



Stock Details	
BSE Code	500780
NSE Code	ZUARIAGRO
Face Value (Rs)	10.00
52 Wk High (BSE)	245.00
52 Wk Low (BSE)	130.15

Key Statistics		
Rs. In mn	FY2007A	FY2006A
Sales	36131.5	35768.3
% Growth	1.01	23.67
PAT	1197.3	331.3
Equity	294.4	294.4
Mkt Cap.	4873.8	4810.5
Book Value Rs.	246.6	106.7
Sales / Mkt Cap	7.4	7.4
P/B	0.7	1.5

Company Profile

Zuari Agro Chemicals Limited was incorporated in 1967 by K.K.Birla group in financial and technical collaboration with US Steel Corporation to manufacture Chemical fertilizers (viz: urea,Dap,NPK). In 1973, Zuari Agro Chemicals Limited set up Goa's first mega industrial undertaking. In 1998 Zuari Agro Chemicals Limited was rechristened Zuari Industries Limited.

About the Business

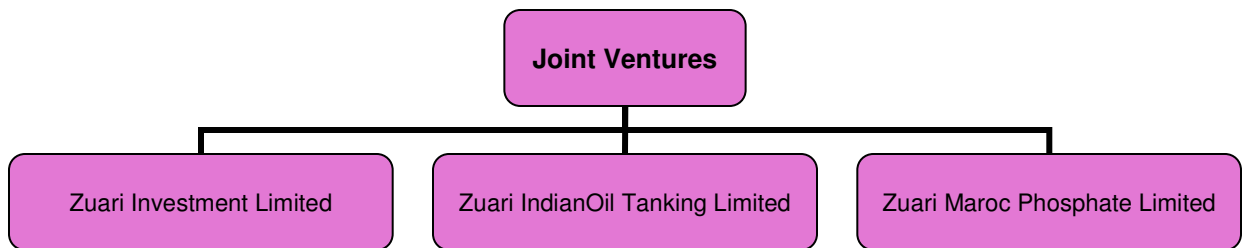
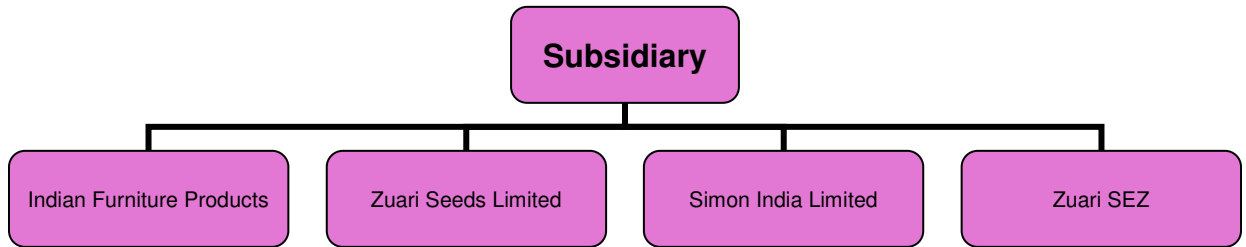
The Group's principal activities are to manufacture and market fertilisers, pesticides and furniture. The Group operates in three reportable segments. Fertiliser segment includes manufacture and sale of Urea, Diammonium phosphate and a unique complex fertiliser under the brand name 'Sampurna'. Furniture segment manufactures and markets ready to assemble furniture under the brand name 'Metro'. The other segment provides engineering services, manufactures and markets seeds. The Group's fertiliser plant is located at Zuarinagar, Goa and furniture products division is located at Kakkalur in Tamil Nadu.

Year (Rs In Mn)	Sales	EBITDA	* PAT	NPM %	EPS	P/E	Book Value
FY 2007	36131.5	2215.3	1197.3	3.31	40.65	1.16	**246.62
FY 2006	35768.3	1443.7	331.3	0.92	11.24	10.85	106.67

* PAT calculated above excludes the Exceptional Items

** Book Value for FY07 is higher at Rs.246.62 due to Exceptional Items of Rs.2993.20 mn.

About the Business



About the Business

Indian Furniture Products Limited

Indian Furniture Products Limited (IFP) was set up by Zuari Industries in collaboration with Groupe Seribo of France in 1997 to manufacture Ready to Assemble (RTA) furniture of contemporary European designs.

Indian Furniture Products, a wholly owned subsidiary of the company has achieved a turnover of Rs. 704.9 Mn during the financial year 2006-07. The company is in the process of strengthening its mass distribution channel under 'ZUARI' brand with aggressive pricing. Similarly to strengthen the Office System segment, the company has introduced a new technology called Honeycomb technology and has also increased its offerings in terms of new designs.

With investments over \$ 15 million, IFP's manufacturing base is located in Chennai, southern India. This unit is one of the largest in Asia and has the capabilities to produce more than 200,000 units of particleboard and MDF based panel furniture every year. With state-of-the-art machines from Germany, Italy and Spain, the facility is fully equipped to handle all aspects of furniture production - from concept and design to the finished product. The systems and processes at IFP are completely streamlined and the unit adheres to the DIN quality standards for manufacturing. In addition, the plant has semi-automatic and CNC controlled machines.

IFP has a quality policy about raw materials as well. Imported from France, Belgium, Germany and UK, the raw material conforms to CTBA and FIRA norms of the UK. Such an infrastructure allows IFP to mass-produce a diverse range of furniture and meet the specifications required to cater to the international market.

IFP has a design team trained in Europe. This accounts for the team's expertise in various functional aspects of furniture design and a keen sense of aesthetics, honed by constant exposure to international furniture fairs. In addition, interaction with designers/manufacturers in Europe helps in developing exclusive designs for several international clients. In fact this expertise has helped IFP bag prestigious projects from corporate and institutions such as Reliance Industries, Ernst & Young, Schwings Stetter, Chambal Fertilizers, IIM-Calicut, etc. This has given IFP an organizational learning that allows manufacturing furniture on a turnkey basis

About the Business

Indian Furniture Products Limited...

Style SPA

Style Spa Furniture Limited, a company promoted by the Zuari-Chambal group was established in 1998. Currently, Style Spa is the nation's largest furniture retailer, with about 90 outlets.

The giant's \$15-million factory in Chennai with 225,000 square feet of imported equipment and dedicated employees is well suited to the task. This plant can churn out 160,000 pieces of furniture annually. The high levels of technology, of both material and machinery, ensure absolute consistency in fit and finish, from the first unit to the last.

Zuari Seeds Limited

Zuari Seeds Limited, a subsidiary of Zuari Industries Limited is devoted to deliver quality crop seeds to the Indian farmer. The company was incorporated in 1995 and is engaged in the research, development, production and marketing of a range of field and vegetable crop seeds, sold under the 'Jai Kisaan' brand name. The company produces superior hybrids of cotton, maize, pearl millet, sunflower, sorghum, okra, tomato, brinjal and Chilly. Zuari Seeds is expanding its product range to include a wide range of superior crop hybrids sourced from its own R&D, acquisitions and synergistic links with other players. In 2003 Green Tech Seeds International Private Limited merged with Zuari Seeds Limited.

The R&D activity of the Company is focused at providing superior quality hybrid seeds to the farming community. During the year 2005-06, the company made good progress in its BT cotton development. The government approval for the first stage trials of company's BT hybrids has been obtained and the company is carrying on large scale trials and production.

About the Business

Simon India Limited

Zuari industries incorporated Simon India Limited (SIL) as a joint venture with Simon Carves of UK, to independently execute engineering projects on a Large Scale Turn Key basis with full responsibility up to commissioning in 1998.

SIL, with its Corporate Office & Engineering Centre in New Delhi focuses on providing World Class Engineering, Design, Construction and Project Management services and LSTK Projects for Process Plants like:

- Caustic - Chlorine Plants.
- Sulphuric Acid and related Plants.
- PMC services for Fertilizer, Petrochemical, and Pipeline Projects.
- Metallurgical Gas cleaning Plants.
- Oil Pipelines & Storage Systems.
- Revamps / Debottlenecking.
- Feasibility Studies.
- Scrubbers and plants for emission control.
- Process simulation for Improving Plant Capacities / performance Productivity.
- Food Processing, Pharmaceuticals, Vegetable Oils and Fats.

During the financial year 2005-06, Simon India, successfully commissioned both the Gas Cleaning Plant and new Inter Absorption Tower (IAT) for the Sulphuric Acid Plant of Hindustan Zinc Ltd. Subsequently SIL has also been awarded another job of Drying Tower (DT) on which work has already commenced. SIL has also commenced the preliminary work for Project Management Consultancy (PMC) Services to Saudi Formaldehyde Chemical Company Ltd.

The company has investments of Rs 35 Mn in the equity shares of Simon India. As per the latest audited financial statements of SIL, its accumulated losses exceed its net worth resulting in complete erosion of the Company's investment in SIL.

Zuari SEZ Limited

Zuari Industries Ltd has informed BSE that M/s. Zuari SEZ Ltd, a Company incorporated under the Companies Act, 1956, with an object of development of "Sector Specific" Special Economic Zone i.e. Information Technology and Information Technology Enabled Services, has become a subsidiary of the Company w.e.f February 21, 2007 and it holds a land of 900 acres.

About the Business

Zuari Investment Limited

Zuari Industries promoted Zuari Investments Limited to take advantage of the growing capital market short-term investment opportunities. Chambal Fertilizers and Chemicals Limited is now an equal partner in its equity. The company is registered with the Securities and Exchange Board of India as a Category I Merchant Banker and dealer of OTC Exchange of India and is also a participant of NSDL. Zuari industries hold 50% stake in Zuari Investments. During the year 2005-06, Zuari Investments secured the membership of National Stock Exchange (NSE) for equity as well as Future & Option (F&O) segment. With this the company has become one stop shop for stock broking, depository services and investment advisory services and is fully poised to reap the benefits of buoyant capital market.

The company commenced its Depository Participant Operations on July 15, 1999.

Services :

- Stock Broking
- Depository
- Mutual Funds
- Insurance Broking
- Corporate Consultancy

The company has sizable investment in some of the highly profitable KK Birla Companies, such as Texmaco Ltd., where it has 28.9 lakh shares.

Zuari IndiaOil Tanking Limited

Zuari Indian Oiltanking Limited (ZIOL) a 50:50 joint venture between Zuari Industries Limited and Indian Oiltanking Limited (IOTL) was formed in the year 2000 with an objective to establish storage and port handling facilities for petroleum products at Goa.

The company has state-of-the-art terminalling facility for oil & petroleum products namely Naphtha, MS, HSD & SKO. The Terminal at Goa with 64000 KL tankage is situated 85 M above sea level with a 14 KM long piggable pipeline from Mormugao Port Trust (MPT).

Apart from providing terminalling services to Zuari Industries for Naphtha storage, the terminal is providing services to Bharat Petroleum Corporation and Hindustan Petroleum Corporation, for then-storage and distribution requirement of petroleum products. Currently the terminal is augmenting storage capacity by building additional tanks to take care of projected increase in output.

In the year 2005-06, the terminal achieved a throughput of 580,000 KL, an increase of 3% over previous year. The Company also recommended a maiden dividend of Re.0.50 per share for the year 2005-06.

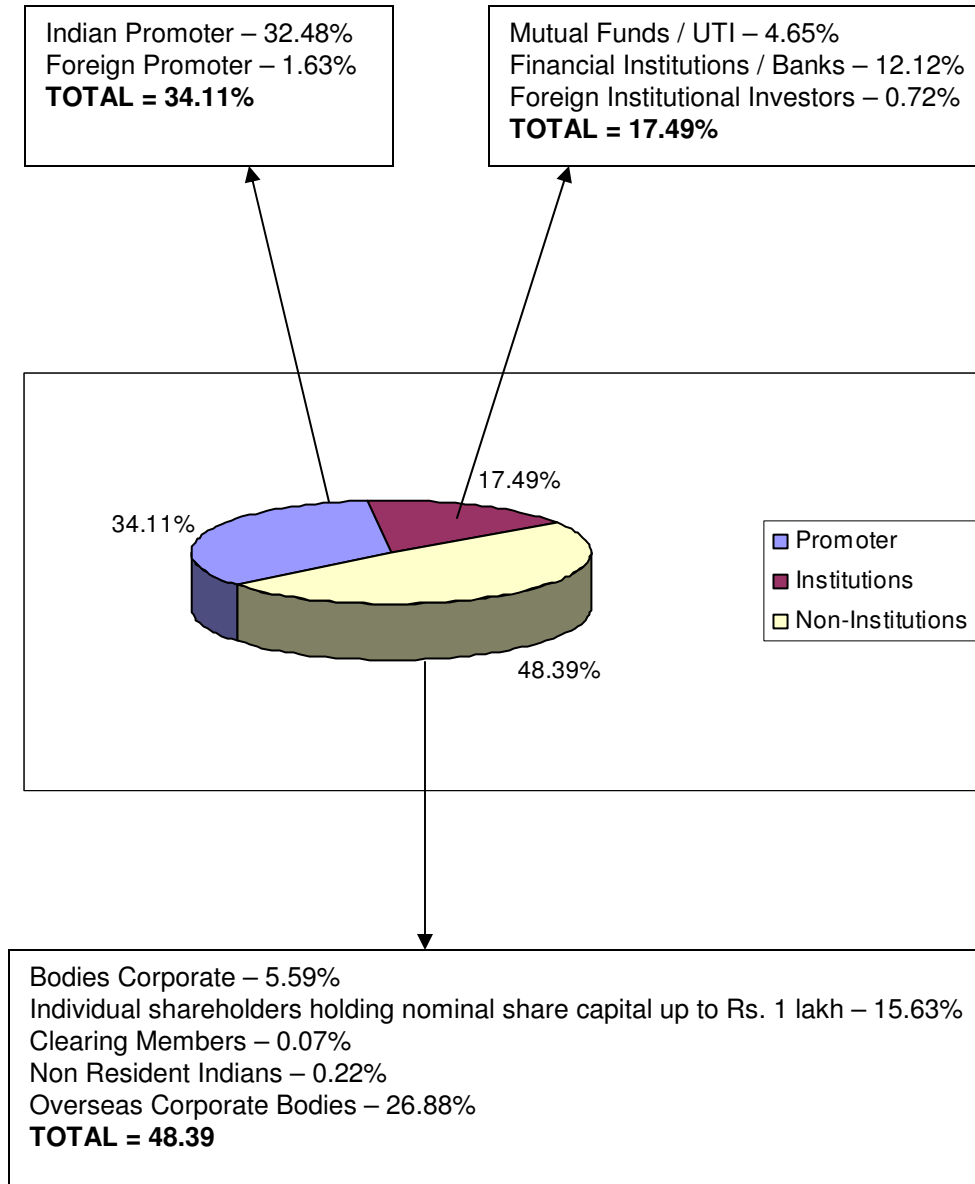
About the Business

Zuari Maroc Phosphate Limited

The company which has been floated as an SPV, is 51:49 Joint Venture with Maroc Phospore S.A. Morocco. The company acquired 74 % stake in Paradeep Phosphates Limited (PPL) from the government of India under their disinvestment scheme with the aim to eventually convert the Zuari - Chambal - PPL combine, the largest player in phosphatic fertilizers in the country.

PPL's sales and operating revenue for the year 2005-06 was Rs. 19710 Mn representing a growth of 23.6 percent over the last financial year. During the year PPL achieved the unique feat of turnaround of its business and resulting in net profit from its operations first time since its inception. The stake was bought in the year 2002 when it was a loss making PSU .Profit before tax from operations jumped to Rs.127.4 Mn in FY 06 in comparison to a loss of Rs. 150.8 Mn in the year FY 05.

SHAREHOLDING PATTERN



Income Statement		(Rs. Mn)	
Type	(Audited)	(Audited)	(Audited)
Date Begin	1-Apr-06	1-Apr-05	1-Apr-04
Date End	31-Mar-07	31-Mar-06	31-Mar-05
Net Sales	36131.5	35768.3	28922.1
Total Expenditure	33916.2	34324.6	27922.5
EBITDA	2215.3	1443.7	999.6
Depreciation	401.8	484.2	495
EBIT	1813.5	959.5	504.6
Interest	698.2	881.4	864.4
Other Income	274.4	406	332.9
Miscellaneous Expenditure Written off	34.1	45.2	55.4
PBT before Exceptional Items	1355.6	438.9	82.3
Exceptional Items	2993.2	32.9	0
PBT after Exceptional Items	4348.8	471.8	82.3
Tax	158.3	107.6	17.1
Reported PAT	4190.5	364.2	99.4

* PAT calculated above includes the Exceptional Item.

Financial Ratios		(Rs. Mn)		
	31/3/2007	31/3/2006	31/3/2005	
	Audited	Audited	Audited	
Operating Profit Margin/PBDIT (excl. O.I.)	6.13	4.04	3.46	
Operating Profit Margin/PBDIT (incl. O.I.)	6.84	5.11	4.55	
PBT Margin	3.75	1.22	0.28	
NPM (%)	3.28	0.91	0.34	
ROE	16.49	10.55	3.60	
Interest / Sales	1.93	2.46	2.99	
Tax/PBT	11.67	24.51	20.78	
Book Value (Rs.)	* 246.62	** 106.67	93.91	
EPS (Before Exceptional Items)	40.65	11.24	3.59	
Market Price - (Rs.)	165.55	163.4	86	
Price / Earnings Ratio - (x)	4.07	14.53	23.96	
Market Cap. (Rs. mill.)	4873.79	4810.50	2531.84	
Market Capitalisation to Sales (x)	0.13	0.13	0.09	
Market Price to Book Value (x)	0.67	1.53	0.92	
Dividend Yield (%)	1.51	1.22	2.09	

Note : Unless otherwise stated, the PBT is taken before taking Exceptional Item into consideration for the financial year 2005-06 & 2006-07.

* Book Value for FY07 is higher at Rs.246.62 due to Exceptional Items of Rs.2993.20 mn.

** Book Value for FY06 is higher at Rs.106.67 due to Exceptional Items of Rs.32.90 mn.

Peer Group Comparison : -

Company	EPS	P/BV	P/E
Zuari Industries Ltd.	40.65	0.67	4.07
Chambal Fertilizers	3.63	1.46	9.87
GNFC	21.01	1.10	5.29
GSFC	32.25	0.99	5.27
RCF	2.7	1.62	15.77

Valuation of Zuari Industries

Zuari Industries derives its value from the following :

A. CORE Business	
Particulars	(Rs.mn)
6X EBIDTA (avg. of last 3 yrs.)	4453
53.8 mn shares held in Chambal Fertilizers @ book value of Rs.24.55 (CMP RS.36)	1322
Cash on account of sale of investments in Zuari Cements Ltd	3250
0.34 mn shares held in Texmaco Limited @ book value of Rs.148 (CMP Rs.1075)	50
Total	9075

B. Subsidiaries	
Particulars	(Rs.mn)
Investments in Indian Furniture Products	180
Zuari SEZ (land bank of 900 acres)	4500
Total	4680

C. JOINT VENTURE Companies	
Particulars	(Rs.mn)
Investment in Zuari Investment Ltd.	749
Zuari Maroc (Paradeep Phosphates)	6160
Investments in Zuari Indian Oil Tanking	750
Total	7659

Valuations of ZIL = A+B+C (9075+4680+7659) = Rs.21,414 Mn

No. of shares = 29,439,620

Value Per Share = 21,414 / 29.44 = Rs.727

Valuation of Zuari Industries

Basis of Valuation :

- EBITDA for fertilizer business is calculated on average EBITDA =
(EBITDA of 2004-05 , 2005-06 ,2006-07) / 3
= (583.5 + 702.1+941.1) / 3
= Rs.742.23 Million

- In 2006 Zuari Industries sold its stake to Italcementi Group for Rs.6000 Mn. Gain on sale of investments in equity and preference capital of Zuari Cement of Rs.3250 Mn is accounted in the financial year 2006-07.

- Indian Furniture Product Limited is valued at its investments in the books of the company i.e. Rs.230 Mn less provision for accumulated losses.

- The Land held by Zuari SEZ Ltd is very conservatively valued at Rs.50 million per acre.

- The following companies were not considered for valuation purpose since their accumulated losses exceeded their investments :

1. Simon India Limited
2. Zuari Seeds Limited

* For an investment of Rs.62.563 Million in the equity shares of Zuari Seeds the company has incurred an accumulated loss of RS.82.543 Million along with a sum of Rs.71.165 million in respect of loan granted to ZSL from Zuari industries. In view of improved working of the company, we have not provided for dimunition in the value of investments.

- Zuari investment Limited has been valued at 4x of its investments in the books of company i.e. Rs.187.22 Mn. Zuari Investments holds 28.9 lakh shares of Texmaco Ltd. (CMP – Rs.1080)

- Zuari Maroc (Paradeep Phosphates) is valued at 4x of its investments in the books of company i.e. Rs.1540 million. The above valuation does not include the preferred claim receivable from the Government Of India - Rs. 772.90 Million pending actual receipts.

- Zuari Indianoil Tanking is valued at 7.5x of its investments in the books of company i.e. Rs. 100 Mn. We see good visibility for its growing business due to the robust increase in the imports of petroleum and related products in the years ahead.

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