



V. SANKAR AIYAR & CO.
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF Zuari Management Services Ltd.

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Zuari Management Services Ltd. ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and knowledge and according to the explanations given to us, the aforesaid Ind AS 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 including the Ind AS, of the state of affairs of the Company as at 31st March, 2017, and its loss (including Other Comprehensive Income) and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Government of India in terms of sub-section (11) of section 143 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 "Annexure A" a statement on the matters specified in the paragraphs 3 and 4 of the said Order.

2. As required by Section 143 (3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B";
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. There are no material pending litigations against the Company which could impact its financial position in its Ind AS financial statement.
 - ii. The Company did not have any long-term contracts including derivative contracts during the year and therefore the question of making provisions for material losses in such contracts does not arise; and
 - iii. There were no amounts, which were required to be transferred during the year to the Investor Education and Protection Fund by the Company.
 - iv. Attention is drawn to Note No.2.9 of the Note on accounts. The company did not have cash-in-hand throughout the year and accordingly the disclosure required on holdings as well as dealings in Specified Bank Notes during the period from 8.11.2016 to 30.12.2016 is not applicable.

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

31
V. Rethinam
(Partner)
Membership No. 010412

Place: New Delhi

Dated: 18.05.2017



“Annexure A” referred to in the Independent Auditors’ report to the shareholders of Zuari Management Services Ltd. on the accounts for the year ended 31st March, 2017.

- i. a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
b) The management has physically verified most of the fixed assets at the year end, the frequency of which, in our opinion, is reasonable. No material discrepancies were noticed on such verification.
c) The Company does not have any immovable properties.
- ii. The Company does not carry inventories of the nature covered by Accounting Standard 2. Therefore Class 3(ii) of the Order is not applicable to the Company.
- iii. The Company has not granted any loans during the year, secured or unsecured, to companies, firms, limited liability partnerships or other parties required to be covered in the register maintained under section 189 of the Act. Therefore, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable.
- iv. In our opinion and according to the information and explanations given to us and the representation obtained from the management (i) the Company has not granted any loans to any of its directors or any other person to whom director is interested or given guarantee or provided any security in connection with any loan taken by him or such other person within the meaning of section 185 of the Act and (ii) after the date commencement of the Companies Act, 2013 the Company has not given any loan, given any guarantee or provided any security and acquired securities within the meaning of section 186 of the Act.
- v. The Company has not accepted deposits during the year from the public within the provisions of section 73 or any other provisions of the Companies Act, 2013 and the Rules framed thereunder.
- vi. The Central Government has not prescribed maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013 in respect of Company's activities.
- vii. a) According to the records of the Company, the Company has been generally regular in depositing undisputed statutory dues including provident fund, income-tax, service tax, and any other statutory dues with the appropriate authorities. Where there were delay in a few cases, interest has been paid. There were no arrears of undisputed statutory dues as at 31st March, 2017, which were outstanding for a period of more than six months from the date they became payable. We are informed that there is no liability towards Employee State Insurance, Sales Tax, Value Added Tax, Duty of Customs, Duty of Excise and Cess for the year under audit.
b) There are no disputed dues which have remained unpaid as on 31st March, 2017 on account of Income-tax and service tax.
- viii. The Company has not taken any loans or borrowings from a financial institution, bank, government or debenture holders. Therefore, the question of default in repayment of dues does not arise.
- ix. According to the information and explanations given to us, the Company has not raised money by way of initial / further public offer or taken any term loans except by way of inter corporate deposits during the year from its Holding Company for its operations.
- x. Based on the audit procedure performed and the representation obtained from the management, we report that no case of fraud by the Company or by its officers or employees on the Company has been noticed or reported during the year under audit.
- xi. According to the information and explanations given to us, the Company has not paid or provided any managerial remuneration within the meaning of section 197 of the Act. Therefore, the provisions of clause 3(xii) of the Order are not applicable.
- xii. The Company is not a Nidhi Company. Therefore, the provisions of clause 3(xii) of the Order are not applicable.
- xiii. According to the information and explanations given to us and the representation obtained from the management, the Company has complied with section 188 of the Act in respect of transactions with related parties. The Company is not required to form Audit Committee under section 177 of the Act, Therefore, the provisions of clause 3(xiii) with respect to section 177 of the Order are not applicable.
- xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures. Therefore, the provisions of clause 3(xiv) of the Order are not



applicable.

- xv. According to the information and explanations given to us and the representation obtained from the management, the Company has not entered into any non-cash transactions with directors or persons connected with him. Therefore, the provisions of clause 3(xv) of the Order are not applicable.
- xvi. In our opinion and according to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 based on the financials as on 31.3.2017.

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

Place: New Delhi

Dated: 18 05 2017

31-
V. Rethinam
(Partner)

Membership No. 010412



“Annexure B” referred to in the Independent Auditors’ report to the shareholders of Zuari Management Services Ltd. on the accounts for the year ended 31st March, 2017.

We have audited the internal financial controls over financial reporting of the Company as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company’s assets that could have a material effect on the financial statements.



Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.


Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

Place: New Delhi

Dated: 18-05-2017


V. Rethinam

(Partner)

Membership No. 010412



ZUARI MANAGEMENT SERVICES LIMITED
Balance Sheet as at 31 March, 2017

(Amount in Rupees)

Particulars	Notes	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
I. ASSETS				
(1) Non-current assets				
(a) Property, Plant and Equipment	3	359,962	719,615	1,107,391
(b) Other Intangible Assets	4	29,916	58,132	-
(c) Financial Assets				
(i) Investments	5	1,876,447,912	747,660,387	1,196,128,052
(ii) Loans	5	15,000	1,910,268	2,454,490
(iii) Others	5	-	-	284,069
(d) Other non-current assets	6	11,240,671	18,631,518	16,077,120
TOTAL		1,888,093,461	768,979,920	1,216,051,122
(2) Current assets				
(a) Financial Assets				
(i) Trade receivables	7	4,291,029	4,496,280	7,085,302
(ii) Cash and cash equivalents	8	1,353,452	291,628	5,545,186
(iii) Loans	5	21,934	57,660	333,483
(iv) Others	5	-	42,887	11,243
(b) Other current assets	6	2,331,116	957,547	256,685
TOTAL		7,997,531	5,846,002	13,231,899
GRAND TOTAL		1,896,090,992	774,825,922	1,229,283,021
II. EQUITY AND LIABILITIES				
Equity				
(a) Equity Share capital	9	500,000	500,000	500,000
(b) Other Equity	10	1,737,279,506	643,427,919	1,106,986,881
TOTAL		1,737,779,506	643,927,919	1,107,486,881
LIABILITIES				
(1) Non-current liabilities				
(a) Financial Liabilities				
Borrowings	11	125,045,000	46,000,000	101,100,000
(b) Provisions	12	469,205	356,190	1,543,421
TOTAL		125,514,205	46,356,190	102,643,421
(2) Current liabilities				
(a) Financial Liabilities				
(i) Trade payables	13	1,244,083	9,070,400	478,002
(ii) Other financial liabilities	14	29,051,720	73,151,720	11,083,515
(b) Other current liabilities	15	1,668,881	1,890,312	3,118,417
(c) Provisions	16	832,597	429,381	4,472,785
TOTAL		32,797,281	84,541,813	19,152,719
GRAND TOTAL		1,896,090,992	774,825,922	1,229,283,021
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

Place: New Delhi

Date: 18 05 2017

For and on behalf of the Board

(Naveen Kapoor)

Director

DIN: 01680157

Place: Gurgaon

Date:

(Vijay Kathuria)

Director

DIN: 00338125



ZUARI MANAGEMENT SERVICES LIMITED
Statement of Profit and Loss for the year ended 31 March 2017

(Amount in Rupees)

Particulars	Notes	For the year ended 31 March 2017	For the year ended 31 March 2016
I REVENUE			
Revenue From Operations	17	-	26,998,727
Other Income	18	619,239	10,430,053
Total		619,239	37,428,780
II EXPENSES			
Employee Benefits Expense	19	12,411,825	25,703,284
Finance Costs	20	10,243,342	11,854,718
Depreciation and amortization expense	21	318,196	424,818
Other Expenses	22	10,989,994	13,462,632
Total		33,963,357	51,445,452
III Profit before exceptional items and tax (I-II)		-33,344,118	-14,016,672
IV Exceptional Items		-	-
V Profit/(loss) before tax (III-IV)		-33,344,118	-14,016,672
VI Tax expense:			
(1) Current Tax (in relation to earlier years)		-1,595,000	-
(2) Deferred Tax		-	-
VII Profit (Loss) for the period (V-VI)		-34,939,118	-14,016,672
VIII Other Comprehensive Income		1,128,790,705	-449,542,290
A Items that will be reclassified to profit or loss			
B Items that will not be reclassified to profit or loss			
Re-measurement gains (losses) on defined benefit plans		3,180	-1,074,625
Net (loss)/gain on FVTOCI equity securities		1,128,787,525	-448,467,665
IX Total Comprehensive Income for the period (VII + VIII)		1,093,851,587	-463,558,962
(Comprising Profit (Loss) and Other Comprehensive Income for the period)			
X Earnings per equity share:	2.8		
(1) Basic		-699	-280
(2) Diluted		-699	-280
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

Place: New Delhi

Date: 15-05-2017

For and on behalf of the Board

(Naveen Kapoor)

Director

DIN: 01680157

Place: Gurgaon

Date:

(Vijay Kathuria)

Director

DIN: 00338125



ZUARI MANAGEMENT SERVICES LIMITED

STATEMENT OF CHANGES IN EQUITY
for the year ended March 31, 2017

a. Equity share capital

Particulars	Amount
Balance at April 1, 2015	500,000
Changes in equity share capital during the year	-
Balance at March 31, 2016	500,000
Changes in equity share capital during the year	-
Balance at March 31, 2017	500,000

b. Other equity

Particulars	Reserves and Surplus	Components of other comprehensive income		Total
	Retained earnings	Items that will not be reclassified to profit or loss		
		Actuarial Gain / (Loss)	Equity instruments through OCI	
Balance at the beginning of the reporting period i.e. April 1, 2015	73,884,974	-	1,033,101,907	1,106,986,881
Total comprehensive income for the FY 2015-16	(14,016,672)	(1,074,625)	(448,467,665)	(463,558,962)
Balance at the end of the reporting period March 31, 2016	59,868,302	(1,074,625)	584,634,242	643,427,919
Total comprehensive income for the FY 2016-17	(34,939,118)	3,180	1,128,787,525	1,093,851,587
Balance at the end of the reporting period March 31, 2017	24,929,184	(1,071,445)	1,713,421,767	1,737,279,506

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: 18-05-2017

For and on behalf of the Board

(Naveen Kapoor)
Director
DIN: 01680157

Place: Gurgaon
Date:

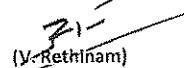
(Vijay Kathuria)
Director
DIN: 00338125



ZUARI MANAGEMENT SERVICES LIMITED
Statement of Cash Flows for the year ended 31 March 2017
(Amount in Rupees, except otherwise stated)

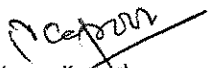
	Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
A.	CASH FLOW FROM OPERATING ACTIVITIES :		
	Net Profit/(Loss) before tax & exceptional items.	-33,344,118	-14,016,672
	Adjustment for :		
	Depreciation	318,196	424,818
	Finance income (including fair value change in financial instruments)	-57,428	-28,770
	Dividend Income	-	-10,157,818
	Interest on ICD	10,243,342	11,854,718
	Actuarial Gain/ Loss	3,180	-1,074,625
	Operating Profit/(Loss) before working Capital Changes	-22,836,828	-12,998,349
	Adjustment for changes in :		
	(Decrease)/Increase in Short Term Provisions	516,231	-5,230,635
	(Decrease)/Increase in Trade payables	-7,826,317	8,592,398
	(Decrease)/Increase in Other Current Liabilities	-221,431	-12,259,900
	(Increase)/ Decrease in Other Long Term Assets	1,895,268	881,009
	(Increase)/ Decrease in Other current Assets	-1,294,956	-456,683
	(Increase)/Decrease in Trade Receivables	205,251	2,589,022
	Net Cash from Operating Activities before Income Tax	-29,562,782	-18,883,138
	Direct taxes paid (net of refund)	5,795,848	-2,607,116
	Net cash from operating activities	-23,766,934	-21,490,254
B.	CASH FLOW FROM INVESTING ACTIVITIES :		
	Purchase of Fixed Assets (including in-tangible assets)	-	-95,174
	Proceeds from Sale of Fixed Assets	69,672	-
	Dividend Income	-	10,157,818
	Interest Income	57,428	28,770
	Net cash used in Investing activities	127,100	10,091,414
C.	CASH FLOW FROM FINANCING ACTIVITIES :		
	Loans taken during the year	38,945,000	28,000,000
	Repayment of Long-term Borrowings	-4,000,000	-10,000,000
	Interest Paid on ICD	-10,243,342	-11,854,718
	Net cash used in financing activities	24,701,658	6,145,282
	Net Changes in Cash and Cash equivalents during the year	1,061,824	-5,253,558
	Cash and Cash equivalents at the beginning of the year	291,628	5,545,186
	Cash and Cash equivalents at the end of the year	1,353,452	291,628
	Net Increase/(Decrease)	1,061,824	-5,253,558

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

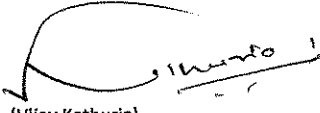

(V. Rethinam)
Partner
M No.10412

Place: New Delhi
Date: 18-05-2017

For and on behalf of the Board


(Naveen Kapoor)
Director
DIN: 01680157

Place: Gurgaon
Date:


(Vijay Kathuria)
Director
DIN: 00338125



ZUARI MANAGEMENT SERVICES LIMITED

Notes to financial statements for the year ended March 31, 2017

1. SIGNIFICANT ACCOUNTING POLICIES.

1.1 Basis of Preparation of Accounts

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

For all periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with the accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These financial statements for the year ended 31 March 2017 are the first the Company has prepared in accordance with Ind AS. Adjustments pertaining to transition to Ind AS is detailed in Note 2.7 of financial statements.

The stand-alone financial statements have been prepared on a historical cost basis, except for the certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

1.2 Basis of classification of Current and Non-Current

Assets and Liabilities in the balance sheet have been classified as either current or non-current.

An asset has been classified as current if

- it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle; or
- it is held primarily for the purpose of being traded; or
- it is expected to be realized within twelve months after the reporting date; or
- it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

All other assets have been classified as non-current.

A liability has been classified as current when

- it is expected to be settled in the Company's normal operating cycle; or
- it is held primarily for the purpose of being traded; or
- it is due to be settled within twelve months after the reporting date; or
- the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

All other liabilities have been classified as non-current.

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

1.3 Fair Value Measurement

The Company measures certain financial instruments at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.



ZUARI MANAGEMENT SERVICES LIMITED

Notes to financial statements for the year ended March 31, 2017

1.4 Estimates and assumptions

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amount reported in the financial statements and notes thereto. Difference between the actual results and estimates are recognized in the period in which the results are known or materialized. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances that are beyond the control of the company. Such changes are reflected in the assumptions when they occur.

1.3 Provisions, Contingent Liabilities and Contingent Assets

The Company creates a provision when there is a present obligation as a result of past event that probably requires an outflow of resources and reliable estimates can be made of the amount of obligation. A disclosure of contingent liability is made when there is possible obligation or a present obligation that will probably not require outflow of resources or where a reliable estimate of the obligation cannot be made. Contingent assets are not recognized but disclosed in the financial statements, where economic inflow is probable.

1.4 Fixed Assets

On transition to Ind AS i.e. April 01, 2015, the Company has elected to continue with the carrying value of all of its property, plant and equipment (PPE) recognised as at April 01, 2015 measured as per the Indian GAAP and use that carrying value as the deemed cost of the PPE.

Fixed assets are stated as per cost model i.e. cost of acquisition less accumulated depreciation/amortisation and impairment. All significant costs incidental to the acquisition of assets are capitalized.

Recognition:

The cost of an item of property, plant and equipment is recognised as an asset if, and only if:

(a) it is probable that future economic benefits associated with the item will flow to the entity; and

(b) the cost of the item can be measured reliably.

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

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

1.5 Depreciation on tangible fixed assets

The company is providing depreciation in line with the requirements of part C of schedule II of Companies Act 2013. The company follows straight line method of depreciation. In respect of additions to Fixed Assets, depreciation is calculated on pro-rata basis from the date on which asset is put to use. Useful life used for different asset classes is as follows:



ZUARI MANAGEMENT SERVICES LIMITED

Notes to financial statements for the year ended March 31, 2017

Sr. No.	Assets Class	Useful Life
1	Furniture and fixture	10 Years
2	Computers and software	3 Years
3	Office Equipments	5 Years

1.6 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangibles representing computer software are amortized using the straight line method over their estimated useful lives of three years.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss, unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

1.7 Revenue Recognition

Income from services rendered is recognised when completed or based on agreements with parties. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements.

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

Dividend income is accounted for, when right to receive the payment is established.

1.8 Staff Benefits

Regular contributions towards government provident fund, family pension are charged to revenue. Provisions for gratuity and leave encashment are made on basis of actuarial valuation of projected unit credit method made at the year end of each financial year.



ZUARI MANAGEMENT SERVICES LIMITED

Notes to financial statements for the year ended March 31, 2017

Re-measurements

Re-measurements gains and losses arising from experience adjustment and changes in actuarial assumptions are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

1.9 Leases – Operating Lease

Lease rentals are recognized as expense or income on a straight line basis with reference to lease terms and other considerations except where-

- (i) Another systematic basis is more representative of the time pattern of the benefit derived from the asset taken or given on lease.; or
- (ii) The payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

The Company has held office premises on operating lease. Lease payments are recognised as an expense in the statement of profit & loss.

1.10 Income Tax

Tax expense comprises current income tax and deferred tax. Current income-tax expense is measured at the amount expected to be paid to the taxation authorities in accordance with the Income-tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax is provided using the balance sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). 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 taxes relate to the income tax levied by the same taxation authority.

1.11 Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.



ZUARI MANAGEMENT SERVICES LIMITED

Notes to financial statements for the year ended March 31, 2017

1.12 Borrowing Costs

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

1.13 Earning per share

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

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

1.14 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a) Financial Assets

i) Initial Recognition and Measurements

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

ii) Subsequent Measurement

Debt Instruments

a) Debt instruments at amortised cost

A 'financial asset' is measured at the amortised cost using the Effective Interest Rate (EIR) method if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

b) Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent sole payments of principal and interest (SPPI).

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive



ZUARI MANAGEMENT SERVICES LIMITED

Notes to financial statements for the year ended March 31, 2017

income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the profit and loss.

c) Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

Equity Instruments

All equity investments are measured at fair value. The Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument -by-instrument basis. The classification is made on initial recognition and is irrevocable. Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to statement of profit and loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

iii) Derecognition

The Company derecognizes a financial asset when the contractual right to the cash flow from the financial asset end or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109.

b) Financial Liabilities

i) Initial recognition and measurement

All financial liabilities are recognised initially at fair value and fees of recurring nature are directly recognized in profit or loss as finance cost. The Company's financial liabilities include trade and other payables.

ii) Subsequent measurement

Financial Liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to short maturity of these instruments.

iii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired or it transfers the financial liability and the transfer qualifies for derecognition under Ind AS 109.

c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.



ZUARI MANAGEMENT SERVICES LIMITED
Notes to Accounts as at 31.03.2017

2 Other notes forming part of accounts

2.1 - Corporate Information

The stand-alone financial statements of "Zuari Management Services Limited" ("the Company" or "ZMSL") are for the year ended 31 March 2017. The Company is a public company domiciled in India and is incorporated on December 6, 2006 under the provisions of the Companies Act 1956. Address of registered office of the Company is Jai Kissan Bhawan, Goa - 403726. The Company is engaged in the business of management consultancy and related services. The stand-alone financial statements were approved for issue in accordance with a resolution of the Board of directors on 18th May 2017.

2.2 Employee benefits

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

(I) Economic Assumptions:

Particulars	2016-17	2015-16
Discount Rate	7.50%	7.85%
Future salary increase	9% for first two years and 7.50% thereafter	9% for first two years and 7.50% thereafter

(II) Changes in the present value of the defined benefit obligation:

		Gratuity		Earned Leave		Sick Leave	
		3/31/2017	3/31/2016	3/31/2017	3/31/2016	3/31/2017	3/31/2016
a)	Present value of obligation as at the beginning of the period	357,656	1,557,032	252,197	3,369,964	175,718	1,089,210
b)	Acquisition adjustment	--	-2,488,942	--	-3,381,739	--	-1,591,373
c)	Interest cost	28,056	124,828	19,783	270,172	13,784	87,323
d)	Past service cost	--	--	--	--	--	--
e)	Current service cost	159,641	90,113	130,840	23,120	20,350	15,785
f)	Curtailment cost/(Credit)	--	--	--	--	--	--
g)	Settlement cost/(Credit)	--	--	--	--	--	--
h)	Benefits paid	--	--	-33962	-190630	--	--
i)	Actuarial (gain)/loss on obligation	-3,180	1,074,625	175,198	161,310	5,721	574,773
	Present value of obligation as at the end of closing period	542,173	357,656	544,056	252,197	215,573	175,718

(iii) Expenses recognized in statement of profit and loss account:

		Gratuity		Earned Leave		Sick Leave	
		3/31/2017	3/31/2016	3/31/2017	3/31/2016	3/31/2017	3/31/2016
a)	Current service cost	159,641	90,113	130,840	23,120	20,350	15,785
b)	Interest cost	28,056	124,828	19,783	270,172	13,784	87,323
c)	Remeasurements	--	--	175,198	161,310	5,721	574,773
	Expenses recognized in the statement of profit & losses	187,697	214,941	325,821	454,602	39,855	677,881

(iv) Remeasurements:

		Gratuity		Earned Leave		Sick Leave	
		3/31/2017	3/31/2016	3/31/2017	3/31/2016	3/31/2017	3/31/2016
a)	Actuarial (gains)/losses arising from changes in financial assumptions	18,372	-33,751				
b)	Actuarial (gains)/losses arising from experience adjustments	-21,552	1,108,376				
	Components of defined benefit costs recognised in other comprehensive income	-3,180	1,074,625	0	0	0	0



ZUARI MANAGEMENT SERVICES LIMITED
Notes to Accounts as at 31.03.2017
(v) Sensitivity Analysis

		Gratuity		Earned Leave		Sick Leave	
		3/31/2017	3/31/2016	3/31/2017	3/31/2016	3/31/2017	3/31/2016
a)	Decrease in Defined benefit obligation due to 1% increase in discount rate	495,948	322,264	513,342	228,369	165,737	204,271
b)	Increase in Defined benefit obligation due to 1% decrease in discount rate	594,270	398,040	578,386	279,296	227,881	186,659
c)	Increase in Defined benefit obligation due to 1% increase in Expected Salary Escalation rate	551,022	397,681	577,935	279,053	227,709	186,545
d)	Decrease in Defined benefit obligation due to 1% decrease in Expected Salary Escalation rate	503,542	321,928	513,171	228,144	204,219	165,657

Details of Defined Contribution Plan in respect of the Company:

	2016-17	2015-16
Contribution to Provident Fund	372,720	788,467
Contribution to Contributory pension fund	45,000	130,460
Total	417,720	918,927

2.3 Deferred tax (Liability)/Assets as at 31.03.2017 consists of

Particulars	31.03.2017
Book/Tax Depreciation difference	80,121
Provision for Leave Encashment/Gratuity	402,257
Carry Forward Tax Loss	12,983,543
Net Deferred Tax (Liability)/Asset for the year	13,465,921

The net deferred tax asset has not been considered as a matter of prudence.

2.4 Contingent Liability

In respect of A/y 2009-10, the Assessing officer in pursuance of the directions of the CIT u/s 263 of the Act has completed the assessment vide Order dated 18th Feb 2015, disallowing substantial expenditure. The Company is in appeal before -CIT(A). This may have an impact on the income/loss returned for the subsequent assessment years.

2.5 Related Party Transactions

Related party transactions are as per Annexure - A

2.6 Fair value Hierarchy

Fair value of Investment in shares of Zuari Agro Chemicals Limited has been done with reference to quoted market price.

2.7 FIRST TIME IND AS ADOPTION RECONCILIATIONS

Refer Annexure-B

2.8 Earnings Per Share

Basic and Diluted EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year.

Particulars	3/31/2017	3/31/2016
Net Profit / (Loss) after current and deferred tax	-34,939,118	-14,016,672
Weighted Average number of equity shares used for computing Earning Per Share (Basic & Diluted)	50000	50000
Earning Per Share (Basic and Diluted) (Rs)	-699	-280
Face value per share (Rs)	10	10

2.9 Disclosure on Specified Bank Notes (SBNs)

During the year, the Company had no Cash Balance on Hand and accordingly disclosure on specified bank notes or other denomination notes as required under the MCA notification G.S.R. 308(E) dated March 31, 2017 are not applicable.

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



ZUARI MANAGEMENT SERVICES LIMITED
3. Property, Plant and Equipment

	Computers	Furniture & Fixtures	Office Equipments	Total
Cost				
At 1 April 2015	338,316	95,774	673,301	1,107,391
Additions	10,450	-	-	10,450
At 31 March 2016	348,766	95,774	673,301	1,117,841
Less: Disposals	-	-95,774	-87,971	-183,745
At 31 March 2017	348,766	-	585,330	934,096
Depreciation and impairment				
At 1 April 2015	-	-	-	-
Charge for the year	179,344	15,992	202,890	398,226
At 31 March 2016	179,344	15,992	202,890	398,226
Charge for the year	130,643	14,593	144,744	289,980
Less: Disposals	-	-30,585	-83,487	-114,072
At 31 March 2017	309,987	-0	264,147	574,134
Net Block				
At 31 March 2016	169,422	79,782	470,411	719,615
At 31 March 2017	38,779	0	321,183	359,962



ZUARI MANAGEMENT SERVICES LIMITED**4. Intangible assets**

	Software	Total
Cost		
At 1 April 2015	-	-
Additions	84,724	84,724
At 31 March 2016	84,724	84,724
At 31 March 2017	84,724	84,724
Depreciation and impairment		
At 1 April 2015	-	-
Charge for the year	26,592	26,592
At 31 March 2016	26,592	26,592
Charge for the year	28,216	28,216
At 31 March 2017	54,808	54,808
Net Block		
At 31 March 2016	58,132	58,132
At 31 March 2017	29,916	29,916



ZUARI MANAGEMENT SERVICES LIMITED
Notes forming part of the financial statements as at 31 March 2017

(Amount in Rupees)

	31-Mar-17	31-Mar-16	1-Apr-15
5. Financial assets			
Investment in associate			
Unquoted: Indian Furniture Products Limited			
24,91,071 (31 March 2016 - 24,91,071) Equity Shares of Rs.10/- each, fully paid up (31 March 2015 - 23,25,000 Equity Shares of Rs.10/- each, fully paid up of Style Spa Furniture Limited)	32,550,000	32,550,000	32,550,000
	32,550,000	32,550,000	32,550,000
Investment - Others			
Investments at fair value through OCI:			
Quoted: Zuari Agro Chemicals Limited			
50,78,909 (31 March 2016 - 50,78,909, 31 March 2015 - 50,78,909) Equity shares of Rs.10/- each fully paid up	1,843,897,912	715,110,387	1,163,578,052
	1,843,897,912	715,110,387	1,163,578,052
	1,876,447,912	747,660,387	1,196,128,052
Aggregate book value of quoted investments	1,843,897,912	715,110,387	1,163,578,052
Aggregate market value of quoted investments	1,843,897,912	715,110,387	1,163,578,052
Aggregate value of unquoted investments	32,550,000	32,550,000	32,550,000
Loans (at amortised cost)			
Loans			
To employees			
Unsecured, Considered Good	-	-	682,661
Security Deposits			
Unsecured, Considered Good	15,000	1,910,268	1,771,829
	15,000	1,910,268	2,454,490
Other Financial assets (at amortised cost)			
Interest accrued on Staff Loans	-	-	284,069
	-	-	284,069
Loans (at amortised cost)			
Loans			
To employees			
Unsecured, Considered Good	21,934	57,660	333,483
	21,934	57,660	333,483
Other Financial assets (at amortised cost)			
Other Advances (Unsecured, considered good)	-	42,887	11,243
	-	42,887	11,243
6. Other assets			
-Prepaid lease			
Advance tax and tax deducted at source	11,240,671	18,631,518	16,024,402
	11,240,671	18,631,518	16,077,120
-Imprest advance			
-Prepaid expenses	-	-	93,731
-Prepaid lease	-	52,718	22,500
Service Tax - Cenvat recoverable / adjustable	2,331,116	904,829	140,453
	2,331,116	957,547	256,684
7. Trade receivables			
Unsecured- considered good	4,291,029	4,496,280	7,085,302
Trade receivables - others	4,291,029	4,496,280	7,085,302
	4,291,029	4,496,280	7,085,302
8. Cash and Cash Equivalent			
Bank Balances:			
-in Current Accounts	1,353,452	291,628	5,545,186
	1,353,452	291,628	5,545,186



ZUARI MANAGEMENT SERVICES LIMITED

Notes forming part of the financial statements as at 31 March 2017

(Amount in Rupees)	31-Mar-17	31-Mar-16	1-Apr-15
9. Share Capital			
Authorized:			
50000 (31 March 2016 - 50,000, 31 March 2015 - 50,000) Equity Shares of Rs. 10/- each	500,000	500,000	500,000
Issued shares :			
50000 (31 March 2016 - 50,000, 31 March 2015 - 50,000) Equity Shares of Rs. 10/- each	500,000	500,000	500,000
Subscribed and fully paid-up shares :			
50000 (31 March 2016 - 50,000, 31 March 2015 - 50,000) Equity Shares of Rs. 10/- each	500,000	500,000	500,000
	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year/period:
Equity Shares

At the beginning of the year			
-In Numbers	50,000	50,000	50,000
- in Rupees	500,000	500,000	500,000
Outstanding at the end of the year			
-In Numbers	50,000	50,000	50,000
- in Rupees	500,000	500,000	500,000

(b) Terms / rights attached to Equity Shares
Earning Per Share (Basic and Diluted) (Rs)

(c) Shares held by holding company

Zuari Global Limited			
-In Numbers	50,000	50,000	50,000
- In % of holding	100	100	100

(d) Details of shareholders holding more than 5% shares in the Company
Equity shares of Rs. 10 each fully paid

Zuari Global Limited			
-In Numbers	50,000	50,000	50,000
- In % of holding	100	100	100

(e) The entire paid up capital is held by Zuari Global Limited, the Holding Company & its nominees.

10. Other Equity

Surplus in the statement of profit and loss			
Balance as per last financial statements	59,868,302	73,884,974	63,471,691
Net profit for the year	-34,939,118	-14,016,672	10,413,283
Net surplus in the statement of profit and loss	<u>24,929,184</u>	<u>59,868,302</u>	<u>73,884,974</u>

FVTOCI Reserve

Balance Bought Forward from Last Year's Account	583,559,617	1,033,101,907	-
Add/ Less: Movement during the year	1,128,790,705	-449,542,290	1,033,101,907
Balance carried forward to next year	<u>1,712,350,322</u>	<u>583,559,617</u>	<u>1,033,101,907</u>

Total	<u>1,737,279,506</u>	<u>643,427,919</u>	<u>1,106,986,881</u>
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ZUARI MANAGEMENT SERVICES LIMITED
Notes forming part of the financial statements as at 31 March 2017

(Amount in Rupees)

11. Borrowings (at amortised cost)
UNSECURED LOANS
Corporate Deposits - Related Party
Zuari Global Limited

	31-Mar-17	31-Mar-16	1-Apr-15
	125,045,000	46,000,000	101,100,000
	125,045,000	46,000,000	101,100,000

Current Maturities

UNSECURED LOANS

Corporate Deposits - Related Party
Zuari Global Limited

	31-Mar-17	31-Mar-16	1-Apr-15
	29,000,000	73,100,000	-
	29,000,000	73,100,000	-

* Current maturities are carried to Note - 13: Other financial liabilities (Current)

Terms:

Interest - 8% per annum

Maturity - 26 months

Date of Maturity - Various dates between May '2017 to May '2019

12. Provisions (Non-Current)

-Gratuity

	Non - current		
	31-Mar-17	31-Mar-16	1-Apr-15
	469,205	356,190	1,543,421
	469,205	356,190	1,543,421

13. Trade payables (at amortised cost)

Trade Payables*

	31-Mar-17	31-Mar-16	1-Apr-15
	1,244,083	9,070,400	478,002
	1,244,083	9,070,400	478,002

* The Company has not received any information from parties regarding their registration under Micro, Small and Medium Enterprises (Development) Act, 2006. In the circumstances, disclosures relating to amount remaining unpaid as at the year end together with interest, if any, payable under the Act are not ascertainable.

14. Other Financial Liabilities

Other financial liabilities at amortised cost

Security deposits received
Current maturity of long term liabilities
Interest accrued and due on borrowings
Mortgage benefit payable to staff

	Current		
	31-Mar-17	31-Mar-16	1-Apr-15
	-	-	105,000
	29,000,000	73,100,000	-
	-	-	10,926,795
	51,720	51,720	51,720
	29,051,720	73,151,720	11,083,515

15. Other Liabilities

Statutory dues -

- ST Payable
- Provident Fund Payable
- TDS Liabilities

	Current		
	31-Mar-17	31-Mar-16	1-Apr-15
	-	-	155,968
	72,511	71,730	395,724
	1,596,370	1,818,582	2,566,725
	1,668,881	1,890,312	3,118,417

16. Provisions (Current)

Provision for employee benefits (refer note 2.2)

-Gratuity
-Sick Leave
-Privilege Leave

	Current		
	31-Mar-17	31-Mar-16	1-Apr-15
	72,968	1,466	13,611
	215,573	175,718	1,089,210
	544,056	252,197	3,369,964
	832,597	429,381	4,472,785



ZUARI MANAGEMENT SERVICES LIMITED

Notes forming part of the financial statements as at 31 March 2017

(Amount in Rupees)

	31-Mar-17	31-Mar-16	1-Apr-15
17. Revenue From Operations			
	Year Ended	Year Ended	
	3/31/2017	3/31/2016	
Commission Income	-	498,737	
Management & Engineering Services	-	26,499,990	
	-	26,998,727	
18 Other income			
Interest income on IT Refund	561,811	-	
Interest Income	57,428	167,209	
Dividend	-	10,157,818	
Excess provision written back	-	105,026	
	619,239	10,430,053	
Total interest income (calculated using the effective interest method) for financial assets that are not at fair value through profit or loss.			
In relation to Financial assets classified at amortised cost	-	167,209	
	-	167,209	
19. Employee Benefits Expense			
Salaries, wages and bonus	11,729,725	24,413,866	
Contribution to provident & other funds	452,411	992,449	
Gratuity	187,697	214,941	
Staff welfare	41,992	82,028	
	12,411,825	25,703,284	
20. Finance Costs			
Interest on inter corporate deposit	10,243,342	11,854,718	
	10,243,342	11,854,718	
Total interest expense (calculated using the effective interest method) for financial liabilities that are not at fair value through profit or loss			
In relation to financial liabilities classified at amortised cost	10,243,342	11,854,718	
	10,243,342	11,854,718	
21. Depreciation and amortization expense			
Depreciation of property, plant and equipment	289,980	398,226	
Amortisation of intangible assets	28,216	26,592	
	318,196	424,818	
22. Other expenses			
Consultancy	8,453,550	8,300,000	
Rent (net of recoveries)	803,605	2,156,453	
Legal & Professional Charges	1,074,245	1,345,618	
ROC Charges & Filing Fees	5,059	3,546	
Payment to Auditors (Refer detail below)	145,000	145,000	
Travelling & conveyance	61,093	838,298	
Vehicle Maintenance	100,186	108,356	
Communication	140,024	222,891	
Donation	25,000	-	
Interest on delayed payments of statutory dues	18,172	3,288	
Miscellaneous expenses	164,060	339,182	
	10,989,994	13,462,632	
Payments to the Auditors as			
Audit Fees	120,000	120,000	
Tax Audit Fees	25,000	25,000	
	145,000	145,000	



ZUARI MANAGEMENT SERVICES LIMITED

A. List or related party identified by the management

Annexure - A

Holding Company	Zuari Global Limited (ZGL) (100%)
	Zuari Infraworld India Limited (ZIIL)
Fellow Subsidiaries	Zuari Investments Limited (ZIL)
	Simon India Limited (SIL)
	Indian Furniture Products Limited (IFPL)

B. Transactions carried out with related parties in the ordinary course of business:

S.no.	Transaction details	Year ended 31st March 2017		Year ended 31st March 2016	
		Holding company	Fellow subsidiaries	Holding company	Fellow subsidiaries
1	Payment made on their behalf:				
2	Payment made on our behalf:				
	-Zuari Global Limited			200,000.00	
3	Service Charges Paid				
	-Zuari Investments Limited		23,000.00		21,000.00
4	Receipts of Inter Corporate Deposits / Loan				
	-Zuari Global Limited	38,945,000.00		28,000,000.00	
5	Repayment of Inter Corporate Deposits / Loan				
	-Zuari Global Limited	4,000,000.00		10,000,000.00	
6	Management fees received				
	-Zuari Global Limited			2,128,060.00	
	-Zuari Infraworld India Limited				1,250,000.00
	-Zuari Investments Limited				175,000.00
7	Security deposit repaid				
	-Zuari Investments Limited				105,000.00
8	Interest paid				
	-Zuari Global Limited	10,243,342.00		11,854,718.00	

Closing balances

S.no.	Name of the Company	As at 31 Mar 2017		As at 31 Mar 2016	
		Dr./Cr.	Amount Rs.	Dr./Cr.	Amount Rs.
1	-Zuari Global Limited		-	Cr	557,941.00
2	-Zuari Global Limited (ICD)	Cr	154,045,000.00	Cr	119,100,000.00
3	-Zuari Investments Limited		-	Dr	50.00
4	-Zuari Investments Limited (Security deposits)		-		-
5	-Zuari Infraworld India Limited		-		-
6	-Simon India Limited		-		-
7	-Indian Furniture Products Limited		-		-



FIRST TIME IND AS ADOPTION RECONCILIATIONS

Effect of Ind AS adoption on the balance sheet as at 31 March, 2016 and 1 April, 2015

Note no.	As at 31.03.2016 (End of last period presented under previous)			As at 01.04.2015 (Date of transition)				
	Previous GAAP	Effect of transition to Ind-AS	As per Ind-AS	Previous GAAP	Effect of transition to Ind-AS	As per Ind-AS		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.		
I. ASSETS								
(1) Non-current assets								
	Property, plant and equipment	a	719,615	-	719,615	1,107,391	-	1,107,391
	Intangible assets		58,132	-	58,132		-	
	Financial assets							
	(i) Investments	b	163,026,145	584,634,242	747,660,387	163,026,145	1,033,101,907	1,196,128,052
	(i) Loans	c	1,965,000	(54,732)	1,910,268	2,647,661	(193,171)	2,454,490
	(ii) Others					284,069	-	284,069
	Other non-current assets	c	18,631,518	-	18,631,518	16,024,402	52,718	16,077,120
	Total non-current assets		184,400,410	584,579,510	768,979,920	183,089,668	1,032,961,454	1,216,051,122
(2) Current assets								
	Financial assets							
	(i) Trade receivables		4,496,280		4,496,280	7,085,302	-	7,085,302
	(ii) Cash and cash equivalents		291,628		291,628	5,545,186	-	5,545,186
	(iii) Loans		57,660		57,660	333,483		333,483
	(iv) Others		42,887		42,887	11,243		11,243
	Other current assets	c	904,829	52,718	957,547	116,232	140,453	256,685
	Total current assets		5,793,284	52,718	5,846,002	13,091,446	140,453	13,231,899
	Total assets		190,193,694	584,632,228	774,825,922	196,181,114	1,033,101,907	1,229,283,021
II. EQUITY AND LIABILITIES								
(1) Equity								
	Equity share capital		500,000	-	500,000	500,000	-	500,000
	Other equity							
	Retained earnings	c, d	58,795,691	1,072,610	59,868,301	73,884,974		73,884,974
	Other Comprehensive Income	b, d	-	583,559,618	583,559,618		1,033,101,907	1,033,101,907
	Total equity		59,295,691	584,632,228	643,927,919	74,384,974	1,033,101,907	1,107,486,881
Liabilities								
(2) Non-current liabilities								
	Financial liabilities							
	(i) Borrowings		46,000,000	-	46,000,000	101,100,000	-	101,100,000
	Provisions		356,190	-	356,190	1,543,421	-	1,543,421
	Total non-current liabilities		46,356,190	-	46,356,190	102,643,421	-	102,643,421
(3) Current liabilities								
	Financial Liabilities							
	(i) Trade payables		9,070,400	-	9,070,400	478,002	-	478,002
	(ii) Other financial liabilities		73,151,720	-	73,151,720	11,083,515	-	11,083,515
	Other current liabilities		1,890,312		1,890,312	3,118,417		3,118,417
	Provisions		429,381	-	429,381	4,472,785	-	4,472,785
	Total current liabilities		84,541,813	-	84,541,813	19,152,719	-	19,152,719
	Total equity and liabilities		190,193,694	584,632,228	774,825,922	196,181,114	1,033,101,907	1,229,283,021

Note- The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.



ZUARI MANAGEMENT SERVICES LIMITED

Notes to Financial Statements for the year ended 31 March 2017

Reconciliation of total comprehensive income for the year ended 31 March, 2016

	Note no.	Period ended 31.03.2016
Profit as per previous GAAP		(15,089,282)
Unwinding of interest income on security deposit (net of increase in rent expense)	c	(2,015)
Remeasurement of defined benefit obligation recognised in other comprehensive income under Ind AS (net of tax)	d	1,074,625
Profit for the period as per Ind AS		(14,016,672)
Remeasurement of defined benefit obligation recognised in other comprehensive income under Ind AS (net of tax)	d	(1,074,625)
Fair valuation of Investment in ZACL through OCI	b	(448,467,665)
Total comprehensive income under Ind AS		(463,558,962)

Effect of Ind AS adoption on the statement of cash flows for the year ended 31 March, 2016

	Year Ended 31 March 2016		
	Note no.	Previous GAAP	Effect of transition to Ind AS
		Rs./Lacs	Rs./Lacs
Net cash flows/(used in) from operating activities		(21,490,254)	(21,490,254)
Net cash flows/(used in) from investing activities		10,091,414	10,091,414
Net cash flows/(used in) from financing activities		6,145,282	6,145,282
Net increase / (decrease) in cash and cash		(5,253,558)	(5,253,558)
Cash and cash equivalents at the beginning of period		5,545,186	5,545,186
Cash and cash equivalents at the end of period		291,628	291,628

Reconciliation of total equity as on 31 March, 2016 and 1 April, 2015

	As at 31.03.2016 (End of last period presented under previous GAAP)	As at 01.04.2015 (Date of transition)
Total equity (shareholder's funds) under previous GAAP	59,295,691	74,384,974
ADJUSTMENTS UNDER IND AS		
Fair valuation of Investment in ZACL through OCI	584,634,243	1,033,101,907
Unwinding of interest income on security deposit (net of increase in rent expense)	(2,015)	
Total adjustments to equity	584,632,228	1,033,101,907
Total equity under Ind AS	643,927,919	1,107,486,881



ZUARI MANAGEMENT SERVICES LIMITED

Notes to Financial Statements for the year ended 31 March 2017

NOTES TO THE RECONCILIATIONS

Transition to Ind AS

These financial statements, for the year ended 31 March 2017, are the first financial statement prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2015 and the financial statements as at and for the year ended 31 March 2016:

a. Deemed cost

The company has elected the option to continue with the carrying value for all its property, plant & equipment as recognised in the financial statement as at the date of transition to Ind AS, measured as per previous GAAP and used as it the deemed cost as at the date of transition.

b. Investments

The investment in ZACL has been fair valued as on 1st April 2015 and 31st Mar 2016. The management has opted to make an irrevocable election on initial recognition, to present changes in fair value in other comprehensive income (OCI) rather than profit and loss.

c. Security Deposit:

The Company has given interest free deposits for the contracts where the period for repayment is in excess of 12 months. The Company needs to recognise interest on such deposits using effective interest method. It needs to fair value the lease deposits at the transition date. The excess of principal amount over its fair value will be considered as prepayment and will be amortized over the lease period on straight line basis. The interest component will be taken to income over the life of lease on EIR method.

d. Actuarial Gain and Loss

Under previous GAAP, actuarial gains and losses were recognised in statement of profit and loss. Under Ind AS, the actuarial gains and losses form part of remeasurement of the net defined benefit liability recognised in other comprehensive income.

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: 18-05-2017

For and on behalf of the Board

(Naveen Kapoor)

Director

DIN: 01680157

Place: Gurgaon

Date:

(Vijay Kathuria)

Director

DIN: 00338125

