



**V. SANKAR AIYAR & CO.**  
CHARTERED ACCOUNTANTS

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**INDEPENDENT AUDITORS' REPORT**

**To the Members of ZUARI FERTILIZERS AND CHEMICALS LIMITED**

**Report on Financial Statements**

We have audited the accompanying financial statements of **Zuari Fertilizers and Chemicals Limited** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March 2014 and the Statement of Profit & 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 the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the general circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. The 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 of 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 judgement, 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

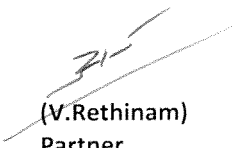
In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 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 Cash Flow Statement, of the cash flows for the year ended on that date.

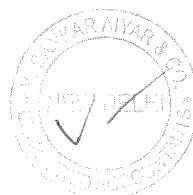
## Report on Other Legal and Regulatory Requirements

- 1 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 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 account;
  - (d) in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 read with the general circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.
  - (e) On the basis of written representations received from the directors as on 31<sup>st</sup> March 2014 and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
2. 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, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the annexure a statement on the matters specified in the paragraphs 4 and 5 of the said Order.

**For V. Sankar Aiyar & Co.**  
**Chartered Accountants**  
**ICAI Firm Regn. No. 109208W**

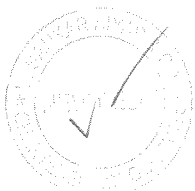
  
**(V.Rethinam)**  
**Partner**  
**Membership No. 10412**

Place: New Delhi  
Dated: 07.05.2014



**ANNEXURE REFERRED TO IN OUR REPORT OF EVEN DATE TO THE SHAREHOLDERS OF ZUARI FERTILIZERS AND CHEMICALS LIMITED FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014**

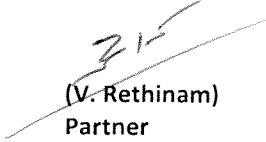
1. (i) The Company is maintaining proper records, showing full particulars, including quantitative details and situation of fixed assets.  
(ii) We are informed that the management physically verified assets at the year end. Having regard to the size of the company and nature of its assets, in our opinion this considerable reasonable. No material discrepancies were noticed on such verification as compared with the book records.  
(iii) Since there is no substantial disposal of fixed assets during the year, the preparation of financial statements on a going concern basis is not affected on this account.
2. The Company does not carry inventory of the nature covered by Accounting Standard 2 during the period under audit. Therefore, clause 4 (ii) of the Order is not applicable to the Company.
3. The Company has not granted or taken loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Therefore, clause 4 (iii) of the Order is not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business, with regard to purchase of fixed assets. To the best of our knowledge, no major weakness in internal control system were either reported or noticed by us during the course of our audit.
5. In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements that need to be entered into a register maintained under section 301 of the Companies Act, 1956 have been so entered.
6. During the year, the Company has not accepted deposits from the public within the meaning of sections 58A and 58AA of the Companies Act, 1956 or any other relevant provision of the Act and the rules framed there under.
7. Since the Company did not have paid up share capital and reserves exceeding Rs. 50 lakhs as at the commencement of the financial years concerned, or having an average annual turnover exceeding Rs 5 crores for a period of three consecutive financial year immediately preceding the year under audit, the provisions of clause 4 (vii) of the Order regarding internal audit are not applicable.
8. Since Section 209 (1) (d) of the Act regarding maintenance of cost records, does not cover the activities of the Company during the year, the provision of clause 4 (viii) of the Order are not applicable to the Company.
9. (a) According to information and explanation given to us and on the basis of our examination of books of accounts, the Company has been generally regular in depositing with the appropriate authorities, the undisputed statutory dues in respect of Provident Fund, Employees' State Insurance, Income-tax, Service Tax and any other statutory dues. We are informed that there is no liability towards Investor Education and Protection Fund, Wealth Tax, Custom Duty, Sales Tax, Cess and Excise Duty for the year under audit. According to the information and explanations given to us, there were no undisputed amounts payable in respect of aforesaid statutory dues which have remained outstanding as at 31<sup>st</sup> March, 2014, for a period of more than six months from the date they became payable.  
(b) According to information and explanation given to us, and on the basis of our examination of books of accounts, there are no pending disputes in respect of Income Tax and Service Tax.
10. Since the Company has been registered for a period of less than five years, the provisions of clause 4 (x) of Order are not applicable to the Company.
11. According to the records of the Company examined by us and on the basis of information and explanations provided to us, the Company has not taken any loans from financial institutions or banks and has not issued debentures during the year. Hence, the provisions of clause 4(xi) of the Order are not applicable.
12. According to the records of the Company examined by us and on the basis of information and explanations provided to us, the Company has not granted loans and advances during the year on the basis of pledge of shares, debentures and other securities.



13. In our opinion, the Company is not dealing Chit Fund or Nidhi/Mutual Fund/Society. Therefore, the provisions of clause 4 (xiii) of the Order are not applicable to the Company.
14. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly the provisions of clause (xiv) of the Order are not applicable to the Company.
15. The Company has not given any guarantee for loans taken by others from banks or financial institutions. Therefore, the provisions of clause 4 (xv) of the Order are not applicable to the Company.
16. In our opinion and according to the information and explanations given to us, the term loans taken by the Company from bank have been applied for the purpose for which they were raised.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we state that short term funds raised during the year from Holding Company are not used for long term investments.
18. The Company has not made any preferential allotment of shares to parties or companies covered in the Register maintained under section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures during the year and therefore, question of creating security / charge does not arise.
20. The Company has not raised any money through a public issue during the year.
21. Based on the audit procedure performed and the representation obtained from the management, we report that no case of fraud on or by the Company has been noticed or reported during the year under audit.

Place: New Delhi  
Dated: 07.05.2014

**For V. Sankar Aiyar & Co.**  
**Chartered Accountants**  
**Firm's Regn. No. - 109208W**

  
**(V. Rethinam)**  
**Partner**  
**Membership no. 10412**



**Zuari Fertilisers and Chemicals Limited**  
**Balance Sheet as at 31 March, 2014**

(Amount in Rupees)

	Notes	31 March, 2014	31 March, 2013
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>Shareholders' funds</b>			
Share capital	3	15,35,00,000	5,00,000
Reserves and surplus	4	(12,45,48,088)	(4,86,49,947)
		<u>2,89,51,912</u>	<u>(4,81,49,947)</u>
<b>Non-current liabilities</b>			
Long-term borrowings	5	41,78,00,000	6,22,25,000
		<u>41,78,00,000</u>	<u>6,22,25,000</u>
<b>Current liabilities</b>			
Short-term borrowings	7	-	20,00,00,000
Trade Payables	8	4,74,36,825	4,21,39,128
Other current liabilities	9	1,31,10,38,683	20,99,31,292
Short-term provisions	6	13,42,241	8,49,198
		<u>1,35,98,17,749</u>	<u>45,29,19,618</u>
<b>Total</b>		<u><u>1,80,65,69,661</u></u>	<u><u>46,69,94,671</u></u>
<b><u>ASSETS</u></b>			
<b>Fixed assets</b>			
Tangible assets	10	7,53,29,077	3,02,54,983
Intangible assets	10	3,189	7,189
Capital work-in-progress	10A	42,40,42,337	8,94,02,530
Non-current investments	11	95,50,81,239	-
Long-term loans and advances	12	10,06,47,675	13,48,49,278
		<u>1,55,51,03,517</u>	<u>25,45,13,980</u>
<b>Current assets</b>			
Cash and bank balances	13	61,05,966	6,41,637
Short-term loans and advances	12	24,53,60,178	20,87,81,520
Other current assets	14	-	30,57,534
		<u>25,14,66,144</u>	<u>21,24,80,691</u>
<b>Total</b>		<u><u>1,80,65,69,661</u></u>	<u><u>46,69,94,671</u></u>
<b>Significant accounting policies</b>	1		
<b>Other notes forming part of the financial sta</b>	2		

As per our report of even date

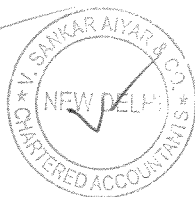
For V.Sankar Aiyar & Co.  
 Chartered Accountants  
 FRN 109208 W

V. Rethinam  
 Partner

M No.10412

Place: New Delhi

Date: 7th May, 2014



For and on behalf of the Board

*Suresh Krishnan*  
 (Suresh Krishnan)  
 Director

Place: Gurgaon

Date: 7th May, 2014

*R. S. Raghavan*  
 (R. S. Raghavan)  
 Director

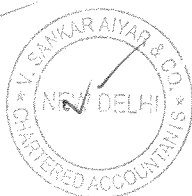
**Zuari Fertilisers and Chemicals Limited**  
**Statement of Profit and Loss for the year ended 31 March, 2014**

		(Amount in Rupees)	
	Notes	31 March, 2014	31 March, 2013
<b>Income</b>			
Revenue from operations			
Engineering Consultancy	1,05,16,895		
Less: Service Tax thereon	<u>11,56,895</u>	<b>93,60,000</b>	-
Other income	15	<u><b>5,93,93,059</b></u>	<u>3,61,06,639</u>
<b>Total Revenue</b>		<u><b>6,87,53,059</b></u>	<u><b>3,61,06,639</b></u>
<b>Expenses</b>			
Employee benefits expense	16	<b>2,52,10,517</b>	2,03,38,347
Other expenses	17	<u><b>1,43,44,758</b></u>	<u>2,57,10,803</u>
<b>Total</b>		<u><b>3,95,55,275</b></u>	<u>4,60,49,150</u>
<b>Earnings before interest, tax, depreciation and amortization (EBITDA)</b>		<b>2,91,97,784</b>	(99,42,511)
Depreciation and amortization expense	18	<b>1,97,008</b>	1,75,001
Finance costs	19	<u><b>10,48,98,917</b></u>	<u>2,44,99,998</u>
<b>Profit/(loss) for the year before tax</b>		<u><b>(7,58,98,141)</b></u>	<u>(3,46,17,510)</u>
<b>Tax expense</b>			
Current tax		-	-
Deferred tax		-	-
<b>Total tax expense</b>		<u>-</u>	<u>-</u>
<b>Profit/(Loss) for the year after tax carried to</b>		<u><b>(7,58,98,141)</b></u>	<u>(3,46,17,510)</u>
Earnings per equity share (nominal value of share Rs. 10/-)			
(31 March, 2014 - Rs.10/-) Basic & diluted			
		<b>(14.12)</b>	(692.35)

Significant accounting policies 1  
Other notes forming part of the financial statements 2  
As per our report of even date

For V.Sankar Aiyar & Co.  
Chartered Accountants  
FRN 109208 W

V. Rethinam  
Partner  
M No.10412



For and on behalf of the Board

*Suresh Krishnan*  
(Suresh Krishnan)  
Director

*R. S. Raghavan*  
(R. S. Raghavan)  
Director

Place: New Delhi  
Date: 7th May, 2014

Place: Gurgaon  
Date: 7th May, 2014

**Zuari Fertilisers and Chemicals Limited**  
**Cash Flow Statement for the year ended 31 March, 2014**

Particulars	(Amount in Rs.)	
	31 March, 2014	31 March, 2013
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net Profit/(Loss) before tax & exceptional items	(7,58,98,141)	(3,46,17,510)
Adjustment for :		
Interest Income	(3,59,99,997)	(3,61,06,639)
Dividend Income	(2,33,66,144)	-
Interest Expense	10,48,98,917	2,44,99,998
Depreciation	1,97,008	1,75,001
Operating Profit/(Loss) before working Capital Changes	(3,01,68,357)	(4,60,49,150)
Adjustment for changes in :		
Increase/ (Decrease) in short Term Provisions	4,93,043	3,20,590
Increase/ (Decrease) in Trade payables	52,97,697	3,47,96,531
Increase/ (Decrease) in Other Current Liabilities	1,60,82,391	(86,97,428)
(Increase)/ Decrease in Long Term Loans and Advances	3,42,01,603	29,59,44,899
(Increase)/ Decrease in Short Terms Loans and Advances	(3,65,78,658)	(96,52,332)
(Increase)/ Decrease in Other Current Assets	30,57,534	23,57,260
<b>Net cash from operating activities</b>	<b>(76,14,747)</b>	<b>26,90,20,370</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of Fixed Assets (including in-tangible assets)	(4,52,67,102)	(3,02,35,428)
Proceed from sale of Fixed Assets	-	8,33,484
Capital work in Progress	(33,46,39,807)	(4,26,57,373)
Purchase of Non Current Investments	(95,50,81,239)	-
Interest Income	3,59,99,997	3,61,06,639
Dividend Income	2,33,66,144	-
<b>Net cash used in Investing activities</b>	<b>(1,27,56,22,007)</b>	<b>(3,59,52,678)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Proceeds /(Repayment) of Long-term Borrowings	1,44,06,00,000	(20,82,75,000)
Short-term Borrowings adjusted	(20,00,00,000)	-
Proceeds from Issue of Equity Shares	15,30,00,000	-
Interest expenses	(10,48,98,917)	(2,44,99,998)
<b>Net cash used in financing activities</b>	<b>1,28,87,01,083</b>	<b>(23,27,74,998)</b>
<b>Net Changes in Cash and Cash equivalents during the year</b>	<b>54,64,329</b>	<b>2,92,694</b>
Cash and Cash equivalents at the beginning of the year	6,41,637	3,48,943
Cash and Cash equivalents at the end of the year	61,05,966	6,41,637
<b>Net Increase/(Decrease)</b>	<b>54,64,329</b>	<b>2,92,694</b>

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

As per our report of even date  
For V.Sankar Aiyar & Co.  
Chartered Accountants  
FRN 109208 W

(V. Rethinam)  
Partner  
M No.10412



Place: New Delhi  
Date: 7th May, 2014

For and on behalf of the Board

*Suresh Krishnan*  
(Suresh Krishnan)  
Director

*R. S. Raghavan*  
(R. S. Raghavan)  
Director

Place: Gurgaon  
Date: 7th May, 2014

ZUARI FERTILISERS AND CHEMICALS LIMITED  
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

**1. Significant accounting policies**

**a. Measurement of EBITDA**

As permitted by the *Guidance Note on the Revised Schedule VI to the Companies Act, 1956*, the Company has chosen 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.

**b. Basis of preparation**

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the Notified Accounting Standards by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on a going concern basis and under the historical cost convention.

**c. Use of estimates**

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the 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.

**d. Tangible fixed assets**

The Fixed assets of the company are stated at historical cost less accumulated depreciation. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

**e. Depreciation on tangible fixed assets**

Depreciation is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management, or those prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher. The Company has used the following rates to provide depreciation on its fixed assets.

Office equipments	33.33%
Computers	33.33%
Furniture & Fixtures	6.33%





ZUARI FERTILISERS AND CHEMICALS LIMITED  
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

**f. Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. They are amortized on a straight line basis over the estimated useful economic life (three years). All intangible assets are assessed for impairment whenever there is an indication that they may be impaired.

**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.

**h. Foreign currency translation**

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. The exchange differences are recognized as income or as expenses in the period in which they arise.

**i. Retirement and other employee benefits**

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.

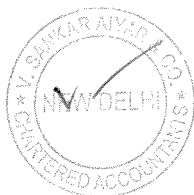
In respect of gratuity, separate actuarial valuation is carried out, while it was done on a fair estimate last year. Actuarial gains and losses for gratuity are recognized in full in the period in which they occur in the statement of profit and loss.

**j. Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to 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, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**k. 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.



**ZUARI FERTILISERS AND CHEMICALS LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**

**2. Other Notes forming part of accounts**

**2.1 Corporate Information**

Zuari Fertilisers and Chemicals Limited (the Company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. It was incorporated on 11<sup>th</sup> August 2009.

**2.2 Capital and other commitments**

As at 31 March, 2014, the Company has outstanding commitments of Rs. 22,29,84,195 (31 March, 2013; Rs. 36,23,85,010) relating to projects.

**2.3 Related party disclosures as per Accounting Standard 18**

- a) Holding Company : Zuari Agro Chemicals Limited  
 b) Fellow Subsidiary : Zuari Seeds Limited

Transactions with the above parties and closing balances as at March 31, 2014 are as per "Annexure – A"

**2.4 Expenditure in foreign currency**

– Other Matters (Subscription & Travel) Rs. 14,10,469/- , Previous year Rs.11,93,422/-

**2.5 Basic and diluted earnings per share as per Accounting Standard – 20 (Amt. in Rs.)**

S.No.	Particulars	31.03.2014 (7,58,98,141)	31.03.2013 (3,46,17,510)
a)	Profit / (Loss) for the year		
b)	Weighted average number of equity shares	153,50,000	50,000
c)	Face value of per share	10	10
d)	Basic and diluted earnings per share	(14.12)	(692.35)

2.6 Previous year figures have been re-grouped wherever necessary to correspond to current year figures.

**2.7 Employee benefits (AS-15 Revised)**

The Company has obtained valuation report from Actuary. The following data is given from report of the Actuary.

**(i) Economic Assumptions:**

Particulars	2013-14	2012-13
Discount Rate	9%	8%
Future salary increase	9%	6%



ZUARI FERTILISERS AND CHEMICALS LIMITED  
 NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(ii) Changes in the present value of the defined benefit obligation: (Amt. in Rs.)

		Gratuity		Earned Leave	
		31-03-2013	31-03-2014	31-03-2013	31-03-2014
a)	Present value of obligation as at the beginning of the period	2,79,519	3,33,203	2,48,589	3,94,214
b)	Acquisition adjustment	Nil	Nil	Nil	Nil
c)	Interest cost	22,362	26,656	19,887	31,537
d)	Past service cost	Nil	Nil	Nil	Nil
e)	Current service cost	1,77,861	2,39,918	2,36,707	2,95,231
f)	Curtailement cost/(Credit)	Nil	Nil	Nil	Nil
g)	Settlement cost/(Credit)	Nil	Nil	Nil	Nil
h)	Benefits paid	(77019)	Nil	(31105)	(36916)
i)	Actuarial (gain)/loss on obligation	(69520)	(93927)	(79864)	(67568)
j)	Present value of obligation as at the end of period	3,33,203	5,05,850	3,94,214	6,16,498

(iii) Expenses recognised in statement of profit and loss account: (Amt. in Rs.)

		Gratuity		Earned Leave	
		31-03-2013	31-03-2014	31-03-2013	31-03-2014
a)	Current service cost	1,77,861	2,39,918	2,36,707	2,95,231
b)	Past service cost	Nil	Nil	Nil	Nil
c)	Interest cost	22,362	26,656	19,887	31,537
d)	Expected return on plan assets	Nil	Nil	Nil	Nil
e)	Curtailement cost / (Credit)	Nil	Nil	Nil	Nil
f)	Settlement cost / (credit)	Nil	Nil	Nil	Nil
g)	Net actuarial (gain)/ loss recognized in the period	(69520)	(93927)	(79864)	(67568)
h)	Expenses recognized in the statement of profit & losses	1,30,703	1,72,647	1,76,730	2,59,200

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

	2013-14	2012-13
Contribution to Provident Fund	9,06,345	8,21,072
Contribution to Superannuation Fund	Nil	Nil
Contribution to Contributory pension fund	95,200	Nil
<b>Total</b>	<b>10,01,545</b>	<b>8,21,072</b>



**Zuari Fertilisers and Chemicals Limited**

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

(Amount in Rupees)

<b>3. Share Capital</b>	<b>31 March, 2014</b>	<b>31 March, 2013</b>
<b>Authorised :</b>		
2,00,00,000 Equity Shares of Rs. 10/- each	20,00,00,000	5,00,000
2,00,00,000 Preference Shares of Rs. 10/- each	<u>20,00,00,000</u>	<u>-</u>
<b>Issued</b>		
1,53,50,000 Equity Shares of Rs.10/- each, fully paid-up	<u>15,35,00,000</u>	<u>5,00,000</u>
<b>Subscribed and Paid-up</b>		
1,53,50,000 Equity Shares of Rs.10/- each, fully paid-up	<u>15,35,00,000</u>	<u>5,00,000</u>
<b>Total</b>	<u><u>15,35,00,000</u></u>	<u><u>5,00,000</u></u>

**a) Reconciliation of Shares Outstanding at the beginning and end of the reporting Period**

<b>Equity Shares</b>	<b>31 March, 2014</b>		<b>31 March, 2013</b>	
	in Numbers	Rupees	in Numbers	Rupees
At the beginning of the year	50,000	5,00,000	50,000	5,00,000
Issued during the year	1,53,00,000	15,30,00,000	-	-
Outstanding at the end of the year	<u>1,53,50,000</u>	<u>15,35,00,000</u>	<u>50,000</u>	<u>5,00,000</u>

**b) Terms/Rights attached to equity Shares**

The Company have only one class of equity shares having a par value of Rs.10/- Share. Each share holder of equity shares is entitled to one vote per share.

**c) Details of Share holders holding more than 5% of shares in the Company**

<b>Name of Shareholder</b>	<b>31 March, 2014</b>		<b>31 March, 2013</b>	
	No. of Shares held	% Holding in Class	No. of Shares held	% Holding in Class
Zuari Agro Chemicals Ltd. (formerly known as Zuari Holdings Ltd.) (the Holding Company)	1,53,50,000	100	50,000	100

**4. Reserves and Surplus**

	<b>31 March, 2014</b>	<b>31 March, 2013</b>
<b>Surplus / (deficit) in the statement of Profit and Loss</b>		
Balance as per Last Financial Statements	(4,86,49,947)	(1,40,32,437)
Net Profit/(Net Loss) for the current year	(7,58,98,141)	(3,46,17,510)
<b>Total</b>	<u><u>(12,45,48,088)</u></u>	<u><u>(4,86,49,947)</u></u>

**5. Long-Term Borrowings**

	<b>Non-current portion</b>		<b>Current maturities</b>	
	<b>31 March, 2014</b>	<b>31 March, 2013</b>	<b>31 March, 2014</b>	<b>31 March, 2013</b>
<b>Unsecured</b>				
Inter Corporate Deposit from Zuari Agro Chemicals Ltd. (the Holding Company)	22,25,00,000	6,22,25,000	1,26,03,25,000	20,45,00,000
<b>Secured</b>				
Term Loan - Corporation Bank (By equitable mortgage of land at Mahad & hypothecation of plant, machinery & other movables)	19,53,00,000	-	2,92,00,000	-
<b>Total</b>	<u><u>41,78,00,000</u></u>	<u><u>6,22,25,000</u></u>	<u><u>1,28,95,25,000</u></u>	<u><u>20,45,00,000</u></u>

**Terms: Inter Corporate Deposits**

Interest - Rs.20.00 Crores, 2.25 Crores, Rs.96.36 Crores & Rs.29.6725 Crores @ 12.25%, 12.00%, 9.25% & 11.25% per annum  
Maturity - 18 & 26 months current & non current respectively

**Terms: Term Loan**

Term Loan - Rs. 30.00 Crores (Sanctioned)

Interest @ 12% per annum

Maturity - Repayable in 24 quarterly instalments commencing from September, 2014



**Zuari Fertilisers and Chemicals Limited**

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

(Amount in Rupees)

6. Provisions	Non - Current		Current	
	31 March, 2014	31 March, 2013	31 March, 2014	31 March, 2013
<b>Provision for employee benefits</b>				
- Gratuity	-	-	5,05,850	3,33,203
- Leave benefits	-	-	6,16,498	5,10,042
- Sick Leaves			2,19,893	5,953
<b>Total</b>	<u>-</u>	<u>-</u>	<u>13,42,241</u>	<u>8,49,198</u>
<b>7. Short-Term Borrowings</b>		<b>31 March, 2014</b>		<b>31 March, 2013</b>
Unsecured				
Inter Corporate Deposit from Zuari Agro Chemicals Ltd. (the Holding Company)		-		20,00,00,000
<b>Total</b>		<u>-</u>		<u>20,00,00,000</u>
<b>8. Trade Payable</b>		<b>31 March, 2014</b>		<b>31 March, 2013</b>
Trade payable		4,74,36,825		4,21,39,128
		<u>4,74,36,825</u>		<u>4,21,39,128</u>
<b>9. Other Current Liabilities</b>				
(a) Current maturities of long term borrowings		1,28,95,25,000		20,45,00,000
(b) Other Liabilities				
Interest accrued and due on borrowings		1,44,97,684		18,72,740
Statutory Dues		70,15,999		35,58,552
<b>Total</b>		<u>1,31,10,38,683</u>		<u>20,99,31,292</u>
<b>10. Fixed Assets</b>				
See Annexure				
<b>10A. Capital work in progress (At Cost)</b>				
<b>Particulars</b>		<b>31 March, 2014</b>		<b>31 March, 2013</b>
Civil Constructions		13,42,43,287		2,87,41,468
Engineering, Procurement & Construction Management (EPCM)		2,16,41,152		55,81,152
Plant & Machinery and supplies		15,03,61,309		27,40,000
Pre - operative Expenses				
- Consultancy	4,99,95,214		4,72,73,882	
- Travelling & conveyance	46,78,124		25,86,102	
- Communications	1,43,520		68,091	
- Interest	4,60,33,210		7,73,643	
- Insurance	10,95,293		30,802	
- Rates & Taxes	16,43,039		2,53,482	
- Rent	7,75,078		4,05,199	
- Others	1,34,33,111	11,77,96,589	9,48,709	5,23,39,910
<b>Total</b>		<u>42,40,42,337</u>		<u>8,94,02,530</u>
<b>11. Non-Current Investments</b>		<b>31 March, 2014</b>		<b>31 March 2013</b>
<b>Non Trade - at cost</b>				
<b>Equity instruments - Quoted</b>				
1,94,71,787 Equity shares of Rs.10/- each, fully paid up of Mangalore Chemicals and Fertilisers Limited (previous year Nil)*		95,50,81,239		-
<b>Total</b>		<u>95,50,81,239</u>		<u>-</u>
*Market value of quoted investments (previous year Rs.Nil)		1,20,91,97,973		-

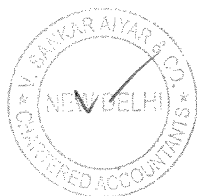


Zuari Fertilisers and Chemicals Limited

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

(Amount in Rupees)

12. Loans and Advances	31 March, 2014		31 March, 2013	
	Non Current	Current	Non Current	Current
Unsecured, considered good				
Capital Advances	10,05,20,975	-	13,44,92,578	-
Security Deposit	1,26,700	50,000	3,56,700	25,000
Inter corporate deposit	-	20,00,00,000	-	20,00,00,000
Income tax deducted at source - recoverable or adjustable	-	90,29,606	-	41,87,853
Other advances recoverable in cash or in kind	-	3,62,80,572	-	45,68,667
<b>Total</b>	<b>10,06,47,675</b>	<b>24,53,60,178</b>	<b>13,48,49,278</b>	<b>20,87,81,520</b>
<b>13. Cash and cash equivalents</b>	<b>31 March, 2014</b>		<b>31 March, 2013</b>	
	<b>Non-Current</b>	<b>Current</b>	<b>Non-Current</b>	<b>Current</b>
Balances with banks				
- In Current Accounts	-	61,05,966	-	6,41,637
<b>Total</b>	<b>-</b>	<b>61,05,966</b>	<b>-</b>	<b>6,41,637</b>
<b>14. Other Current Assets</b>		<b>31 March, 2014</b>	<b>31 March, 2013</b>	
Interest accrued but not due on Inter Corporate Deposit		-	30,57,534	
<b>Total</b>		<b>-</b>	<b>30,57,534</b>	



Zuari Fertilisers and Chemicals Limited  
Notes to financial statements for the year ended 31 March, 2014

Annexure

10. Fixed Assets

(Amount in Rs.)

Particulars	Tangible				Total	Intangible	Grand Total
	Office Equipments	Furniture & Fixtures	Land Leasehold	Land Freehold		Computer Software	
<b>Cost</b>							
As at 01.04.2013	4,74,410	54,858	-	2,99,11,790	3,04,41,058	12,000	3,04,53,058
<b>Additions</b>	<b>1,65,925</b>	-	<b>3,87,84,237</b>	<b>63,16,940</b>	4,52,67,102	-	<b>4,52,67,102</b>
Disposals	-	-	-	-	-	-	-
<b>As at 31.03.2014</b>	<b>6,40,335</b>	<b>54,858</b>	<b>3,87,84,237</b>	<b>3,62,28,730</b>	7,57,08,160	<b>12,000</b>	<b>7,57,20,160</b>
<b>Depreciation</b>							
Upto 31.03.2013	1,85,514	561	-	-	1,86,075	4,811	1,90,886
<b>Charge for the year</b>	<b>1,89,535</b>	<b>3,473</b>	-	-	1,93,008	<b>4,000</b>	<b>1,97,008</b>
Written back	-	-	-	-	-	-	-
<b>As at 31.03.2014</b>	<b>3,75,049</b>	<b>4,034</b>	-	-	3,79,083	<b>8,811</b>	<b>3,87,894</b>
<b>Net Block</b>							
<b>As at 31.03.2014</b>	<b>2,65,286</b>	<b>50,824</b>	<b>3,87,84,237</b>	<b>3,62,28,730</b>	<b>7,53,29,077</b>	<b>3,189</b>	<b>7,53,32,266</b>
As at 31.03.2013	2,88,896	54,297	-	2,99,11,790	3,02,54,983	7,189	3,02,62,172

Refer Note 1 (e) for method and rate of depreciation



Zuari Fertilisers and Chemicals Limited  
Notes to financial statements for the year ended 31 March, 2014

(Amount in Rupees)  
31 March, 2014 31 March, 2013

**15. Other Income**

(Refer Note No. 1 (g) for revenue recognition)

Excess provision written back	26,918	-
Dividend Income	2,33,66,144	-
Interest Income	3,59,99,997	3,61,06,639
<b>Total</b>	<b>5,93,93,059</b>	<b>3,61,06,639</b>

**16. Employee Benefits expense**

(Refer Note No. 1 (i) for employee benefits)

Salaries, wages and bonus	2,26,85,436	1,84,02,228
Contribution to provident and other fund	9,51,173	9,06,995
Gratuity	1,72,647	1,92,146
Staff welfare	14,01,261	8,36,978
<b>Total</b>	<b>2,52,10,517</b>	<b>2,03,38,347</b>

**17. Other Expenses**

Project Expenses w/off (Shelved Project)	26,76,284	2,04,28,865
Rent, Rates & Taxes	-	10,000
Books & Periodicals	805	7,44,561
Communication	45,262	1,21,881
ROC filing fees	2,067	3,710
Legal and Professional charges	71,70,905	10,53,639
Office Maintenance	8,898	29,546
Travelling & Conveyance	9,29,756	29,97,484
Payment to Auditors (Refer details below)	1,25,000	90,682
Printing & Stationery	54,622	46,939
Miscellaneous expenses	1,56,159	1,83,496
Fees & Stamp Duty on increase of Authorised Share Capital	31,75,000	-
<b>Total</b>	<b>1,43,44,758</b>	<b>2,57,10,803</b>

**Payments to the Auditors as**

Audit Fee	1,25,000	84,270
Other Services (Certification Fees)	-	6,412
<b>Total</b>	<b>1,25,000</b>	<b>90,682</b>

**18. Depreciation and amortization expense**

Depreciation of tangible assets	1,93,008	1,71,001
Amortisation of intangible assets	4,000	4,000
<b>Total</b>	<b>1,97,008</b>	<b>1,75,001</b>

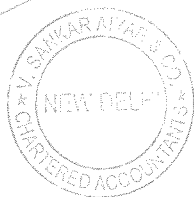
**19. Finance Costs**

Interest on loans (ICDs)	10,48,98,917	2,44,99,998
<b>Total</b>	<b>10,48,98,917</b>	<b>2,44,99,998</b>

For V.Sankar Aiyar & Co.  
Chartered Accountants  
FRN 109208 W

For and on behalf of the Board

(V. Rethinam)  
Partner  
M No.10412  
Place: New Delhi  
Date: 7th May, 2014



(Suresh Krishnan)  
Director

(R. S. Raghavan)  
Director

Place: Gurgaon  
Date: 7th May, 2014



Related Party Transaction As Per Accounting Standard 18 For Zuari Fertilisers and Chemicals Limited					
(Amount in Rs.)					
Following transactions were carried out with related parties in the ordinary course of business for the Period ended 31st March' 2014					
Sl. No	Transaction Details	2013-14		2012-13	
		Holding Company	Fellow Subsidiaries	Holding Company	Fellow Subsidiaries
<b>1</b>	<b>Payment made on their behalf</b>				
	-Zuari Agro Chemical Limited	71,045		11,77,155	
<b>2</b>	<b>Payment made on our behalf</b>				
	-Zuari Agro Chemicals Limited	1,26,57,574		1,40,28,888	
<b>3</b>	<b>Receipt of Inter-corporate Deposits / loans</b>				
	-Zuari Agro Chemicals Limited	1,29,61,00,000		23,77,25,000	
<b>4</b>	<b>Repayment of Inter-corporate Deposits / loans</b>				
	-Zuari Agro Chemical Limited	8,00,00,000		44,60,00,000	
<b>5</b>	<b>Interest Expenses</b>				
	-Zuari Agro Chemical Limited	14,27,58,750		2,44,99,998	
<b>6</b>	<b>Sale of Assets</b>				
	-Zuari Agro Chemical Limited			7,82,639	
<b>7</b>	<b>Share Capital Received</b>				
	-Zuari Agro Chemicals Limited	15,30,00,000		-	

## Closing Balances as at March 31, 2014

Sr.No.	Name of Company	Dr. / Cr.	Amount Rs.
1	Zuari Agro Chemicals Limited - ICD	Cr.	1,48,28,25,000
2	Zuari Agro Chemicals Limited	Cr.	1,27,72,133
3	Zuari Agro Chemicals Limited - Interest	Cr.	1,25,91,701
4	Zuari Seeds Limited		Nil

