



V. SANKAR AIYAR & CO.
CHARTERED ACCOUNTANTS

Satyam Cinema Complex, Ranjit Nagar Community Centre, New Delhi – 110 008
Flat No. | 202, 203 Tel. (011) 25702691, 25704639, 43702919
& 301 Tel. (011) 25705233, 25705232
E-mail : newdelhi@vsa.co.in

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF Zuari Management Services Ltd.

Report on the Financial Statements

We have audited the accompanying financial statements of Zuari Management Services Ltd. ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss, 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 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 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

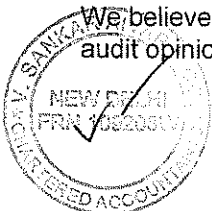
Our responsibility is to express an opinion on these financial statements based on our audit.

We 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. 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 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 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 financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 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, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 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 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.

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

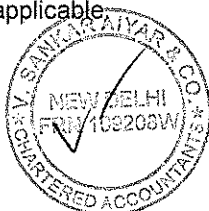
Place: New Delhi
Dated: 05.05.2016

V. Rethinam
(Partner)
Membership No. 010412



“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, 2016.

- 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. There were no arrears of undisputed statutory dues as at 31st March, 2016, 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, 2016 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.

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

**Place: New Delhi
Dated: 05.05.2016**

**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, 2016.

We have audited the internal financial controls over financial reporting of the Company as of March 31, 2016 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

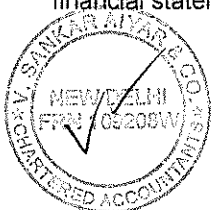
Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, 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, 2016, 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: 05.05.2016**

**V. Rethinam
(Partner)
Membership No. 010412**

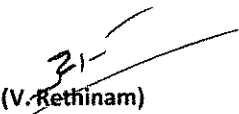


Zuari Management Services Limited
Balance Sheet as at 31 March, 2016

(Amount in Rupees)

	Notes	31 March 2016	31 March 2015
<u>EQUITY AND LIABILITIES</u>			
Shareholders' funds			
Share capital	3	5,00,000	5,00,000
Reserves and surplus	4	<u>587,95,691</u>	<u>738,84,974</u>
		<u>592,95,691</u>	<u>743,84,974</u>
Non-current liabilities			
Long term borrowings	5	460,00,000	1011,00,000
Long-term provisions	6	-	-
		<u>460,00,000</u>	<u>1011,00,000</u>
Current liabilities			
Trade payables	7	90,70,400	4,78,002
Other current liabilities	8	741,37,203	142,01,931
Short-term provisions	6	7,85,571	60,16,206
		<u>839,93,174</u>	<u>206,96,139</u>
Total		<u><u>1892,88,865</u></u>	<u><u>1961,81,113</u></u>
<u>ASSETS</u>			
Non-current assets			
Fixed assets			
Tangible assets	9	7,19,615	11,07,391
Intangible Assets	9	58,132	-
Non-current investments	10	1630,26,145	1630,26,145
Long-term loans and advances	13	205,96,518	186,72,063
Other non-current assets	14	-	2,84,069
		<u>1844,00,410</u>	<u>1830,89,668</u>
Current assets			
Trade receivable	11	44,96,280	70,85,302
Cash and bank balances	12	2,91,628	55,45,186
Short-term loans and advances	13	1,00,547	4,60,957
		<u>48,88,455</u>	<u>130,91,445</u>
Total		<u><u>1892,88,865</u></u>	<u><u>1961,81,113</u></u>
Significant accounting policies	1		
Other notes forming part of the financial statements	2		

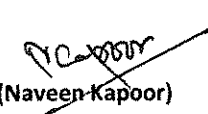
As per our report of even date
For V.Sankar Aiyar & Co.
Chartered Accountants
FRN 109208 W

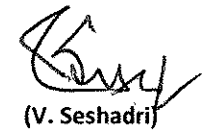

(V. Rethinam)
Partner
M No.10412

Place: New Delhi
Date: 5-05-2016



For and on behalf of the Board


(Naveen Kapoor)
Director
DIN: 01680157


(V. Seshadri)
Director
DIN: 06499916

Place: Gurgaon

Date: 05.05.2016

Zuari Management Services Limited
Statement of Profit and Loss for the period ended 31 March, 2016

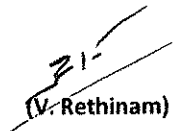
(Amount in Rupees)

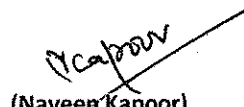
	Notes	31 March 2016	31 March 2015
Income			
Revenue from operations	15	269,98,727	489,23,160
Other income	16	102,91,614	221,14,045
Total Revenue		372,90,341	710,37,205
Expenses			
Employee benefits expense	17	267,77,909	382,98,250
Other expenses	18	133,22,179	109,37,685
Total		401,00,088	492,35,935
Earnings before interest, tax, depreciation and amortization		-28,09,747	218,01,270
Depreciation and amortization expense	19	4,24,818	4,17,103
Finance costs	20	118,54,718	121,40,884
Profit/(loss) before tax		-150,89,283	92,43,283
Tax expense			
Current tax		-	9,30,000
Excess Provision for earlier year written back		-	-21,00,000
Total tax expense		-	-11,70,000
Profit/(Loss) for the period after tax carried to Balance Sheet		-150,89,283	104,13,283
Earnings per equity share {nominal value of share Rs.10/- (31 march 2014 - Rs.10/-)} Basic & diluted			
		-301.79	208.27


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

For and on behalf of the Board


 (V. Rethinam)
 Partner
 M No.10412


 (Naveen Kapoor)
 Director
 DIN: 01680157


 (V. Seshadri)
 Director
 DIN: 06499916

Place: New Delhi
 Date: 5.05.2016

Place: Gurgaon
 Date: 05.05.2016



Zuari Management Services Limited
Cash Flow Statement for the year ended 31 March, 2016

Particulars	(Amount in Rs.)	
	31 March 2016	31 March 2015
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit/(Loss) before tax & exceptional items.	-150,89,283	92,43,283
<u>Adjustment for :</u>		
Depreciation	4,24,818	4,17,103
Interest Income	-28,770	(75,460)
Dividend Income	-101,57,818	(152,36,727)
Interest Expense	118,54,718	121,40,884
Other Income		-68,01,858
Operating Profit/(Loss) before working Capital Changes	-129,96,335	-3,12,775
<u>Adjustment for changes in :</u>		
(Decrease)/Increase in Long Term Provisions	-	-
(Decrease)/Increase in Short Term Provisions	-52,30,635	16,94,788
(Decrease)/Increase in Trade payables	85,92,398	(130,11,414)
(Decrease)/Increase in Other Current Liabilities	-131,64,728	101,09,025
(Increase)/ Decrease in Short Terms Loans and Advances	3,60,410	(97,126)
(Increase)/ Decrease in Long Terms Loans and Advances	6,82,661	4,93,483
(Increase)/ Decrease in Other non-current Assets		(70,712)
(Increase)/Decrease in Trade Receivables	28,73,091	16,79,337
Net Cash from Operating Activities before Income Tax	-188,83,138	4,84,606
Direct taxes paid (net of refund)	-26,07,116	(68,96,491)
Net cash from operating activities	-214,90,254	-64,11,885
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets (including in-tangible assets)	-95,174	(3,23,546)
Purchase of non-current investments	-	-
Proceeds from Sale of Fixed Assets	-	-
Dividend Income	101,57,818	152,36,727
Interest Income	28,770	75,460
Other Income	-	68,01,858
Fixed Deposit realised	-	-
Net cash used in Investing activities	100,91,414	217,90,499
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Loans taken during the year	280,00,000	1011,00,000
Interest Paid on ICD	-118,54,718	(121,40,884)
Repayment of Long-term Borrowings	-100,00,000	(1011,00,000)
Net cash used in financing activities	61,45,282	-121,40,884
Net Changes in Cash and Cash equivalents during the year	-52,53,558	32,37,730
Cash and Cash equivalents at the beginning of the year	55,45,186	23,07,456
Cash and Cash equivalents at the end of the year	2,91,628	55,45,186
Net Increase/(Decrease)	-52,53,558	32,37,730

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: 5.05.2016



For and on behalf of the Board

(Naveen Kapoor)
Director
DIN: 01680157

Place: Gurgaon
Date: 05.05.2016

(V. Seshadri)
Director
DIN: 06499916

ZUARI MANAGEMENT SERVICES LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

1. Significant accounting policies

a. Measurement of EBITDA

As permitted by the *Guidance Note issued by Institute of Chartered Accountants of India*, 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 (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 (to the extent notified). The financial statements have been prepared on 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

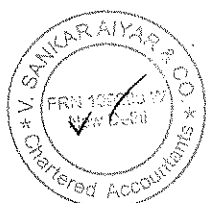
- i) Assets are stated at cost of acquisition less accumulated depreciation. All significant costs incidental to the acquisition of assets are capitalized.
- ii) The company has revised its policy of providing depreciation w.e.f. 01.04.2014 in line with the requirement of part C of schedule II of the Companies Act, 2013. The Company continues to follow 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.

f. 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.

g. 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.



ZUARI MANAGEMENT SERVICES LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

In respect of gratuity, earned leaves & sick leaves, a separate actuarial valuation is carried out. Actuarial gains and losses are recognized net of incurred during the period in which they occurred in the statement of profit and loss.

h. 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.

i. 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.

j. Deferred Tax

In accordance with Accounting Standard 22 - Taxes on Income, Deferred tax is recognized subject to consideration of prudence, being difference between accounting and taxable income that originates in one year and capable of reversal in subsequent years.

2. Other Notes forming part of accounts

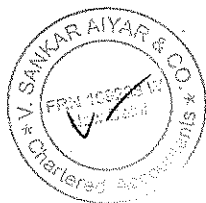
2.1 Corporate Information

Zuari Management Services Limited (the Company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. It was incorporated on 6th December 2006.

2.2 Related party disclosures as per Accounting Standard 18

- | | |
|------------------------|---|
| a) Holding Company | : Zuari Global Limited |
| b) Fellow Subsidiaries | : Zuari Infracore India Limited
: Zuari Investments Limited
: Simon India Limited |
| c) Associates | : Indian Furniture Products Limited |

Transactions with the above parties and closing balances as at March 31, 2016 are as per "Annexure – A"



ZUARI MANAGEMENT SERVICES LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

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

S.No.	Particulars	31.03.2016	31.03.2015
a)	Profit / (Loss) for the year	-1,50,89,283	1,04,13,283
b)	Weighted average number of equity shares	50,000	50,000
c)	Face value of per share	10	10
d)	Basic and diluted earnings per share	-301.79	208.27

2.4 Employee benefits (AS-15 Revised)

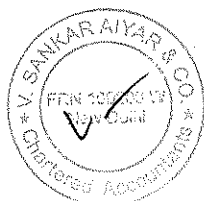
The Company has obtained valuation report from Actuary. The following data is given from report of the Actuary.

(i) Economic Assumptions:

Particulars	2015-16	2014-15
Discount Rate	7.85%	8%
Future salary increase	9% for first two years and 7.5% thereafter	9%

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

		Earned Leave		Gratuity		Sick leave	
		31-03-2016	31-03-2015	31-03-2016	31-03-2015	31-03-2016	31-03-2015
a)	Present value of obligation as at the beginning of the period	33,69,964	25,28,547	15,57,032	14,12,892	10,89,210	3,79,979
b)	Acquisition adjustment	(33,81,739)	--	(24,88,942)	--	(15,91,373)	--
c)	Interest cost	2,70,172	2,27,569	1,24,828	1,13,031	87,323	30,398
d)	Past service cost			--	--		
e)	Current service cost	23,120	11,51,763	90,113	5,73,565	15,785	3,16,546
f)	Curtailment cost/(Credit)	--	--	--	--	--	--
g)	Settlement cost/(Credit)	--	--	--	--	--	--
h)	Benefits paid	(1,90,630)	(54,799)	--	--	--	--
i)	Actuarial (gain)/loss on obligation	1,61,310	(4,83,116)	10,74,625	(5,42,456)	5,74,773	3,62,287
j)	Present value of obligation as at the end of closing period	2,52,197	33,69,964	3,57,656	15,57,032	1,75,718	10,89,210



ZUARI MANAGEMENT SERVICES LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

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

		Earned Leave		Gratuity		Sick leave	
		31-03-2016	31-03-2015	31-03-2016	31-03-2015	31-03-2016	31-03-2015
a)	Current service cost	23,120	11,51,763	90,113	5,73,565	15,785	3,16,546
b)	Past service cost	--	--	--	--		
c)	Interest cost	2,70,172	2,27,569	1,24,828	1,13,031	87,323	30,398
d)	Expected return on plan assets	--	--	--	--	--	--
e)	Curtailement cost / (Credit)	--	--	--	--	--	--
f)	Settlement cost / (credit)	--	--	--	--	--	--
g)	Net actuarial (gain) / loss recognized in the period	1,61,310	(4,83,116)	10,74,625	(5,42,456)	5,74,773	3,62,287
h)	Expenses recognized in the statement of profit & losses	4,54,602	8,96,216	12,89,566	1,44,140	6,77,881	7,09,231

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

	2015-16	2014-15
Contribution to Provident Fund	7,88,467	18,76,395
Contribution to Superannuation Fund	Nil	Nil
Contribution to Contributory pension fund	1,30,460	2,13,071
Total	9,18,927	20,89,466

2.4 Deferred tax (Liability)/Assets as at 31.03.2015 consists of

Particulars	31.03.2015	For the year	31.03.2016
Book/Tax Depreciation difference	(29,000)	43,000	14,000
Provision for Leave Encashment/Gratuity	5,24,000	1,66,000	6,90,000
Net Deferred Tax (Liability)/Asset for the year	4,95,000	2,09,000	7,04,000

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



ZUARI MANAGEMENT SERVICES LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

- 2.5 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.
- 2.6 Previous year figures have been re-grouped wherever necessary to correspond to current year figures.



Zuari Management Services Limited

Notes to financial statements for the period ended 31 March, 2016

(Amount in Rupees)

31 March 2016

31 March 2015

3. Share capital

Authorised :

50,000 Equity Shares of Rs. 10/- each

5,00,000

5,00,000

Issued

50,000 Equity Shares of Rs. 10/- each

5,00,000

5,00,000

Subscribed and Paid-up

50,000 Equity Shares of Rs.10/- each, fully Paid-up

5,00,000

5,00,000

Total

5,00,000

5,00,000

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

Equity Shares

	Number	Rupees	Number	Rupees
At the beginning of the period	50,000	5,00,000	50,000	5,00,000
Issued during the period	-	-	-	-
Outstanding at the end of the period	50,000	5,00,000	50,000	5,00,000

b) Terms/Rights Attached to equity Shares

The Company has 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 Shareholders holding more than 5% of shares in the company

Name of Shareholder

Name of Shareholder	No. of Shares	% Holding	No. of Shares	% Holding
Zuari Global Limited	50,000	100	50,000	100

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

4. Reserves and surplus

Surplus

Balance as per last Financial Statements

738,84,974

634,71,691

Net Profit/(Loss) for the current year

-150,89,283

104,13,283

Total

587,95,691

738,84,974

5. Long-term borrowings

Non-current portion

31 March 2016

31 March 2015

Current maturities

31 March 2016

31 March 2015

Unsecured

Inter Corporate Deposit from
Zuari Global Limited (Holding Company)

460,00,000

1011,00,000

731,00,000

-

Total

460,00,000

1011,00,000

731,00,000

-

Terms:

Interest - 8 / 12 / 12.50%per annum

Maturity - 26 months

Date of Maturity - Various dates between Jan'17 to May'18)

6. Provisions

Non Current

Current

Non Current

Current

Provision for employee benefits

- Gratuity

-

3,57,656

-

15,57,032

- Sick Leave

-

1,75,718

-

10,89,210

- Leave benefits

-

2,52,197

-

33,69,964

Total

-

7,85,571

-

60,16,206

7. Trade payables

Trade payables*

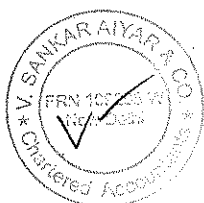
90,70,400

4,78,002

Total

90,70,400

4,78,002



Zuari Management Services Limited

Notes to financial statements for the period ended 31 March, 2016

(Amount in Rupees)

31 March 2016

31 March 2015

* 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 the interest, if any, payable under the Act are not ascertainable.

8. Other current liabilities

Current Maturities of long term borrowings (ICD)	731,00,000	-
Security Deposits	-	1,05,000
Interest accrued and due on borrowings	-	109,26,795
Mortgage benefit payable to staff	51,720	51,720
Statutory dues	9,85,483	31,18,416
Total	<u>741,37,203</u>	<u>142,01,931</u>

9. Fixed assets

Particulars	Tangible				Intangible	Grand Total
	Computers	Furniture & Fixtures	Office Equipments	Total		
Cost						
As at 01.04.2015	7,62,696	4,10,676	6,54,319	18,27,691	-	18,27,691
Additions	10,450	-	-	10,450	84,724	95,174
Disposals	-	-	-	-	-	-
As at 31.03.2016	7,73,146	4,10,676	6,54,319	18,38,141	84,724	19,22,865
Depreciation						
Upto 01.04.2015	4,24,380	1,50,376	1,45,544	7,20,300	-	7,20,300
Charge for the Year	1,79,344	15,992	2,02,890	3,98,226	26,592	4,24,818
Written back	-	-	-	-	-	-
upto 31.03.2016	6,03,724	1,66,368	3,48,434	11,18,526	26,592	11,45,118
Net Block						
As at 31.03.2016	1,69,422	2,44,308	3,05,885	7,19,615	58,132	7,77,747
As at 31.03.2015	3,38,316	2,60,300	5,08,775	11,07,391	-	11,07,391

10. Non-current investments

Non Trade - at cost

Equity instruments - Quoted

50,78,909 Equity shares of Rs.10/- each (previous year 50,78,909 equity shares), fully paid up of Zuari Agro Chemicals Limited

	1304,76,145	1304,76,145
--	-------------	-------------

Equity instruments - Unquoted

24,91,071 Equity Shares of Rs.10/- each, fully paid up of Indian Furniture Products Limited (Previous Year 23,25,000 Equity Shares of Rs.10/- each, fully paid up of Style Spa Furniture Limited)

	325,50,000	325,50,000
--	------------	------------

Total	<u>1630,26,145</u>	<u>1630,26,145</u>
--------------	---------------------------	---------------------------

a) Market value of quoted investments	7123,16,987	11432,62,416
---------------------------------------	-------------	--------------



Zuari Management Services Limited
Notes to financial statements for the period ended 31 March, 2016

(Amount in Rupees)
31 March 2015

31 March 2016

11. Trade receivables

(Unsecured - considered good)

- Outstanding for a period exceeding 6 months from the date they are due for payment

- Other receivables

	Non Current	Current	Non Current	Current
- Outstanding for a period exceeding 6 months from the date they are due for payment	-	34,80,240	-	34,80,240
- Other receivables	-	10,16,040	2,84,069	36,05,062
Total	-	44,96,280	2,84,069	70,85,302

12. Cash and cash equivalents

Balances with banks

-in Current Accounts

	Non Current	Current	Non Current	Current
Balances with banks -in Current Accounts	-	2,91,628	-	55,45,186
Total	-	2,91,628	-	55,45,186

13. Loans and advances

(Unsecured - considered good)

Other loans and Advances

Advance income tax (net of provision for taxation)

Prepaid expenses

Advances recoverable in Cash or in Kind

Staff Loans

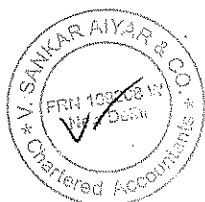
Security deposit

	Non Current	Current	Non Current	Current
Advance income tax (net of provision for taxation)	186,31,518	-	160,24,402	-
Prepaid expenses	-	-	-	22,500
Advances recoverable in Cash or in Kind	-	1,00,547	-	1,96,118
Staff Loans	-	-	6,82,661	2,42,339
Security deposit	19,65,000	-	19,65,000	-
Total	205,96,518	1,00,547	186,72,063	4,60,957

14. Other Assets

Interest Accrued on Staff Loans

	Non Current	Current	Non Current	Current
Interest Accrued on Staff Loans	-	-	2,84,069	-
Total	-	-	2,84,069	-



Zuari Management Services Limited

Notes to financial statements for the period ended 31 March, 2016

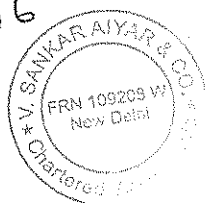
(Amount in Rupees)

	31 March 2016	31 March 2015
15. Revenue from operations		
Commission Income	4,98,737	85,89,316
Management & Engineering Services	264,99,990	403,33,844
Total	269,98,727	489,23,160
16. Other income		
Dividend Income	101,57,818	152,36,727
Excess Provisions written back	1,05,026	244
Miscellaneous Income	-	67,38,745
Notice Period Recovered	-	62,869
Interest Income	28,770	75,460
Total	102,91,614	221,14,045
17. Employee benefits expense (Refer Note No. 1 (g) for employee benefits)		
Salaries, wages and bonus	244,13,866	358,76,410
Contribution to provident & other funds	9,92,449	21,21,520
Gratuity	12,89,566	1,44,140
Staff welfare	82,028	1,56,180
Total	267,77,909	382,98,250
18. Other expenses		
Consultancy	83,00,000	94,49,919
Rent (net of recoveries)	20,16,000	2,69,809
Legal & Professional Expenses	13,45,618	2,95,800
ROC Charges & Filing Fees	3,546	5,329
Payment to Auditors (Refer detail below)	1,45,000	1,45,000
Travelling & conveyance	8,38,298	5,94,930
Vehicle Maintenance	1,08,356	1,17,124
Communication	2,22,891	10,020
Interest on delayed payments of statutory dues	3,288	29,891
Penalty on PF Damages	-	8,424
Miscellaneous expenses	3,39,182	11,439
Total	133,22,179	109,37,685
Payments to the Auditors as		
Audit Fees	1,20,000	1,20,000
Tax Audit Fees	25,000	25,000
Total	1,45,000	1,45,000
19. Depreciation and amortization expense		
Depreciation of tangible assets	4,24,818	4,17,103
Total	4,24,818	4,17,103
20. Finance costs		
Interest expense	118,54,718	121,40,884
Total	118,54,718	121,40,884

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

(N. Rethinam)
Partner
M No.10412

Place: New Delhi
Date: 5.05.2016



For and on behalf of the Board

(Naveen Kapoor)
Director
DIN: 01680157

Place: Gurgaon
Date: 05.05.2016

(V. Seshadri)
Director
DIN: 06499916

Related Party Transaction As Per Accounting Standard 18 For Zuari Management Services Limited

(Amount in Rs.)

Following transactions were carried out with related parties in the ordinary course of business for the Period ended 31st March' 2016

Sl. No	Transaction Details	2015-16			2014-15		
		Holding Company	Fellow Subsidiaries	Associates	Holding Company	Fellow Subsidiaries	Associates
1	Payment made on their behalf						
	-Zuari Infraworld India Ltd.					1,19,030	
	-Zuari Global Limited						
	-Zuari Investment Limited					1,52,359	
	-Simon India limited						
	-Indian Furniture Products Limited						4,28,618.07
2	Payment made on our behalf						
	-Zuari Global Limited	2,00,000					
	-Zuari Investment Limited						
	-Simon India limited						
	-Indian Furniture Products Limited						31,700
3	Service Charges Paid						
	-Zuari Investment Limited		21,000			21,000	
4	Receipt of Inter-corporate Deposits / loans						
	-Zuari Infraworld India Ltd.						
	-Zuari Global Limited	280,00,000					
5	Repayment of inter-corporate Deposits / loans						
	-Zuari Infraworld India Ltd.						
	-Zuari Global Limited	100,00,000					
6	Management Fees Received						
	-Zuari Global Limited	21,28,060			39,99,222		
	-Zuari Infraworld India Ltd.		12,50,000			21,92,853	
	-Zuari Investment Limited		1,75,000			4,62,000	
	-Indian Furniture Products Limited						6,50,000
7	Security Deposit Repaid						
	-Zuari Investment Limited		1,05,000				
8	Purchase of Shares						
	-Zuari Investment Limited						
9	Interest Paid						
	-Zuari Global Limited	118,54,718			121,40,884		

Closing Balances as at March 31, 2016

Sr.No.	Name of Company	Dr. / Cr.	Amount Rs.
1	Zuari Global Limited	Cr.	5,57,941
2	Zuari Global Limited - ICD	Cr.	1191,00,000
3	Zuari Investments Limited	Dr.	50.00
4	Zuari Investments Limited - Security Deposit		Nil
5	Zuari Infraworld India Limited		Nil
6	Simon India Limited		Nil
7	Indian Furniture Products Limited		Nil

