reduced from sales in statement of profit and loss and excise duty on increase / decrease in stock amounting to (₹ 4.38 lacs) (31 March, 2014 :: ₹ 28.80 lacs) has been considered as other expense in financial statements.

17. Other income

₹ in lacs

Particulars	31st March, 2015	31st March, 2014
Interest Income on		
Bank deposits	4.33	0.07
Intercompany loans	1,922.14	1,625.91
Overdue debtors, employee loans etc.	1,198.15	12.03
Dividend Income on		
Current investments	42.07	42.78
Rent received	8.78	7.66
Service Income - staff deployment and other supports	166.45	1,937.36
Excess provision / unclaimed liabilities / unclaimed balances written back	153.36	170.48
Profit on sale of current investments	-	1.18
Profit on disposal of fixed assets (net)	361.99	-
Foreign exchange variation (net)	740.60	-
Miscellaneous income	271.94	599.05
Total	4,869.81	4,396.52

Notes to financial statements for the year ended 31st March, 2015

18. Cost of raw materials consumed :

₹ in lacs

Particulars	31st March, 2015	31st March, 2014
Opening Stocks	9,047.54	22,454.72
Add : Purchases	2,78,463.09	2,22,456.64
Add: Transfer of Stock for captive consumption	5,145.77	–
Less: Inventory at the end of the year	18,661.10	9,047.54
Cost of raw materials consumed	2,73,995.30	2,35,863.82
Details of raw materials consumed		
Natural Gas	1,00,092.47	94,895.40
Naphtha	–	9,900.33
Phosphoric acid	91,007.03	59,355.31
Muriate of potash	39,373.19	41,090.88
Ammonia	31,492.46	21,330.64
Purchased urea	5,590.18	6,403.94
DAP	5,190.83	–
Rock phosphate	0.85	1,641.34
Other raw materials	1,248.29	1,245.98
Total	2,73,995.30	2,35,863.82
Details of inventory: Raw materials		
Phosphoric acid	12,140.73	2,375.33
Muriate of potash	4,425.41	6,336.33
Ammonia	29.34	31.99
Purchased urea	1,843.20	126.60
Rock phosphate	–	1.42
Other raw materials	222.42	175.87
Total	18,661.10	9,047.54

19. Details of purchase of traded products :

₹ in lacs

Particulars	31st March, 2015	31st March, 2014
Traded products purchase details		
Traded fertilisers:		
DAP	69,138.80	1,01,129.11
MOP	62,146.42	55,722.14
SSP	246.22	758.67
Complex Fertilisers	28.53	5,192.23
Speciality Fertilisers	8,803.13	6,069.62

Notes to financial statements for the year ended 31st March, 2015

₹ in lacs

Particulars	31st March, 2015	31st March, 2014
Pesticides	8,906.89	5,790.82
Seeds	(20.64)	(35.39)
Ammonia	–	1,132.35
Phosphoric Acid	1,273.97	2,629.65
Total	1,50,523.32	1,78,389.20

20. (Increase) / Decrease in inventories

₹ in lacs

Particulars	31st March, 2015	31st March, 2014	(Increase)/decrease
Inventories at the end of the year			
Finished goods	6,917.94	6,881.81	(36.13)
Traded goods	22,474.03	31,552.82	9,078.79
Work-in-progress	2,762.76	2,526.99	(235.77)
	32,154.73	40,961.62	8,806.89
Inventories at the beginning of the year			
Finished goods	6,881.81	14,773.31	7,891.50
Traded goods	31,552.82	11,161.94	(20,390.88)
Work-in-progress	2,526.99	2,219.30	(307.69)
Less : Captive consumption	(5,145.77)	–	5,145.77
	35,815.85	28,154.55	(7,661.30)
Total	3,661.12	(12,807.07)	

Details of Inventory

₹ in lacs

Particulars	31st March, 2015	31st March, 2014
Finished Goods		
Urea	3,103.84	1,819.92
18:46:00	1,981.50	1,362.32
10:26:26	895.69	2,146.73
12:32:16	52.41	244.04
19:19:19	884.48	668.05
Others	0.02	640.75
Total	6,917.94	6,881.81
Traded Goods		
DAP	11,251.16	17,209.61
MOP	8,012.79	10,964.26
Complex Fertilisers	194.89	241.30
Speciality Fertilisers	1,650.06	1,230.97

Notes to financial statements for the year ended 31st March, 2015

₹ in lacs

Particulars	31st March, 2015	31st March, 2014
Pesticides	459.49	551.77
Seeds	905.64	1,354.91
Total	22,474.03	31,552.82
Work in Progress		
Ammonia	2,762.76	2,526.99
Total	2,762.76	2,526.99

21. Employee benefit expense

₹ in lacs

Particulars	31st March, 2015	31st March, 2014
Salaries, wages and bonus	5,978.29	5,738.14
Contribution to provident and other funds	765.48	721.89
Gratuity (Refer note 42 A)	179.46	–
Staff welfare expenses	1,324.95	1,309.76
Total	8,248.18	7,769.79

22. Other expenses

₹ in lacs

Particulars	31st March, 2015	31st March, 2014
Consumption of packing materials	4,152.98	3,851.57
Stores and spares consumed	1,588.77	756.38
Power, fuel and water	39,623.91	38,982.87
Bagging and other contracting charges	2,125.88	2,268.16
Outward freight and handling	27,979.45	25,864.76
Rent	1,632.86	2,338.29
Lease rentals	550.32	176.88
Rates and taxes	295.25	49.74
Insurance	620.52	686.50
Repairs and maintenance		
Buildings	576.61	496.76
Plant & machinery	3,705.87	3,359.49
Others	343.59	434.83
Payment to statutory auditors (Refer details below)	82.94	87.11
Cash rebate	382.17	274.93
Excise duty on Increase/(Decrease) on inventory	(4.38)	28.80
Subsidy claims written off	149.67	28.43

Notes to financial statements for the year ended 31st March, 2015

₹ in lacs

Particulars	31st March, 2015	31st March, 2014
Business support services	226.34	–
Loss on disposed fixed assets (net)	–	96.61
Premium on forward exchange contract amortized	4,198.03	2,846.27
Foreign exchange variation (net)	–	4,843.88
Donation	21.00	–
CSR expenditure (Refer Note No. 53)	9.64	–
Miscellaneous expenses	3,801.97	3,316.49
Total	92,063.39	90,788.75
Payments to statutory auditors		
As statutory auditors		
Audit fees	26.57	26.57
Tax audit fee	6.92	5.47
Limited review fees	9.27	9.27
In other capacity		
Certification fees, etc.	36.47	42.75
Reimbursement of expenses	3.71	3.05
Total	82.94	87.11

23. Depreciation and amortisation expense

₹ in lacs

Particulars	31st March, 2015	31st March, 2014
Depreciation of tangible assets	1,673.59	2,063.57
Amortization of intangible assets	113.23	6.10
Total	1,786.82	2,069.67

24. Finance costs

₹ in lacs

Particulars	31st March, 2015	31st March, 2014
Interest expense [including interest on income tax ₹ 5.09 lacs (31st March, 2014 :: ₹ (94.44) lacs)]	16,169.57	16,393.58
Exchange difference to the extent considered as an adjustment to borrowing cost	6,586.07	9,317.98
Bank charges	524.56	335.13
Total	23,280.20	26,046.69

Notes to financial statements for the year ended 31st March, 2015

25. Exceptional Items

₹ in lacs

Particulars	31st March, 2015	31st March, 2014
Income		
Profit on sale of Freehold land (Refer Note 48)	–	(16,353.19)
	–	(16,353.19)
Expenses		
Compensation paid to contract labour	–	1,633.04
Voluntary Retirement Scheme payment to employees	–	119.92
Exchange variation (attributable to the sharp depreciation of rupee)	–	6,395.90
	–	8,148.86
Total	–	(8,204.33)

26 (a) Contingent liabilities not provided for:

₹ in lacs

Particulars	Year Ended 31st March, 2015	Year Ended 31st March, 2014
I Demand Notices received from Income Tax Authorities*		
i Demand in respect of Asst.Year 2012–2013 for which an appeal is pending with CIT (Appeals)	1,550.66	–
II Demand Notices received from Sales tax authorities*		
i Demand notice from Commercial Tax Department, Jaipur towards non submission of “F Form” for the year 2010–11, 2011–12 and 2012–13	124.23	49.84
ii Demand notice from Commercial Tax Department, Jaipur towards Excess Input Tax Credit availed for the year 2011–12.	22.33	22.33
III Demand notice from Customs department, Mumbai towards non eligibility of exemption under notification no. 04/06–CE dt 01/03/2006(as amended by notification no. 4/2011–CE dt. 01/03/2011) towards Counter–Vailing Duty (CVD) for the imports at Navasheva port for the period 24.3.2011 to 02.12.2011. Appeal filed with West Zonal Branch of the Customs, Excise and Service Tax Appellate Tribunal at Mumbai for waiver of pre–deposit and penalty.	26.10	26.10
IV Demand notice from Customs Department, Chennai towards denial of import of MOP at concessional rate of duty for the period 01.04.2001 to 28.02.2006. Appeal filed with South Regional branch of the Customs, Excise and Service Tax Appellate Tribunal at Bangalore for waiver of pre–deposit and stay of impugned order.	284.74	284.74
V Demand notice from Customs Department, Chennai towards denial of import of MOP at concessional rate of duty for the period 2002–03 and 2003–04. Appeal filed with South Regional branch of the Customs, Excise and Service Tax Appellate Tribunal at Bangalore for waiver of pre–deposit and stay of impugned order.	148.28	148.28
VI Customs Duty Differential on finalised Bill of Entries–Dharamatar Port–Order by Deputy Commissioner of Customs(P) Alibaug Division	67.37	–

Notes to financial statements for the year ended 31st March, 2015

₹ in lacs

Particulars		Year Ended 31st March, 2015	Year Ended 31st March, 2014
VII	The Company had a long term agreement for supply of water with Public Works Dept. (PWD), Government of Goa (GOG) dated October 20, 2006 which is valid upto March, 31, 2016. Since PWD was not able to supply the daily required quantity of 10,000 M3, the Company had entered into another agreement on March, 28, 2014 with Water Resource Deptt (WRD), Govt of Goa. Consequently, the Company had made representation for revision in the Contract with PWD, GOG for revision of minimum daily quantity from 8500 M3 to 1500 M3 effective 1st May, 2014, however in absence of revision in agreement PWD, GOG has continued with raising invoices with daily minimum quantity of 8500 M3. The Company is given to understand that proposal for revision of the agreement with PWD, GOG is in active consideration, hence Company has been paying them monthly for minimum quantity of 1500 M3.	771.54	-
VIII	Claim against the Company not acknowledged as debt.*	151.17	151.17

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

- 26 (b) Aggregate amount of guarantees issued by the Banks to various government authorities and others are secured by a charge created by way of hypothecation on the current assets, both present and future, wherever situated pertaining to the Company and the Company's present and future book debts outstanding, moneys receivable, claims, bills, contracts, engagements, rights and assets ₹ 17,430.38 lacs (Previous year ₹ 8,126.74 lacs).
- 26 (c) The Company has given a letter of Comfort to Ratnakar Bank Limited for the purpose of facilitating the loans of ₹ 2,000.00 lacs (Previous year ₹ 5,000.00 lacs) taken by Gobind Sugar Mills Limited.
- 26 (d) Guarantee issued by the Ratnakar Bank Limited of ₹ 3,075 lacs in favour of ICICI Securities Limited for the purpose of compliance with the provisions of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations for making public offer to the shareholders of Mangalore Chemicals & Fertilisers Limited.
- 26 (e) The Company is involved in various litigations, the outcomes of which are considered probable, and in respect of which the Company has made aggregate provisions of ₹ 205.20 lacs as at March, 31, 2015.
- 26 (f) The Company is involved in various litigations, the adverse outcomes of which are considered remote by the Company, and in respect of which the Company has not made any provisions aggregating to of ₹ 598.42 lacs as at 31st March, 2015.
- 26 (g) As on March, 31, 2015 the Company has an outstanding corporate guarantee of ₹ 1100.00 lacs (previous year ₹ NIL) issued in favour of banks on behalf of Zuari Agri Sciences Limited.

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

₹ in lacs

Particulars	Year Ended 31st March, 2015	Year Ended 31st March, 2014
Estimated amount of contracts remaining to be executed on capital account not provided for	4,336.31	4,452.78

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

₹ in lacs

Particulars	Year Ended 31st March, 2015	Year Ended 31st March, 2014
Raw Materials	1,63,230.68	1,20,306.30
Spare Parts	200.49	289.89
Capital goods	749.93	1,996.79
Traded goods	1,26,173.08	1,53,756.52

Notes to financial statements for the year ended 31st March, 2015

29. (a) Imported and indigenous raw materials consumption

₹ in lacs

Particulars	%	Year ended 31st March, 2015	%	Year ended 31st March, 2014
Indigenously obtained	36.99%	1,01,340.77	41.17%	97,113.88
Imported	63.01%	1,72,654.53	58.83%	1,38,749.94
Total	100.00%	2,73,995.30	100.00%	2,35,863.82

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

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

₹ in lacs

Particulars	Year Ended 31st March, 2015	Year Ended 31st March, 2014
Basic engineering design and technical fee	303.23	1,025.50
Travelling expenses	29.38	35.49
Interest expense	595.71	1,319.14
Share transfer fee in case of investments purchased	-	25.25

31. Earning in Foreign Currency (on accrual basis) :

₹ in lacs

Particulars	Year Ended 31st March, 2015	Year Ended 31st March, 2014
Prepayment Discount	140.43	335.89
Market Development Income	-	1,651.39
Claim Receivable	-	20.78

32. Remittances in foreign currency in respect of dividend :

₹ in lacs

Particulars	Year Ended 31st March, 2015	Year Ended 31st March, 2014
Period to which it relates	1st April, 2013 to 31st March, 2014	1st April, 2012 to 31st March, 2013
Number of non-resident shareholders	2	2
Number of equity shares held on which dividend was due	74,91,750	74,91,750
Amount remitted (in USD)	3,71,430.34	3,56,806.63
Amount remitted (₹ in lacs)	224.75	224.75

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

Notes to financial statements for the year ended 31st March, 2015

33. Particulars of Foreign Currency Exposures:

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

Details of derivatives	31st March, 2015	31st March, 2014	Purpose
Buy (Amount in USD)	24,57,27,161	20,60,62,361	To hedge the purchases of raw materials, traded goods and buyers credit

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

Particulars		31st March, 2015	31st March, 2014
Accrued Interest	USD	158,538.77	868.00
	₹ in lacs	99.09	0.52
Trade Payables	USD	32,124,984.70	11,292,371.51
	₹ in lacs	20,078.12	6,765.80
Claims Receivable / (Payable)	USD	534,969.52	8,482,610.50
	₹ in lacs	334.36	5,082.36
Exchange Rate		1 USD = 62.5000 INR	1 USD = 59.9150 INR 1 EURO = 82.6850 INR

34. Managerial Remuneration

₹ in lacs

Particulars	Year Ended 31st March, 2015	Year Ended 31st March, 2014
Salary	195.75	185.98
Contribution to Provident fund and Superannuation fund	21.63	19.89
Perquisites	12.18	12.48
Total	229.56	218.35

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

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

₹ in lacs

Sr. No.	Particulars	Name of the entity	Balance outstanding as on 31st March, 2015	Maximum amount outstanding during the year
1	Loans and advances in the nature of loans to subsidiaries	Zuari Agri Sciences Limited (formerly known as Zuari Seeds Limited)	750.00 (750.00)	750.00 (1,500.00)
		Zuari Fertilizers and Chemicals Limited	21,799.25 (14,828.25)	21,799.25 (16,383.25)

Notes to financial statements for the year ended 31st March, 2015

₹ in lacs

Sr. No.	Particulars	Name of the entity	Balance outstanding as on 31st March, 2015	Maximum amount outstanding during the year
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, 1956.	–	Nil (Nil)	Nil (Nil)
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)

36. Information in respect of Joint Ventures:

₹ in lacs

S. No	Particulars	Zuari Maroc Phosphates Private Limited (formerly known as Zuari Maroc Phosphates Limited) (Consolidated)		Zuari Rotem Speciality Fertilizers Limited		MCA Phosphates Pte.Limited	
		(Audited)		(Audited)		(Unaudited)	
1	Proportion of ownership interest	50%		50%		30% (w.e.f.27 th March,'14)	
2	Country of incorporation	India		India		Singapore	
3	Accounting period ended	31st March, 2015	31st March, 2014	31st March, 2015	31st March, 2014	31st March, 2015	31st March, 2014
4	Assets	1,97,236.25	1,98,888.80	1,879.04	1,498.91	10,772.98	9,561.31
5	Liabilities	1,26,088.19	1,29,904.74	1,441.03	1,132.70	11.9	11.31
6	Revenue	2,12,307.16	2,16,265.07	3,294.36	1,876.73	–	–
7	Depreciation & Amortization	1,684.27	1,237.12	59.43	41.02	–	–
8	Other expenses	2,08,628.68	2,21,726.73	3,167.20	2,011.18	–	–
9	Profit before tax	1,994.22	(6,698.77)	67.73	(175.46)	–	–
10	Contingent Liabilities	18,652.67	18,352.06	0.61	0.61	–	–
11	Capital Commitments	17,248.88	14,724.07	–	–	–	–

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

Notes to financial statements for the year ended 31st March, 2015

37. Segmental Information

- **Primary Segment**

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

- **Secondary Segment – Geographical Segment**

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

38. Related Party disclosures under Accounting Standard – 18

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

A. Related parties where control exists:

I. Subsidiaries of the Company:

- (1) Zuari Agri Sciences Limited (formerly known as Zuari Seeds Limited)
- (2) Zuari Fertilisers and Chemicals Limited

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

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

- (1) Zuari Global Limited
- (2) Indian Furniture Products Limited
- (3) Soundaryaa IFPL Interiors Limited
(subsidiary of Indian Furniture Products Limited w.e.f. 04th December, 2014)
- (4) Simon India Limited
- (5) Zuari Management Services Limited
- (6) Zuari Infracworld India Limited (formerly known as Adventz Infracworld India Limited)
- (7) Zuari Infra Middle East Limited
(subsidiary of Zuari Infracworld India Limited w.e.f. 10th September, 2014)
- (8) Globex Limited
- (9) Zuari Investments Limited
- (10) Zuari Insurance Brokers Limited – Subsidiary of Zuari Investments Limited
- (11) Zuari Commodity Trading Limited – Subsidiary of Zuari Investments Limited
- (12) Zuari Financial Services Limited – Subsidiary of Zuari Investments Limited
up to 14th January 2015 and thereafter wholly owned subsidiary of Zuari Global Limited
- (13) Gobind Sugar Mills Limited (Subsidiary of Zuari Investments Limited w.e.f. 25th August 2014)
- (14) Zuari Indian Oiltanking Private Limited
(formerly known as Zuari Indian Oil Tanking Limited)–Joint Venture of Zuari Global Limited
- (15) Gulbarga Cements Limited (Joint Venture of Zuari Global Limited up to 12th January ,2015)
- (16) Style Spa Furniture Limited (merged with Indian Furniture Products Limited w.e.f. 09th May 2014)

Notes to financial statements for the year ended 31st March, 2015

II. Joint Ventures of the Company:

- (1) Zuari Maroc Phosphates Private Limited (formerly known as Zuari Maroc Phosphates Limited)
- (2) Paradeep Phosphates Ltd. – Subsidiary of Zuari Maroc Phosphates Private Limited (formerly known as Zuari Maroc Phosphates Limited)
- (3) Zuari Rotem Speciality Fertilizers Limited
- (4) MCA Phosphates Pte. Limited

III. Key Management Personnel

- (1) Mr. N. Suresh Krishnan – Managing Director (up to 31st March, 2015)
- (2) Mr. Akshay Poddar – Executive Director (up to 19th December 2014)

IV. Relatives of Key Management Personnel of the Company

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

V. Enterprise owned or significantly influenced by managing personnel or their relatives.

- (1) Gobind Sugar Mills Limited.

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Notes to financial statements for the year ended 31st March, 2015
C. Related Party Transaction as per Accounting Standard 18 for Zuari Agro Chemicals Limited

Following transactions were carried out with related parties in the ordinary course of business for the Year ended 31st March, 2015

₹ in lacs

Sl. No.	Transaction details	2014-15					2013-14				
		Subsidiaries	Joint Ventures	Enterprises having Significant Influence	Enterprises owned or significantly influenced by key management personnel or their relatives	Key Management Personnel	Subsidiaries	Joint Ventures	Enterprises having Significant Influence	Enterprises owned or significantly influenced by key management personnel or their relatives	Key Management Personnel
1	Payment made on their behalf										
	– Zuari Agri Sciences Limited*	1.12	–	–	–	–	0.02	–	–	–	
	– Zuari Management Services Limited	–	–	4.54	–	–	–	3.85	–	–	
	– Zuari Maroc Phosphates Private Limited**	–	–	–	–	–	0.05	–	–	–	
	– Paradeep Phosphates Limited	–	75.69	–	–	–	82.78	–	–	–	
	– Zuari Infraworld India Limited	–	–	–	–	–	–	5.28	–	–	
	– Zuari Rotem Speciality Fertilizers Limited	–	0.22	–	–	–	0.63	–	–	–	
	– Zuari Investment Limited	–	–	2.87	–	–	–	1.42	–	–	
	– Zuari Fertilisers and Chemicals Limited	22.86	–	–	–	–	8.09	–	–	–	
	– Gobind Sugar Mills Limited	–	–	0.24	–	–	–	–	–	–	
	– Globex Limited	–	–	–	–	–	–	9.33	–	–	
	– Simon India Limited	–	–	0.30	–	–	–	2.27	–	–	
	– Indian Furniture Products Limited	–	–	0.05	–	–	–	0.07	–	–	
	– Gulbarga Cement Limited	–	–	0.01	–	–	–	–	–	–	
	– Zuari Global Limited	–	–	82.00	–	–	–	19.70	–	–	
2	Payment made on our behalf										
	– Zuari Agri Sciences Limited*	9.35	–	–	–	–	–	–	–	–	
	– Paradeep Phosphates Limited	–	9.22	–	–	–	7.23	–	–	–	
	– Zuari Fertilisers and Chemicals Limited	0.69	–	–	–	–	0.71	–	–	–	
	– Zuari Global Limited	–	–	7.50	–	–	–	1.34	–	–	
	– Simon India Limited	–	–	0.29	–	–	–	0.18	–	–	
	– Zuari Management Services Limited	–	–	6.00	–	–	–	6.15	–	–	
	– Style Spa Furniture Limited***	–	–	–	–	–	–	9.16	–	–	
	– Indian Furniture Products Limited	–	–	0.03	–	–	–	–	–	–	
	– Globex Limited	–	–	2.01	–	–	–	–	–	–	
	– Zuari Investments Limited	–	–	0.01	–	–	–	–	–	–	
	– Adventz Industries India Limited	–	–	0.02	–	–	–	–	–	–	
3	Material Taken on Swap Basis										
	– Paradeep Phosphates Limited (P205)	–	2,546.47	–	–	–	4,713.59	–	–	–	
4	Material Given on Swap Basis										
	– Paradeep Phosphates Limited (P205)	–	–	–	–	–	7,260.05	–	–	–	
5	Purchase of Investments										
	– Zuari Global Limited	–	–	–	–	–	–	10,184.96	–	–	
6	Service charges paid										
	– Zuari Investments Limited	–	–	–	–	–	–	0.01	–	–	

Notes to financial statements for the year ended 31st March, 2015

₹ in lacs

Sl. No.	Transaction details	2014-15					2013-14				
		Subsidiaries	Joint Ventures	Enterprises having Significant Influence	Enterprises owned or significantly influenced by key management personnel or their relatives	Key Management Personnel	Subsidiaries	Joint Ventures	Enterprises having Significant Influence	Enterprises owned or significantly influenced by key management personnel or their relatives	Key Management Personnel
	– Zuari Management Services Limited	–	–	414.47	–	–	–	212.20	–	–	
	– Zuari Global Limited	–	–	–	–	–	–	15.08	–	–	
	– Indian Furniture Products Limited	–	–	–	–	–	–	0.81	–	–	
	– Gobind Sugar Mills Limited	–	–	–	–	–	–	–	44.94	–	
	– Zuari Agri Sciences Limited*	226.34	–	–	–	–	–	–	–	–	
7	Inter-corporate Deposits / Loans/ Advances given										
	– Zuari Fertilisers and Chemicals Limited	8,426.00	–	–	–	–	12,266.00	–	–	–	
	– Indian Furniture Products Limited	–	–	700.00	–	–	–	–	–	–	
8	Repayment of Inter-corporate Deposits / loans given										
	– Zuari Fertilisers and Chemicals Limited	1,455.00	–	–	–	–	800.00	–	–	–	
9	Advance given for purchase of shares										
	– Zuari Global Limited	–	–	11,920.00	–	–	–	–	–	–	
10	Purchase of finished goods										
	– Zuari Agri Sciences Limited*	–	–	–	–	–	174.00	–	–	–	
	– Zuari Rotem Speciality Fertilizers Limited	–	6,431.21	–	–	–	–	3,162.33	–	–	
	– Zuari Global Limited	–	–	3,973.74	–	–	–	–	10,362.63	–	
	– Zuari Fertilisers and Chemicals Limited	246.22	–	–	–	–	–	–	–	–	
11	Purchase Return of finished goods										
	– Zuari Agri Sciences Limited*	20.64	–	–	–	–	209.26	–	–	–	
12	Sale of Finished Goods										
	– Gobind Sugar Mills Limited	–	–	–	–	–	–	–	1,005.26	–	
	– Zuari Rotem Speciality Fertilizers Limited	–	192.00	–	–	–	–	–	–	–	
13	Purchase of Assets										
	– Indian Furniture Products Limited	–	–	68.81	–	–	–	1.02	–	–	
	– Style Spa Furniture Limited***	–	–	–	–	–	–	0.99	–	–	
14	Sale of Fixed Assets										
	– Zuari Global Limited	–	–	3.24	–	–	–	–	16,359.32	–	
15	Interest Paid										
	– Zuari Rotem Speciality Fertilizers Limited	–	12.64	–	–	–	–	42.10	–	–	
	– Gobind Sugar Mills Limited	–	–	–	–	–	–	–	0.01	–	
16	Interest Accrued/Received on loan/deposit										
	– Zuari Fertilisers and Chemicals Limited	1,820.89	–	–	–	–	1,427.59	–	–	–	
	– Zuari Rotem Speciality Fertilizers Limited	–	12.47	–	–	–	–	–	–	–	
	– Zuari Agri Sciences Limited*	101.25	–	–	–	–	198.32	–	–	–	
	– Mr. N. Suresh Krishnan	–	–	–	–	1.34	–	–	–	1.65	

Notes to financial statements for the year ended 31st March, 2015

₹ in lacs

Sl. No.	Transaction details	2014-15					2013-14				
		Subsidiaries	Joint Ventures	Enterprises having Significant Influence	Enterprises owned or significantly influenced by key management personnel or their relatives	Key Management Personnel	Subsidiaries	Joint Ventures	Enterprises having Significant Influence	Enterprises owned or significantly influenced by key management personnel or their relatives	Key Management Personnel
17	Service Income Received										
	– Zuari Fertilisers and Chemicals Limited	124.57	–	–	–	–	118.49	–	–	–	
18	Management Fees Received										
	– Zuari Management Services Limited	–	–	–	–	–	–	20.22	–	–	
	– Zuari Global limited	–	–	–	–	–	–	31.31	–	–	
19	Rent Paid										
	– Zuari Global Limited	–	–	44.73	–	–	–	44.17	–	–	
	– Zuari Management Services Limited	–	–	11.69	–	–	–	2.63	–	–	
	– Gobind Sugar Mills Limited	–	–	–	–	–	–	–	1.07	–	
20	Conversion of Loan/ICD into Share Capital										
	– Zuari Fertilisers and Chemicals Limited	–	–	–	–	–	1,305.00	–	–	–	
	– Zuari Agri Sciences Limited *	–	–	–	–	–	750.00	–	–	–	
21	Allotment of Equity Shares										
	– Zuari Fertilisers and Chemicals Limited	–	–	–	–	–	225.00	–	–	–	
	– Zuari Agri Sciences Limited *	–	–	–	–	–	650.00	–	–	–	
22	Deposit Received										
	– Gobind Sugar Mills Limited	–	–	–	–	–	–	–	0.25	–	
23	Rebate Received										
	– Paradeep Phosphates Limited	–	–	–	–	–	–	41.71	–	–	
	– Zuari Agri Sciences Limited *	–	–	–	–	–	650.00	–	–	–	
24	Rebate Paid										
	– Paradeep Phosphates Limited	–	–	–	–	–	–	19.75	–	–	
	– Gobind Sugar Mills Limited	–	–	–	–	–	–	–	20.76	–	
25	Dividend Paid										
	– Zuari Global Limited	–	–	252.35	–	–	–	252.35	–	–	
	– Zuari Management Services Limited	–	–	152.37	–	–	–	129.17	–	–	
26	Managerial Remuneration										
	– Mr. N. Suresh Krishnan	–	–	–	–	196.16	–	–	–	173.47	
	– Mr. Akshay Poddar	–	–	–	–	33.39	–	–	–	44.88	
27	Bank guarantee given on their behalf										
	– Zuari Fertilisers and Chemicals Limited	3,075.00	–	–	–	–	–	–	–	–	
28	Corporate guarantee given on their behalf										
	– Zuari Agri Sciences Limited *	1,100.00	–	–	–	–	–	–	–	–	
29	Sitting fees Paid										
	– Mr. S.K.Poddar	–	–	–	–	1.85	–	–	–	1.00	

* The name of the Company "Zuari Seeds Limited" has been changed to "Zuari Agri Sciences Limited" w.e.f.11th Spetember, 2014.

** The name of the Company "Zuari Maroc Phosphates Limited" has been changed to "Zuari Maroc Phosphates Private Limited" w.e.f.30th March, 2015.

*** Style Spa Furniture Limited has been merged with Indian Furniture Products Limited w.e.f.09th May, 2014.

Notes to financial statements for the year ended 31st March, 2015

Balance Outstanding for the period ended 31st, March, 2015

₹ in lacs

Sl. No.	Transaction details	2014-15					2013-14				
		Subsidiaries	Joint Ventures	Enterprises having Significant Influence	Enterprises owned or significantly influenced by key management personnel or their relatives	Key Management Personnel	Subsidiaries	Joint Ventures	Enterprises having Significant Influence	Enterprises owned or significantly influenced by key management personnel or their relatives	Key Management Personnel
1	Loan/ ICD Given										
	– Zuari Fertilisers and Chemicals Limited	21,799.25	–	–	–	–	14,828.25	–	–	–	
	– Zuari Agri Sciences Limited*	750.00	–	–	–	–	720.22	–	–	–	
	– Mr. N. Suresh Krishnan	–	–	–	–	18.00	–	–	–	22.80	
	– Paradeep Phosphates Limited	–	–	–	–	–	2,546.46	–	–	–	
2	As Trade Payables										
	– Zuari Maroc Phosphates Private Limited**	–	18.68	–	–	–	18.68	–	–	–	
	– Zuari Rotem Speciality Fertilizers Limited	–	1,048.84	–	–	–	228.19	–	–	–	
	– Indian Furniture Products Limited	–	–	7.66	–	–	–	2.09	–	–	
	– Style Spa Furniture Limited***	–	–	–	–	–	–	0.13	–	–	
	– Zuari Global Limited	–	–	–	–	–	–	3,937.91	–	–	
	– Zuari Fertilisers and Chemicals Limited	78.42	–	–	–	–	–	–	–	–	
	– Zuari Management Services Limited	–	–	4.91	–	–	–	–	–	–	
	– Zuari Agri Sciences Limited*	131.59	–	–	–	–	–	–	–	–	
3	As Trade Receivable										
	– Gobind Sugar Mills Limited.	–	–	156.73	–	–	–	–	516.08	–	
4	As Advances Recoverable										
	– Zuari Fertilisers and Chemicals Limited	–	–	–	–	127.72	–	–	–	–	
	– Zuari Management Services Limited	–	–	–	–	–	–	24.30	–	–	
	– Simon India Limited	–	–	0.30	–	–	–	0.24	–	–	
	– Adventz Industries India Limited	–	–	2.05	–	–	–	2.03	–	–	
	– Paradeep Phosphates Limited	–	24.59	–	–	–	38.04	–	–	–	
	– Zuari Global Limited	–	–	–	–	–	–	–	–	–	
	– Globex Limited	–	–	–	–	–	–	2.33	–	–	
	– Indian Furniture Products Limited	–	–	692.05	–	–	–	–	–	–	
	– Zuari Infracore India Limited	–	–	4.69	–	–	–	–	–	–	
	– Gulbarga Cement Limited	–	–	0.01	–	–	–	–	–	–	
5	Accrued Service Income										
	– Zuari Indian Oiltanking Private Limited#	–	–	606.74	–	–	–	808.99	–	–	
6	Advance against purchase of Investment										
	– Zuari Global Limited	–	–	11,920.00	–	–	–	–	–	–	
7	Interest on ICD/Loan										
	– Zuari Fertilisers and Chemicals Limited	–	–	–	–	125.92	–	–	–	–	
	– Zuari Agri Sciences Limited*	225.19	–	–	–	134.06	–	–	–	–	
	– Mr. N. Suresh Krishnan	–	–	–	–	8.76	–	–	–	7.42	
8	Bank guarantee given on their behalf										
	– Zuari Fertilisers and Chemicals Limited	3,075.00	–	–	–	–	–	–	–	–	
9	Corporate Guarantee										
	– Zuari Agri Sciences Limited*	1,100.00	–	–	–	–	–	–	–	–	
10	Deposit Received										
	– Gobind Sugar Mills Limited	–	–	0.25	–	–	–	–	0.25	–	

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

* The name of the Company "Zuari Seeds Limited" has been changed to "Zuari Agri Sciences Limited" w.e.f.11th Spetember, 2014.

** The name of the Company "Zuari Maroc Phosphates Limited" has been changed to "Zuari Maroc Phosphates Private Limited" w.e.f.30th March, 2015.

*** Style Spa Furniture Limited has been merged with Indian Furniture Products Limited w.e.f.01st April, 2014.

The name of the Company "Zuari Indian Oiltanking Limited" has been changed to "Zuari Indian Oiltanking Private Limited" w.e.f. 15th April, 2015.

Notes to financial statements for the year ended 31st March, 2015

39. Earnings Per Share (EPS):

Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014
Profit after taxation as per statement of Profit and Loss (₹ in lacs)	1,236.60	2,614.04
Weighted average number of shares used in computing earnings per share	4,20,58,006	4,20,58,006
Basic and Diluted Earnings per share – Basic and diluted (in ₹) (annualised)	2.94	6.22
Face value per share (in ₹)	10	10

40. The Revenue Department of the Government of Goa had issued a notification under sub-section (1) of section 4 of the Land Acquisition Act, 1984 on 5th February, 2007 and further notification on 19th April, 2007 proposing to acquire 159,700 sq. mts. of the land belonging to Company for public purpose. The Company had filed an appeal with the High Court of Bombay at Goa against the notification. The High Court has quashed section 4 notification for acquisition proceedings.
41. Department of Fertilizers (DOF), Government of India, issued an office memorandum dated July 8, 2013, whereby Imported Phosphatic and Potassic (P&K) fertilizers dispatched by the Fertiliser companies to their warehouse for onward sale during the month of February and March, 2013 without having any supply plan issued by DOF was regularized as per Nutrient Based Subsidy (NBS) rates applicable for the year 2013–14. However, these NBS rates, as per the Government of India's policy, are notified after approval by Cabinet Committee for Economic Affairs (CCEA) before the start of financial year and therefore, cannot be changed before next financial year. Accordingly, the Company has recognized ₹ 2,223.11 lacs in the previous years being the difference between the applicable NBS rates of 2012–13 and 2013–14 for the dispatches made to its warehouse during February and March, 2013 but sold in 2012–13 and 2013–14 respectively. During the year the Company has reversed the subsidy income of ₹ 274.08 lacs for the quantities imported and dispatched during the month of February and March, 2013. The Company is in discussions with the Department of Fertilisers for receiving the short amount of subsidy and, if required, take appropriate legal steps to recover the aforesaid differential subsidy amount. The Company is hopeful to realise the aforesaid subsidy amount, hence no provision for balance amount of ₹1,949.03 lacs has been made in the accounts.

42. Employee benefits:

A. Gratuity

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

The following tables summarize the components of net benefit expense recognized in the statement of profit & loss and the funded status and amounts recognized in the balance sheet.

Statement of Profit and Loss

Net employee benefit expense (recognized in Employee Cost) for the year ended 31st March, 2015

₹ in lacs

Particulars	2014 – 15	2013 – 14
Current Service Cost	314.24	308.97
Interest Cost	202.23	191.80
Expected return on plan assets	(185.93)	(203.74)
Net actuarial (gain) / loss recognized in the year	(147.70)	(355.44)
Net benefit expense / (income)*	182.84	(58.41)
Actual return on plan assets	185.78	213.24

* Excluding ₹ 3.38 lacs (Previous year ₹ 7.74 lacs) for Gratuity receipt of employees transferred from other company.

Notes to financial statements for the year ended 31st March, 2015

Balance sheet

Details of provision for gratuity benefits as at 31st March, 2015:

₹ in lacs

Particulars	2014 – 15	2013 – 14	2012 – 13	2011 – 12
Defined benefit obligation	2,445.55	2,436.90	2,512.98	2,287.93
Fair value of plan assets	2,331.06	2,503.05	2,237.70	2,206.00
Plan asset/(liability)	(114.49)	66.15	(275.28)	(81.93)
Experience (gain)/loss on obligation	(210.09)	(193.14)	(117.01)	(71.70)
Experience gain/(loss) on plan assets	(0.15)	9.50	(18.69)	–

Changes in the present value of the defined benefit obligation for the year ended 31st March, 2015 are as follows:

₹ in lacs

Particulars	2014 – 15	2013 – 14
Opening defined obligation	2,436.90	2,512.98
Current service cost	314.24	308.97
Interest Cost	202.23	191.80
Transfer In	19.81	40.05
Benefits paid	(379.78)	(270.96)
Actuarial (gain)/loss on obligation	(147.85)	(345.94)
Closing defined benefit obligation	2,445.55	2,436.90

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

₹ in lacs

Particulars	2014 – 15	2013 – 14
Opening fair value of plan assets	2,503.05	2,237.70
Expected return	185.93	203.74
Contribution by employer	2.20	283.02
Benefits paid	(379.78)	(270.96)
Service cost (Transfer in)	19.81	40.05
Actuarial gain/(loss) on plan asset	(0.15)	9.50
Closing fair value of plan assets	2,331.06	2,503.05

The Company expects to contribute ₹ 114.49 lacs (Previous year ₹ Nil) towards gratuity during the year 2015–16.

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

Particulars	2014 – 15	2013 – 14
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.

Notes to financial statements for the year ended 31st March, 2015

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

Particulars	2014 – 15	2013 – 14
Discount rate	8.00%	9.00%
Expected rate of return on assets	8.00%	9.00%
Increase in Compensation cost	9.00%	9.00%
Employee turnover	8.00%	0.50%

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

B. Provident Fund

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

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet.

Statement of Profit and Loss

₹ in lacs

Particulars	2014 – 15	2013 – 14
Current Service Cost	293.64	299.89
Interest Cost	–	–
Net Asset / (Liability)	–	–
Reversal of provision	–	–
Net benefit expense/(income)	293.64	299.89

Balance sheet

Funding Status and amount recognized in the Balance Sheet

₹ in lacs

Particulars	2014 – 15	2013 – 14	2012 – 13	2011 – 12
Defined benefit obligation	10,895.97	10,189.21	9,725.10	9,251.53
Fair value of plan assets	11,075.78	10,300.22	9,815.42	9,205.55
Plan asset*/(liability)	179.81	111.00	90.32	(45.98)

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

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

Notes to financial statements for the year ended 31st March, 2015

Changes in the present value of the defined benefit obligation for the year ended 31st March, 2015 are as follows:

₹ in lacs

Particulars	2014 – 15	2013 – 14
Opening defined benefit obligation	10,189.21	9,725.10
Current service cost	293.64	299.89
Interest Cost	815.14	850.94
Contributions by Employee / plan participants	600.46	475.08
Benefits Paid out of funds	(1,048.07)	(1,145.24)
Actuarial (gain)/loss on obligation	(15.13)	(38.43)
Settlements / transfer in	60.73	21.87
Closing defined benefit obligation	10,895.97	10,189.21

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

₹ in lacs

Particulars	2014 – 15	2013 – 14
Opening fair value of plan assets	10,300.22	9815.42
Expected return on plan assets	901.27	858.85
Employer Contribution	293.64	299.89
Plan participants / Employee contribution	600.46	475.08
Benefits paid	(1,048.07)	(1,145.24)
Actuarial gains/ (loss) on plan assets	(32.46)	(25.65)
Settlements / Transfer in	60.73	21.87
Closing fair value of plan assets	11,075.78	10,300.22

1. The Company expects to Contribute ₹ 300.00 lacs (Previous year ₹ 300.00 lacs) to provident fund trust in the financial year 2015–16.
2. The information related to experience adjustment on plan assets and liabilities are not available but the amount would not be material in the opinion of the management.

The principal assumptions used in determining provident fund obligations:

Particulars	31st March, 2015	31st March, 2015
Discount Rate	8.75%	8.75%
Expected Rate of Return	8.75%	8.75%
Employee turnover Rate	1%–3%	1%–3%

C. Defined Contribution Plan

₹ in lacs

Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014
Contribution to Superannuation Fund	246.46	251.10
Contribution to Family Pension Scheme	81.77	49.65
Contribution to Contributory Pension Fund	133.51	118.16
Contribution to National Pension Fund	10.10	3.09
Total	471.84	422.00

Notes to financial statements for the year ended 31st March, 2015

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

₹ in lacs

Sl. No.	Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014
i)	The principal amount and the interest due thereon remaining unpaid to any supplier:		
	– Principal amount	Nil	Nil
	– Interest thereon	0.52	0.29
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 period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	Nil	Nil
iv)	the amount of interest accrued and remaining unpaid	0.81	0.04
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

44. a. The Company has obtained office premises, apartments, warehouses and vehicles on operating leases for the period upto 6 years. In all the cases, the agreements are further renewable at the option of the Company except in case of vehicle lease agreement. There is an escalation clause in the respective lease agreements except on vehicle lease. All these leases are cancellable in nature. The total lease payments in respect of such leases recognized in the statement of profit and loss for the year are ₹ 1,558.59 lacs (31st March, 2014: ₹ 2,338.29 lacs).

b. Operating Leases:

The Company obtained office premises and retail outlets on operating leases. These leases have an average life ranging between 2 years to 12 years and renewable at the option of the Company. There are no restrictions imposed by the lease arrangements. There are no subleases.

₹ in lacs

Sl.No	Particulars	2014-15	2013-14
i)	Lease payments for the year	74.27	–
ii)	Payable for a period not later than one year	98.40	–
iii)	Payable for a period later than one year and not later than 5 years	329.40	–
iv)	Payable for the period later than 5 years	218.71	–

45. Based on the circulars received for revision in uniform freight relating to secondary freight and direct road movement, the Company has accrued additional freight subsidy income of ₹ 601.52 lacs (upto Previous year ₹ 1,471.34 lacs) relating to Urea and ₹ Nil (upto Previous year ₹ 2,910.62 lacs) for Phosphoric and Potassic Fertilisers, for which the claims are yet to be submitted. The Company is hopeful to realise above entire amount of ₹ 4,983.48 lacs.

46. In the previous financial year, Ministry of Agriculture, Government of India, has declared 47,635 MT (₹ 15,565.23 lacs) of DAP, imported by the Company as not meeting the standards specified by Fertilizer Control Order, 1985 (FCO). During the current year, out of the total quantity, based on the permission given by Department of Fertilisers (DOF), 31,174.15 MT has been re-exported back and out of 16,460.85 MT remaining material lying in the field, 15,484.80 MT has been / is being used as raw material for non-agriculture purpose. The Company has based on its estimate accounted for claim of ₹ 2,712.87 lacs

Notes to financial statements for the year ended 31st March, 2015

(pending confirmation from the supplier) for loss suffered by it as the contract with the supplier provides that the Company has the right to claim entire amount as compensation from the supplier in the event it is found the goods are not conforming to FCO norms by laboratory authorized by Government of India and accordingly the Company has considered the aforesaid amount as fully recoverable.

47. a. The Company along with its 100% subsidiary Zuari Fertilisers and Chemicals Limited (ZFCL) entered into a Shareholders' Agreement with United Breweries (Holdings) Limited, Kingfisher Finvest India Limited and McDowell Holdings Limited on 12th May, 2014 made an open offer under Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 to acquire up to 36.56% of the equity share capital of Mangalore Chemicals & Fertilizers Limited (MCFL). Upon the closure of the open offer, ZFCL has been classified as a promoter of MCFL w.e.f. November 3, 2014.
- b. The Company as a Person Acting in Concert (PAC) along with ZFCL, who is the acquirer, has made a public announcement on 4th December 2014 of a voluntary open offer for acquisition of up to 3,07,00,000 (Three Crores and Seven Lakhs) fully paid equity shares of face value of ₹ 10 each of MCFL at an offer price of ₹ 91.92 per equity share from the public shareholders under Regulation 6, Regulation 13 (3) and Regulation 15 (1) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulation, 2011 representing 25.90% of the voting share capital of MCFL. Subsequently on 30th December 2014 the offer size has been revised upward to 4,33,29,000 shares representing 36.56% of the voting share capital of MCFL at an offer price of ₹ 91.92 per equity share.
48. During the previous year, the Company had sold part of freehold land at a consideration of ₹ 16,359.32 lacs. The possession of the said parcel of land was handed over on 28th March, 2014, however the transfer of title is under progress. The Company had received full consideration from the buyer during the previous year.
49. In terms of Demerger of fertilizer undertaking from Zuari Global Limited in an earlier year, the title deeds of Immovable properties are in the process of being transferred in the name of the Company.
50. The agreement with Zuari Maroc Phosphates Private Limited for providing management services to Paradeep Phosphates Limited, which got suspended on 1st October, 2005, continues to remain so and consequently no management services fees has been accounted for the year.

51. Disclosure required under Section 186 (4) of the Companies Act 2013

a) Particulars of Loans given:

₹ in lacs

Sr. No	Name of the Loanee	Opening Balance as on 1st April, 2014	Loan Given	Loan Repaid	Outstanding Balance as on 31st March, 2015	Purpose
1	Zuari Fertilisers and Chemicals Limited	14,828.25	8,426.00	1,455.00	21,799.25	General Business Purpose
2	Zuari Agri Sciences Limited	750.00	–	–	750.00	General Business Purpose

b) Particulars of Guarantee given made:

₹ in lacs

Sr. No.	Name of the Entity	Opening Balance	Guarantee Given	Guarantee Discharged	Closing Balance as on 31st March, 2015	Purpose
1	Zuari Fertilisers and Chemicals Limited	–	3,075.00	–	3,075.00	Compliance with the provisions of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations for making public offer to the shareholders of Mangalore Chemicals & Fertilizers Limited
2	Zuari Agri Sciences Limited	–	1100.00	–	1100.00	General Business Purpose

Notes to financial statements for the year ended 31st March, 2015

(c) Particulars of Investments made during the year:

₹ in lacs

Sr.No.	Name of the Investee	Investment Made	Purpose
1	MCA Phosphates Pte. Limited	37.15	Strategic investment

52. The Ammonia and Urea plants were shutdown from 8th August, 2014 due to mechanical breakdown and resumed production on 22nd September, 2014. Further, the Company took shutdown of Ammonia / Urea plants from 15th January, 2015 due to high pressure drop across the Low temperature Shift Converter and replaced the Catalysts to address the problem. Ammonia / Urea plants were re-started on 30th January, 2015 and are now running normal.

53. In light of section 135 of the Companies act 2013, the Company has incurred expences on corporate social responsibility (CSR) aggregating to ₹ 9.64 lacs for CSR activities carried out during the current year.

Sr.No.	Particulars	₹ in lacs
a	Gross amount required to be spent by the Company during the year	36.97
b	Amount spent during the year on the following in cash	
	1. Construction / acquisition of any asset	-
	2. On purposes other than (i) above	
	– Safe drinking water	9.26
	– Promoting education	0.34
	– Preventive healthcare	0.04

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

As per our report of even date

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

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

S. K. Poddar
Chairman

Kapil Mehan
Managing Director

Marco Wadia
Director

per Anil Gupta
Partner
Membership No: 87921

V. Seshadri
Vice President – Finance

R. Y. Patil
Chief General Manager
& Company Secretary

Place : Gurgaon
Date : 15th May, 2015

Place : Gurgaon
Date : 15th May, 2015

INDEPENDENT AUDITOR'S REPORT

To the Members of Zuari Agro Chemicals Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Zuari Agro Chemicals Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") its associates and joint controlled entities, comprising of the consolidated Balance Sheet as at 31st March, 2015, the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated financial statements').

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms with the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph (a) of the Other Matters below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with

the accounting principles generally accepted in India, of consolidated the state of affairs of the Group, its associates and jointly controlled entities as at March, 31, 2015, of their consolidated profit/loss and their consolidated cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditor's report of the Holding company, its subsidiaries, associate companies and jointly controlled entities incorporated in India, to whom the Order applies, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, to the extent applicable, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
 - b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept by the Company so far as appears from our examination of those books and the reports of the other auditors;
 - c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss, and consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;
 - d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2015 taken on record by the Board of Directors of the Holding Company and the reports of the auditors who are appointed under Section 139 of the Act, of its subsidiary companies, associate companies and jointly controlled companies incorporated in India, none of the directors of the Group's companies, its associates and jointly controlled companies incorporated in India is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group, its associates and jointly controlled entities - Refer Note 30 (a), (f) and (g) to the consolidated financial statements;
 - ii. The Group, its associates and jointly controlled entities did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, its subsidiaries, associates and jointly controlled companies incorporated in India.

Other Matter

- a. The accompanying consolidated financial statements include total assets of ₹ 29,967.31 lacs as at 31st March, 2015, and total revenues and net cash outflows of ₹ 606.52 lacs and ₹ 474.19 lacs for the year ended on that date, in respect of one of the subsidiary, which have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary is based solely on the report of such other auditor.

- b. The accompanying consolidated financial statements include total assets of ₹ 10,772.98 lacs as at 31st March, 2015, and total revenues and net cash outflows of ₹ Nil and ₹ 22.54 lacs for the year ended on that date, in respect of a jointly controlled entity, which have not been audited, which unaudited financial statements and other unaudited financial information have been furnished to us. Our opinion, in so far as it relates amounts and disclosures included in respect of jointly controlled entity and our report in terms of sub-sections (3) and (11) of Section 143 of the Act in so far as it relates to the aforesaid jointly controlled entity, is based solely on such unaudited financial statement and other unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements and other financial information are not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements above, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

For S. R. Batliboi & CO. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E

per Anil Gupta

Partner

Membership Number: 087921

Place : Gurgaon

Date : 15th May, 2015

Annexure referred to in paragraph under the heading “Report on other Legal and Regulatory requirements” of our report of even date

The Group, comprising Zuari Agro Chemicals Limited (‘Holding Company’) and its subsidiaries, joint controlled entities and associates incorporated in India and to whom the provisions of the Order apply (together referred to as “the Covered entities” in this report).

Re : Zuari Agro Chemicals Limited (the Company)

- (i) (a) The Holding company and covered entities of the Group have maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Holding company and covered entities of the Group have a plan of verifying the fixed assets in a phased manner and the fixed assets have been physically verified by the management during the year as per such plan. In our opinion, the frequency of verification is reasonable having regard to the size of the Group and the nature of its assets. As informed, no material discrepancies were noticed on such verification.
- (ii) (a) The management of the Holding Company and the Covered entities of the Group have conducted physical verification of inventory at reasonable intervals during the year. In respect of a Covered entity of the Group, management has conducted the physical verification of the Inventory at the year end. As reported by the other auditors who audited the financial statements / financial information of the other covered entity of the Group, the frequency of verification is reasonable. Inventories lying with outside parties have been confirmed by them as at year end.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Holding Company and the Covered entities of the Group and the nature of their business.
- (c) The Holding Company and the Covered entities of the Group are maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) According to the information and explanation given to us and as reported by the other auditors who audited the financial statements / financial information of certain entities of the Group, the Holding company and Covered entities of the Group have not granted any loans, secured or unsecured to Companies, firms or other parties covered in the register maintained under the Section 189 of the Companies Act. Accordingly provisions of clause (iii) (a) and (b) are not applicable to the Covered entities of the Group and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us and as reported by the other auditors who audited the financial statements / financial information of certain entities of the Group having regard to the explanations that some of the items purchased are of unique and specialized nature and suitable alternative sources for obtaining comparable quotations are not readily available, there are adequate internal control system commensurate with the size of the Holding company and the Covered entities of the Group and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Holding company and the covered entities of the Group in respect of these areas.
- (v) The Holding Company and the Covered entities of the Group have not accepted any deposits from the public.
- (vi) We have broadly reviewed the books of account maintained by the Holding company and certain covered entities of the Group pursuant to the rules made by the Central Government for the maintenance of cost records under sub section (1) of Section 148 of the Companies Act, related to the manufacture of fertilizers, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same. To the best of our knowledge and as explained and as reported by the other auditors who audited the financial statements / financial information of certain covered entities of the Group the Central Government has not specified the maintenance of cost records under clause 148(1) of the Companies Act, 2013, for the products/services of certain other Covered entities of the Group.
- (vii) (a) The Holding Company and the Covered entities of the Group are generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees’ state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues applicable to it, however there is a slight delay in large number of cases in one of the subsidiary of the Group. The provisions relating to employees’ state insurance are not applicable to one of the joint controlled entity of the Group.

- (b) According to the information and explanations given to us, no undisputed amount payable in respect provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues applicable to it were outstanding at the year end, for a period of more than six months from the date they became payable for the Covered entities of the Group;
- (c) According to the records of the Holding company and the Covered entities of the Group, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹ in lacs)	Period to which the amount relates	Forum where dispute is pending
Service Tax Act	Service tax liability	189.39	2006-07 to 2012-13	CESTAT
Central Sales Tax Act	Demand for non submission of "F form"	120.38	2010-11 to 2012-13	Commercial Tax Department
Rajasthan Value Added Tax Act, 2003	Excess input credit availed	22.33	2011-12	Commercial Tax Department
Customs Act, 1962	Demand for differential custom duty	459.12	24.03.2011 to 02.12.2011 01.04.2001 to 28.02.2006 2002-03 to 2003-04 2006-07 to 2008-09	CESTAT
Customs Act, 1962	Demand for differential custom duty	67.37	2006-07 to 2008-09	Commissioner of Customs Appeals
Income Tax Act, 1961	Income tax demand	1550.66	2011-12	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax Demand	62,063.63	2009-10 and 2010-11	CIT(Appeals), Bhubaneswar
Central Sales Tax Act, 1956	CST Demand on Branch Transfers	4,210.26	2005-2006	Tribunal / Appellate Authority, Odisha
Central Sales Tax Act, 1956	CST Demand on Branch Transfers	1.22	2003-2004	Joint commissioner, Sales Tax Appeal
Orissa Sales Tax Act, 1947	OST Demand on Form issue	1.34	2000-01	Tribunal / Appellate Authority, Odisha
Odisha Entry tax Act, 1999	Entry Tax Demand on Custom Duty component of imported goods	57.89	2002-2003 & 2005-2006	Appellate Authority, Odisha
Odisha Entry tax Act, 1999	Entry Tax Demand on imported materials and Custom Duty component of imported materials	5,020.28	2007-2014	Supreme Court of India / Appellate Authority, Odisha
Odisha Entry tax Act, 1999	Entry Tax Demand on sale of fertilizer, consumption of raw materials & import of stores and spares	3.22	2003-2004	Appellate Authority, Odisha
Uttar Pradesh Trade Tax Act, 1948	Sales Tax Demand on NPK 10:26:26	45.27	2007-2008	Tribunal Commercial Tax, Lucknow

- (d) There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Holding company and the Covered entities of the Group in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.
- (viii) The Holding Company has no accumulated losses at the end of the financial year and has not incurred cash losses in the current and immediately preceding financial year. In case of joint controlled Covered entities of the Group, there are no accumulated losses at the end of the financial year and have not incurred cash losses in the current financial year. However, they have incurred cash losses in the immediately preceding financial year. In case of other Covered entities of the Group, accumulated losses at the end of the financial year are more than fifty percent of its net worth and one of the Covered entity has incurred cash loss in the current financial year. In the immediately preceding financial year, both the entities have incurred cash losses.
- (ix) Based on our audit procedures and as per the information and explanations given by the management and as reported by the other auditors who audited the financial statements / financial information of certain covered entities of the Group, we are of the opinion that the Covered entities of the Group have not defaulted in repayment of dues to a financial institution and banks. The Covered entities of the Group did not have any outstanding debentures during the year.
- (x) According to the information and explanations given to us, the Holding Company and the Covered entities of the Group have not given any guarantee for loans taken by others from bank or financial institutions. However, according to the information and explanations given to us and based on the reports of the other auditors who audited the financial statements / financial information of other covered entities of the group, one of the joint controlled covered entity of the Group has given guarantee for loans taken by entities' dealers from banks, the terms and conditions whereof, in our opinion, are not prima-facie prejudicial to the interest of the entity.
- (xi) Based on information and explanations given to us by the management of the Holding Company and the reports of other auditors who audited the financial statements/ financial information of certain Covered entities of the Group, term loans were applied for the purpose for which the loans were obtained though funds which were not required for immediate utilisation have been invested in fixed deposits with bank. The maximum amount of such unutilised funds invested during the year was ₹ 4,000 lakhs out of which ₹ 3,500 lakhs was outstanding at the end of the year in respect of the Covered entity of the Group.
- (xii) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the consolidated financial statements and as per the information and explanations given by the management and reports of the other auditors who audited the financial statements / financial information of other Covered entities of the group, which we have relied upon, we report that no fraud on or by the Holding Company and the Covered entities of the Group have been noticed or reported during the year.

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E

per Anil Gupta

Partner

Membership Number: 87921

Place : Gurgaon.

Date : 15th May, 2015

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2015

₹ in lacs

	Notes	31st March, 2015	31st March, 2014
I. EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	3	4,205.80	4,205.80
(b) Reserves and surplus	4	96,474.73	97,534.41
		100,680.53	101,740.21
Minority interest	5	10,353.23	9,929.70
Non-current liabilities			
(a) Long-term borrowings	6	22,069.44	16,977.95
(b) Deferred tax liabilities	7	2,601.49	1,741.52
(c) Trade payables	8	18.41	–
(d) Other long term liabilities	8	7,683.77	7,601.79
(e) Long-term provisions	9	304.09	369.07
		32,677.20	26,690.33
Current liabilities			
(a) Short-term borrowings	10	317,305.24	356,991.97
(b) Trade payables	8	113,922.71	69,939.47
(c) Other current liabilities	8	30,431.88	32,715.50
(d) Short-term provisions	9	6,474.84	6,814.73
		468,134.67	466,461.67
	Total	611,845.63	604,821.91
II. ASSETS			
Non-current assets			
(a) Goodwill on consolidation (Refer note. 32 (a))		1,832.98	1,832.98
(b) Fixed assets			
i. Tangible assets	11.1	46,281.58	42,507.13
ii. Intangible assets	11.2	637.05	643.47
iii. Capital work-in-progress		42,389.56	28,175.14
(c) Non Current Investments	12	20,865.32	20,505.94
(d) Loans and advances	13	25,127.41	9,755.67
(e) Other non-current assets	14	545.01	882.00
		137,678.91	104,302.33
Current assets			
(a) Current investments	15	71.09	78.39
(b) Inventories	16	98,789.41	85,546.17
(c) Trade receivables	17	330,990.09	375,951.57
(d) Cash and bank balances	18	3,617.85	2,986.37
(e) Loans and advances	13	7,146.55	9,675.62
(f) Other current assets	14	33,551.73	26,281.46
		474,166.72	500,519.58
	Total	611,845.63	604,821.91

Summary of significant accounting policies

2.1

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

As per our report of even date

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

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

S. K. Poddar
Chairman

Kapil Mehan
Managing Director

Marco Wadia
Director

per Anil Gupta
Partner
Membership No: 87921

V. Seshadri
Vice President – Finance

R. Y. Patil
Chief General Manager
& Company Secretary

Place : Gurgaon
Date : 15th May, 2015

Place : Gurgaon
Date : 15th May, 2015

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015

₹ in lacs

	Notes	31st March, 2015	31st March, 2014
I. Income			
(a) Revenue from operations (gross)	19	766,496.80	736,479.74
Less : excise duty	19	2,957.36	2,404.44
(b) Revenue from operations (net)		763,539.44	734,075.30
(c) Other income	20	7,113.47	7,998.80
Total Revenue		770,652.91	742,074.10
II Expenses			
(a) Cost of raw material consumed	21	409,665.83	353,374.86
(b) Purchase of traded goods	22	176,288.69	228,484.32
(c) (Increase)/decrease in inventories of finished goods, work-in-progress and traded goods	23	5,753.57	(10,137.29)
(d) Employee benefits expense	24	14,371.86	13,353.57
(e) Depreciation and amortization expense	26	3,005.57	3,401.63
(f) Finance costs	27	31,828.62	37,982.41
(g) Other expenses	25	127,427.60	128,194.52
(h) Exceptional items	28	-	(5,979.63)
Total		768,341.74	748,674.39
III Profit/(Loss) before tax (I-II)		2,311.17	(6,600.29)
IV Tax expenses			
(a) Current tax		829.07	404.69
(b) MAT credit entitlement		(829.07)	(143.75)
(c) Deferred tax charge		1,092.76	163.96
(d) Income tax credit of earlier years (Net)		(430.56)	(1,369.33)
Total tax expense / (credit)		662.20	(944.43)
V Profit/(Loss) for the year (III-IV)		1,648.97	(5,655.86)
VI Add: Share in the profits/(losses) of Associates		(211.54)	-
VII Less: Shares of Minority interest in profits/(Loss)		540.18	(1,230.47)
VIII Net Profit/(Loss) attributable to shareholders of Zuari Agro Chemicals Limited		897.25	(4,425.39)
Basic	34		
Earnings per equity share (nominal value of share ₹ 10/-)		₹ 2.13	₹ (10.52)
Diluted			
Earnings per equity share (nominal value of share ₹ 10/-)		₹ 2.13	₹ (10.52)

Summary of significant accounting policies 2.1

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

As per our report of even date

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

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

S. K. Poddar
 Chairman

Kapil Mehan
 Managing Director

Marco Wadia
 Director

per Anil Gupta
 Partner
 Membership No: 87921

V. Seshadri
 Vice President – Finance

R. Y. Patil
 Chief General Manager
 & Company Secretary

 Place : Gurgaon
 Date : 15th May, 2015

 Place : Gurgaon
 Date : 15th May, 2015

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015

₹ in lacs

S.No.	PARTICULARS	Year ended 31st March, 2015	Year ended 31st March, 2014
A. CASH FLOW FROM OPERATING ACTIVITIES:			
	Profit / (Loss) before tax	2,311.17	(6,600.29)
	Adjustment for :		
	Depreciation / amortisation	3,005.57	3,401.63
	Diminution in the value of Fertiliser Companies' Government of India Special Bonds	-	1,199.01
	Foreign currency Translation Reserve	(0.14)	-
	Loss/(Gain) on disposal of fixed assets (net)	(293.38)	156.52
	Bad debts, claims and advances written off	56.65	3.42
	Provision for doubtful debts, claims and advances	238.72	181.54
	Loss on Sale of current Investments	-	3.70
	Unrealized foreign exchange fluctuation loss	168.27	138.73
	Excess provision / unclaimed liabilities / unclaimed balances written back	(932.40)	(2,440.62)
	Profit on sale of Free hold land	-	(16,353.19)
	Reversal of charge of diminution in the value of Fertiliser Companies Government of India Special Fertiliser Bonds.	(1,766.26)	-
	Interest expense	22,404.90	24,403.95
	Interest income	(3,223.59)	(2,163.65)
	Dividend income	(286.80)	(305.44)
		19,371.54	8,225.60
	Operating profit before working capital changes	21,682.71	1,625.30
	Changes in working Capital :		
	Decrease / (Increase) in inventories	(13,243.23)	8,799.06
	Decrease in trade receivables	44,666.13	57,857.33
	(Increase) in other assets	(4,068.29)	(2,100.11)
	(Increase) in Loans and advances	(997.26)	(6,150.50)
	Increase in trade payables and other current liabilities	36,696.92	34,417.56
	Increase / (Decrease) in provisions	14.26	(194.95)
		63,068.53	92,628.39
	Cash (used) in operations	84,751.23	94,253.69
	Direct tax paid (net of refunds)	(864.16)	(2,319.38)
	Net cash flow from in operating activities (A)	83,887.07	91,934.31
B. CASH FLOW FROM INVESTING ACTIVITIES:			
	Purchase of fixed assets, including tangible assets, CWIP and Capital Advances	(19,021.99)	(23,002.45)
	Proceeds from sale of fixed assets	518.36	16,490.27
	Proceeds from sale of current investments	48,481.05	79,417.11
	Purchase of non current investments	(12,490.92)	(9,550.81)
	Purchase of non current investments in Associate	-	(1,814.67)
	Purchase of current investments	(48,473.75)	(79,421.78)
	Dividend received	286.80	305.44
	Interest received	2,105.89	2,685.78
	Redemption / maturity of bank deposits (having original maturity of more than three months)	8.87	63.89
	Investment in bank deposits (having original maturity of more than three months)	(47.56)	(62.72)
	Net cash flow (used in) investing activities (B)	(28,633.25)	(14,889.94)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015

		₹ in lacs	
S.No.	PARTICULARS	Year ended 31st March, 2015	Year ended 31st March, 2014
C. CASH FLOW FROM FINANCING ACTIVITIES:			
	Proceeds from long term borrowing	8,943.75	11,831.02
	Repayment of long term borrowing	(563.58)	(415.89)
	Proceeds from buyers credit	2,55,982.94	4,03,947.44
	Repayment of buyers credit	(2,49,371.68)	(4,46,806.29)
	Proceeds / (Repay) from short term borrowings	(46,297.99)	(36,542.34)
	Dividend Paid	(1,471.17)	(1,471.27)
	Interest paid	(21,902.27)	(25,736.88)
	Net cash flow (used in) financing activities (C)	(54,680.00)	(95,194.21)
	Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)	573.82	(18,149.84)
	Cash & Cash Equivalents (Opening)	2,942.63	21,092.47
	Cash & Cash Equivalents (Closing) (Refer below)	3,516.45	2,942.63

		₹ in lacs	
CASH AND CASH EQUIVALENTS		As at 31st March, 2015	As at 31st March, 2014
	Cash in hand	3.01	49.05
	Cheque in hand	66.28	-
	With banks		
	– on current accounts	1,525.36	883.96
	– on cash credit accounts	155.43	-
	– on unclaimed Dividends*	14.62	9.62
	on deposits accounts	1,751.75	2,000.00
	Cash and Cash Equivalents	3,516.45	2,942.63

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

As per our report of even date

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

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

S. K. Poddar
Chairman

Kapil Mehan
Managing Director

Marco Wadia
Director

per Anil Gupta
Partner
Membership No: 87921

V. Seshadri
Vice President – Finance

R. Y. Patil
Chief General Manager
& Company Secretary

Place : Gurgaon
Date : 15th May, 2015

Place : Gurgaon
Date : 15th May, 2015

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL YEAR 2014–15

1. Basis for preparation

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

These financial statements have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The Group has prepared these financial statements to comply in all material respects with the accounting standards notified under Section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rule 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies have been consistently applied by the Group and are consistent with those used in previous year, except for the change in accounting policy explained below.

2.1 Summary of Significant Accounting Policies

I) Change in accounting policy

(a) Depreciation on Fixed Assets

Till the year ended 31 March, 2014, Schedule XIV to the Companies Act, 1956, prescribed requirements concerning depreciation of fixed assets. From the current year, Schedule XIV has been replaced by Schedule II to the Companies Act, 2013. The applicability of Schedule II has resulted in the following changes related to depreciation of fixed assets. Unless stated otherwise, the impact mentioned for the current year is likely to hold good for future years also.

Useful lives/ depreciation rates

Till the year ended 31 March, 2014, depreciation rates prescribed under Schedule XIV were treated as minimum rates and the Group was not allowed to charge depreciation at lower rates even if such lower rates were justified by the estimated useful life of the asset. Schedule II to the Companies Act, 2013 prescribes useful lives for fixed assets which, in many cases, are different from lives prescribed under the erstwhile Schedule XIV. However, Schedule II allows companies to use higher/ lower useful lives and residual values if such useful lives and residual values can be technically supported and justification for difference is disclosed in the financial statements.

Considering the applicability of Schedule II, the Group has re-estimated useful lives and residual values of all its fixed assets. As per the transition provision, the Parent Company and one of the joint venture company of Group has adjusted ₹ 1,060.31 lacs (previous year ₹ Nil) [net of deferred tax of ₹ 232.79 lacs and gross of minority interest of ₹ 116.54 lacs (previous year ₹ Nil and ₹ Nil respectively)] with the opening balance of retained earnings. Had the Group continued to follow the earlier useful life, the depreciation expense for the year ended March, 31, 2015 would have been higher by ₹ 836.05 lacs (previous year ₹ Nil), Profit before tax would have been lower by ₹ 836.05 lacs for the year ended March, 31, 2015 (previous year ₹ Nil).

(b) Depreciation on assets costing less than ₹ 5,000/-

In respect of subsidiary of a joint venture and one of the subsidiary of the Group, till the year ended 31 March, 2014, to comply with the requirements of Schedule XIV to the Companies Act, 1956, the said companies were charging 100% depreciation on assets costing less than ₹ 5,000/- in the year of purchase. However, Schedule II to the Companies Act, 2013, applicable from the current year, does not recognize such practice. Hence, to comply with the requirement of Schedule II to the Companies Act, 2013, the subsidiary of joint venture and one of the subsidiary of the Group have changed their accounting policy for depreciation of assets costing less than ₹ 5,000/-. As per the revised policy, the said companies are depreciating such assets over their useful life as prescribed by the Schedule II to the Companies Act, 2013. These companies have decided to apply the revised accounting policy prospectively from accounting periods commencing on or after 1 April, 2014.

The change in accounting for depreciation of assets costing less than ₹ 5,000/- in respect of these companies did not have any material impact on financial statements of the Group for the current year.

II) Basis of classification of Current and Non Current

Assets and liabilities in the Balance Sheet have been classified as either current or non-current based upon the requirements of revised Schedule III notified under the Companies Act, 2013.

An asset has been classified as current if (a) it is expected to be realized in, or is intended for sale or consumption in, the company's normal operating cycle ; or (b) it is held primarily for the purpose of being traded; or (c) it is expected to

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL YEAR 2014–15

be realized within twelve months after the reporting date; or (d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date. All other assets have been classified as non-current.

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

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

III) Use of Estimates

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

IV) Principles of Consolidation

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

- i. Subsidiary companies have been consolidated on a line-by-line basis by adding together the book values of the like items of assets, liabilities, income and expenses, after eliminating all significant intra-group balances and intra-group transactions and also unrealized profits or losses.
- ii. Interests in the assets, liabilities, income and expenses of the Joint Ventures have been consolidated using proportionate consolidation method. For the purpose of proportionate consolidation, consolidated financial statements of the Joint Ventures and their subsidiaries have been used. Intra Group balances, transactions and unrealized profits/losses have been eliminated to the extent of the Group's proportionate share.
- iii. The difference of the cost to the Company of its investment in Subsidiaries and Joint Ventures over its proportionate share in the equity of the investee company as at the date of acquisition of stake is recognized in the financial statements as Goodwill or Capital Reserve, as the case may be.
- iv. Minorities interest in net profit of consolidated subsidiaries for the year has been identified and adjusted against the income in order to arrive at the net income attributable to the shareholders of the Company. Their share of net assets has been identified and presented in the Consolidated Balance Sheet separately. Where accumulated losses attributable to the minorities are in excess of their equity, in the absence of the contractual obligation on the minorities, the same have been accounted for by the holding company.
- v. As far as possible, the consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company's stand alone financial statements. Differences in accounting policies have been disclosed separately.
- vi. The financial statements of the Group entities used for the purpose of consolidation are drawn up to same reporting date as that of the Company i.e. year ended March, 31, 2015.

V. Tangible Assets

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

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL YEAR 2014–15

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the Statement of Profit and Loss for the year during which such expenses are incurred. The replaced assets are discarded at their book value (net of accumulated depreciation) where book values are ascertainable, and at estimated net book values, wherever it is not ascertainable. Replaced assets held for disposal are stated at lower of their net book value and net realizable value and shown under "Other Assets".

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

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

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

VI. Intangibles

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

Research and development Costs

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

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

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

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

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

VII. Depreciation

- i. Depreciation on tangible fixed assets (other than specific asset referred under para (II) to (VII) below) is provided using the Straight Line Method as per the useful lives of the assets as estimated by the management, which are equal to the rates prescribed under Schedule II of the Companies Act, 2013 . For this purpose, a major portion of the plant has been considered as continuous process plant.
- ii Premium paid on acquisition of Leasehold Land is being amortized over the period of the respective leases.
- iii Leasehold Improvements are being depreciated over the primary period of lease or useful lives of the assets, whichever is shorter.
- iv Insurance/Machinery spares are depreciated prospectively over the estimated remaining useful lives of the respective mother assets, which are depreciated as per para (i) above.

VIII. 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.

IX. Impairment

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

X. Inventories

- i) Inventories are valued at the lower of Cost and Net Realizable Value (except to the extent stated in (ii) below). The Cost for this purpose is determined as follows:
 - a) Stores and Spares, Fuel Oil, Raw Materials and Packing Materials: Moving weighted average method.
 - b) Work-in-process: Material cost on Moving weighted average method and appropriate manufacturing overheads based on normal operating capacity.
 - c) Finished goods (manufactured): Material cost on Moving weighted average method and appropriate manufacturing overheads based on normal operating capacity including Excise Duty.
 - d) Finished goods (traded): Moving weighted average method.
 - e) Materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.
Net Realisable Value is the estimated selling price including applicable subsidy 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.

XI. Investments

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

XII. Retirement and other Employee Benefits

i. Provident Fund

Retirement benefits in the form of Provident Fund is a defined benefit obligation in respect of the Parent Company and a subsidiary of joint venture company and is provided for on the basis of actuarial valuation of projected unit credit method made at the end of each financial year. The difference between the actuarial valuation of the provident fund of employees at the year end and balance of own managed fund is provided for as liability in the books in terms of the provisions under Employee Provident Fund and Miscellaneous Provisions Act, 1952. Actuarial gains and losses for defined obligation are recognized in full in the year in which they occur in the statement of profit and loss.

In case of other companies in the Group, Provident fund is a define contribution scheme. The companies do not have any other obligation other than contribution made to the fund. The companies recognize contribution payable to the fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre payment will lead to, for example, a reduction in future payment or a cash refund.

ii) Pension Fund

Family Pension Funds and National Pension Scheme are defined contribution schemes. The Group does not have any other obligation other than contribution made to the fund. The Group recognises contribution payable to the fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre payment will lead to, for example, a reduction in future payment or a cash refund.

iii) Gratuity

In respect of the Group, retirement benefit in the form of gratuity is defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year (except in case of a Joint Venture Company where the number of employees are below 50 and it is provided for on gross undiscounted basis. The company estimates the impact of actuarial valuation to be negligible).

The Parent Company, a subsidiary and a subsidiary of joint venture have taken insurance policy under the Group Gratuity Scheme with the Life Insurance Corporation of India (LIC) to cover the gratuity liability of the employees and actuarial gains and losses for defined benefit plan is recognized in full in the period in which they occur in the statement of profit and loss.

iv) Post Employment Medical Benefit

In respect of a subsidiary of a joint venture, post employment medical benefit is a defined benefit obligation which is provided for based on actuarial valuation on projected unit credit method made at the end of each financial year. Actuarial gains and losses are immediately taken to the statement of Profit and Loss and are not deferred.

v) Leave Encashment

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

The Group treats accumulated leave expected to be carried forward beyond twelve months as long term employee benefit for measurement purpose. Such long term compensated absences are provided for based on actuarial valuation using the projected unit credit method at the year end (except in case of Joint Venture Company where the number of employees are below 50 and it is provided for on gross undiscounted basis. The company estimates the impact of actuarial valuation to be negligible). Actuarial gains/losses are immediately taken to the statement of Profit and Loss and are not deferred.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL YEAR 2014–15

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

vi) Superannuation, Contributory Pension Fund and Death Benevolent Fund

The Parent Company, a subsidiary company and a subsidiary of the joint venture have approved Superannuation Fund and Contributory Pension Fund which are defined contribution schemes. These companies have no obligation, other than contribution payable to the Superannuation Fund and Contributory Pension Fund to Life Insurance Corporation of India (LIC) against the insurance policies taken with them. These companies recognize contribution payable to the fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre payment will lead to, for example, a reduction in future payment or a cash refund.

One of the subsidiary of joint venture company also has a Death Benevolent Fund which is a defined contribution scheme, the company has no obligation other than contribution payable to the Fund to Life Insurance Corporation of India (LIC) against the insurance policy taken with them. This company recognises contribution payable to the fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre payment will lead to, for example, a reduction in future payment or a cash refund.

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

iii. Exchange Differences:

The Group accounts for exchange differences arising on translation / settlement of foreign currency monetary items as below:

- a) Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset.
- b) Exchange differences arising on other long-term foreign currency monetary items are accumulated in the 'Foreign Currency Monetary Item Translation Difference Account' and amortized over the remaining life of the concerned monetary item.
- c) All other exchange differences are recognized as income or as expense in the period in which they arise

For the purpose of (a) and (b) above, the Group treat a foreign monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination. In accordance with MCA circular dated 09th August, 2012, exchange differences for this purpose, are total differences arising on long-term foreign currency monetary items for the period. In other words, the Group does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL YEAR 2014–15

iv. Forward exchange contracts entered into to hedge foreign currency risk of an existing asset/ liability:

The premium or discount arising at the inception of forward exchange contracts is amortized as expense or income over the life of the contract. Exchange differences on such contracts are recognized in the Statement of Profit and Loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year. Any gain/ loss (including premium or discount arising at the inception of foreign exchange contract till the date the concerned fixed asset is put to use) arising on forward contracts which are long-term foreign currency monetary items is recognized in accordance with paragraph (iii)(a) and (iii)(b) above.

XIV. Government Grants and subsidies

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

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

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

XV. Leases

Operating Lease

Where the Company is the lessee:

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

XVI. Accounting for taxes

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

Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company (within the 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.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the same taxable entity and the same taxation authority.

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

Minimum Alternate Tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. MAT Credit is recognized as an asset only when and to the extent there is convincing evidence that the company (within the Group) will pay normal income tax during the specified period i.e. the period for which MAT credit is allowed to be carried forward. 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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL YEAR 2014–15

of India, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT Credit Entitlement. The company (within the Group) reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that company (within the Group) will pay normal income tax during the specified period.

XVII. Revenue Recognition

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

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

Concessions in respect of Urea as notified under the New Pricing Scheme is recognized with adjustments for escalation/de-escalation in the prices of inputs and 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. No subsidy is recognized on exports of fertilisers.

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

- ii. Scrap / Waste (treated waste) products lying at the factory are accounted for in the year of sale.
- iii. Insurance claim and receivable on account of interest from dealers on delayed payment are accounted for to the extent the Group is reasonably certain of their ultimate collection. Other interest Income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.
- iv. Dispatch money on shipment are accounted for based on realization or acceptance of claim and netted with demurrage expenses.
- v. Revenue is recognized as per the terms of contracts with customer when the related services are performed.
- vi. Dividend is recognized when the shareholders' right to receive payment is established by the balance sheet date.

XVIII. Borrowing costs

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

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

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.

XX. Earnings per Share

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL YEAR 2014–15

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

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

XXII. Contingent Liabilities

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

XXIII. Research and Development Expenditure

Research and Development expenditure of revenue nature are charged to Statement of Profit and Loss, while capital expenditure is added to the cost of fixed assets in the year in which these are incurred.

XXIV. 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.

XXV. Fertiliser Companies' Government of India Special Bonds

Fertiliser Companies' Government of India Special Bonds issued by Government of India in lieu of subsidy receivables are intended to be kept for short term purposes and are valued at lower of cost and market value. These bonds are included in 'Other Assets'.

XXVI. Segment reporting

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.

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3. Share Capital

₹ in lacs

Particulars	31st March, 2015	31st March, 2014
Authorised :		
6,50,00,000 (31st March, 2014:: 4,20,58,006) Equity Shares of ₹ 10/- Each	6,500.00	4,205.80
	6,500.00	4,205.80
Issued *		
4,20,58,006 (31st March, 2014: 4,20,58,006) Equity Shares of ₹ 10/- Each Fully paid	4,205.80	4,205.80
Subscribed and Paid-up *		
4,20,58,006 (31st March, 2014:: 4,20,58,006) Equity Shares of ₹ 10/- Each Fully paid	4,205.80	4,205.80
Total	4,205.80	4,205.80

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

Equity Shares	31 st March, 2015		31 st March, 2014	
	in Numbers	₹ in lacs	in Numbers	₹ in lacs
At the beginning of the year	4205,80,06	4,205.80	4205,80,06	4,205.80
Issued during the year	-	-	-	-
Outstanding at the end of the year	4205,80,06	4,205.80	4205,80,06	4,205.80

b. Terms/Rights attached to equity Shares

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

During the year ended 31st March, 2015, the amount of per share dividend recognised as distribution by the parent company to equity shareholders was ₹ 2/- per share, subject to the approval of shareholders (31st March, 2014 :: ₹ 3/-)

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

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

Name of Shareholder	31 st March, 2015		31 st March, 2014	
	No. of Shares held	% Holding in Class	No. of Shares held	% Holding in Class
Zuari Global Limited	84,11,601	20.00	84,11,601	20.00
SIL Investments Limited	32,08,000	7.63	32,08,000	7.63
Texmaco Infrastructure & Holdings Limited	30,00,125	7.13	30,00,125	7.13
Globalware Trading & Holdings Limited	70,12,000	16.67	70,12,000	16.67
Zuari Management Services Limited	50,78,909	12.08	50,78,909	12.08

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL YEAR 2014–15

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

Equity Shares	31st March, 2015		31st March, 2014	
	in Numbers	₹ in lacs	in Numbers	₹ in lacs
Equity shares allotted as fully paid-up pursuant to the Scheme of Arrangement and Demerger for consideration other than cash	294,40,604	2,944.06	294,40,604	2,944.06

* Pursuant to the Scheme of Arrangement and Demerger ("the Scheme") between Zuari Agro Chemicals Limited and Zuari Global Limited, Zuari Agro Chemicals Limited had issued 29,440,604 equity shares of ₹ 10/- each aggregating to ₹ 2944.06 to the existing shareholders of Zuari Global Limited in the ratio of 1 fully paid up Equity share of ₹ 10/- each of Zuari Agro Chemicals Limited during the financial year ending 31st March, 2013. Out of the above shares issued pursuant to the Scheme, 8,051 (previous year 8,051) Equity Shares entitlements have been kept in abeyance pursuant to Section 206A of the Companies Act, 1956 in accordance with instructions from the Special Court (Trial of Offences relating to Transactions in Securities) Act, 1992 and in respect of shareholders who could not exercise their rights in view of disputes, mistakes, discrepancy in holdings, etc.

4. Reserves and Surplus

₹ in lacs

Particulars	31st March, 2015	31st March, 2014
Capital Reserve		
Balance as per last financial statements	18,105.05	17,364.59
Arising on Consolidation (Refer Note No. 32 (b))	-	740.46
Closing Balance	18,105.05	18,105.05
Business Restructuring Reserve *		-
Balance as per last financial statements	65,404.84	65,404.84
Add : Additions during the year	-	-
Closing Balance	65,404.84	65,404.84
General Reserve		
Balance as per last financial statements	6,000.00	5,500.00
Add: Amount transferred from surplus balance in the statement of profit and loss	150.00	500.00
Closing Balance	6,150.00	6,000.00
Surplus / (deficit) in the statement of profit and loss		
Balance as per last financial statements	8,024.52	14,426.08
Charged to Reserves due to implementation of Schedule II of the Companies Act 2013 (net of deferred tax reversal of ₹ 232.79 lacs)	(944.39)	-
Net Profit/(Loss) for the year	897.25	(4,425.39)
Less : Appropriations		
Proposed final equity dividends:: ₹ 2/- per equity share (31st March, 2014:: ₹ 3.00/- Per Equity Share)	841.16	1,261.74
Tax on proposed equity dividend	171.24	214.43
Transfer to general reserve	150.00	500.00
Total appropriations	1,162.40	1,976.17
Net surplus in the statement of profit and loss	6,814.98	8,024.52
Foreign currency translation reserve		

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL YEAR 2014–15

₹ in lacs

Particulars	31st March, 2015	31st March, 2014
Balance as per last financial statements	–	–
Exchange difference during the year on net investment in non – integral operations	(0.14)	–
Closing balance	(0.14)	–
Total Reserves and Surplus	96,474.73	97,534.41

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

5. Minority Interest

₹ in lacs

Particulars	31st March, 2015	31st March, 2014
Percentage Share of Minority	19.55 %	19.55 %
Share in Equity Share Capital	5,624.45	5,624.45
Share in the Reserves	4,728.78	4,305.25
Total	10,353.23	9,929.70

6. Long Term Borrowings

₹ in lacs

Particulars	Non Current		Current Maturities	
	31st March, 2015	31st March, 2014	31st March, 2015	31st March, 2014
Foreign currency term loan from financial institution (secured)	12,170.44	15,024.95	3,477.27	–
Indian rupee term loan from banks (secured)	9,899.00	1,953.00	500.00	688.58
	22,069.44	16,977.95	3,977.27	688.58
Less : Amount disclosed under the head Other Current Liabilities (Refer Note no 8)	–	–	3,977.27	688.58
Total	22,069.44	16,977.95	–	–

- In case of a subsidiary, an Indian rupee loan from Bank of Rs Nil (including current maturities Rs Nil) (31st March, 2014 :: ₹ 240.13 lacs (including current maturities ₹ 240.13 lacs)) carried interest @ BPLR plus 1%. The loan was repayable in 10 half yearly instalments along with interest, from the date of loan (April 7, 2010). The loan was secured by equitable mortgage of land, hypothecation of stock in trade, book debt, plant and machinery and vehicles, both present and future.
- An Indian rupee loan from Bank of ₹ 2649.00 lacs (including Current Maturities ₹ 500.00 lacs) [31st March, 2014 :: ₹ 2245.00 lacs (including Current Maturities ₹ 292.00 lacs)] carries interest rate of 12.00 % p.a. The loan is repayable in 24 quarterly installments starting from December, 2014. The loan is secured by equitable mortgage of land at Mahad & hypothecation of plant, machinery & other movables of the subsidiary company.
- Foreign Currency Loan taken from International Financial Corporation(IFC) in respect of subsidiary of a joint venture at an interest rate of 6 month LIBOR + 2.85% p.a (3.35% p.a w.e.f. 1st November 2014) and repayable in 9 half yearly installments of USD 55.55 lacs commencing from 15th June 2015, The loan is secured by way of First pari passu with the mortgages and charges created in respect of immovable properties and movable properties and Second pari passu with the charges created in respect of current assets excluding GOI Bonds specifically pledged to HDFC Bank.
- In case of joint venture company, an Indian rupee loan of ₹ Nil (including current maturities of ₹ Nil) [31st March, 2014 :: ₹ 156.45 lacs (including current maturities ₹ 156.45 lacs)] carried floating interest rate at Corporation Bank Benchmark Advance Rate (COBAR) plus 1.85%. The loan was repayable in 54 monthly installments starting from October, 2010. The loan was secured by first charge against the factory land and building, plant and machinery, movable assets of the project and a negative lien on the assets of the company.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL YEAR 2014-15

5. In case of a subsidiary of Joint venture, term loans from banks of ₹ 7,750.00 lacs (including current maturities ₹ Nil) [31st March, 2014 :: ₹ Nil (including current maturities ₹ Nil)] first pari passu with the mortgages and charges created in respect of immovable properties and movable properties (other than leasehold land of 482.04 acres and Second pari passu with the charges created in respect of current assets at an interest rate 11.60% – 11.75% and repayable in 20 quarterly instalments.

7. Deferred tax liabilities (Net)

₹ in lacs

Particulars	31st March, 2015	31st March, 2014
Deferred tax liabilities		
Fixed assets Impact of difference between tax depreciation and depreciation / amortisation charged for the financial reporting	6,766.53	5,442.64
Payment of statutory dues, not debited to Statement of Profit and Loss but claimed in Income tax	346.08	309.00
Others	–	9.62
Gross deferred tax liabilities	7,112.61	5,761.26
Deferred tax assets		
Provision for doubtful debts and advances	132.94	115.67
Expenses allowable in Income tax on payment basis and deposition of Statutory dues	3,053.63	2,988.18
Brought forward losses and unabsorbed depreciation	2,608.49	2,703.68
Gross deferred tax assets	5,795.06	5,807.53
	1,317.55	(46.27)
Less deferred tax assets (net) not recognised by the subsidiary of a Joint venture	1,283.94	1,787.79
Net deferred tax liabilities/(assets)	2,601.49	1,741.52

In respect of subsidiary of joint venture and two subsidiaries, deferred tax assets in respect of unabsorbed depreciation and business losses have not been created in the absence of taxable profit which will be available for set off against profits in future years in terms of Accounting Standard AS-22 (Accounting for taxes on income).

8. Other Liabilities

₹ in lacs

Particulars	Non Current		Current	
	31st March, 2015	31st March, 2014	31st March, 2015	31st March, 2014
Trade payables (Refer Note no. 52 for details of dues to Micro and Small Enterprises)	18.41	–	1,13,922.71	69,939.47
	18.41	–	1,13,922.71	69,939.47
Other Liabilities				
Trade deposits – dealers	7,603.00	6,710.18	286.08	289.31
Current maturities of long term borrowings (Refer Note No. 6)	–	–	3,977.27	688.58
Unclaimed statutory liabilities to be credited to Investor Education and Protection Fund as and when due :				
– Unclaimed dividends	–	–	14.62	9.62

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL YEAR 2014-15

₹ in lacs

Particulars	Non Current		Current	
	31st March, 2015	31st March, 2014	31st March, 2015	31st March, 2014
Interest accrued but not due on loans and deposits	-	-	951.72	375.91
Deferred income – PSI grant (Refer Note no 54)	71.76	46.02	7.64	3.07
Interest accrued and due on borrowings	-	-	-	20.68
Forward cover payable	-	124.45	4,513.17	11,290.06
Advances from dealers and others	-	-	9,009.63	11,588.32
Payables towards capital goods	9.01	721.14	3,536.53	758.22
Interest on other dues	-	-	14.27	66.77
Employee benefit payable	-	-	602.01	678.84
Statutory obligations	-	-	7,203.88	6,929.98
Other dues	-	-	315.06	16.14
	7,683.77	7,601.79	30,431.88	32,715.50
Total	7,702.18	7,601.79	1,44,354.59	1,02,654.97

9. Provisions

₹ in lacs

Particulars	Long-term		Short-term	
	31st March, 2015	31st March, 2014	31st March, 2015	31st March, 2014
Provision for employee benefits				
Gratuity (Refer note no. 48 (i))	0.22	1.97	291.72	13.74
Provision for voluntary retirement scheme	45.10	68.73	22.83	35.57
Post retirement medical benefits (Refer note no.48(ii))	113.53	162.78	3.25	31.30
Leave encashment	-	-	3,644.04	3,820.67
	158.85	233.48	3,961.84	3,901.28
Others provisions				
Provision for current tax	-	-	191.58	146.95
Provision for wealth tax	-	-	114.97	5.65
Provision for proposed equity dividend	-	-	841.16	1,261.74
Provision for tax on proposed equity dividend	-	-	171.24	214.43
Provision for contractors	145.24	135.59	-	-
Others	-	-	1,194.05	1,284.68
	145.24	135.59	2,513.00	2,913.45
Total	304.09	369.07	6,474.84	6,814.73

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL YEAR 2014-15

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

₹ in lacs

Particulars	31st March, 2015	31st March, 2014
Opening balance	135.59	84.05
Additions during the year	10.95	51.54
Amount used during the year	(1.30)	–
Closing balance	145.24	135.59

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

₹ in lacs

Particulars	31st March, 2015	31st March, 2014
Opening balance	1,284.68	1,228.17
Additions during the year	72.99	105.16
Amount used during the year	–	(48.65)
Unused amount reversed during the year	(163.62)	–
Closing balance **	1,194.05	1,284.68

** Includes the following provisions

₹ in lacs

Particulars	31st March, 2015	31st March, 2014
Ground rent (Refer Note no. 40 below)	784.64	715.64
Land compensation (including interest) (Refer Note no. 41 below)	175.09	175.09
Employees' state insurance (Refer Note no. 42 below)	86.96	83.60
Provision for others (freight claim)	147.36	310.35
Total	1,194.05	1,284.68

10. Short term borrowings

₹ in lacs

Particulars	31st March, 2015	31st March, 2014
Secured – From Banks		
a. Cash Credit (Including working capital demand loans) (The rate of Interest on Cash Credit varies between 10.20% – 13.50% and are repayable on demand)	97,521.73	1,10,022.54
b. Buyers Credit (The rate of Interest on buyers credit varies between 0.55% – 1.66% and are repayable over a period of 148 – 360 days)	1,24,323.61	1,17,839.46
c. Short Term Loans 10.90 % bridge loan to be secured against subsidy receivable of the Parent company. Repayable at the end of 60th day from the date of allotment)	30,000.00	30,000.00
d. Short term loan from SBI consortium (Nil (31st March, 2014: 10.40%) (including Nil (31st March, 2014: 8.00%) paid directly by Government of India to the bank) secured against subsidy receivable of equal amount from GOI, Ministry of Chemicals and Fertilizer under Special Banking Arrangement).	–	55,014.06

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL YEAR 2014–15

₹ in lacs

Particulars		31st March, 2015	31st March, 2014
e.	Bill discounted with Bank (The rate of interest 10.30% and repayable over a period of 19 to 45 days)	3,823.28	4,280.16
f.	Suppliers Credit (The loan is taken at a rate 0.60% – 0.65 % and repayable over a period of 53 to 80 days)	5,673.77	–
g.	Others (The loan is taken at a rate of 10.00% (31st March, 2014: 10.05% to 10.50%) and repayable within 20 to 55 days. The loan is secured by Government of India Fertiliser Bonds held by the subsidiary of joint venture)	19,735.00	19,734.97
Secured Borrowings		2,81,077.39	3,36,891.19
Unsecured			
a.	Short term loan from banks (The rate of Interest on loans varies between 11.00% – 11.25% (31st March, 2014 10.25% – 11.50%) and are repayable over a period of 30 to 90 days)	35,750.00	20,000.00
b.	Buyers Credit (The loan carries an interest LIBOR plus 0.55% – 0.66% and are repayable over a tenure up to 6 months)	227.89	100.78
c.	Bill discounted with Bank (The rate of interest 10.30% and repayable over a period of 19 to 45 days)	249.96	–
Unsecured Borrowings		36,227.85	20,100.78
Total		3,17,305.24	3,56,991.97

- (a) The Cash credit (including working capital demand loans) of ₹ 68,912.43 lacs (31st March, 2014 :: ₹ 67,648.03 lacs) and Buyers credit of ₹ 1,04,288.59 lacs (31st March, 2014 :: ₹ 91,895.40 lacs) are secured by the first charge by way of hypothecation on the current assets (excluding assets against which specific loans have been obtained), both present and future, wherever situated pertaining to the Parent Company and the Parent Company's present and future book debts outstanding, moneys receivable, claims, bills, contracts, engagements, rights and assets.
- (b) The Buyers Credit of ₹ 20,035.02 lacs (31st March, 2014 :: ₹ 25,944.06 lacs), Cash credit (including working capital demand loans) of ₹ 25,833.97 lacs (31st March, 2014 :: ₹ 41,398.91 lacs) and Suppliers Credit of ₹ 5,673.77 lacs (31st March, 2014 ₹ Nil) are secured by first charge by way of hypothecation on all current assets and second charge on all immovable and movable properties of the subsidiary of the joint venture company (other than current assets hypothecated in favour of Banks by way of First Charge and leasehold land of 482.04 acres, both present and future, on pari passu basis in favour of all consortium banks.
- (c) In respect of a subsidiary, Cash credit of ₹ 731.24 lacs (31st March, 2014:: ₹ 712.87 lacs) from banks is secured by equitable mortgage of, land, hypothecation of stock in trade, book debt, plant and machinery and vehicles, both present and future. The credit is repayable on demand.
- (d) In respect of joint venture company, Cash credit ₹ 332.09 lacs (31st March, 2014 :: ₹ 253.72 lacs) is availed from Corporation Bank and is repayable on demand and is secured by hypothecation of inventory cum book debts and all current assets of that company.
- (e) In respect of the subsidiary of the joint venture company, bill discounted from bank of ₹ 3,823.28 lacs (31st March, 2014: ₹ 4,280.16 lacs) is against letter of credit issued by another bank which is having security by First Charge by way of hypothecation on all current assets and Second Charge on all immovable & movable properties of the Company (other than current assets hypothecated in favour of Banks by way of First Charge and leasehold land of 482.04 acres) both present and future on pari-passu basis in favour of all consortium banks.
- (f) In respect of a subsidiary, Cash credit of ₹ 1,712 lacs (31st March, 2014: ₹ Nil) is secured by hypothecation of inventories and book debts.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL YEAR 2014-15

11.1 Tangible assets

₹ in lacs

Particulars	Freehold Land	Land (leasehold)	Leasehold Improve-ments	Buildings	Railway Siding	Plant & machinery	Furniture & fixtures	Office equipment	Vehicles	Total
Cost										
As at 1st April, 2013	643.26	40.18	6.27	14,998.61	1,941.78	72,425.34	879.26	2,105.84	955.02	93,995.56
Additions during the year	389.71	63.17	–	1,244.75	–	8,871.42	31.00	380.49	33.24	11,013.78
Disposals during the year	20.58	–	–	0.40	–	1,113.36	16.45	43.52	150.04	1,344.35
Exchange differences	–	–	–	–	–	73.77	–	–	–	73.77
Borrowing Costs	–	–	–	–	–	11.47	–	–	–	11.47
As at 31st March, 2014	1,012.39	103.35	6.27	16,242.96	1,941.78	80,268.64	893.81	2,442.81	838.22	1,03,750.23
Additions during the year	0.54	0.41	–	573.10	151.66	6,573.65	130.62	330.10	232.05	7,992.12
Disposals during the year	–	–	–	0.38	–	1,341.75	26.03	140.49	180.54	1,689.20
Exchange differences	–	–	–	–	–	108.07	–	–	–	108.07
Borrowing Costs	–	–	–	–	–	21.44	–	–	–	21.44
As at 31st March, 2015	1,012.93	103.76	6.27	16,815.68	2,093.44	85,630.04	998.40	2,632.41	889.73	1,10,182.66
Depreciation										
As at 1st April, 2013	–	7.79	6.27	7,297.87	1,448.81	47,947.09	535.81	1,407.44	325.11	58,976.19
Charge for the year	–	0.44	–	439.62	72.93	2,551.37	46.20	126.70	80.40	3,317.65
Deductions during the year	–	–	–	0.11	–	919.48	11.25	39.16	80.74	1,050.74
As at 31st March, 2014	–	8.23	6.27	7,737.38	1,521.74	49,578.98	570.76	1,494.98	324.77	61,243.10
Charge for the year	–	0.44	–	375.95	26.73	1,970.56	75.62	255.93	124.14	2,829.36
Charged to Reserves due to implementation of Schedule II of the Companies Act, 2013	–	–	–	667.06	127.29	339.57	25.10	133.96	0.12	1,293.10
Deductions during the year	–	–	–	0.38	–	1,228.93	11.32	133.10	90.75	1,464.48
As at 31st March, 2015	–	8.66	6.27	8,780.01	1,675.76	50,660.17	660.16	1,751.77	358.28	63,901.08
Net block										
As at 31st March, 2014	1,012.39	95.12	–	8,505.58	420.04	30,689.66	323.05	947.83	513.45	42,507.13
As at 31st March, 2015	1,012.93	95.10	–	8,035.67	417.68	34,969.87	338.24	880.65	531.45	46,281.58

Notes :

- (1) Additions to buildings during the year include ₹ Nil (Previous year ₹ 17.50 lacs) constructed/erected on rented land.
- (2) In respect of a subsidiary of a joint venture conveyance deed /patta have been executed for 2,104.05 acres (Zuari Agro Group's proportionate share 1,052.03 acres) against possession of 2,282.40 acres (Zuari Agro Chemicals Group's proportionate share 1,141.20 acres of land owned by the entity).

11.2 Intangible assets

₹ in lacs

Particulars	Software	Internally Generated Asset	Goodwill (as per scheme of amalgamation)	Total
Gross block				
As at 1st April, 2013	1,204.15	273.04	576.57	2,053.76
Additions during the year	188.65	–	–	188.65
Disposal during the year	–	–	–	–
As at 31st March, 2014	1,392.80	273.04	576.57	2,242.41
Purchase/Generation	170.06	–	–	170.06
Deductions	0.81	–	–	0.81
As at 31st March, 2015	1,562.05	273.04	576.57	2,411.66
Amortization				
As at 1st April, 2013	1,142.51	199.49	172.97	1,514.97
Charge for the year	59.00	24.97	–	83.97
Deductions	–	–	–	–
As at 31st March, 2014	1,201.51	224.46	172.97	1,598.94
Charge for the year	151.23	24.98	–	176.21
Deductions	0.54	–	–	0.54
As at 31st March, 2015	1,352.21	249.44	172.97	1,774.61
Net block				
As at 31st March, 2014	191.29	48.58	403.60	643.47
As at 31st March, 2015	209.85	23.60	403.60	637.05

Note :

In respect of a subsidiary company, goodwill had been amortized during the last year, pursuant to the scheme of Amalgamation approved by the High Court of Bombay at Panaji (Goa) in an earlier year. As per the order of the High Court of Bombay at Panaji (Goa), Goodwill needs to be amortized over a period of twenty years, without having regard to the Accounting Standard, subject to available surplus for the year before amortization of goodwill.

11.3 Pre-operative and Trial run expenses (pending allocation) (included under Capital Work in Progress)

₹ in lacs

Particulars	As at 31st March, 2015	As at 31st March, 2014
Opening Balance brought forward	2,176.91	889.24
Cost of raw materials consumed	1,504.05	–
Employee benefits expenses		
Salaries, wages and bonus	196.19	341.55
Staff welfare expenses	1.86	6.02
Other Expenses		
Stores and spares Consumed	64.46	–

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL YEAR 2014-15

₹ in lacs

Particulars	As at 31st March, 2015	As at 31st March, 2014
Power and fuel	145.13	6.42
Bagging and other contracting charges	118.24	–
Outward freight and handling	43.54	–
Rent	(5.74)	10.80
Rates and taxes	15.82	17.88
Insurance	36.24	29.94
Exchange differences (net)	834.31	382.14
Miscellaneous expenses	95.78	68.41
Borrowing Costs		
Interest expenses	1,069.36	771.48
Bank charges	144.37	53.98
Interest Income on Bank Deposits	(17.44)	(304.83)
SUB-TOTAL (A)	6,423.08	2,273.01
Less :		
Sale of products	376.70	–
Closing Stock		
Work-in-progress	937.40	–
Closing Stock of Finished Goods (Transferred to Note No. 16)	570.38	–
SUB-TOTAL (B)	1,884.48	–
TOTAL (A-B)	4,538.60	2,273.01
Less : Allocated to Fixed Assets	(76.15)	(96.11)
Less : Transfer to Loans and Advance	(152.25)	–
Closing Balance carried forward	4,310.20	2,176.91

One of the subsidiary has been setting up a plant for manufacture of Granulated Single Super Phosphate (GSSP) with a capacity of 600 MTPD at Mahad, Maharashtra. On completion of the construction, trial run was started on 21st August, 2014. Due to serious technical related issues, the plant could not achieve reasonable level of production. That company had to carry out significant modifications to the plant and machinery over a period extending upto March, 15. In the opinion of the management, without such extended modifications, the plant could not be considered as ready for commencement of commercial production. It is expected that plant would run near to or its rated capacity from the month of May, 15. In the circumstance, the project has not been capitalized in the books of accounts and instead carried forward as capital work in progress.

12. Non-Current Investments

₹ in lacs

Particulars	31st March, 2015	31st March, 2014
Trade Investments (valued at cost, unless stated otherwise)		
Other than Trade, Quoted		
1,95,14,211 (31st March, 2014: 1,94,71,787) Equity Shares of ₹ 10/- each fully paid up of Mangalore Chemicals and Fertilisers Limited (Refer Note no 45 (a))	10,121.73	9,550.81

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL YEAR 2014-15

₹ in lacs

Particulars		31st March, 2015	31st March, 2014
Trade, Quoted			
Associate			
1,72,99,492 (31st March, 2014: 1,72,99,492) Equity Shares of Fostafos Pacifico S.A. of 1 Peruvian Nuevo Sol fully paid up	10,955.13 (211.54)		10,955.13
		10,743.59	-
Less : share of (loss) for the current year		-	-
Total		20,865.32	20,505.94
Aggregate market value of quoted Investments		31,185.30	26,365.67
Total		31,185.30	26,365.67

13. Loans and Advances

(Considered good unless otherwise stated)

₹ in lacs

Particulars	Non Current		Current	
	31st March, 2015	31st March, 2014	31st March, 2015	31st March, 2014
Capital advances				
Unsecured, considered good				
Related Parties (Refer Note no. 50 below)	904.31	1,924.23	-	-
Others	1,694.47	2,092.48	-	-
	2,598.78	4,016.71	-	-
Sales tax & entry tax deposits				
Unsecured, considered good	-	-	1,024.04	1,021.81
Doubtful	0.21	2.23	-	-
	0.21	2.23	1,024.04	1,021.81
Less: Provision for Doubtful Advances	0.21	2.23	-	-
	-	-	1,024.04	1,021.81
Security deposits				
Unsecured, considered good	958.99	769.22	120.85	110.04
	958.99	769.22	120.85	110.04
Loans and advances to related parties				
Unsecured, considered good (Refer Note no. 50)	11,920.00	-	38.40	1,340.59
	11,920.00	-	38.40	1,340.59
Advances recoverable in Cash or Kind				
Unsecured, considered good				
Inter corporate deposits	-	-	2,000.00	2,000.00
Advance for investment (Refer note No. 45(b))	397.76	-	-	-
Others (Refer note No. 56)	4,474.62	1,500.00	1,683.41	4,089.35

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL YEAR 2014–15

₹ in lacs

Particulars	Non Current		Current	
	31st March, 2015	31st March, 2014	31st March, 2015	31st March, 2014
Doubtful	2.50	51.81	–	–
	4,874.88	1,551.81	3,683.41	6,089.35
Less: Provision for Doubtful Advances	2.50	51.81	–	–
	4,872.38	1,500.00	3,683.41	6,089.35
Other Loans and Advances				
Secured, considered good				
Loans to employees	41.95	64.29	18.83	27.02
Unsecured, considered good				
Loans to employees	126.91	170.09	36.81	47.84
MAT credit entitlement	1,268.90	176.13	–	–
Advance income tax (net of provision for income tax)	3,338.82	3,059.23	19.35	52.35
Prepaid expenses	0.68	–	537.32	712.28
VAT credit receivable	–	–	123.05	121.92
Balances with customs, port trust, excise authorities and other government authorities	–	–	1,544.49	152.42
	4,777.26	3,469.73	2,279.85	1,113.83
	25,127.41	9,755.67	7,146.55	9,675.63

Loans to employees include

Due from Managing Director of the Parent Company	13.20	18.00	4.80	4.80
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- (i) The Parent Company, one of the Joint Venture company and subsidiary of Joint venture company have till date recognised ₹ 1268.90 lacs (upto 31st March, 2014 :: ₹ 176.13 lacs) as Minimum Alternate Tax (MAT) credit entitlement which represents that portion of the MAT Liability, the credit of which would be available based on the provision of Section 115 JAA of the Income tax Act, 1961. These companies based on the future profitability projections and also profit earned during the year is confident that there would be sufficient taxable profits in future which enable the respective companies to utilize the above MAT credit entitlement.

14. Other Assets

(Unsecured, considered good unless otherwise stated)

₹ in lacs

Particulars	Non Current		Current	
	31st March, 2015	31st March, 2014	31st March, 2015	31st March, 2014
Interest accrued on GOI bonds, loans and advances and deposits	0.20	0.42	494.58	457.99
Interest receivable from customers	–	–	2,046.25	946.63
Interest accrued on Loans to employees	88.89	104.18	14.02	17.02

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL YEAR 2014–15

₹ in lacs

Particulars	Non Current		Current	
	31st March, 2015	31st March, 2014	31st March, 2015	31st March, 2014
Claim Receivables				
– Related parties (Refer Note no. 50)	–	–	10.24	9.83
– Others	110.65	242.63	5,136.47	1,453.22
Less : Provision for Doubtful Receivables	(110.65)	(242.63)	–	–
Claim for Entry Tax receivable	–	–	760.46	–
Accrued non operating income				
– Related parties (Refer Note no. 50)	404.50	606.74	202.25	202.25
– Others	–	–	–	46.53
Unamortised premium on forward contracts*	–	124.67	3,093.51	3,120.48
PSI grant receivable (Refer Note no 54)	38.10	13.69	13.54	14.62
Discarded fixed assets	–	–	2.96	1.70
Fertilisers companies government of india bonds (net of diminution)	–	–	21,777.45	20,011.19
	531.69	849.70	33,551.73	26,281.46
Non current bank balances (Refer Note No 18)	13.32	32.30	–	–
Total	545.01	882.00	33,551.73	26,281.46

- (i)* The unamortised foreign exchange premium on outstanding forward exchange contracts is being carried forward to be charged to Statement of Profit and Loss of subsequent year.
- (ii) Interest accrued on employee's loan include amount due from officer of the Parent Company ₹ 9.41 lacs (31st March, 2014 : ₹ 9.48 lacs) (including ₹ 8.76 lacs from the Managing Director of the Parent Company (31st March, 2014 : ₹ 7.42 lacs)).
- (iii) Details of value of Fertiliser Companies' Government of India Special Bonds which are pledged as security towards borrowings are as follows:

₹ in lacs

Particulars	31st March, 2015	31st March, 2014
7.00% Fertiliser Companies' Government of India Special Bonds 2022	13,448.50	13,448.50
6.20 % Fertiliser Companies' Government of India Special Bonds 2022	2,571.28	2,571.28
6.65 % Fertiliser Companies' Government of India Special Bonds 2023	7,271.25	7,271.25
Sub total	23,291.03	23,291.03
Less: Diminution in the value of GOI Bonds	1,513.58	3,279.84
Total	21,777.45	20,011.19

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL YEAR 2014-15

15. Current Investments

₹ in lacs

Particulars	31st March, 2015	31st March, 2014
Investments in Mutual Funds		
Unquoted Mutual Funds (Valued at lower of cost and fair value, unless stated otherwise) 4649.9405@ ₹1,000 each (31 March, 2014: 5,127.615 @ ₹1000 each) Units of Reliance Liquid Fund – Treasury Plan–Institutional Option – Daily Dividend	71.09	78.39
Total	71.09	78.39
Net asset value of unquoted current Investment	71.09	78.39
Aggregate Amount of un Quoted Investments	71.09	78.39

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

₹ in lacs

Particulars	31st March, 2015	31st March, 2014
Raw materials [includes material in transit ₹ 16,546.87 lacs [(31st March, 2014 :: ₹ 4,750.06 lacs) (including trial run stock of ₹ 302.12 lacs, 31st March, 2014: ₹ Nil)]	45,110.70	22,159.76
Packing materials [includes material lying with others ₹ 60.61 lacs (31st March, 2014 :: ₹ 81.31 lacs)]	1,071.64	1,279.39
Work-in-progress (including trial run stock of ₹ 937.40 lacs, 31st March, 2014: ₹ Nil)	6,778.31	6,233.65
Finished goods [includes in transit ₹ 2,345.97 lacs (31st March, 2014 :: ₹ 2,418.05 lacs and includes material lying with others Nil (31st March, 2014 :: ₹ 168.59)) (including trial run stock of ₹ 570.38 lacs, 31st March, 2014: ₹ Nil)	13,991.14	14,954.90
Traded goods [includes in transit ₹ 15,928.99 lacs (31st March, 2014 :: ₹ 5,923.72 lacs) and includes material lying with others ₹ 338.80 lacs (31st March, 2014 :: ₹ 728.41 lacs)]	25,282.39	33,582.50
Fuel oil	247.31	722.97
Stores and spares	6,272.08	6,575.88
Waste (Treated Gypsum)	35.84	37.12
Total	98,789.41	85,546.17

17. Trade receivables

₹ in lacs

Particulars	Non Current		Current	
	31st March, 2015	31st March, 2014	31st March, 2015	31st March, 2014
Trade receivables outstanding for a period exceeding six months from the date they are due for payment				
Secured, considered good	–	–	756.34	752.47
Unsecured, considered good (including subsidy receivable ₹ 21,529.89 lacs (31st March, 2014 :: ₹ 35,876.50 lacs)	–	–	29,602.25	60,262.34

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL YEAR 2014-15

₹ in lacs

Particulars	Non Current		Current	
	31st March, 2015	31st March, 2014	31st March, 2015	31st March, 2014
Unsecured, considered doubtful	225.97	72.34	404.07	316.40
	225.97	72.34	30,762.66	61,331.21
Less: Provision for doubtful debts	225.97	72.34	404.07	316.40
(A)	-	-	30,358.59	61,014.81
Other receivables				
Secured by deposits held	-	-	3,332.54	3,565.04
Unsecured, considered good [including subsidy receivable ₹ 2,16,316.44 lacs (31st March, 2014 ₹ 2,13,099.68 lacs)]	-	-	2,97,298.96	3,11,371.72
(B)	-	-	3,00,631.50	3,14,936.77
Total	-	-	3,30,990.09	3,75,951.58

18. Cash and bank balances

₹ in lacs

Particulars	Non Current		Current	
	31st March, 2015	31st March, 2014	31st March, 2015	31st March, 2014
Cash and cash equivalents				
a. Balances with banks				
– On Current accounts	-	-	1,525.36	883.96
– On Cash credit accounts	-	-	155.43	-
– On Unpaid dividend accounts	-	-	14.62	9.62
– On Deposits accounts with original maturity less than three months	-	-	1,751.75	2,000.00
b. Cash in hand	-	-	3.01	49.05
c. Cheques in hand			66.28	-
	-	-	3,516.45	2,942.63
Other bank balances				
Deposits with more than 12 months original maturity	-	18.98	66.54	43.74
Deposits with more than 3 Months but Less than 12 months maturity	-	-	34.86	-
Margin Money deposits (pledged with sales tax authorities)	13.32	13.32	-	-
	13.32	32.30	3,617.85	2,986.37
Amount disclosed under non current assets (Refer Note no. 14)	(13.32)	(32.30)	-	-
Total	-	-	3,617.85	2,986.37

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL YEAR 2014–15

19. Revenue from operations

₹ in lacs

Particulars	31st March, 2015	31st March, 2014
Revenue from operations		
Sale of products		
Finished/Waste products	5,56,498.80	5,01,086.71
Traded products	2,09,688.78	2,35,074.94
Other operating revenues		
Scrap Sales	309.22	318.09
Revenue from operations (gross)	7,66,496.80	7,36,479.74
Less : Excise duty	2,957.36	2,404.44
Revenue from operations (net)	7,63,539.44	7,34,075.30

Details of products sold

- Sales of Finished Product and Traded Product include government subsidies. Subsidies include ₹ 513.92 lacs (31st March, 2014 :: ₹ 203.26 lacs [including Nil (31st March, 2014 :: Nil) in respect of a subsidiary of a joint venture being proportionate share of Zuari Agro Chemicals Group]) in respect of earlier years, notified during the year.
- Subsidy for Urea has been accounted based on Stage III parameters of the New Pricing Scheme and other adjustments as estimated in accordance with the known Policy parameters in this regard. The stage III of New Pricing Scheme which was operational for the period 1st October, 2006 to 31st March, 2010 was extended on provisional basis. Department of Fertilisers have notified on April 2, 2014, Modified NPS–III for existing urea units for a period of one year ending March, 2015.
- Excise duty on sales amounting to ₹ 2,957.36 lacs (31st March, 2014 :: ₹ 2,404.44 lacs) has been reduced from sales in Statement of Profit and Loss and excise duty on increase / decrease in stock amounting to ₹ 5.30 lacs (31st March, 2013 :: ₹ 17.22 lacs) has been considered as expense in financial statements.

20. Other income

₹ in lacs

Particulars	31st March, 2015	31st March, 2014
Interest Income on		
Income Tax Refund	16.14	131.86
Bank deposits	21.60	43.84
Interest on Government of India Fertiliser Bonds	1,584.35	1,584.35
Intercorporate loans	360.12	360.00
Overdue debtors, employee loans etc.	1,241.38	43.60
Dividend Income on		
Current investments	53.14	71.78
Non–Current investments (Non Trade)	233.66	233.66
Rent Income	131.12	111.65

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL YEAR 2014-15

₹ in lacs

Particulars	31st March, 2015	31st March, 2014
Service Income – Staff development and other supports	41.87	1,912.47
Reversal of charge of diminution in the value of Fertiliser Companies Government of India Special Fertiliser Bonds.	1,766.26	–
Excess provisions/unclaimed liabilities/unclaimed balances written back	932.40	2,440.62
Profit on disposal of Fixed Assets (net)	293.38	–
Miscellaneous income	438.05	1,064.97
Total	7,113.47	7,998.80

21. Cost of Raw Materials consumed:

₹ in lacs

Particulars	31st March, 2015	31st March, 2014
Opening Stock	22,159.76	39,582.92
Add : Purchases	4,27,593.72	3,35,902.31
Add : Trading products transferred to raw materials	5,145.77	326.40
Less : Stock of Raw material transfer to Traded goods	(424.84)	(277.01)
Less: Inventory at the end of the year	(44,808.58)	(22,159.76)
Cost of Raw Materials Consumed	4,09,665.83	3,53,374.86

22. Details of purchase of traded products:

₹ in lacs

Particulars	31st March, 2015	31st March, 2014
Traded goods purchase details		
Traded fertilisers :		
DAP	74,875.90	1,37,053.08
MOP	75,831.99	63,567.75
Phosphoric Acid	1,273.97	2,629.65
SSP	–	758.67
Speciality Fertilisers	6,983.50	5,633.71
NPK	28.53	5,192.23
Seeds	–	(0.13)
Ammonia	2,588.69	3,994.63
Pesticides	14,093.27	9,400.94
Others	612.84	253.79
Total	1,76,288.69	2,28,484.32

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL YEAR 2014-15

23. (Increase)/decrease in inventories

₹ in lacs

Particulars	31st March, 2015	31st March, 2014
Inventories at the end of the year		
Finished products	13,420.76	14,954.90
Traded products	25,282.39	33,582.50
Work-in-progress	5,840.91	6,233.65
Waste – Treated Gypsum	35.84	37.12
	44,579.90	54,808.17
Inventories at the beginning of the year		
Finished products	14,954.90	24,859.98
Traded products	33,582.50	14,426.17
Work-in-progress	6,233.65	5,392.57
Waste Traded Gypsum	37.12	41.55
Add : Trial run stock transfer	246.22	–
Traded goods transferred from raw materials	424.85	277.01
Less: Captive consumption	(5,145.77)	(326.40)
	50,333.47	44,670.88
Total	5,753.57	(10,137.29)

24. Employee benefits expense

₹ in lacs

Particulars	31st March, 2015	31st March, 2014
Salaries, wages and bonus	10,934.73	10,305.94
Contribution to provident and other funds (Refer Note: 48(iii) & (iv))	1,151.58	1,114.81
Gratuity (Refer Note: 48(i))	332.90	–
Post employment medical benefits (Refer Note: 48(ii))	–	4.97
Staff welfare expenses	1,952.65	1,927.85
Total	14,371.86	13,353.57

25. Other expenses

₹ in lacs

Particulars	31st March, 2015	31st March, 2014
Stores and spares consumed	4,060.93	2,893.81
Consumption of packing materials	6,500.54	6,055.83
Increase in excise duty and cess on stocks	5.30	17.22

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL YEAR 2014–15

₹ in lacs

Particulars	31st March, 2015	31st March, 2014
Foundation seeds expenses	0.35	26.40
Power, fuel and water	45,216.54	44,570.23
Bagging and other contracting charges	3,549.22	3,717.02
Outward freight and handling	41,496.66	38,929.61
Rent	2,765.62	4,033.68
Lease rentals	550.32	176.88
Rates and taxes	802.14	228.49
Insurance	889.47	928.28
Repairs and maintenance		
Plant & machinery	4,776.59	4,567.56
Buildings	869.85	754.33
Others	485.25	556.78
	6,131.69	5,878.67
Cash rebate	2,254.34	3,904.60
Commission	293.88	333.56
Project expenses written off (shelved Project)	283.14	26.76
Subsidy claims written off	149.67	28.43
Diminution in the value of Fertiliser Companies' Government of India Bonds	-	1,199.01
Bad debts, claims and advances written off	237.38	25.07
Less: Adjusted against provision	(180.73) 56.65	(21.65) 3.42
Provision for doubtful debts, claims and advances	238.72	181.54
Loss on disposal of fixed assets (net)	-	156.52
Loss on sale of current investments	-	3.70
Donations	21.00	-
CSR Expenses	105.31	97.12
Exchange differences (net)	4,331.65	8,166.75
Miscellaneous expenses	7,724.46	6,636.99
Total	1,27,427.60	1,28,194.52

26. Depreciation and amortisation expense

₹ in lacs

Particulars	31st March, 2015	31st March, 2014
Depreciation of tangible assets	2,829.36	3,317.65
Amortization of intangible assets	176.21	83.98
Total	3,005.57	3,401.63

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL YEAR 2014-15

27. Finance costs

₹ in lacs

Particulars	31st March, 2015	31st March, 2014
Interest expense [including interest income on income tax reversal of ₹ 27.39 lacs (31st March, 2014 :: interest expenses on income tax of ₹ 85.91 lacs)]	22,404.90	24,403.95
Foreign exchange variation on buyers credit to the extent considered as an adjustment to borrowing cost	8,681.03	12,806.91
Bank charges	742.69	771.55
Total	31,828.62	37,982.41

28. Exceptional Items

₹ in lacs

Particulars	31st March, 2015	31st March, 2014
Income		
Profit on sale of Freehold Land	–	(16,353.19)
Expenses		
Compensation reimbursed to contract labour	–	1,633.04
Voluntary Retirement Scheme payment to employees	–	119.92
Exchange variation (attributable to the sharp depreciation of rupee)	–	8,620.60
Total	–	(5,979.63)

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

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

Name of the Company	Country of Incorporation	Proportion of Ownership Interest as at 31st March, 2015	Proportion of Ownership Interest as at 31st March, 2014
Zuari Agri Sciences Limited (formerly known as Zuari Seeds Limited)	India	100.00%	100.00%
Zuari Fertilisers and Chemicals Limited	India	100.00%	100.00%

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

Name of the Company	Country of Incorporation	Proportion of Ownership Interest as at 31st March, 2015	Proportion of Ownership Interest as at 31st March, 2014
Zuari Maroc Phosphates Private Limited (formerly known as 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%
MCA Phosphates Pte. Limited (w.e.f. 27th March, 2014) (including its associate Fosfatos del Pacifico S.A.) (refer note (ii) below)	Singapore	30%	30%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL YEAR 2014–15

- i. During the previous financial year, Group had acquired stake in MCA Phosphates Pte. Limited, Singapore resulting in this Company becoming joint venture of the Group.
- ii. Financial Statements of MCA Phosphates Pte. Limited for the year ended 31st March, 2015 are unaudited. Also, financial statements of its associate Fosfatos del Pacifico S.A. have been audited for the year ended 31st December, 2014 and unaudited for the period from 1st January, 2015 to 31st March, 2015.
- iii. The Joint Venture of the Group Zuari Maroc Phosphates Private Limited (formerly known as Zuari Maroc Phosphates Limited) was a Public Limited Company up to 29th March, 2015. The members of the Zuari Maroc Phosphates Private Limited (formerly known as Zuari Maroc Phosphates Limited) at the Extra Ordinary General Meeting held on 20th March, 2015 had approved the conversion of the Company into Private Limited Company. Accordingly the application was made to Central Government, the power delegated to Registrar of Companies and the same was approved by the Registrar of Companies–Orissa and a fresh certificate of incorporation was issued on Conversion of the Company effective 30th March, 2015. Consequently, on conversion, the name of the Company was changed from ZUARI MAROC PHOSPHATES LIMITED to ZUARI MAROC PHOSPHATES PRIVATE LIMITED effective 30th March, 2015.

30. a) Contingent liabilities (not provided for)

₹ in lacs

Particulars		As at March, 31, 2015		As at March, 31, 2014	
		Parent company & its subsidiaries	*Joint ventures	Parent company & its subsidiaries	*Joint ventures
I.	Demands / Claims from Government Authorities **				
A	Demands from Income Tax Authorities				
i.	Income Tax Dept has filed an appeal before Hon'ble Supreme Court against the joint venture towards penalty for the Assessment year 2004–05, but disputed by the joint venture company.	–	324.38	–	324.38
ii.	Certain Disallowances made by Income Tax Department in assessment orders for the financial years 2008–09 and 2009–10 against which the subsidiary of joint venture has filed appeal before ITAT.	–	1,158.48	–	1,158.48
iii.	The Income Tax Dept. completed the denovo assessment for the financial year 2006–07 based on instruction of Commissioner of Income Tax (CIT), where expenses of ₹ 373.15 lacs (being proportionate share of Group) were disallowed along with demand on account of Short Term Capital Gain for ₹ 14.38 lacs (being proportionate share of Group) has been raised. The aforesaid disallowance was quashed by CIT (A) vide Order dated 07.01.2015. As far as STCG Tax of ₹ 14.38 lacs (being proportionate share of Group) is concerned, the AO was directed to re–compute the same and the subsidiary of the joint venture is hopeful that, once re–computation is made, the demand will be quashed.	–	6.79	–	112.89
iv.	Demand in respect of Assessment Year 2012–13 for which an appeal is pending with CIT (Appeals)	1,550.66	–	–	–

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL YEAR 2014–15

₹ in lacs

Particulars		As at March, 31, 2015		As at March, 31, 2014	
		Parent company & its subsidiaries	*Joint ventures	Parent company & its subsidiaries	*Joint ventures
v	The Income Tax Department vide its order dated March, 30, 2015 has raised a demand of ₹ 57,565.20 lacs (being proportionate share of Group) for the financial year 2007–08 under Section 147/143 (3) of the Income Tax Act, 1961 and order dated March, 31, 2015 for the financial year 2010–11 under Section 143 (3) of the Income tax Act for ₹ 62,043.80 lacs (being proportionate share of Group), mainly on account of disallowance of import purchases in line with assessment made for the financial years 2008–09 and 2009–10. The demands were raised due to erroneous application of TDS provision on foreign payments under the said Act. In view of the Management of the subsidiary of joint venture, TDS is not applicable on foreign payments for purchase of materials. In the similar additions made for financial years 2008–09 and 2009–10, the disallowances were quashed by the CIT (A) by relying on the decision of Supreme Court in the matter of GE India Technology Centre P. Ltd. v CIT (327 ITR 456). For financial year 2006–07 also, such disallowance was quashed by the ITAT.	–	–	–	–
	The subsidiary of joint venture has filed appeals before CIT (A) and disallowance for the financial year 2007–08 has been quashed vide its order dated April 30, 2015. The Management of the subsidiary of joint venture is confident that the demand for financial year 2010–11 would also be quashed.	–	–	–	–
B	Demands from Sales Tax and Other Authorities				
i.	Sales tax demand for the year 2007–08 in Uttar Pradesh Region was stayed by the Hon'ble Allahabad High Court. The Appellate Authority rejected the appeal filed by subsidiary of the joint venture, which has now filed an appeal before the Sales Tax Tribunal and the matter is pending for hearing.	–	45.27	–	45.27
ii.	Odisha Sales Tax Authority demanded entry tax on sale of finished goods i.e. fertilizer for the financial year 2003–04. The matter was remanded to the original authority for fresh assessment by the Appellate Authority as fertilizer is non scheduled goods under the Odisha Entry Tax Act. The matter was re-examined by the AO and AO in the denovo assessment Order quashed the initial demand. However, the AO raised a demand of ₹ 6.44 lacs (being proportionate share of Group), which is basically on account of Entry tax on Custom Duty portion of the material cost. The subsidiary of the joint venture has filed an appeal before Appellate Authority and is confident that the demand would be quashed.	–	6.44	–	36.77

₹ in lacs

Particulars		As at March, 31, 2015		As at March, 31, 2014	
		Parent company & its subsidiaries	*Joint ventures	Parent company & its subsidiaries	*Joint ventures
iii.	In respect of a subsidiary of a joint venture, branch transfers and export sales were disallowed and considered as inter-state sales.				
	(a) The matter was disposed off by the Additional Commissioner of Sales Tax (Appellate Authority) in FY 2011-12 confirming the original demand of Assistant Commissioner of Sales Tax. However, the Commissioner of Commercial Taxes granted stay in March, 2012 on payment of ₹ 1,000 lacs (being proportionate share of group) till the disposal of the case by the Tribunal. The matter is pending with Tribunal. Further, the matter was also referred to Supreme Court by means of an Interlocutory Application. The Hon'ble Supreme Court vide order dated 30th April, 2012 clarified for hearing of the preliminary issue of jurisdiction involved in the Appeal at a priority.	-	5,210.26	-	5,210.26
	(b) For the year 2001-02, the assessing officer raised a demand against which the subsidiary of the joint venture has filed an appeal. The Appellate Authority disposed off the matter by reducing part demand of ₹ 26.84 lacs (being proportionate share of Group) to ₹ 0.41 lacs (being proportionate share of Group), and balance amount of ₹ 1.34 lacs (being proportionate share of Group) is still pending for adjudication.	-	1.34	-	28.18

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL YEAR 2014-15

₹ in lacs

Particulars		As at March, 31, 2015		As at March, 31, 2014	
		Parent company & its subsidiaries	*Joint ventures	Parent company & its subsidiaries	*Joint ventures
iv.	<p>Entry Tax demand for the period 1.4.2007 to 31.03.14 :</p> <p>In respect of subsidiary of a joint venture, Entry Tax on imported raw materials was exempted as per the sanctioned scheme of Board for Industrial and Financial Reconstruction (BIFR) applicable for a period from 1st April, 2007 to 31st March, 2014, the implementation of which was pending partially with the State Government. In the financial year 2013-14, the subsidiary of a joint venture filed a Writ Petition before the Hon'ble High Court of Odisha for giving direction to implement the BIFR sanctioned scheme so far as it relates to Entry Tax. The Hon'ble High Court of Odisha has issued direction to State Government to respond to the application filed by the subsidiary of a joint venture for implementation of the Sanctioned Scheme within a period of two months from the date of the receipt of copy of the order which was rejected by the State Government vide Order dated 11.04.2014 and CCT vide Order dated 28.04.2014. Being aggrieved, subsidiary of a joint venture filed a Misc. Application before the BIFR for implementation of the unimplemented part of the Sanctioned Scheme. Simultaneously, the subsidiary of a joint venture has approached Hon'ble High Court of Odisha through a Writ Petition. The assessment proceedings for the financial year 2012-13 and 2013-14 were initiated by the department, but the Hon'ble High Court of Odisha vide it's interim Order dated 08.12.2014, restrained the department for passing any final order without leave of the court. The matter is yet to come up for hearing before BIFR.</p> <p>Based on the original order of BIFR and interim stay granted by the Hon'ble Odisha High Court, the subsidiary of a joint venture had stopped paying Entry Tax on the imported raw material since September 2007. However, based on decision by the Supreme Court of India regarding the applicability of Entry Tax, the subsidiary of a joint venture has deposited 50% of the Entry Tax amount on imported raw materials. Since the subsidiary of a joint venture was exempt from payment of Entry Tax on imported goods for a period of 7 years i.e. financial year 2006-07 to 2013-14 in terms of the BIFR order, the liability for the Entry Tax amount has not been recognized in the books of account. However, from April 01, 2014, the subsidiary of a joint venture has recognized 100% liability of Entry Tax on imported raw materials in the books of account for the current year.</p> <p>The Management of the subsidiary of a joint venture is of the view that since the company was exempted from payment of Entry Tax in terms of the BIFR order, the liability on this account will not arise.</p>	-	4,508.18	-	4,508.18

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL YEAR 2014–15

₹ in lacs

Particulars		As at March, 31, 2015		As at March, 31, 2014	
		Parent company & its subsidiaries	*Joint ventures	Parent company & its subsidiaries	*Joint ventures
v.	Odisha Sales Tax Authority levied penalty on Entry Tax on account of Custom Duty. The Subsidiary of the Joint Venture filed an appeal before the Appellate Authority against such demand which is yet to be disposed off.	–	32.55	–	32.55
vi.	Countervailing Duty (CVD) paid and refund claimed on import of MOP for trading purpose.	–	28.84	–	28.84
vii.	Sales Tax Demand for non submission of declaration forms.	–	3.80	–	3.80
viii.	VAT Demand for the year 2005–06 in Bihar region on account of VAT Assessment. Entire demand amount has been deposited by the subsidiary of the joint venture.	–	18.85	–	18.85
ix.	Demand Notice from Commercial Tax Department, Jaipur towards non submission of “F Form” for the year 2010–11, 2011–12 & 2012–13 in respect of the Parent Company.	124.23	–	49.84	–
x.	Demand notice from Commercial Tax Department, Jaipur towards Excess Input Tax Credit availed for the year 2011–12 in respect of the parent company.	22.33	–	22.33	–
xi.	Demand notice from Customs department, Mumbai towards non eligibility of exemption under notification no. 04/06–CE dt 01/03/2006(as amended by notification no. 4/2011–CE dt. 01/03/2011) towards Countervailing Duty (CVD) for the imports at Navasheva port for the period 24.3.2011 to 02.12.2011. The Parent Company has filed an appeal with West Zonal Branch of the Customs, Excise and Service Tax Appellate Tribunal at Mumbai for waiver of pre–deposit and penalty.	26.10	–	26.10	–
xii.	Demand notice from Customs Department, Chennai towards denial of import of MOP at concessional rate of duty for the period 01.04.2001 to 28.02.2006. The Parent Company has filed appeal with South Regional branch of the Customs, Excise and Service Tax Appellate Tribunal at Bangalore for waiver of pre–deposit and stay of impugned order.	284.74	–	284.74	–
xiii.	Demand notice from Customs Department, Chennai towards denial of import of MOP at concessional rate of duty for the period 2002–03 and 2003–04. Appeal filed with South Regional branch of the Customs, Excise and Service Tax Appellate Tribunal at Bangalore for waiver of pre–deposit and stay of impugned order by the Parent Company.	148.28	–	148.28	–
xiv.	Customs Duty Differential on finalised Bill of Entries–Dharamatar Port–Order by Deputy Commissioner of Customs(P) Alibaug Division in respect of Parent Company	67.37	–	–	–

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL YEAR 2014-15

₹ in lacs

Particulars		As at March, 31, 2015		As at March, 31, 2014	
		Parent company & its subsidiaries	*Joint ventures	Parent company & its subsidiaries	*Joint ventures
xv.	<p>Department of Fertilizer, Government of India withheld the payment of subsidy on Imported DAP in one consignment amounting to ₹ 2,676.06 lacs (being proportionate share of the Group), being the subsidy amount including freight subsidy. The amount has been with held on the basis of samples collected by the Department from Mundra Port which were reported to be deficient on account of water soluble P2O5 content as per Fertilizer Control Order (FCO) but there was no deficiency as regards to the nutrient content. The subsidiary of the joint venture has represented to the Department of Fertilizers to re examine the case on the following grounds – (a) Failure is on account of water solubility and not on account of nutrient content. The nutrient content on which the Nutrient Based Subsidy is paid meets the FCO specifications (b) Water Solubility is more than 85% of the total P2O5 (c) All precautions were taken at the load port on having an international recognized inspection agency based on which the goods were shipped and dispatched. (d) The intimation on the original sample failure as well as the referee sample failure were received long after materials were dispatched well beyond the dispatch of the material to various destinations</p> <p>Both Indian Council of Agriculture Research (ICAR) and Department of Agriculture and Cooperation (DAC) have suggested that wherever water solubility is 85% or more of total P2O5, it should be considered as 'standard' in terms of nutritional value to fertilizers having 100% water soluble P2O5 content. Since, in the present case water solubility is more than 85% of water solubility as per FCO and a minor variation of 3% thereof does not justify holding the entire subsidy by GOI. The matter is under consideration by DOF. Therefore, the subsidiary of the joint venture expects a favourable outcome.</p>	-	2,676.06	-	2,139.48
xvi	<p>In respect of subsidiary of the joint venture, the company has arranged for Dealer Channel Financing under Pass Through Arrangement with Yes Bank Ltd. at competitive rates wherein they have offered short term loans for a period of 180 days to the fertilizer dealers of the company based on the letters of recommendation issued by the subsidiary of the joint venture. During the year, the subsidiary of the joint venture has availed ₹ 3,625 lacs (being proportionate share of Group) under this arrangement. The subsidiary of the joint venture being the Pass Through Agent for these transactions has also provided Corporate Guarantee to the Banks for repayment of the loan in case of default by the dealers. The subsidiary of the joint venture has collected Letters of Authority from the dealers for repayment of the Principal and Interest of the aforesaid loans to the banks directly as and when they become due. The subsidiary of the joint venture is confident that the loans will be repaid by the dealers within the extended credit period and hence no default would arise.</p>	-	3,625.00	-	4,090.00

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL YEAR 2014-15

₹ in lacs

Particulars		As at March, 31, 2015		As at March, 31, 2014	
		Parent company & its subsidiaries	*Joint ventures	Parent company & its subsidiaries	*Joint ventures
xvii	In respect of Parent Company, the Parent Company had a long term agreement for supply of water with Public Works Deptt (PWD), Government of Goa (GOG) dated October 20, 2006 which is valid upto March, 31, 2016. Since PWD was not able to supply the daily required quantity of 10000 M3, the Parent Company had entered into another agreement on March, 28, 2014 with Water Resource Deptt (WRD), Govt of Goa. Consequently, the Parent Company had made representation for revision in the Contract with PWD, GOG for revision of minimum daily quantity from 8500 M3 to 1500 M3 effective May 1, 2014, however in absence of revision in agreement PWD, GOG has continued with raising invoices with daily minimum quantity of 8500 M3. The Parent Company is given to understand that proposal for revision of the agreement with PWD, GOG is in active consideration, hence Parent Company has been paying them monthly for minimum quantity of 1500 M3.	771.54	-	-	-
xviii	Others	-	94.10	-	-
II. Other claims against the Company not acknowledged as debts**					
i.	Penal interest on loan from Government of India, due to delay.	-	172.22	-	172.22
ii.	Industrial Dispute and Miscellaneous Labour cases pending at various forums at different stages of dispute.	-	247.78	-	239.01
iii.	Interest on electricity duty on captive power generation	-	273.53	-	197.81
iv.	Interest on water charges due to delay in payments (Refer note no. 57 below)	-	207.92	-	-
v.	Claims against the Company not acknowledged as debts	151.17	13.05	151.17	6.26

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

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

₹ in lacs

Particulars		As at March, 31, 2015		As at March, 31, 2014	
		Parent company & its subsidiaries	*Joint ventures	Parent company & its subsidiaries	*Joint ventures
(b)	Aggregate amount of guarantees issued by the banks to various Government Authorities and Others***	17,441.66	884.65	8,127.26	835.16

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

*** In respect of Parent Company, bank guarantees of ₹ 17,430.38 lacs (March, 31, 2014: ₹ 8,126.74 lacs) are secured by a charge created by way of hypothecation on the current assets, both present and future, wherever situated pertaining to the Parent Company and the Parent Company's present and future book debts outstanding, moneys receivable, claims, bills, contracts, engagements, rights and assets.

(c) The Parent Company has given a letter of Comfort to Ratnakar Bank Limited for the purpose of facilitating the loans of ₹ 2,000 lacs (previous year ₹ 5,000 lacs) taken by Gobind Sugar Mills Limited.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL YEAR 2014–15

- (d) In respect of Parent Company, Guarantee issued by the Ratnakar Bank Limited of ₹ 3,075 lacs in favour of ICICI Securities Limited for the purpose of compliance with the provisions of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations 2011 for making public offer to the shareholders of Mangalore Chemicals & Fertilisers Limited.
- (e) The Parent Company and subsidiary of a joint venture is involved in various litigations, the outcome of which are considered probable, and in respect of which the Group has made aggregate provision of ₹ 4,161.67lacs (including ₹ 3,956.46 lacs, being the proportionate share of Group in joint venture) as at March, 31, 2015.
- (f) The Parent Company and subsidiary of joint venture is involved in various litigations, the outcome of which are considered remote and in respect of which the Group has not made any provision aggregating to ₹ 384,848.76 lacs (including ₹ 384,250.34 lacs, being proportionate share of Group in joint venture) as at March, 31, 2015.

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

₹ in lacs

Particulars	As at 31st March, 2015		As at 31st March, 2014	
	Parent company & its subsidiaries	*Joint ventures	Parent company & its subsidiaries	*Joint ventures
Estimated amount of contracts remaining to be executed on capital account not provided for	4,336.31	17,248.88	4,452.78	14,724.07

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

32. Goodwill/Capital Reserve on consolidation

(a) Goodwill (on Consolidation)

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

₹ in lacs

Investment in	Particulars	31st March, 2015	31st March, 2014
1 Zuari Agri Sciences Limited (formerly known as Zuari Seeds Limited)	(a) Cost of Investment	1,417.60	1,417.60
	(b) Parent Company's share in the net assets	(377.78)	(377.78)
Sub-Total (1)	Goodwill (a-b)	1,795.38	1,795.38
2 Zuari Fertilizers and Chemicals Limited	(c) Cost of Investment	5.00	5.00
	(d) Parent Company's share in the net assets	(32.60)	(32.60)
Sub-Total (2)	Goodwill (c-d)	37.60	37.60
Total (1+2)	Total Goodwill (1+2)	1,832.98	1,832.98

- (i) The Group has recognized and is carrying forward goodwill of ₹ 1,795.38 lacs (March, 31, 2014 : ₹ 1795.38 lacs) in respect of Zuari Agri Sciences Limited (formerly known as Zuari Seeds Limited), a wholly owned subsidiary of the Group. Based on the financial statement of the subsidiary, its net worth is substantially lower than the Company's investment in this subsidiary company.

Goodwill in other company has been tested for impairment using the Cash Flow projections, which are based on most recent financial budgets / forecasts approved by the management.

(b) Capital Reserve (on Consolidation)

The Capital Reserve in the Consolidated Financial Statements represents the excess of the Zuari Agro Chemicals Limited's share in the net assets of its joint ventures [Zuari Maroc Phosphates Private Limited (formerly known as Zuari Maroc Phosphates Limited), Zuari Rotem Speciality Fertilizers Limited and MCA Phosphates Pte. Limited] over the purchase consideration of investment.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL YEAR 2014–15

₹ in lacs

Investment in		Particulars	31st March, 2015	31st March, 2014
1.	Zuari Maroc Phosphates Private Limited (formerly known as Zuari Maroc Phosphates Limited)	(a) Parent Company's share in the net assets	53,282.40	53,282.40
		(b) Cost of investments	17,981.62	17,981.62
		(c) Adjustment of Goodwill appearing in joint venture's consolidated accounts	18,029.27	18,029.27
	Sub–Total (1)	Capital Reserve (a–b–c)	17,271.51	17,271.51
2.	Zuari Rotem Speciality Fertilizszers Limited	(a) Parent Company's share in the net assets	438.83	438.83
		(b) Cost of investments	345.75	345.75
	Sub–Total (2)	Capital Reserve (a–b)	93.08	93.08
3.	MCA Phosphates Pte. Limited	(a) Parent Company's share in the net assets	10,950.68	10,950.68
		(b) Cost of investments	10,210.22	10,210.22
	Sub–Total (3)	Capital Reserve (a–b)	740.46	740.46
	Total (1+2+3)	Total Capital Reserve	18,105.05	18,105.05

33. A subsidiary of a joint venture had entered into a borrowing agreement dated 4th August, 2011 with International Finance Corporation (IFC), Washington, USA for availment of External Commercial Borrowing (ECB) for USD 25 Million (being proportionate share of Group) for Brown–Field project at Paradeep Plant. The first tranche of ECB, USD 10 Million (being proportionate share of Group) was availed in April, 2012 and balance amount of USD 15 Million (₹ 8,158.40 lacs) (being proportionate share of Group) was disbursed on August, 2013. As per ECB guidelines, loan has been registered with Reserve Bank of India (RBI) having LRN No. 2011720. In the absence of permission from Odisha Industrial Infrastructure Development Corporation (IDCO), the security agreement between the subsidiary of the joint venture and IFC is yet to be perfected. The matter was pursued with IDCO and Government of Odisha (GOO) for obtaining No Objection Certificate (NOC) for mortgaging lease–hold land of 241.02 acres (being proportionate share of Group). GOO has now authorized IDCO to issue such permission to various industrial units in the State after entering into an revised agreement through supplementary deed to be executed between IDCO and the concerned District Collector having jurisdiction over the lease–hold area. The supplementary deed between IDCO and District Collector has been executed and the registration of the same is yet to be done. Pending the grant of the NOC from IDCO and perfection of security, IFC has levied additional interest @ 0.50 % p.a. from 1st November, 2014, which has been duly accounted for in the books of account.

34. Earnings Per Share (EPS):

Particulars	31st March, 2015	31st March, 2014
Profit/(Loss) after taxation as per Statement of Profit and Loss (₹ in lacs)	897.25	(4,425.39)
Weighted average number of shares used in computing earnings per share – Basic and Diluted (Nos.)	42,058,006	42,058,006
Earnings per share – Basic (in ₹)	2.13	(10.52)
Face value per share (in ₹)	10.00	10.00

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL YEAR 2014–15

36. Particulars of Foreign Currency Exposures:

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

Details of Derivatives	31st March, 2015	31st March, 2014	Purpose
Buy (Amount in USD)	245,727,161	206,062,361	To hedge the purchases of raw materials and traded goods and buyers credit

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

Details of Derivatives	31st March, 2015	31st March, 2014	Purpose
Buy (Amount in USD)	38,837,302	43,168,297	To hedge the purchases of raw materials and traded goods

(c) Unhedged foreign currency exposures as at the Balance Sheet Date (for the Parent Company and its subsidiaries):

Nature of Exposure	Outstanding amount in foreign currency as at 31st March, 2015	Outstanding amount in foreign currency as at 31st March, 2014	Foreign currency Involved
Trade Payables	34,661,488	11,292,372	USD
	21,663.43	6,765.80	INR (₹ in lacs)
Claims receivable	534,970	8,482,611	USD
	334.36	5,082.36	INR (₹ in lacs)
Advances Recoverable	5,405,615	–	USD
	3,378.51	–	INR (₹ in lacs)
Accrued Interest	158,539	868	USD
	99.09	0.52	INR (₹ in lacs)
	1 USD = 62.5000 INR	1 USD = 59.9150 INR	Exchange Rate

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

Nature of Exposure	Outstanding amount in foreign currency as at 31st March, 2015	Outstanding amount in foreign currency as at 31st March, 2014	Foreign currency Involved
Trade Payables	12,913,096	3,210,282	USD
	8,082.41	1,929.37	INR (₹ in lacs)
Interest Accrued but not due on Borrowings	74,596	70,865	USD
	46.69	42.59	INR (₹ in lacs)
Claims receivable	936,783	834,379	USD
	586.34	501.46	INR (₹ in lacs)
Foreign Currency Loan from financial institution including interest accrued but not due and commitment fees	19,715,997	19,679,633	USD
	12,340.40	11,827.42	INR (₹ in lacs)
Short term borrowings, Buyers and Suppliers Credit	11,038,675	–	USD
	6,909.20	–	INR (₹ in lacs)
	1 USD = 62.5908 INR	1 USD = 60.0998 INR	Exchange Rate

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL YEAR 2014–15

- (e) The subsidiary company of a joint venture has entered into Principal Only Swap arrangement with HDFC Bank Limited for USD 5.55 million (being proportionate share of Group) out of which USD 2.78 million (being proportionate share of Group) is repayable at the rate of ₹ 67.06 per USD on 15th June, 2015 and the balance at the rate of ₹ 69.50 per USD on 15th December, 2015.

37. Operating Leases:

- (a) The Parent Company has obtained office premises, apartments and warehouses and vehicles on operating leases for the period upto 6 years. In all cases, the agreements are further renewable at the option of the Parent Company except in the case of vehicle lease agreements. There is escalation clause in the respective lease agreements except on vehicle lease. All the leases are cancellable in nature. The total lease payments in respect of such leases recognized in the Statement of profit and loss for the year are ₹ 1,558.59 lacs (March, 31, 2014 :: ₹ 2,338.29 lacs).
- (b) In case of subsidiaries, operating leases are mainly in the nature of lease of office premises and godowns with no restrictions and are renewable / cancellable at the option of either of parties. There are no subleases. The aggregate amount of operating lease payments recognized in the Statement of Profit and Loss is ₹ 129.96 lacs (March, 31, 2014 :: ₹ 132.07 lacs).
- (c) In case of Subsidiary of a Joint Venture and a Joint Venture, rent expense of ₹ 1002.80 lacs (March, 31, 2014 :: ₹ 1,564.31 lacs) (being proportionate share of Group) represents expenses incurred in respect of only cancellable operating leases relating to premises (residential, office etc.) which are renewable by mutual consent.
- (d) The Parent Company obtained office premises and retail outlets on operating leases. These leases have an average life ranging between 2 years to 12 years and renewable at the option of the Parent Company. There are no restrictions imposed by the lease arrangements. There are no subleases.

₹ in lacs

Sl.No.	Particulars	2014–15	2013–14
i)	Lease payments for the year	74.27	–
ii)	Payable for a period not later than one year	98.40	–
iii)	Payable for a period later than one year and not later than 5 years	329.40	–
iv)	Payable for the period later than 5 years	218.71	–

- (e) In respect of one of the joint venture, the joint venture has taken office premises, residential premises and vehicles on operating leases. The leases have an average life of between 4 years and 95 years. There are no restrictions placed upon the joint venture company by entering into these leases.

Further minimum rentals payable under non–cancellable operating leases are as follows (being proportionate share of Group):

₹ in lacs

Sl.No.	Particulars	2014–15	2013–14
i)	Payable for a period not later than one year	3.38	3.38
ii)	Payable for a period later than one year and not later than 5 years	1.82	5.20
iii)	Payable for the period later than 5 years	–	–

- 38.** In respect of subsidiary of a joint venture, the company during the year has set up a full–fledged development centre and obtained the necessary approval from the department of Science and Industrial Research (DSIR). During the year, a sum of ₹ 62.50 lacs (being proportionate share of Group) (Previous year – ₹ Nil) including capital expenditure of ₹ 37.29 lacs (being proportionate share of Group) (Previous year – ₹ Nil) was spent on research and development. Miscellaneous expenses in Note no 25 also includes Research & development expenditure of ₹ 40.90 lacs (Previous year – ₹ 40.95 lacs) in respect of a subsidiary on revenue account.

- 39. (a)** The subsidiary of a Joint Venture entity in an earlier year had received an Arbitration Award in its favour in the matter of Cargo Charges Tariff dispute with Paradeep Port Trust (PPT) for the years 1993 – 1999. PPT in earlier year had appealed with the higher authorities against such award which was confirmed by the Appellate Authority. However, as against the above order, the PPT had gone into further appeal with the Hon'ble High Court of Odisha, which in its interim order has directed the subsidiary of the Joint Venture not to execute award at this stage. The Subsidiary of the Joint Venture has not recognised this award as income in the Statement of Profit and Loss.

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- (b) Paradeep Port Trust (PPT) proposed a revision in scale of rates applicable to the subsidiary of a Joint Venture for cargo handling in the Joint Venture's captive berth w.e.f. 1st April, 1999. The matter was referred to Tariff Authority of Major Ports (TAMP) on mutual consent of the parties under the direction of Hon'ble High Court of Orissa. During the previous year, TAMP had finalized the rates but PPT had not agreed with the order and filed a writ petition before the High Court of Odisha against the said order. Pending disposal of the case, the subsidiary of the joint venture has not recognised the amount receivable from PPT towards the excess amount paid over the applicable TAMP order.
40. In case of a subsidiary of a joint venture, the Land Policy of Port land has been revised as per the Land Policy Guidelines issued by the Ministry of Shipping, Government of India. Pursuant to the said Policy and pending outcome of negotiation with Paradeep Port Trust, the subsidiary of the joint venture, has made provision towards ground rent, interest and taxes amounting to ₹ 784.64 lacs (including ₹ 69.00 lacs for the current year) (being proportionate share of Group) against the demand raised by Paradeep Port Trust.
41. In respect of a subsidiary of a joint venture entity, in terms of meeting for amicable settlement of dispute for additional compensation to the land losers, under the chairmanship of the Collector and District Magistrate, Jagatsinghpur, it was decided to pay additional compensation at the rate fixed to the claimants through the Special Land Acquisition Officer (Spl. LAO), Government of Odisha. Since the disbursement process to land losers has started in the financial year 2010–11 through Spl. LAO, the subsidiary of the joint venture had accounted for total estimated liability of ₹ 283.01 lacs (including interest of ₹ 209.01 lacs) (being proportionate share of Group) during the financial year 2010–11. The outstanding liability as on 31st March, 2015 stands at ₹ 175.09 lacs (being proportionate share of Group) after making payment to Spl. LAO.
42. In respect of a subsidiary of the joint venture, Employees' State Insurance Corporation (ESIC) raised various demands from subsidiary of the joint venture in respect of both contract labourers and employees in earlier years, which were contested by the subsidiary of the joint venture in various Courts and Authorities. The subsidiary of the joint venture is continuing with the provision existing in the books.
43. In respect of Parent Company, based on the circulars received for revision in uniform freight relating to secondary freight and direct road movement, the Parent Company has, during the year, accrued additional freight subsidy income of ₹ 601.52 lacs (upto 31st, March, 2014: ₹ 1,471.34 lacs) relating to Urea and ₹ Nil (upto 31st March, 2014: ₹ 2,910.62 lacs) for Phosphoric and Potassic Fertilisers, for which the claims are yet to be submitted. The Parent Company is hopeful to realise above entire amount of ₹ 4,983.48 lacs.
44. In respect of Parent Company, in the previous financial year, Ministry of Agriculture, Government of India, had declared 47,635 MT (₹ 15565.23 lacs) of DAP, imported by the Parent Company as not meeting the standards specified by Fertilizer Control Order, 1985 (FCO). During the current year, out of the total quantity, based on the permission given by Department of Fertilisers (DOF), 31,174.15 MT has been re-exported back and out of 16,460.85 MT remaining material lying in the field, 15,484.80 MT has been / is being used as raw material for non-agriculture purpose. The Parent Company has based on its estimate accounted for claim of ₹ 2,712.87 lacs (pending confirmation from the supplier) for loss suffered by it as the contract with the supplier provides that the Parent Company has the right to claim entire amount as compensation from the supplier in the event it is found the goods are not conforming to FCO norms by laboratory authorized by Government of India and accordingly the Parent Company has considered the aforesaid amount as fully recoverable.
45. (a) The Parent Company along with its 100% subsidiary Zuari Fertilisers and Chemicals Limited (ZFCL) entered into a Shareholders' agreement with United Breweries (Holdings) Limited, Kingfisher Finvest India Limited and McDowell Holdings Limited on 12th May, 2014 made an open offer under Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 to acquire up to 36.56% of the equity share capital of Mangalore Chemicals & Fertilizers Limited (MCFL). Upon the closure of the open offer, ZFCL has been classified as a promoter of MCFL w.e.f. November 3, 2014. Under the regulations, the Group is necessarily required to incur expenses in the nature of fees to SEBI, fees to Competition Commission of India, fees to Merchant bankers, mandatory advertisement etc. which are not left to the discretion of the acquirer. Hence the expenditure aggregating to ₹ 535.75 lacs relating to the first open offer has been treated as cost of investment. Under this open offer, which was completed in November 2014, the Group acquired 42,424 equity shares only.
- (b) The Parent Company as a Person Acting in Concert (PAC) along with ZFCL, who is the acquirer, has made a public announcement on 4th December, 2014 of a voluntary open offer for acquisition of up to 3,07,00,000 (Three Crores and Seven Lakhs) fully paid equity shares of face value of ₹ 10 each of MCFL at an offer price of ₹ 91.92 per equity share from the public shareholders under Regulation 6, Regulation 13 (3) and Regulation 15 (1) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulation, 2011 representing 25.90% of the voting share capital of MCFL. Subsequently on 30th December 2014 the offer size has been revised upward to

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL YEAR 2014–15

4,33,29,000 shares representing 36.56% of the voting share capital of MCFL at an offer price of ₹ 91.92 per equity share. The tendering period for this open offer commenced on 21st April, 2015 and will get completed on 20th May, 2015. Expenditure incurred till 31st March, 2015 on second open offer related to acquisition of equity shares of MCFL of ₹ 397.76 lacs has been shown as advance for investments in Note No. 13 above.

46. In respect of one of the subsidiary, it has accumulated losses of ₹ 2608.83 lacs as at 31st March, 2015 and its networth has been substantially eroded. The subsidiary company has entered into certain new businesses in the current year and has operationally strengthened its activities which are expected to result in positive cash flows in future. Based on the above and future projections of the subsidiary company and release of new products, management is confident that the company will be able to generate sufficient profits in future years. As such, the accompanying financial statements have been prepared on a going concern basis.
47. In respect of one of the subsidiary, the net worth of the subsidiary company is fully eroded as its accumulated loss as at the reporting date stands at ₹ 3,625.97 lacs as against the shareholder's fund of ₹ 1,535.00 lacs. The subsidiary company has also incurred a net loss of ₹ 2,380.49 lacs during the year. Further, based on the future profitability projections, the management of the said subsidiary is hopeful that the company would be in a position to generate positive cash flows and profits in the near future. Considering the above, the financial statements of the subsidiary have been drawn up on going concern assumption, which is appropriate in the opinion of the management of the subsidiary.

48. Employee Benefits

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

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

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

Statement of Profit and Loss

Net employee benefit expense (recognized in Employee Cost) for the year ended March, 31, 2015:

₹ in lacs

Particulars	Funded		Unfunded	
	31st March, 2015	31st March, 2014	31st March, 2015	31st March, 2014
Current Service Cost	496.57	385.46	9.98	2.40
Interest cost on benefit obligation	341.49	307.08	0.46	0.27
Expected return on plan assets	(324.28)	(326.05)	–	–
Net actuarial (gain)/loss recognized in the year	(198.56)	(373.36)	10.98	(0.94)
Net benefit expense*	315.22	(6.86)	21.42	1.73

* Excluding ₹ 3.38 lacs (31st March, 2014: ₹ 7.74 lacs) for Gratuity receipt of employees transferred from other company, excluding ₹ 0.36 lac income (31st March, 2014 :: ₹ 1.14 lacs expense) in respect of a joint venture. (Refer note 'c' below).

Balance sheet

Details of Provision for gratuity benefit as at March, 31, 2015:

₹ in lacs

Particulars	Funded				Unfunded			
	31st March, 2015	31st March, 2014	31st March, 2013	31st March, 2012	31st March, 2015	31st March, 2014	31st March, 2013	31st March, 2012
Present Value of Defined benefit obligation	4,216.54	4,030.81	4,030.99	3,736.53	26.48	5.06	3.33	–
Fair value of plan assets	3,952.66	4,022.13	3,731.09	3,635.16	–	–	–	–

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL YEAR 2014–15

₹ in lacs

Particulars	Funded				Unfunded			
	31st March, 2015	31st March, 2014	31st March, 2013	31st March, 2012	31st March, 2015	31st March, 2014	31st March, 2013	31st March, 2012
Plan assets/(liability)*	(263.88)	(8.68)	(299.90)	(101.37)	(26.48)	(5.06)	(3.33)	–
Experience (gain)/loss on obligation	(266.35)	(100.26)	(144.56)	(32.48)	–	–	–	–
Experience gain/(loss) on plan assets	(5.55)	21.70	(7.48)	15.81	–	–	–	–

* Excluding ₹ 1.58 lacs (March, 31, 2014: ₹ 1.97 lacs) in respect of joint venture which has computed the provision on actual computation basis. (Refer note 'c' below)

Changes in the present value of the defined benefit obligation for the year ended March, 31, 2015 are as follows:

₹ in lacs

Particulars	Funded		Unfunded	
	31st March, 2015	31st March, 2014	31st March, 2015	31st March, 2014
Opening defined benefit obligation	4,030.81	4,030.99	5.06	3.33
Interest cost	341.49	307.08	0.46	0.27
Current service cost	496.57	385.46	9.98	2.40
Service Cost (Transfer in)	19.81	40.05	–	–
Benefits paid	(468.04)	(381.83)	–	–
Actuarial (gains)/losses on obligation	(204.10)	(350.94)	10.98	(0.94)
Closing defined benefit obligation	4,216.54	4030.81	26.48	5.06

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

₹ in lacs

Particulars	Gratuity (Funded)	
	31st March, 2015	31st March, 2014
Opening fair value of plan assets	4,022.13	3,731.10
Expected return on plan asset	324.28	326.05
Contributions by employer	60.04	284.36
Benefits paid	(468.04)	(381.83)
Actuarial gains/(losses)	(5.55)	22.40
Settlement/ Transfer In	19.81	40.05
Closing fair value of plan assets	3,952.66	4,022.13

- 1) Parent Company expects to contribute ₹ 114.49 lacs (March, 31, 2014: ₹ Nil) towards gratuity during the year 2015–16.
- 2) The subsidiary of a joint venture expects to contribute ₹ 129.35 lacs (previous year ₹ 60.00 lacs) (being proportionate share of Group) to the gratuity fund during 2015–16.
- 3) The subsidiary expects to contribute ₹ 20.03 lacs (previous year ₹ 17.22 lacs) to gratuity fund for the year ended 31st March, 2015.

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

Particulars	Gratuity 2014–15	Gratuity 2013–14
Investment with insurer (Life Insurance Corporation of India)	100%	100%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL YEAR 2014–15

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	2014–15	2013–14
Discount Rate	8.00%	8.00% – 09.00%
Expected rate of return on plan assets	8.00% – 09.20%	8.50% – 09.00%
Increase in Compensation cost	9.00% – 10.00%	7.50% – 10.00%
Employee turnover	0.50% – 08.00%	0.50% – 06.00%

- a) The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
- b) In case of the Parent Company, the current year being the third year of adoption of AS-15 (Revised) by the Company, disclosures as required by Para 120 (n) (i) of Accounting Standard 15 (Revised) have been furnished only for three years.
- c) In the case of a joint venture, the joint venture company has not performed any separate actuarial valuation for determining the Gratuity liability under the Gratuity Scheme as at March, 31, 2015 as the number of employee's of the joint venture are below 50. The liability as at March, 31, 2015, as reflected in the financial statements, has been determined on gross undiscounted basis.
- ii. The subsidiary of a joint venture has defined benefit post employment medical benefit plan which is unfunded. The following table summarizes the component of net benefits/expenses recognized in the statement of Profit & Loss and Balance Sheet for the plan.

Statement of Profit and Loss

Net employee benefit expense (recognized in Employee Cost) for the year ended March, 31, 2015

₹ in lacs

Sr. No.	Particulars	2014–15	2013–14
1	Current Service Cost	4.35	9.15
2	Interest Cost on benefit obligation	15.53	15.18
3	Net Actuarial (Gains) recognized in the year	(94.04)	(19.36)
4	Net Benefit Expense / (Income)	(74.17)	4.97

Balance Sheet

Details of Net Liability recognized in the Balance Sheet as at March, 31, 2015

₹ in lacs

Sr. No.	Particulars	2014–15	2013–14
1	Present value of Defined Benefit Obligation	116.78	194.08
2	Net (Asset) Liability	116.78	194.08

Changes in the present value of the defined benefit obligation for the year ended March, 31, 2015

₹ in lacs

Sr. No.	Particulars	2014–15	2013–14
1	Present value of Obligation at the beginning of the year	194.08	195.04
2	Current Service Cost	4.35	9.15

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL YEAR 2014-15

₹ in lacs

Sr. No.	Particulars	2014-15	2013-14
3	Interest Cost	15.53	15.18
4	Benefits paid by the company	(3.13)	(5.93)
5	Actuarial (Gains) on obligation	(94.04)	(19.36)
6	Present Value of Defined Benefit Obligation at the end of the year	116.78	194.08

The principal assumptions used in determining liability are shown below:

Sr. No.	Particulars	2014-15	2013-14
1	Discount Rate	8.00% p.a.	9.00% p.a.
2	Rate of increase in salary	10.00% p.a.	10.00% p.a.
3	Withdrawal Rate	5.00% p.a.	6.00% p.a.
4	Medical cost escalation rate	4.00% p.a.	4.00% p.a.
5	Mortality retirement	LIC (1994-96) Ultimate Mortality Table	LIC (1994-96) Ultimate Mortality Table

Amount for the current and previous four years are as follows:

₹ in lacs

Particulars	2014-15	2013-14	2012-13	2011-12	2010-11
Defined Benefit obligation	116.78	194.08	195.04	131.08	113.81
Surplus / (Deficit)	(116.78)	(194.08)	(195.04)	(131.08)	(113.81)
Experience adjustment on plan liabilities Gain / (Loss)	94.04	18.03	(37.27)	(11.07)	(32.18)

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

(iii) Provident Fund

The Parent Company and a subsidiary of joint venture Company have set up provident fund trusts, which are managed by respective companies. As per the Guidance Note on implementing AS-15, Employee Benefits (revised 2005) issued by the Accounting Standard Board (ASB), provident funds set up by employers, which require interest shortfall to be met by the employer, needs to be treated as defined benefit plans. The actuarial valuation of Provident funds were carried out in accordance with the guidance notes issued by Actuary Society.

In case of other companies in the Group, they do not have provident fund trust.

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet.

Statement of Profit and Loss

₹ in lacs

Sr. No.	Particulars	2014-15	2013-14
1	Current Service Cost	494.54*	531.76
2	Net Benefit Expense	494.54	531.76

* Includes ₹ 7.50 lacs (being the proportionate share of Group) in respect of subsidiary of a joint venture which has been transferred to pre operative expenses during the year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL YEAR 2014-15

Balance Sheet

Funding Status and amount recognised in the Balance Sheet as at March, 31, 2015

₹ in lacs

Sr. No.	Particulars	2014-15	2013-14
1	Defined benefit obligation	17,471.81	15,888.16
2	Fair value of plan assets	17,687.46	16,027.59
3	Plan asset*/(liability)	215.65	139.44

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

Changes in the present value of the defined benefit obligation for the year ended March, 31, 2015

₹ in lacs

Sr. No.	Particulars	2014-15	2013-14
1	Opening defined benefit obligation	15,888.16	14,701.28
2	Current Service Cost	494.54	531.76
3	Interest Cost	1,271.06	1286.36
4	Contribution by Employee/ Plan Participants	1,045.04	929.03
5	Benefits paid out of funds	(1,513.11)	(1608.63)
6	Actuarial (Gains)/Losses on obligation	38.68	(33.01)
7	Settlements/ Transfer In	247.45	81.38
8	Closing defined benefit obligation	17,471.81	15,888.16

Changes in the fair value of the plan assets for the year ended March, 31, 2015

₹ in lacs

Sr. No.	Particulars	2014-15	2013-14
1	Opening fair value of plan assets	16,027.59	14,799.97
2	Expected return on plan assets	1,402.42	1295.00
3	Employer Contribution	494.14	531.76
4	Plan Participants/ Employee Contribution	1,045.04	929.03
5	Benefits paid out of funds	(1,513.11)	(1608.63)
6	Actuarial (Gains)/Losses on plan assets	(16.18)	(0.91)
7	Settlements/ Transfer In	247.45	81.38
8	Closing fair value of plan assets	17,687.35	16,027.59

The principal assumptions used in determining liability are shown below:

Sr. No.	Particulars	2014-15	2013-14
1	Discount Rate	8.00% – 8.75% p.a.	8.75%p.a.
2	Expected rate of Return	8.75% p.a.	8.75%p.a.
3	Employee turnover rate	1.00% – 3.00% p.a.	1.00% –3.00% p.a.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL YEAR 2014–15

Details of contribution to provident fund in respect of other companies in the Group:

₹ in lacs

Particulars	2014–15	2013–14
Contribution to Provident Fund	21.41	21.11

IV. Details of Defined Contribution Plan in respect of the Group :

₹ in lacs

Particulars	2014–15	2013–14
Contribution to Superannuation Fund	344.24	344.19
Contribution to Contributory pension fund	192.77	152.16
Employees Death Benevolent Fund	0.71	0.67
Contribution to Family Pension Fund	89.10	56.23
Contribution to National Pension Fund	16.31	3.09
Total	643.13	556.34

1. The Parent Company and subsidiary of the joint venture expects to contribute ₹ 500 lacs (approx.) to provident fund trust in the financial year 2015–16.
2. The information related to experience adjustment on plan assets and liabilities are not available but the amount would not be material in the opinion of the management.

49. Segment Reporting

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

* Secondary Segment – Geographical Segment

The Group operates in India and therefore caters to the needs of the domestic market. Therefore, there is only one geographical segment and hence, segment information is not required to be disclosed.

50. Related party disclosures under Accounting Standard – 18

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

i) Joint ventures of the Group

1. Zuari Maroc Phosphates Private Limited (formerly known as Zuari Maroc Phosphates Limited)
2. Paradeep Phosphates Limited – Subsidiary of Zuari Maroc Phosphates Private Limited (formerly known as Zuari Maroc Phosphates Limited)
3. Zuari Rotem Speciality Fertilizers Limited
4. MCA Phosphates Pte. Limited (w.e.f. 27th March, 2014)

ii) Associate of the Group

1. Fosfatosdel Pacifico S.A. (w.e.f. 27th March, 2014)

iii) Key Management Personnel of the Group

1. Mr. S. S. Nandurdikar, Managing Director of Paradeep Phosphates Limited
2. Mr. D. S. Ravindra Raju, Whole Time Director of Paradeep Phosphates Limited w.e.f. 1st November, 2014

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL YEAR 2014–15

3. Mr. N Suresh Krishnan, Managing Director of Zuari Agro Chemicals Limited (upto 31st March, 2015) and Managing Director of Zuari Maroc Phosphates Private Limited (formerly known as Zuari Maroc Phosphates Limited).
4. Mr. Akshay Poddar – Executive Director of Zuari Agro Chemicals Limited (upto 19th December, 2014)
5. Mr. Kaushal Jaiswal – Chief Executive Officer of Zuari Rotem Speciality Fertilisers Limited (upto 30th June, 2014)
6. Mr. V. L. Nageshwara Rao – Manager of Zuari Agri Sciences Limited (formerly known as Zuari Seeds Limited)

iv) Relatives of Key Management Personnel

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

v) Other Venturers in respect of JV Entities

1. OCP S.A. Morocco
2. Rotem Amfert Negev Limited
3. Indo Maroc Phosphore Limited
4. Bunge Maroc Phosphore
5. Phosphate De Boucraa SA

(vi) Parties having significant influence

1. Zuari Global Limited
2. Indian Furniture Products Limited
3. Soundaryaa IFPL Interiors Limited – Subsidiary of Indian Furniture Products Limited w.e.f. 4th December, 2014
4. Simon India Limited
5. Zuari Management Services Limited
6. Zuari Infracore India Limited (formerly known as Adventz Infracore India Limited)
7. Zuari Infra Middle East Limited – Subsidiary of Zuari Infracore India Limited (formerly known as Adventz Infracore India Limited) w.e.f. 10th September, 2014
8. Gulbarga Cement Limited – Joint Venture of Zuari Global Limited up to 12th January, 2015
9. Globex Limited
10. Zuari Investments Limited
11. Zuari 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 Investment Limited upto 14th January, 2015 and thereafter wholly owned subsidiary of Zuari Global Limited
14. Gobind Sugar Mills Limited – Subsidiary of Zuari Investments Limited w.e.f 25th August, 2014
15. Zuari Indian Oiltanking Private Limited (formerly known as Zuari Indian Oiltanking Limited) – Joint Venture of Zuari Global Limited
16. Style Spa Furniture Limited (merged with Indian Furniture Products Limited w.e.f. 9th May, 2014)

vii) Enterprises owned or significantly influenced by key management personnel or their relatives

1. Gobind Sugar Mills Limited

B. The transactions with related parties are given below:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL YEAR 2014-15

Related Party disclosures under Accounting Standard – 18 of Zuari Agro Chemicals Limited Consolidated Related Party

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

₹ in lacs

Sl. No	Transaction details	2014-15					2013-14					
		Joint Ventures	Joint Venturers	" Key management personnel (KMP) "	Enterprises Having Significant Influences	Enterprises owned or significantly influenced by key management personnel or their relatives	Total	Joint Ventures	Joint Venturers	" Key management personnel (KMP) "	Enterprises Having Significant Influences	Enterprises owned or significantly influenced by key management personnel or their relatives
1	Payment made on their behalf											
	– Zuari Maroc Phosphates Private Limited**	–	–				0.03	–	–	–	–	0.03
	– Paradeep Phosphates Limited	53.33	–			53.33	41.39	–	–	–	–	41.39
	– Zuari Rotem Speciality Fertilizers Ltd	0.41	–			0.41	0.32	–	–	–	–	0.32
	– Zuari Investments Limited	–	–		2.87	2.87	–	–	–	1.42	–	1.42
	– Globex Limited	–	–			–	–	–	–	9.33	–	9.33
	– Zuari Management Services Limited	–	–		50.60	50.60	–	–	–	31.97	–	31.97
	– Zuari Infraworld India Limited*	–	–		0.08	0.08	–	–	–	5.28	–	5.28
	– Simon India Limited	–	–		11.42	11.42	–	–	–	20.27	–	20.27
	– Indian Furniture Products Limited	–	–		0.33	0.33	–	–	–	0.07	–	0.07
	– Zuari Global Limited	–	–		82.04	82.04	–	–	–	19.86	–	19.86
	– OCP, Morocco	–	–				–	0.38	–	–	–	0.38
	– Style Spa Furniture Limited#	–	–				–	–	–	0.23	–	0.23
	– Gulbarga Cement Limited				0.01	0.01						
	– Gobind Sugar Mills Limited				0.24	0.24						
2	Payment made on our behalf											
	– Paradeep Phosphates Limited	4.61	–			4.61	3.62	–	–	–	–	3.62
	– Style Spa Furniture Limited#	–	–			–	–	–	–	9.16	–	9.16
	– Zuari Global Limited	–	–		7.57	7.57	–	–	–	1.38	–	1.38
	– Simon India Limited	–	–		0.29	0.29	–	–	–	0.18	–	0.18
	– Zuari Management Services Limited	–	–		6.00	6.00	–	–	–	6.15	–	6.15
	– Zuari Investments Limited	–	–		0.23	0.23	–	–	–	0.22	–	0.22
	– Indian Furniture Products Limited	–	–		0.03	0.03						
	– Globex Limited				1,586.31	1,586.31						
	– Adventz Industries India Limited				0.02	0.02						
3	Material Taken on Swap basis											
	– Paradeep Phosphates Limited	1,273.24	–			1,273.24	2,356.80	–	–	–	–	2,356.80
4	Material Given on Swap basis											
	– Paradeep Phosphates Limited	–	–			–	3,630.03	–	–	–	–	3,630.03
5	Purchase of Fixed Assets											
	– Style Spa Furniture Limited#	–	–			–	–	–	–	0.07	–	0.07
	– Simon India Limited	–	–		9,771.13	9,771.13	–	–	–	7,261.63	–	7,261.63
	– Indian Furniture Products Limited	–	–		70.34	70.34	–	–	–	1.02	–	1.02

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL YEAR 2014-15

₹ in lacs

Sl. No	Transaction details	2014-15					2013-14					
		Joint Ventures	Joint Venturers	" Key management personnel (KMP) "	Enterprises Having Significant Influences	Enterprises owned or significantly influenced by key management personnel or their relatives	Total	Joint Ventures	Joint Venturers	" Key management personnel (KMP) "	Enterprises Having Significant Influences	Enterprises owned or significantly influenced by key management personnel or their relatives
6	Service / Consultancy / Corporate Guarantee charges paid											
	– Zuari Investments Limited	–	–			–	–	–	–	0.01	–	0.01
	– Zuari Management Services Limited	–	–		414.47	414.47	–	–	–	212.20	–	212.20
	– Zuari Global Limited	–	–			–	–	–	–	58.46	–	58.46
	– Indian Furniture Products Limited	–	–			–	–	–	–	0.81	–	0.81
	– Gobind Sugar Mills Limited	–	–			–	–	–	–	–	44.94	44.94
	– Zuari Insurance Brokers Limited	–	–		2.81	2.81	–	–	–	5.62	–	5.62
7	Purchase of Investment											
	– Zuari Global Limited	–	–			–	–	–	–	10,184.96	–	10,184.96
8	Managerial remuneration											
	– Mr. S.S. Nandurdikar	–	–	79.46		79.46	–	–	90.79	–	–	90.79
	– Mr. D.S. Ravindra Raju	–	–	15.93		15.93	–	–	–	–	–	–
	– Mr.N.Suresh Krishnan	–	–	196.16		196.16	–	–	173.47	–	–	173.47
	– Mr.Akshay Poddar	–	–	33.39		33.39	–	–	44.88	–	–	44.88
	– Mr.Kaushal Jaiswal	–	–	41.62		41.62	–	–	16.37	–	–	16.37
	– Mr.VL.Nageswara Rao	–	–	26.79		26.79	–	–	–	–	–	–
9	Purchase of finished goods, raw material,spares, etc											
	– OCP S.A., Moracco	–	63,084.31			63,084.31	–	33,144.38	–	–	–	33,144.38
	– Zuari Rotem Speciality Fertilizers Ltd	3,215.61	–			3,215.61	1,581.17	–	–	–	–	1,581.17
	– Zuari Global Limited	–	–		3,973.74	3,973.74	–	–	–	10,362.63	–	10,362.63
	– Rotem Amfert Nagev Ltd.	–	734.39			734.39	–	190.00	–	–	–	190.00
	– Indo Maroc Phosphores S.A.Morocco	–	5,874.81			5,874.81	–	5,084.00	–	–	–	5,084.00
10	Sale of finished goods, raw material,spares, etc											
	– Paradeep Phosphates Limited	–	–			–	22.50	–	–	–	–	22.50
	– Zuari Rotem Speciality Fertilizers Ltd	96.00	–			96.00	–	–	–	–	–	–
	– Gobind Sugar Mills Limited	–	–			–	–	–	–	1,005.26	–	1,005.26
11	Demmuarge Expenses											
	– OCP S.A., Moracco	–	76.62			76.62	–	104.91	–	–	–	104.91
	– Indo Maroc Phosphores S.A.Morocco	–	19.68			19.68	–	1.09	–	–	–	1.09
12	Write back, Claims and Demmuarges											
	– OCP S.A., Moracco	–	15.88			15.88	–	246.66	–	–	–	246.66
13	Royalty paid											
	–Rotem Amfert Nagev Ltd.	–	45.22			45.22	–	–	–	–	–	–
14	Miscellaneous Income / Rebate Received											
	– Paradeep Phosphates Limited	–	–			–	20.86	–	–	–	–	20.86

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL YEAR 2014-15

₹ in lacs

Sl. No	Transaction details	2014-15					2013-14					
		Joint Ventures	Joint Venturers	" Key management personnel (KMP) "	Enterprises Having Significant Influences	Enterprises owned or significantly influenced by key management personnel or their relatives	Total	Joint Ventures	Joint Venturers	" Key management personnel (KMP) "	Enterprises Having Significant Influences	Enterprises owned or significantly influenced by key management personnel or their relatives
15	Miscellaneous Expenses/Rebate Paid	-	-									
	- Paradeep Phosphates Limited	-	-				-	9.88	-	-	-	9.88
	- Gobind Sugar Mills Limited	-	-				-	-	-	-	20.76	20.76
16	Management Fee Paid	-	-									
	- Zuari Global Limited	-	-		9.96	9.96	-	-	-	43.38	-	43.38
17	Management Fee Received											
	- Zuari Management Services Limited	-	-				-	-	-	20.22	-	20.22
	- Zuari Global Limited	-	-				-	-	-	31.31	-	31.31
18	Rent Paid											
	- Zuari Global Limited	-	-		44.73	44.73	-	-	-	44.17	-	44.17
	- Zuari Management Services Limited	-	-		11.69	11.69	-	-	-	2.63	-	2.63
	- Gobind Sugar Mills Limited	-	-				-	-	-		1.07	1.07
19	Sitting Fee Paid											
	- Mr.S.K.Poddar	-	-	1.85		1.85	-	-	1.00	-	-	1.00
20	Deposit Received											
	- Gobind Sugar Mills Limited	-	-				-	-	-	-	0.25	0.25
21	Interest received on loan/deposit											
	- Mr.N.Suresh Krishnan	-	-	1.34		1.34	-	-	1.65	-	-	1.65
	- Zuari Rotem Speciality Fertilizers Ltd	6.24	-			6.24	-	-	-	-	-	-
22	Interest Paid											
	- Zuari Rotem Speciality Fertilizers Ltd	6.32	-			6.32	21.05	-	-	-	-	21.05
	- Gobind Sugar Mills Limited	-	-				-	-	-	-	0.01	0.01
23	Sale of fixed assets											
	- Zuari Global Limited	-	-		3.24	3.24	-	-	-	16,359.52	-	16,359.52
24	Dividend paid											
	- Zuari Global Limited	-	-		252.35	252.35	-	-	-	252.35	-	252.35
	- Zuari Management Services Limited	-	-		152.37	152.37	-	-	-	129.17	-	129.17
25	Inter-Corporate Deposit/Loan/ Advance paid											
	- Indian Furniture Products Limited				700.00	700.00						
26	Advance given for purchase of shares											
	- Zuari Global Limited				11,920.00	11,920.00						

* The name of the Company "Zuari Seeds Limited" has been changed to "Zuari Agri Sciences Limited" w.e.f.11th Spetember, 2014.

** The name of the Company "Zuari Maroc Phosphates Limited" has been changed to "Zuari Maroc Phosphates Private Limited" w.e.f. 30th March, 2015.

*** Style Spa Furniture Limited has been merged with Indian Furniture Products Limited w.e.f. 09th May, 2014.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL YEAR 2014-15
Related Party disclosures under Accounting Standard – 18 of Zuari Agro Chemicals Limited Consolidated Related Party Balance Outstanding at the year end

₹ in lacs

Sl. No	Transaction details	2014-15					2013-14					Total
		Joint Ventures	Joint Venturers	" Key management personnel (KMP) "	Enterprises Having Significant Influences	Enterprises owned or significantly influenced by key management personnel or their relatives	Joint Ventures	Joint Venturers	" Key management personnel (KMP) "	Enterprises Having Significant Influences	Enterprises owned or significantly influenced by key management personnel or their relatives	
1	Loan/ICD given											
	– Mr.N.Suresh Krishnan			18.00								18.00
	– Paradeep Phosphates Limited						1,273.23					1,273.23
2	Advance against purchase of Investment											
	– Zuari Global Limited				11,920.00							11,920.00
3	Advance Recoverable											
	– Paradeep Phosphates Limited	12.30										12.30
	– Simon India Limited				0.30							0.30
	– Adventz Industries India Limited				2.06							2.06
	– Bunge Maroc Phosphore		10.24									10.24
	– Zuari Infraworld India Limited				4.75							4.75
	– OCP S.A., Morocco		9.81									9.81
	– Zuari Indian Oiltanking Private Limited#				606.74							606.74
	– Zuari Management Services Limited											24.30
	– Globex Limited											2.33
	– Style Spa Furniture Limited***											0.18
	– Indian Furniture Products Limited				699.95							699.95
	– Gulbarga Cement Limited				0.01							0.01
4	As Trade receivable											
	– Paradeep Phosphates Limited	7.50										7.50
	– Gobind Sugar Mills Limited				156.73							156.73
5	As Trade Payable											
	– OCP S.A., Morocco		8,285.61									8,285.61
	– Paradeep Phosphates Limited	0.17										0.17
	– Zuari Rotem Speciality Fertilizers Ltd	524.72										524.72
	– Zuari Maroc Phosphates Private Limited**	9.34										9.34
	– Simon India Limited				2,012.75							2,012.75
	– Rotem Amfert Nagev Ltd.		60.78									60.78
	– Indo Maroc Phosphores S.A.Morocco		213.33									213.33
	– Zuari Management Services Limited				16.31							16.31
	– Zuari Investments Limited				0.02							0.02
	– Phosphates De Boucraa SA				3.06							3.06
	– Indian Furniture Products Limited											2.09
	– Zuari Global Limited				94.35							94.35
	– Globex Limited				1,584.30							1,584.30
	– Style Spa Furniture Limited***											0.13
6	Claim Recoverable											
	– OCP S.A., Morocco		576.11									576.11
7	Deposit Received											
	– Gobind Sugar Mills Limited				0.25							0.25
8	Interest on Loan/ICD											
	– Mr.N.Suresh Krishnan			8.76								8.76

Note : * The name of the Company "Zuari Seeds Limited" has been changed to "Zuari Agri Sciences Limited" w.e.f. 11th Spetember, 2014.
 ** The name of the Company "Zuari Maroc Phosphates Limited" has been changed to "Zuari Maroc Phosphates Private Limited" w.e.f. 30th March, 2015.
 *** Style Spa Furniture Limited has been merged with Indian Furniture Products Limited w.e.f. 01st April, 2014.
 # The name of the Company "Zuari Indian Oiltanking Limited" has been changed to "Zuari Indian Oiltanking Private Limited" w.e.f. 15th April, 2015.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL YEAR 2014–15

51. Details of the Group in Joint Ventures included in the Consolidated Financial Statements are as follows :

₹ in lacs

Sl.No.	Particulars	As at 31st March, 2015	As at 31st March, 2014
I.	EQUITY AND LIABILITIES		
	Reserves and surplus	43,419.14	40,310.39
	Minority Interest	10,353.23	9,929.70
	Non-current liabilities		
	Long term borrowings	19,920.44	15,024.95
	Deferred tax liabilities (Net)	95.96	100.01
	Other long term liabilities	354.53	1,171.88
	Long-term provisions	258.99	300.34
	Current liabilities		
	Short-term borrowings	75,910.97	94,902.33
	Trade payables	17,301.83	9,065.54
	Other Current Liabilities	10,870.15	6,633.69
	Short-term provisions	2,707.84	2,544.26
	Total	181,193.08	179,983.07

₹ in lacs

Sl.No.	Particulars	As at 31st March, 2015	As at 31st March, 2014
II	ASSETS		
	Non-current assets		
	Tangible assets	18,871.02	18,040.03
	Intangible assets	79.82	52.57
	Capital work-in-progress (including pre-operative expense)	26,216.73	16,489.96
	Non-current Investment	10,743.59	10,955.13
	Long-term loans and advances	2,719.20	3,576.40
	Other Non Current Assets	38.10	144.04
	Current assets		
	Current investments	71.09	78.39
	Inventories	38,796.92	27,500.39
	Trade receivables	64,307.29	88,509.56
	Cash and bank balances	2,536.52	2,260.05
	Short-term loans and advances	3,168.48	4,184.26
	Other current assets	23,675.44	21,388.37
	Total	191,224.20	193,179.15

₹ in lacs

SI.No.	Particulars	31st March, 2015	31st March, 2014
I	INCOME		
	Revenue from operations (gross)	209,481.41	213,030.65
	Less: excise duty	1,343.69	1,135.47
	Revenue from operations (net)	208,137.73	211,895.19
	Other income	4,309.08	4,643.86
	Total Revenue (I)	212,446.80	216,539.05
II	EXPENDITURE		
	Cost of raw materials consumed	132,875.18	114,206.00
	Purchase of traded goods	26,224.34	51,584.59
	(Increase)/decrease in inventories	2,018.18	3,320.57
	Employee benefit expense	5,416.90	4,991.02
	Depreciation and amortization expense	1,146.95	1,278.14
	Finance costs	8,263.60	11,807.03
	Other expenses	33,858.07	35,524.52
	Total Expenditure (II)	2,09,803.21	2,22,711.87
III	Profit/(Loss) before tax	2,643.59	(6,172.82)
	Tax expenses		
	Current income tax	399.39	0.15
	MAT Credit Entitlement	(399.39)	-
	Deferred tax	(4.05)	(309.38)
	Income tax expenses of earlier years	(169.77)	(90.91)
IV	Total tax expense	(173.82)	(400.14)
V	Profit/(Loss) after tax	2,817.42	(5,772.67)
VI	Share in Profits/(Losses) of Associates	(211.54)	-
VII	Share of Minority in Profits/(Losses)	(540.18)	1,230.47
VIII	Profit/(Loss) for the year	2,065.70	(4,542.21)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL YEAR 2014–15

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

₹ in lacs

Sl.No.	Particulars	As at 31st March, 2015	As at 31st March, 2014
i)	The principal amount and the interest due thereon remaining unpaid to any supplier:		
	– Principal amount	Nil	Nil
	– Interest thereon	0.52	0.29
ii)	the amount of interest paid by the buyer in terms of section 18, along with the amounts of the payment made to the supplier beyond the appointed day.	Nil	Nil
iii)	the amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	Nil	Nil
iv)	the amount of interest accrued and remaining unpaid	0.81	0.04
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

53. In respect of Parent Company, Department of Fertilizers (DOF), Government of India, issued an office memorandum dated July 8, 2013, whereby Imported Phosphatic and Potassic (P&K) fertilizers dispatched by the fertiliser companies to their warehouse for onward sale during the month of February and March, 2013 without having any supply plan issued by DOF was regularized as per Nutrient Based Subsidy (NBS) rates applicable for the year 2013–14. However, these NBS rates, as per the Government of India’s policy, are notified after approval by Cabinet Committee for Economic Affairs (CCEA) before the start of financial year and therefore, cannot be changed before next financial year. Accordingly, the Parent Company had recognized ₹ 2,223.11 lacs in the previous years being the difference between the applicable NBS rates of 2012–13 and 2013–14 for the dispatches made to its warehouse during February and March, 2013 but sold in 2012–13 and 2013–14 respectively. During the year, the Parent Company has reversed the subsidy income of ₹ 274.08 lacs for the quantities imported and dispatched during the month of February and March, 2013. The Parent Company is in discussions with the Department of Fertilisers for receiving the short amount of subsidy and, if required, take appropriate legal steps to recover the aforesaid differential subsidy amount. The Parent Company is hopeful to realise the aforesaid subsidy amount, hence no provision for balance amount of ₹ 1,949.03 lacs has been made in the accounts.

54. In case of a Joint Venture, the Joint venture has been granted Eligibility Certificate by the Directorate of Industries, Government of Maharashtra vide letter No JDI/PUNE/PSI–2007/EC–12/2012/732 dated 19–7–2012. As per the Eligibility Certificate, the Joint Venture is entitled to:

- Electricity Duty Exemption for a period of 15 years from date of Commercial production.
- 25% refund of annual VAT and CST liability (after set-off) on sale of manufactured goods.

In terms of the Accounting Standard (AS 12) “Accounting for Government Grants” notified under the Companies Act, 2013, the eligible incentive is considered as a capital grant and has been set-up as deferred income, being recognised in the Statement of Profit and Loss over the life of the eligible fixed assets.

Incentive receivable in respect of VAT and CST liability aggregating ₹ 79.40 lacs (being proportionate share of Group) as at March, 31, 2015 has been set up as deferred income and is being recognised in the Statement of Profit and Loss on systematic basis over the life of the eligible fixed assets. During the year, ₹ 7.64 lacs (being proportionate share of Group) [March, 31, 2014: ₹ 3.07 lacs (being proportionate share of Group)] has been credited to the Statement of Profit and Loss. The Joint Venture received an amount of ₹ 14.62 lacs [March, 31, 2014: ₹ 29.06 lacs (being proportionate share of Group)] from the sales tax department as refund claims.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL YEAR 2014–15

Incentive in respect of electricity duty exemption is accounted for during the year as a reduction from the electricity charges i.e. the electricity charges recognised in note 25 are considered net of electricity duty as per payments made to the electricity board.

- 55.** In respect of Parent Company, during the previous financial year, the Parent Company had sold part of freehold land at a consideration of ₹ 16,359.32 lacs. The possession of the said parcel of land was handed over on 28th March, 2014; however the transfer of title is under progress. The Parent Company had received full consideration from the buyer during the previous year.
- 56.** In respect of one of the subsidiary company, the company is planning to set up a phosphatic fertilizer plant in Rak–Al–Khaimah in United Arab Emirates in collaboration with Ras–Al –Khaimah Maritime City Free Zone Authority. Expenditure on consultancy and related expenditure amounting to ₹ 3,376.35 lacs have been shown under loans and advances, pending decision on issue of shares to the company in the proposed joint venture project or transfer of expenses to a group entity, which will enter into the joint venture with the overseas party.
- 57.** The Office of Executive Engineer, Mahanadi South Division, Jobra, Cuttack had raised a demand on the subsidiary of the joint venture on account of interest for delayed payments in respect of the water charges for the period from April, 2000 to March, 2015. The subsidiary of the joint venture disputed the demand and filed an appeal in the Court of the Collector and District Magistrate, Jagatsinghpur. The Court vide its order dated 24.10.2015 settled the primary issues of quantum of drawal of water on maximum limit of 12 million gallons per day and actual usage and also regarding the use of water for industrial and residential purposes.

However, the Executive Engineer kept on demanding the interest for the earlier periods from April, 2000 to December 2005, which the subsidiary of the joint venture contested and filed an appeal against the said demand before the Board of Revenue, Orissa, Cuttack.

The Board of Revenue passed an adverse order dated 11.2.2011 against the subsidiary of the joint venture and the subsidiary of the joint venture filed a writ petition in the Orissa High Court challenging the said order. The Hon'ble Orissa High Court vide its order dated 21.3.2015 set aside the order of Board of Revenue and referred the matter back to Member Board of Revenue, Cuttack for hearing. In view of the above, the subsidiary of the joint venture has written back the entire provision of ₹ 207.92 lacs (being proportionate share of Group) in the books of account. The subsidiary of the joint venture expected a favourable decision in the matter.

- 58.** In respect one of the of joint venture of the Company, in respect of investment made by joint venture in its subsidiary, as per Article 3.4 of the Share Purchase Agreement dated 28th February, 2002, the joint venture had preferred a claim on the Government of India of ₹ 7,577.50 lacs (being proportionate share of the Group). The matter was referred to an Arbitral Tribunal which in its award dismissed the claim of the joint venture. The joint venture has filed a petition in the Hon'ble High Court of Delhi against the award of the Arbitral Tribunal.
- 59.** In respect of Parent Company, in terms of Demerger of fertilizer undertaking from Zuari Global Limited in an earlier year, the title deeds of Immovable properties are in the process of being transferred in the name of the Parent Company.
- 60.** Figures pertaining to the subsidiaries and joint ventures companies have been reclassified wherever considered necessary to bring them in line with the Parent Company's financial statements. Figures reported with respect to the joint ventures and their subsidiaries represent the Groups proportionate share only.
- 61.** In respect of Parent Company, the Ammonia and Urea plants were shutdown from August 8, 2014 due to mechanical breakdown and resumed production on September 22, 2014. Further, the Parent Company took shutdown of Ammonia / Urea plants from January 15, 2015 due to high pressure drop across the Low temperature Shift Converter and replaced the Catalysts to address the problem. Ammonia / Urea plants were re-started on January 30, 2015 and are now running normal.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL YEAR 2014–15

62. Disclosure required under Schedule III of Companies Act, 2013

Sl. No.	Name of the Entity	Net Assets, i.e., total assets minus total liabilities		Share in Profit or Loss	
		As % of consolidated net assets	Amount (₹ in lacs)	As % of consolidated profit or loss	Amount (₹ in lacs)
1	Parent				
	I Zuari Agro Chemicals Limited	79.79	80,336.69	137.82	1,236.59
2	Indian Subsidiaries				
	I Zuari Agri Sciences Limited (formerly known as Zuari Seeds Limited)	0.21	208.59	(1.71)	(15.38)
	II Zuari Fertilisers and Chemicals Limited	(2.08)	(2,090.97)	(265.31)	(2,380.49)
3	Minority Interests in subsidiaries	(10.28)	(10,353.23)	(60.20)	(540.18)
4	Indian Joint Venture				
	I Zuari Maroc Phosphates Private Limited (formerly known as Zuari Maroc Phosphates Limited)	70.67	71,148.12	307.69	2,760.79
	II Zuari Rotem Speciality Fertilizers Limited	0.44	438.00	8.00	71.78
5	Overseas Joint Venture				
	I MCA Phosphates Pte. Limited	10.69	10,761.08	(25.26)	(226.61)
6	Elimination and adjustment due to consolidation	(49.43)	(49,767.77)	(1.03)	(9.27)
	Total	100.00	100,680.53	100.00	897.25

63. 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. LLP
Chartered Accountants
Firms Registration No.301003E

per Anil Gupta
Partner
Membership No: 87921

Place : Gurgaon
Date : 15th May, 2015

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

S. K. Poddar
Chairman

V. Seshadri
Vice President – Finance

Place : Gurgaon
Date : 15th May, 2015

Kapil Mehan
Managing Director

R. Y. Patil
Chief General Manager
& Company Secretary

Marco Wadia
Director