

**INDEPENDENT AUDITOR'S REPORT**

To the Members of Zuari Seeds Limited

**Report on the Financial Statements**

We have audited the accompanying financial statements of Zuari Seeds Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and 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**

Management is responsible for the preparation of these 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 notified under the Companies Act, 1956 read with General Circular 8/2014 dated 4 April 2014, issued by the Ministry of Corporate Affairs. This responsibility includes the design, implementation and maintenance of internal control 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 financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, 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.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies Act, 1956 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.



# **S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

## **Emphasis of Matter**

We draw attention to Note 36 to the financial statements, as at March 31, 2014, the Company has accumulated losses of Rs. 258,196,374 and its networth has been substantially eroded. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern, which is dependent on establishing profitable operations and obtaining continuing financial support from its shareholders. The mitigating factors have been more fully discussed in note 37 to the accompanying financial statements, in view of which the accompanying financial statements have been prepared under the going concern assumption, and consequently, no adjustments have been made to the carrying values of balance sheet. Our opinion is not qualified in respect of this matter.

## **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - (a) We have 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 appears from our examination of those;
  - (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 account;
  - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 read with General Circular 8/2014 dated 4 April 2014, issued by the Ministry of Corporate Affairs;
  - (e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

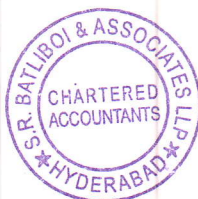
For **S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W

  
per **Jayanta Mukhopadhyay**  
Partner

Membership Number: 055757



Place of Signature: Hyderabad

Date: April 28, 2014



# **S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

Annexure referred to in paragraph 1 of our report of even date

Re: Zuari Seeds Limited

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) There was no disposal of a substantial part of fixed assets during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clause 4(iii) (a) to (d) of the Order are not applicable to the Company and hence not commented upon.
- (b) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clause 4(iii)(e) to (g) of the Order are not applicable to the Company and hence not commented upon.
- (iv) Company's inventory mainly consists of seeds. Seeds are of unique and specialized nature, and as informed to us, in case of purchase and sale of seeds, it is not possible to make comparison of prices with the market rates or with purchases from other parties. Read with above, 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. No services have been rendered by the company during the year. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in internal control system of the company in respect of these areas.
- (v) (a) In our opinion, there are no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(v)(b) of the Order is not applicable to the Company and hence not commented upon.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956, for the products of the Company.



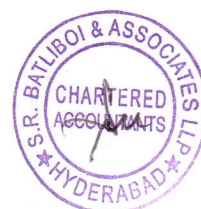
# S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

- (ix) (a) Undisputed statutory dues including investor education and protection fund, sales-tax, wealth-tax, customs duty, excise duty, cess and other material statutory dues have been regularly deposited with the appropriate authorities, however *there have been large delays in case of provident fund and employees' state insurance, and slight delays in a few cases in case of income tax and service tax dues.*
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable, except the following.

Name of the statute	Nature of dues	Amount demanded (Rs.)	Period to which the amount relates	Due date	Date of payment
Central Sales Tax Act, 1956	C and F Form liability on assessment	206,998	2005-06	April 01, 2009	Unpaid

- (c) According to the information and explanation given to us, there are no dues of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.
- (x) *The Company's accumulated losses at the end of the financial year are more than fifty percent of its net worth. The company has incurred cash losses in the current year, however it did not incur cash loss in the immediately preceding financial year.*
- (xi) Based on the information and explanations given by the management, we are of the opinion that Company has not defaulted in repayment of dues to bank. The Company did not have any outstanding dues in respect of a financial institution or debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced before us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.



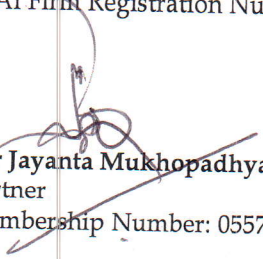


# **S.R. BATLIBOI & ASSOCIATES LLP**

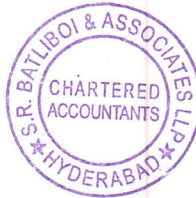
Chartered Accountants

- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, *we report that funds amounting to Rs. 21,295,903 raised on short term basis have been used for long-term investments representing acquisition of fixed assets, repayment of long-term loan and funding of losses.*
- (xviii) The Company has made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956. In our opinion, the price at which shares have been issued is not prejudicial to the interest of the Company.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money by way of public issue during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For **S.R. BATLIBOI & ASSOCIATES LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 101049W

  
per **Jayanta Mukhopadhyay**  
Partner  
Membership Number: 055757

Place of Signature: Hyderabad  
Date: April 28, 2014



Zuari Seeds Limited  
Balance Sheet as at March 31, 2014  
(All Amounts are in Indian Rupees except as otherwise stated)

	Notes	As at March 31, 2014	As at March 31, 2013
<b>Equity and Liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	3	281,741,620	141,741,620
Reserves and surplus	4	(258,196,376)	(167,878,621)
		<b>23,545,244</b>	<b>(26,137,001)</b>
<b>Non-current liabilities</b>			
Borrowings	5	75,000,000	74,971,695
Other liabilities	6	19,294,436	15,691,050
		<b>94,294,436</b>	<b>90,662,745</b>
<b>Current liabilities</b>			
Borrowings	7	71,287,093	17,876,489
Trade payables	8	176,341,424	190,214,821
Other liabilities	8.1	129,428,832	203,409,281
Provisions	9	7,080,587	13,306,957
		<b>384,137,936</b>	<b>424,807,548</b>
<b>Total</b>		<b>501,977,616</b>	<b>489,333,292</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets	10		
Tangible assets		23,637,785	25,147,598
Intangible assets		45,216,549	47,714,334
Loans and advances	11	1,971,580	1,657,080
Other assets	12.2	1,247,417	1,303,604
Deferred tax assets (net)	37	-	-
		<b>72,073,331</b>	<b>75,822,616</b>
<b>Current assets</b>			
Inventories	13	239,132,926	205,014,337
Trade receivables	12.1	122,542,735	182,559,979
Cash and bank balances	14	48,202,424	11,857,014
Loans and advances	11	19,978,709	14,079,346
Other assets	12.2	47,491	-
		<b>429,904,285</b>	<b>413,510,676</b>
<b>Total</b>		<b>501,977,616</b>	<b>489,333,292</b>
Summary of significant accounting policies	2.1		

As per our report of even date

For **S.R. BATLIBOI & ASSOCIATES LLP**  
ICAI Firm Registration No. 101049W  
Chartered Accountants

per **Jayanta Mukhopadhyay**  
Partner  
Membership No.: 055757



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

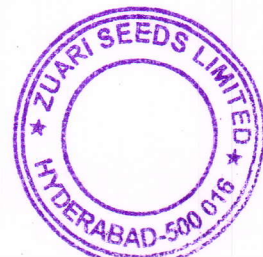
**V.L. Nageshwara Rao**  
Manager

**Naveen Kapoor**  
Director

**Suresh Krishnan**  
Suresh Krishnan  
Director

Place: Hyderabad  
Date: April 28, 2014

Place: Gurgaon  
Date: April 28, 2014





Zuari Seeds Limited

Statement of Profit and loss for the year ended March 31, 2014

(All Amounts are in Indian Rupees except as otherwise stated)

	Notes	For the year ended March 31, 2014	For the year ended March 31, 2013
<b>Income</b>			
Revenue from operations	15	457,760,280	575,019,840
Other Income	16	2,475,597	4,274,398
<b>Total revenue ( I )</b>		<b>460,235,877</b>	<b>579,294,238</b>
<b>Expenses</b>			
Cost of raw materials consumed	17	360,696,768	333,840,189
(Increase) in inventories of finished seeds and work-in-progress	18	(40,578,563)	(15,900,695)
Employee benefits expense	19	41,792,275	44,479,359
Other expenses	20	148,652,121	166,565,695
<b>Total Expenses ( II )</b>		<b>510,562,601</b>	<b>528,984,548</b>
<b>Earnings before interest, tax, depreciation and amortization (EBITDA) ( I - II )</b>		<b>(50,326,724)</b>	<b>50,309,690</b>
Depreciation and amortization expense	21	5,184,201	8,546,118
Finance costs	22	34,806,830	36,976,895
<b>Profit before tax</b>		<b>(90,317,755)</b>	<b>4,786,677</b>
<b>Tax expenses</b>			
Current tax		-	3,034,290
<b>Total tax expense</b>		<b>-</b>	<b>3,034,290</b>
<b>Profit for the year</b>		<b>(90,317,755)</b>	<b>1,752,387</b>
<b>Earnings per equity share - Basic/Diluted</b>	23	(6.32)	0.12
<b>Nominal value of share</b>		10.00	10.00
<b>Summary of significant accounting policies</b>	2.1		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP  
ICAI Firm Registration No. 101049W  
Chartered Accountants

per Jayanta Mukhopadhyay  
Partner  
Membership No.: 055757



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

*V.L. Nageshwara Rao*

V.L. Nageshwara Rao  
Manager

*Naveen Kapoor*

Naveen Kapoor  
Director

*Suresh Krishnan*

Suresh Krishnan  
Director



Place: Hyderabad  
Date: April 28, 2014

Place: Gurgaon  
Date: April 28, 2014

Zuari Seeds Limited  
Cash flow statement for the year ended March 31, 2014  
(All Amounts are in Indian Rupees except as otherwise stated)

	For the year ended March 31, 2014	For the year ended March 31, 2013
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Profit / (Loss) before tax	(90,317,755)	4,786,677
Non-cash adjustment to reconcile profit before tax to net cash flows:		
Depreciation and amortization expense	5,184,201	8,546,118
Provision for doubtful receivable/advances (net)	16,829,194	9,487,000
Provisions no longer required written back	-	(1,973,599)
Loss on sale of fixed assets (net)	112,925	-
Interest income	(162,797)	(1,206,774)
Interest expense	33,890,070	35,984,444
<b>Operating (loss)/profit before working capital changes</b>	<b>(34,464,162)</b>	<b>55,623,866</b>
Movements in Working Capital		
Increase/(Decrease) in trade payables	(13,873,397)	15,522,236
Increase in other long-term liabilities	3,603,386	5,159,900
Increase/(Decrease) in other current liabilities	26,397,962	(154,442,345)
Increase / (Decrease) in provisions	(3,222,168)	711,435
(Increase) in inventories	(34,118,589)	(9,508,570)
(Increase)/Decrease in trade receivables	112,858,467	(21,484,388)
(Increase)/Decrease in loans and advances	(10,873,293)	46,203,105
<b>Cash generated from/(used in) Operations</b>	<b>46,308,206</b>	<b>(62,214,761)</b>
Direct Taxes Paid (net)	3,015,189	2,567,107
<b>Net Cash generated from/(used in) Operating Activities (A)</b>	<b>43,293,017</b>	<b>(64,781,868)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Tangible Assets	(1,447,229)	(914,823)
Proceeds from sale of Tangible Assets	157,701	-
Proceeds from/ (Investment in) fixed deposits	56,187	(376,517)
Interest Received	115,306	1,249,163
<b>Net Cash used in Investing Activities (B)</b>	<b>(1,118,035)</b>	<b>(42,177)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of long term loan	(25,958,508)	(32,028,305)
Proceeds from long term loan	-	150,000,000
Short term borrowings(net)	53,410,604	(32,381,564)
Interest paid	(33,281,668)	(30,091,545)
<b>Net Cash generated from/(used in) Financing Activities (C)</b>	<b>(5,829,572)</b>	<b>55,498,586</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)</b>	<b>36,345,410</b>	<b>(9,325,459)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>11,857,014</b>	<b>21,182,473</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>48,202,424</b>	<b>11,857,014</b>
<b>Components of cash and cash equivalents:</b>		
Cash on hand		
With banks - on current accounts	13,622	91,234
With banks - on deposit accounts	48,188,802	11,765,780
Cash and cash equivalents as per balance sheet	48,202,424	11,857,014
<b>Cash and cash equivalents considered for cash flows (refer note 14)</b>	<b>48,202,424</b>	<b>11,857,014</b>

Summary of significant accounting policies

2.1

As per our report of even date

For **S.R. BATLIBOI & ASSOCIATES LLP**  
ICAI Firm Registration No. 101049W  
Chartered Accountants

per Jayanta Mukhopadhyay  
Partner  
Membership No.: 055757



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

V.L. Nageshwara Rao  
Manager

Naveen Kapoor  
Director

Suresh Krishnan  
Director

Place: Hyderabad  
Date: April 28, 2014

Place: Gurgaon  
Date: April 28, 2014





**1. Corporate information**

Zuari Seeds Limited ("the Company") is engaged in trading, processing and sale of agricultural seeds. The processing facility is located at Hyderabad and Bangalore. The Company serves its customers throughout India and exports mainly to Bangladesh. The Company also renders market development and promotional services relating to agricultural seeds.

**2. Basis of preparation**

The financial statements have been prepared in accordance with 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 Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956, read with General Circular 8/2014 dated 4th April 2014, issued by the Ministry of Corporate Affairs. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

**2.1 Summary of significant accounting policies**

**(a) Use of Estimates**

The preparation of financial statements in conformity with Indian GAAP requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

**(b) Fixed Assets**

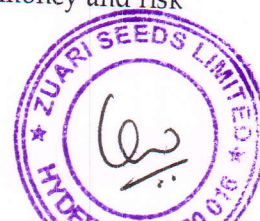
Fixed assets are stated at cost, less accumulated depreciation, impairment losses and capital investment subsidy for applicable assets, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

**(c) Depreciation**

- (i) Depreciation is provided using the Straight Line Method as per the useful lives of the assets estimated by the management, or at the rates prescribed under schedule XIV of the Companies Act, 1956 whichever is higher.
- (ii) Leasehold Improvements are depreciated over the primary period of lease or useful lives of the assets, whichever is shorter.
- (iii) Fixed assets not exceeding Rs.5,000 are depreciated fully in the year of purchase.

**(d) Impairment**

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





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

**(e) Intangible Assets**

- (i) Expenditure incurred on development of new products as covered under AS-26 for which future economic benefits will flow over a period of time is amortized, over the estimated useful life of the asset or 5 years whichever is earlier, from the time the new product starts providing economic benefit.
- (ii) 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 Honorable High Court of Bombay at Panaji (Goa).

**(f) Inventories**

Raw materials (raw seeds), stores and spares	Lower of cost and net realizable value. However, materials and other items held for use in the processing 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. Cost is determined on a Moving Weighted average basis.
Work-in-process (foundation seeds) and finished goods	Lower of cost and net realizable value. Cost includes Purchase price and a proportion of overheads based on actual quantity processed. Cost is determined on a moving weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

**(g) 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.

*Sale of Goods*

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer.

*Sale of Services*

Revenue is recognized as per the terms of contracts with customer when the related services are performed.

*Interest*

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

**(h) Foreign currency translation**

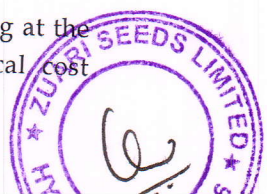
*Foreign currency transactions*

**(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 measured in terms of historical cost





denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

(iii) Exchange differences:

Exchange differences arising on the settlement of monetary items not covered above, or on reporting such monetary items of company 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.

(i) Retirement and other employee benefits

- (i) Retirement benefit in the form of provident fund is a defined contribution scheme. The contributions to the provident fund are charged to the statement of profit and loss for the year when the contributions are due. The company has no obligation, other than the contribution payable to the provident fund.
- (ii) Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation on the projected unit credit method made at the end of each reporting year.
- (iii) Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method.
- (iv) The Company has approved Superannuation Fund and Contributory Pension Fund which are defined contribution schemes and the contributions paid to Life Insurance Corporation of India (LIC) against the insurance policy taken with them are charged to Statement of Profit and Loss. The Company does not have any other obligation other than the contributions paid/payable to LIC.
- (v) Actuarial gains/losses are immediately taken to Statement of profit and loss and are not deferred.

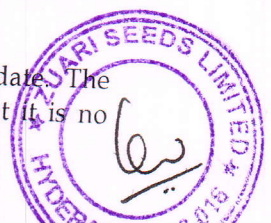
(j) Income taxes

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 enacted in India. Deferred income taxes reflect the impact of current year 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 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 taxes on income levied by same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each balance sheet date the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company 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.

**(k) Leases**

Leases, where the lessor effectively retains substantially all the risks and rewards incidental to ownership 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.

**(l) Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

**(m) Provisions**

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

**(n) 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.

**(o) Cash and cash equivalents**

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

**(p) Measurement of EBITDA**

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





3 Share Capital

	March 31, 2014	March 31, 2013
Authorised Shares (refer note 38)		
22,500,000 (March 31, 2013 : 16,000,000) equity shares of Rs. 10 each		
7,500,000 (March 31, 2013 : Nil) 12% redeemable preference shares of Rs. 10 each	225,000,000 75,000,000	160,000,000
Issued, subscribed and fully paid-up shares		
20,674,162 (March 31, 2013: 14,174,162 ) equity shares of Rs. 10 each		
7,500,000 (March 31, 2013: Nil ) 12% redeemable preference shares of Rs. 10 each	206,741,620 75,000,000	141,741,620
Total issued, subscribed and fully paid-up share capital	281,741,620	141,741,620

a) Reconciliation of the shares outstanding at the beginning and at the end of the period  
Equity Shares

	March 31, 2014		March 31, 2013	
	No	Rs	No	Rs
At the beginning of the year				
Equity shares issued during the year (refer note 38)	14,174,162	141,741,620	14,174,162	141,741,620
Outstanding at the end of the year	6,500,000	65,000,000	-	-
	20,674,162	206,741,620	14,174,162	141,741,620

Redeemable preference shares

	March 31, 2014		March 31, 2013	
	No	Rs	No	Rs
At the beginning of the year				
Preference shares issued during the year (refer note 38)	-	-	-	-
Outstanding at the end of the year	7,500,000	75,000,000	-	-
	7,500,000	75,000,000	-	-

b) Terms/right attached to equity shares

The company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. 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 share holders.

c) Terms of redemption of redeemable preference shares

The company has only one class of preference shares having a par value of Rs. 10 per share. 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.

d) Shares held by holding company

Out of equity shares and preference shares issued by the company, shares held by its holding company along with nominees are as below:

	March 31, 2014	March 31, 2013
Zuari Agro Chemicals Limited (Formerly known as Zuari Holding Limited), the Holding Company		
20,674,162 (March 31, 2013: 14,174,162) equity shares of Rs 10 each fully paid		
7,500,000 (March 31, 2013: Nil ) Redeemable Preference shares of Rs.10 each	206,741,620 75,000,000	141,741,620

e) Details of shareholders holding more than 5% shares in the company

Name of the shareholder	March 31, 2014		March 31, 2013	
	No	% holding in the class	No	% holding in the class
Equity shares of Rs. 10 each fully paid				
Zuari Agro Chemicals Limited, (Formerly known as Zuari Holding Limited)	20,674,081	99.99%	14,174,081	99.99%
Preference shares of Rs.10 each fully paid				
Zuari Agro Chemicals Limited, (Formerly known as Zuari Holding Limited)	7,500,000	100.00%	-	-

As per the records of the company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial.

4 Reserves and surplus

	March 31, 2014	March 31, 2013
Deficit in the statement of profit and loss		
Balance as per last financial statements		
Net Profit/(Loss) for the year	(167,878,621) (90,317,755)	(169,631,008) 1,752,387
Net Deficit in the statement of profit and loss	(258,196,376)	(167,878,621)
Total reserves and surplus	(258,196,376)	(167,878,621)



## 5 Long-term borrowings

	Non-current portion		Current maturities	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
<b>Term Loans</b>				
Rupee Term loans from Bank (secured)				
Unsecured loan (refer note 38)	75,000,000	24,971,695	24,013,187	25,000,000
	75,000,000	50,000,000	-	100,000,000
	75,000,000	74,971,695	24,013,187	125,000,000
Amount disclosed under the head				
Other current liabilities (refer note 8.1)	-	-	(24,013,187)	(125,000,000)
	75,000,000	74,971,695	-	-

Indian rupee term loan from bank carries interest @ BPLR plus 1% which is 15.50% for the current year. The loan is repayable in 10 half yearly instalments along with interest, from the date of loan (April 7, 2010). The loan is secured by equitable mortgage of land, hypothecation of stock in trade, book debt, plant and machinery and vehicles, both present and future. The loan is also secured by corporate guarantee provided by Zuari Global Limited (Formerly known as Zuari Industries Limited).

Unsecured loan from Zuari Agro Chemicals Limited was repayable in 3 equal quarterly instalments commencing from March 2015. Pursuant to the amendment to agreement entered into between the the Company and Zuari Agro Chemicals Limited on September 1, 2013, and conversion of loan to the extent of Rs. 7.5 crore, the balance unsecured loan from Zuari Agro Chemicals Limited is repayable in 2 instalments, to the extent of Rs. 2.5 Crore in June 2015, and Rs. 5 Crore in September 2015. The loan carries interest @ SBI base rate plus 3.5% per annum.

## 6 Other long-term liabilities

	March 31, 2014	March 31, 2013
Trade Deposits	19,294,436	15,691,050
	19,294,436	15,691,050

## 7 Short-term borrowings

	March 31, 2014	March 31, 2013
Cash credit from banks (secured)	71,287,093	17,876,489
	71,287,093	17,876,489

Cash credit from banks is secured by equitable mortgage of, land, hypothecation of stock in trade, book debt, plant and machinery and vehicles, both present and future. The cash credit is repayable on demand and carries interest of base rate plus 2.5%. These cash credit is also secured by corporate guarantee provided by Zuari Global Limited (Formerly known as Zuari Industries Limited).

## 8 Trade payables

	March 31, 2014	March 31, 2013
Trade payable	176,341,424	190,214,821
	176,341,424	190,214,821

## 8.1 Other current liabilities

Current maturities of long-term borrowings (refer note 5)	24,013,187	125,000,000
Interest accrued and not due on borrowings	14,203,627	13,595,225
Advances from customers	89,957,533	63,963,610
Other Liabilities		
Tax deducted at source payable	758,688	598,767
Provident fund/ESI payable	266,772	-
Others	229,025	251,679
	129,428,832	203,409,281

## 9 Provisions

	Short Term	
	March 31, 2014	March 31, 2013
Provision for employee benefits		
Provision for gratuity (refer note 24)	1,899,557	2,462,417
Provision for leave benefits	5,178,032	7,837,340
Other provisions		
Provision for taxation (Minimum alternative tax)	7,077,589	10,299,757
	2,998	3,007,200
	2,998	3,007,200
	7,080,587	13,306,957





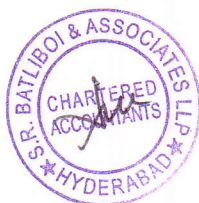
10 Tangible Assets

	Land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Leasehold improvements	Total
<b>Cost</b>							
As at April 1, 2012	517,724	6,248,911	36,327,145	2,378,689	7,499,387	627,498	53,599,354
Additions	-	-	914,823	-	-	-	914,823
Disposals	-	-	-	-	-	-	-
As at March 31, 2013	517,724	6,248,911	37,241,968	2,378,689	7,499,387	627,498	54,514,177
Additions	-	-	1,356,069	91,160	-	-	1,447,229
Disposals	-	-	431,428	-	-	-	-
As at March 31, 2014	517,724	6,248,911	38,166,609	2,469,849	6,314,322	627,498	54,344,913
<b>Depreciation</b>							
As at April 1, 2012	-	1,865,613	16,872,320	1,279,137	6,012,152	598,300	26,627,522
Charge for the year	-	208,714	1,853,352	116,387	531,406	29,198	2,739,057
Disposals	-	-	-	-	-	-	-
As at March 31, 2013	-	2,074,327	18,725,672	1,395,524	6,543,558	627,498	29,366,579
Charge for the year	-	208,714	1,882,101	188,878	406,723	-	2,686,416
Disposals	-	-	228,829	-	1,117,038	-	-
As at March 31, 2014	-	2,283,041	20,378,944	1,584,402	5,833,243	627,498	30,707,128
<b>Net Block</b>							
As at March 31, 2013	517,724	4,174,584	18,516,296	983,165	955,829	-	25,147,598
As at March 31, 2014	517,724	3,965,870	17,787,665	885,447	481,079	-	23,637,785

Intangible Assets

	Goodwill (as per scheme of amalgamation)*	BT Cotton (Internally generated)	Bajra (Externally generated)	(Amount in Rs.) Total
<b>Gross block</b>				
As at April 1, 2012	57,657,464	23,170,139	4,134,167	84,961,770
Purchase	-	-	-	-
As at March 31, 2013	57,657,464	23,170,139	4,134,167	84,961,770
<b>Additions</b>				
As at March 31, 2014	57,657,464	23,170,139	4,134,167	84,961,770
<b>Amortization</b>				
As at April 1, 2012	14,414,365	16,199,176	826,834	31,440,375
Charge for the year	2,882,873	2,097,354	826,834	5,807,061
As at March 31, 2013	17,297,238	18,296,530	1,653,668	37,247,436
Charge for the year	-	1,670,951	826,834	2,497,785
As at March 31, 2014	17,297,238	19,967,481	2,480,502	39,745,221
<b>Net block</b>				
As at March 31, 2013	40,360,226	4,873,609	2,480,499	47,714,334
As at March 31, 2014	40,360,226	3,202,658	1,653,665	45,216,549

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



11 Loans and advances

	Non-current		Current	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Advances recoverable in cash or kind				
Unsecured				
- considered good		-	18,856,542	11,972,466
- considered doubtful	4,670,417	-	-	-
Less: Provision for doubtful advances	(4,670,417)	-	-	-
(A)	-	-	18,856,542	11,972,466
Other loans and advances				
Advance taxes	-	-	100,479	89,492
Loans to employees	-	-	18,946	13,938
Deposits - Others	1,971,580	1,657,080	-	900,000
Sales tax paid under protest	-	-	-	-
Prepaid insurance and expense	-	-	1,002,742	1,103,450
(B)	1,971,580	1,657,080	1,122,167	2,106,880
(A+B)	1,971,580	1,657,080	19,978,709	14,079,346

12.1 Trade receivables (Unsecured, considered good unless stated otherwise)

	March 31, 2014	March 31, 2013
Outstanding for a period exceeding six months		
Secured, considered good		
Unsecured, considered good	3,434,358	3,284,582
Considered Doubtful	30,070,469	30,006,799
	26,909,396	14,750,619
Less: Provision for doubtful receivables	60,414,223	48,042,000
	26,909,396	14,750,619
(A)	33,504,827	33,291,381
Other receivables		
Secured, considered good		
Unsecured, considered good	6,734,328	6,079,355
	82,303,580	143,189,243
(B)	89,037,908	149,268,598
(A+B)	122,542,735	182,559,979

12.2 Other assets (Unsecured, considered good unless stated otherwise)

	Non-current		Current	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Non-current bank balances (refer note 14)	1,247,417	1,303,604	-	-
(A)	1,247,417	1,303,604	-	-
Others				
Interest accrued on deposits	-	-	47,491	-
(B)	-	-	47,491	-
(A+B)	1,247,417	1,303,604	47,491	-

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

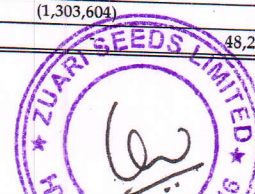
	March 31, 2014	March 31, 2013
Raw seeds (refer note 17)		
Work in process of seeds (refer note 18)		60,954,808
Finished seeds (refer note 18)		18,743,404
Less: Written off	141,298,508	
Packing materials and chemicals (refer note 17)	9,560,335	131,738,173
		27,696,541
		4,099,570
		92,400,528
		24,822,420
		239,132,926
		205,014,337

Based on the germination tests carried out by the company, for the identified batches of finished seeds that do not pass the minimum germination levels as required, the same has been written off in the books of account.

14 Cash and bank balances

	Non-current		Current	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Cash and Cash equivalents				
Balance with banks:				
On current accounts	-	-	48,188,802	11,765,780
Cash on hand	-	-	13,622	91,234
Other bank balances	-	-	48,202,424	11,857,014
Margin money deposit				
	1,247,417	1,303,604	-	-
	1,247,417	1,303,604	-	-
	(1,247,417)	(1,303,604)	-	-
	-	-	48,202,424	11,857,014

Amount disclosed under Other assets- non-current (refer note 12.2)





Zuari Seeds Limited

Notes to financial statements for the year ended March 31, 2014  
(All Amounts are in Indian Rupees except as otherwise stated)

15 Revenue from operations

	For the year ended March 31, 2014	For the year ended March 31, 2013
Sale of Seeds		
Less: Discount on Sales	566,822,978	663,917,649
	110,258,562	92,585,257
Other Operating revenue	456,564,416	571,332,392
Sale of Scrap		
Revenue from operations	1,195,864	3,687,448
	457,760,280	575,019,840

Details of Products Sold

	For the year ended March 31, 2014	For the year ended March 31, 2013
Seeds	456,564,416	571,332,392
	456,564,416	571,332,392

16 Other income

	For the year ended March 31, 2014	For the year ended March 31, 2013
Interest Income		
on bank deposits		
on others	162,797	1,206,653
Gain on foreign exchange fluctuation(net)	-	121
Insurance claim	653,947	161,321
Miscellaneous Income	538,650	932,704
Gratuity written back	691,383	-
Provisions no longer required written back	428,820	-
	-	1,973,599
	2,475,597	4,274,398

17 Cost of raw materials consumed

	For the year ended March 31, 2014	For the year ended March 31, 2013
Raw materials at the beginning of the year	95,111,323	101,503,448
Add: Purchases	354,236,794	327,448,064
	449,348,117	428,951,512
Less: Raw materials at the end of the year	88,651,349	95,111,323
Cost of raw materials consumed	360,696,768	333,840,189

Details of raw materials consumed

	For the year ended March 31, 2014	For the year ended March 31, 2013
Raw seeds	330,503,729	308,868,842
Packing materials	25,016,491	19,338,692
Chemicals	5,176,548	5,632,655
	360,696,768	333,840,189

Details of raw materials at the end of the year

	For the year ended March 31, 2014	For the year ended March 31, 2013
Raw seeds	60,954,808	70,288,903
Packing materials	26,467,580	21,868,739
Chemicals	1,228,961	2,953,681
	88,651,349	95,111,323

18 (Increase) in inventories of finished seeds and work-in-progress

	For the year ended March 31, 2014	For the year ended March 31, 2013
Inventories at the end of the year		
Work in process of seeds	18,743,404	17,502,486
Finished Seeds	131,738,173	92,400,528
	150,481,577	109,903,014
Inventories at the beginning of the year		
Work in process of seeds	17,502,486	21,983,617
Finished Seeds	92,400,528	72,018,702
	109,903,014	94,002,319
	(40,578,563)	(15,900,695)



Zuari Seeds Limited

Notes to financial statements for the year ended March 31, 2014  
(All Amounts are in Indian Rupees except as otherwise stated)

19 Employee benefits expense

	For the year ended March 31, 2014	For the year ended March 31, 2013
Salaries, bonus and allowances	38,661,688	40,538,625
Contribution to provident and other funds	2,239,297	2,442,520
Gratuity expenses	-	763,282
Staff welfare expenses	891,290	734,932
<b>20 Other Expenses</b>	<b>41,792,275</b>	<b>44,479,359</b>

	For the year ended March 31, 2014	For the year ended March 31, 2013
Process expenses	14,394,610	14,893,312
Foundation Seed expenses	2,640,017	1,238,561
Rent (refer note 26)	13,206,609	11,354,028
Rates and Taxes	1,511,896	1,685,936
Insurance	1,073,036	800,626
Power and fuel	2,960,958	1,986,587
Repairs and maintenance		
Plant and machinery	1,766,651	1,284,108
Communication expenses	1,880,833	1,686,242
Travelling expenses	16,793,779	13,897,986
Legal and professional charges	7,542,822	7,157,638
Payment to auditor (refer note below)	393,260	393,260
Sales promotion expenses	13,814,621	28,622,656
Royalty on Sales(net)	9,469,961	32,640,680
Outward freight and handling	37,435,122	31,967,899
Provision for doubtful receivable/advances (net)	16,829,194	9,487,000
Loss on sale of fixed asset	112,925	-
Research and development expenses (refer note 25)	4,095,260	4,476,560
Other miscellaneous expenses	2,730,567	2,992,616
<b>Payment to auditor</b>	<b>148,652,121</b>	<b>166,565,695</b>

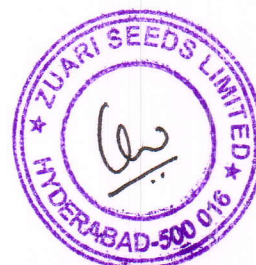
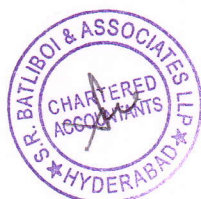
	For the year ended March 31, 2014	For the year ended March 31, 2013
As auditor:		
Audit Fees	337,080	337,080
Tax Audit Fees	56,180	56,180
	<b>393,260</b>	<b>393,260</b>

21 Depreciation and amortization expense

	For the year ended March 31, 2014	For the year ended March 31, 2013
Depreciation of tangible assets	2,686,416	2,739,057
Amortization of intangible assets	2,497,785	5,807,061
	<b>5,184,201</b>	<b>8,546,118</b>

22 Finance costs

	For the year ended March 31, 2014	For the year ended March 31, 2013
Interest to Banks		
On term loans	26,726,254	27,328,397
On cash credit	6,771,816	8,655,255
Interest to Others	392,000	792
Bank Charges	916,760	992,451
	<b>34,806,830</b>	<b>36,976,895</b>





## 23 Earnings per share (EPS)

The following reflects the profit / (loss) and share data used in the basic and diluted EPS computations

	For the year ended March 31, 2014	For the year ended March 31, 2013
Total operations for the year		
Profit / (Loss) after tax		
Net profit/(loss) for calculation of basic and diluted EPS	(90,317,755)	1,752,387
Considered for calculation of basic and diluted EPS	(90,317,755)	1,752,387
Weighted average number of equity shares - Basic and diluted EPS (No's)	14,281,011	14,174,162
Earnings per share - Basic and Diluted	(6.32)	0.12

## 24 Gratuity and other post employment benefit plans

The Company has a defined benefit gratuity plan for its employees. Under the plan, every employee who has completed five years or more of service gets a gratuity on departure at 15 day's last drawn basic salary for each completed year of service or part thereof in excess of six months. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

The following tables summarise the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the Balance Sheet for the gratuity plans.

## Statement of Profit and Loss

## Net employee benefit expense (recognised in employee benefits expenses/gratuity written back) in the statement of Profit and Loss

	March 31, 2014	March 31, 2013
Current service cost	581,378	881,660
Interest cost on benefit obligation	201,446	177,863
Expected return on plan assets	(43,416)	(87,058)
Other adjustments	-	(125,547)
Net actuarial (gain) / loss	(1,168,228)	(83,636)
Net benefit expense	(428,820)	763,282
Actual Return on Plan Assets	-	-

## Balance sheet

## Benefit asset/liability

	March 31, 2014	March 31, 2013
Present value of defined benefit obligation	2,317,493	3,087,937
Fair value of plan assets	(417,936)	(625,520)
Plan (Asset) / liability	1,899,557	2,462,417

## Changes in the present value of the defined benefit obligation are as follows:

	March 31, 2014	March 31, 2013
Opening defined benefit obligation	3,087,937	2,882,697
Interest cost	201,446	177,863
Current service cost	581,378	881,660
Benefits paid	(420,273)	(683,589)
Actuarial (gains) / losses on obligation	(1,132,995)	(170,694)
Closing defined benefit obligation	2,317,493	3,087,937

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

	March 31, 2014	March 31, 2013
Opening fair value of plan assets	625,520	1,183,562
Actuarial gains / (losses)	35,233	(87,058)
Contributions	134,040	-
Benefits paid	(420,273)	(683,589)
Expected return on plan assets	-	125,547
Closing fair value of plan assets	43,416	87,058
	417,936	625,520

The Company expects to contribute Rs. 1,721,895 to gratuity fund in the next year (March 31, 2013: Rs. 2,462,417).

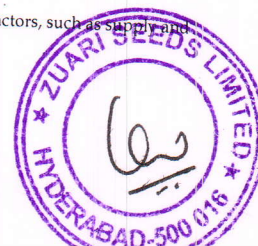
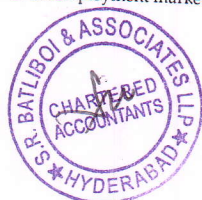
## The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	March 31, 2014	March 31, 2013
Investment with insurer (Life Insurance Corporation of India)	100%	100%

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

	March 31, 2014	March 31, 2013
Discount rate	8.00%	7.00%
Increase in compensation cost	7.50%	7.50%
Expected rate of return on plan assets	9.00%	9.00%
Employee turnover	0.50%	0.50%

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



**Zuari Seeds Limited**

Notes to financial statements for the year ended March 31, 2014

(All Amounts are in Indian Rupees except as otherwise stated)

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

c) Information relating to experience adjustment in the actuarial valuation of gratuity as required by Paragraph 120(n)(ii) of the Accounting Standard 15 (Revised) on Employee Benefits is as follows:

Particulars	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
Defined benefit obligation	2,317,493	3,087,937	2,882,697	2,591,088	2,438,695
Plan assets	(417,936)	(625,520)	(1,183,562)	(1,705,200)	(2,072,452)
Surplus / (deficit)	(1,899,557)	(2,462,417)	(1,699,135)	(885,888)	(366,243)
Experience adjustments on plan liabilities	(1,132,995)	(170,694)	55,211	(614,368)	(405,944)
Experience adjustments on plan assets	(35,233)	(87,058)	(136,583)	(169,994)	(25,921)

**Defined Contribution Plan**

	March 31, 2014	March 31, 2013
Contribution to provident and pension fund	1,799,514	1,967,962
Contribution to superannuation fund	258,084	248,473
Contribution to ESI	181,699	226,085
	<b>2,239,297</b>	<b>2,442,520</b>

25 The details of Research and Development expenses are given below

	March 31, 2014	March 31, 2013
Repairs and Maintenance- Plant and Machinery	31,941	9,445
Process Expenses	1,120,784	988,614
Farm Maintenance	117,101	224,026
Testing expenses	2,207,223	2,829,544
Consumables	230,545	254,491
Miscellaneous expenses	387,666	170,440
	<b>4,095,260</b>	<b>4,476,560</b>

26 Lease

Operating leases are mainly in the nature of lease of office premises and godowns with no restrictions and are renewable/cancellable at the option of either of the parties. There are no sub-leases. The aggregate amount of operating lease payments recognized in the Statement of Profit and Loss Rs. 13,206,609 (March 31, 2013 Rs. 11,354,028).

27 Segment Information

a Business Segment

The Company's operations fall within a single business segment, i.e. trading, processing and sale of hybrid seeds. The entire operations are governed by the same risk and returns and as such all business activities revolve around this segment. Hence, the operations have been considered as representing a single segment, and no separate financial disclosures are provided.

b Geographical segments

The analysis of geographical segments is based on the location of customers, i.e. domestic and overseas. The following is the distribution of the Company's sales and carrying amount of trade receivables by geographical market.

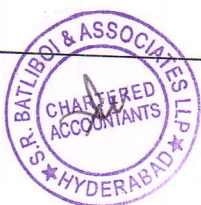
Revenue	March 31, 2014	March 31, 2013
Domestic Market	439,273,441	556,863,893
Overseas Market	17,290,975	14,463,499
Trade Receivables		
Domestic Market	149,452,131	196,527,382
Overseas Market		783,216

Note: The Company's entire fixed assets are situated within India for processing goods to the domestic as well as overseas markets. Hence, separate figures for fixed assets, additions to fixed assets have not been furnished.

28 Related party disclosures

A. Names of related parties and description of relationship:

Nature of Relationship	Name of the related party
Holding company (w.e.f. May 31, 2011)	Zuari Agro Chemical Limited (Formerly known as Zuari)
Associate of holding company (w.e.f. July 1, 2011), (Holding company till May 31, 2011)	Zuari Global Limited (Formerly known as Zuari Industries Limited)
Fellow subsidiary	Zuari fertilisers and chemical Limited Simon India Limited Zuari Management Services Limited Zuari Investments Limited Adventz Infraworld India Limited Globex Limited India Furniture Products Limited
Joint Ventures	Paradeep Phosphates Limited
Key managerial person	Mr. V.L. Nageshwara Rao (Manager)





B. Summary of transactions with the related parties is as follows:

	March 31, 2014	March 31, 2013
<b>Zuari Agro Chemicals Limited</b>		
Sale of seeds (net of sales returns and discounts)		
Unsecured Loan received	(3,525,984)	193,652,907
Interest Expense	-	150,000,000
Credit note towards expense reimbursements	19,832,466	16,766,917
Allotment of preference share capital	1,534	510
Allotment of equity share capital	75,000,000	-
	65,000,000	-
<b>Zuari Global Limited</b>		
Management Fees *		
Corporate Guarantee Charges	4,337,817	4,393,973
Credit note towards expense reimbursements	-	743,261
	3,681	3,068
<b>Paradeep Phosphate Limited</b>		
Sale of Seeds		
	4,500,000	10,295,625
<b>Zuari Management Services Limited</b>		
Management Services	-	602,404
<b>Zuari Investments Limited</b>		
Credit note towards expense reimbursements	22,472	44,532
Mr. V. L. Nageswara Rao - Perquisites		
* includes consideration paid by Zuari Global Limited to the Company as per the agreed terms	329,083	298,541

C. Related parties balances at year end

Particulars	March 31, 2014	March 31, 2013
<b>Zuari Global Limited ( Zuari Industries Limited)</b>		
Trade Payable		
<b>Zuari Agro Industries Limited ( Zuari Holding Limited)</b>	8,534,297	4,626,579
Trade Receivable		
Trade Payable	8,948,135	22,474,119
Unsecured loan (including interest)	5,969,693	5,968,159
<b>Paradeep Phosphate Limited</b>	88,406,424	163,090,225
Trade Receivable		
<b>Note :</b>	2,700,000	2,559,625

The Company has received a corporate guarantee for Rs. 210,000,000 (March 31, 2013: Rs.210,000,000) from Zuari Global Limited ( Zuari Industries Limited).

29 Capital and other commitments

- a Estimated amount of contracts remaining to be executed on capital account and not provided for and other commitments are Rs. Nil ( March 31, 2013: Rs. Nil).
- b For commitments relating to lease arrangements, refer note 26

30 Derivative instruments and other un-hedged foreign currency exposure

- a. There are no derivative contract outstanding as at Balance sheet date.
- b. Particulars of Un-hedged foreign Currency Exposure as at the Balance Sheet Date

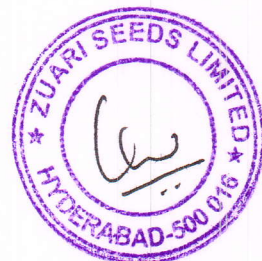
	Foreign Currency	Amount in foreign currency	Exchange rate Rs./USD	Amount (Rs.)
Export receivables				
March 31, 2014				
March 31, 2013	USD	NIL 14,400	54.39	783,216

31 Contingent liabilities

The Company has outstanding bank guarantee for Rs. 52,178 (March 31, 2013: Rs. 1,454,178).

32 Details of dues to micro and small enterprises as defined under the MSMED ACT, 2006

The identification of micro, medium and small enterprises as defined under the The Micro, Small and Medium Enterprises Development Act, 2006 is based on the Management's knowledge of the status. As per information available with the Management, trade payables do not include any amount due to micro, medium and small enterprises registered under the The Micro, Small and Medium Enterprises Development Act, 2006 as at March 31, 2014 and March 31, 2013.



**Zuari Seeds Limited**

Notes to financial statements for the year ended March 31, 2014  
(All Amounts are in Indian Rupees except as otherwise stated)

**33 Imported and indigenous raw materials consumed**

	% of total Consumption March 31, 2014	Rs March 31, 2014	% of total Consumption March 31, 2013	Rs March 31, 2013
Raw materials				
Imported	1.04	3,430,983	0.73	2,263,600
Indigenous	98.96	327,072,746	99.27	306,605,242
	100.00	330,503,729	100.00	308,868,842
Packing Materials				
Imported	-	-	-	-
Indigenous	100.00	25,016,491	100.00	19,338,692
	100.00	25,016,491	100.00	19,338,692
Chemicals				
Imported	-	-	-	-
Indigenous	100.00	5,176,548	100.00	5,632,655
	100.00	5,176,548	100.00	5,632,655

**34 Earnings in foreign currency (accrual basis)**

Export of seeds	March 31, 2014	March 31, 2014
	17,290,975	14,463,499
	17,290,975	14,463,499

**35 Value of imports calculated on CIF basis**

Raw seeds	March 31, 2014	March 31, 2014
	3,435,983	2,263,600
	3,435,983	2,263,600

36 The Company has incurred a loss of Rs 90,317,753 in the current year and has accumulated losses of Rs. 258,196,374 as at March 31, 2014. Based on the future projections of the Company, support from the holding company to arrange for infusion of the the required funds to meet the operational requirements of the Company, as they arise, 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.

37 The Company has recognized deferred tax assets on unabsorbed depreciation and unabsorbed losses to the extent of deferred tax liability on prudence. Accordingly, there is no impact on the statement of profit and loss in the current year.

38 During the current year, the members of the Company in its extra ordinary general meeting held on March 26, 2014, had approved the increase in authorised share capital, and issue of preference shares by conversion of unsecured loan to the extent of Rs. 75,000,000, and issue of equity shares by conversion of advance to the extent of Rs 65,000,000 made by the holding company. Pursuant to the amendment to agreement entered into between the the Company and Zuari Agro Chemicals Limited on September 1, 2013, and conversion of loan to the extent of Rs. 7.5 crore, the balance unsecured loan from Zuari Agro Chemicals Limited is repayable in 2 instalments, to the extent of Rs. 2.5 Crore in June 2015, and Rs. 5 Crore in September 2015. The Company is in the process of completing the necessary filings for increase in authorised share capital and allotment of shares with the Registrar of Companies.

39 The Company has reclassified and regrouped previous year figures to conform the current year's classification.

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP  
ICAI Firm Registration No. 101049W  
Chartered Accountants

per Jayanta Mukhopadhyay  
Partner  
Membership No.: 055757



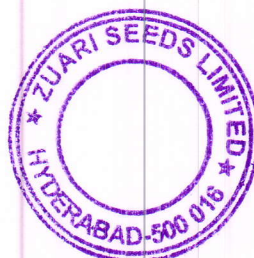
For and on behalf of the Board of Directors of  
Zuari Seeds Limited

V.L. Nageshwara Rao  
Manager

Place: Gurgaon  
Date: April 28, 2014

Naveen Kapoor  
Director

Suresh Krishnan  
Director



Place: Hyderabad  
Date: April 28, 2014