



V. SANKAR AIYAR & CO.
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Members of Zuari Financial Services Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Zuari Financial Services Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, 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, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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

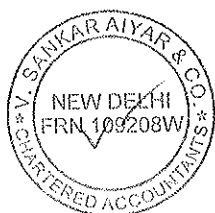
In our opinion and to the best of our information and knowledge and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, and its profit and its cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to the footnote beneath note no. 7 regarding the decline in the value of the investments as on 31st March, 2015 and the management's view for not providing for the same. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. 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, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) 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. The Company does not have any pending litigations which could impact its financial position.
 - 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.
 - iii. There were no amounts, which were required to be transferred during the year to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central 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 further report on the matters specified in the paragraphs 3 and 4 of the said Order as under:
 - i. a) According to the records of the Company, the Company has been generally regular in depositing undisputed statutory dues including 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, 2015, 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 Provident Fund, Employees' State Insurance, sales tax, wealth tax, duty of customs, duty of excise, value added tax and cess for the year under audit.

b) There are no disputed dues which have remained unpaid as on 31st March, 2015 on account of Income-tax and Service tax.

c) Based on the information and explanations obtained, the company has no liability or requirement to transfer any amount to Investor Education & Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules thereunder. (Clause vii of the Order)

- ii. The Company does not have accumulated losses at the end of the year but has incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year. (Clause viii of the Order)
- iii. Based on the audit procedure performed and the representation obtained from the management, we report that no case of fraud on or by the Company has been noticed or reported during the year under audit. (Clause xii of the Order)
- iv. In our opinion, the requirements of clauses (i) to (vi) and (ix) to (xi) specified in paragraph 3 of the Order are either not applicable or do not call for a statement for the period under audit.

Place: New Delhi

Dated: 6-05-2015

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


V. Rethinam
(Partner)

Membership No. 010412



ZUARI FINANCIAL SERVICES LIMITED
Balance Sheet as at March 31, 2015

(Amount in Rupees)

	Note No.	As at March 31, 2015	As at March 31, 2014
<u>EQUITY AND LIABILITIES</u>			
Shareholders' funds			
Share capital	3	149,000,000	25,000,000
Reserves & surplus	4	14,130,894	2,567,623
		163,130,894	27,567,623
Current liabilities			
Short Term Borrowings	5	265,000,000	-
Other current liabilities	6	75,977	44,944
		265,075,977	44,944
Total		428,206,871	27,612,567
<u>ASSETS</u>			
Non-current assets			
Non-current investments	7	162,000,000	27,000,000
Long term loans & advances	8	23,228	83,375
		162,023,228	27,083,375
Current assets			
Cash & cash equivalents	9	6,003,534	522,288
Short term loans & advances	8	260,000,000	-
Other current assets	10	180,109	6,904
		266,183,643	529,192
Total		428,206,871	27,612,567

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

31-
V. Rethinam
Partner
M No.10412



Place: New Delhi

Date: 6-05-2015

For and on behalf of the Board

Sankar Aiyar
R. S. Raghavan
Director
DIN : 00362555

Vijay Kathuria
Vijay Kathuria
Director
DIN : 00338125

ZUARI FINANCIAL SERVICES LIMITED**Statement of Profit and Loss for the year ended March 31, 2015**

(Amount in Rupee)

	Note No.	For the year ended March 31, 2015	For the year ended March 31, 2014
REVENUE			
Revenue from operations	11	228,299	42,874
Other income	12	16,143	10,868
Total Revenue		244,442	53,742
EXPENSES			
Other expenses	13	892,404	532,878
Total Expenses		892,404	532,878
Profit/(Loss) for the year before Interest & taxation		(647,962)	(479,136)
Finance costs	14	188,767	0
Profit/(loss) before tax		(836,729)	(479,136)
Tax expense			
Current tax expense relating to prior years		0	4,084
Total tax expense		0	4,084
Profit/(Loss) after taxation carried to Balance Sheet		(836,729)	(483,220)
Earnings per equity share {nominal value of share Rs.10/- (March 31, 2014 - Rs.10/-)} Basic & diluted		(0.20)	(0.19)

As per our report of even date

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

V. Rethinam
Partner
M No.10412

For and on behalf of the Board

R. S. Raghavan
Director
DIN : 00362555

Vijay Kathuria
Director
DIN : 00338125

Place: New Delhi

Date: 6-05-2015



ZUARI FINANCIAL SERVICES LIMITED**Cash Flow Statement for the year ended March 31, 2015**

(Amount in Rupees)

<u>Particulars</u>	<u>For the year ended March 31, 2015</u>	<u>For the year ended March 31, 2014</u>
A) Cash Flow from Operating Activities		
Net Profit (loss) before tax as per statement of profit & loss	(836,729)	(479,136)
Adjustments for:		
Interest Income	(35,970)	(42,874)
Operating Profit/ (Loss) before working capital changes	(872,699)	(522,010)
Adjustment for changes in Working Capital		
(Increase)/ Decrease in other Receivables	(173,205)	(6,904)
Increase/ (Decrease) in Trade and other payables	31,033	(1,250)
Less: Income Tax Paid	60,147	133,175
Net Cash used in Operating Activities	(954,724)	(396,989)
B) Cash Flow from Investing Activities		
Interest Income	35,970	42,874
Purchase of Investment	(135,000,000)	-
Net Cash from Investing Activities	(134,964,030)	42,874
C) Cash Flow from Financial Activities		
ICD TAKEN	265,000,000	-
ICD GIVEN	(260,000,000)	-
Share Capital issued	136,400,000	-
Net Cash from Financial Activities	141,400,000	-
Net Increase/ (Decrease) in cash and cash Equivalents (A+B+C)	5,481,246	(354,115)
Cash & Cash Equivalents as at the beginning of the year	522,288	876,403
Cash & Cash Equivalents as at the end of the year	6,003,534	522,288

Annexure to our report of date

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

For and on behalf of the Board

31-
V. Rethinam
Partner
M No.10412

R. S. Raghavan
R. S. Raghavan
Director
DIN : 00362555

Vijay Kathuria
Vijay Kathuria
Director
DIN : 00338125

Place : New Delhi

Date : *6-05-2015*

ZUARI FINANCIAL SERVICES LIMITED**Statement of Change in Equity- as on 31st March 2015**

[Pursuant to section 2(40)(iv)]

Shares at the beginning of Financial Year (No.)	25,00,000	
Face Value	Rs. 10/-	
Equity Shareholder	Zuari Investments Limited	Zuari Global Limited
Percentage of Holding	100%	100%
Period of Holding	01.04.2014 to 15.01.2015	15.01.2015 to 31.03.2015
Subscription of Equity Shares during the year (in nos.)	Nil	1,24,00,000

The entire shareholding of Zuari Financial Services Limited was held by Zuari Investments Limited till 15 Jan 2015. On 15 January 2015, ZIL had sold the entire equity to Zuari Global Limited

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


R. S. Raghavan
Director
DIN : 00362555


Vijay Kathuria
Director
DIN : 00338125

Place: New Delhi

Date: 6-05-2015



ZUARI FINANCIAL SERVICES LIMITED
Notes to financial Statements for the year ended March 31, 2015

CORPORATE INFORMATION

Zuari Financial 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 June 27, 2008.

1. SIGNIFICANT ACCOUNTING POLICIES

i) Basis of preparation of accounts

The financial statements are prepared under historical cost convention, on a going concern basis and in accordance with applicable Accounting Standards.

ii) Use of Estimates

The preparation of financial statement requires management to make certain estimates and assumptions that affect the amount reported in the financial statements and notes thereto. Differences between actual results and estimates are recognized in the period in which they materialize.

iii) Revenue Recognition

Interest income is recognized on time proportion basis.

iv) Investments

Investments held by the Company are long term investments. These are valued at cost. Provision for diminution in value is made, if in the opinion of the board, such a decline is considered other than temporary.

2. OTHER NOTES ON ACCOUNTS

i) Auditor's remuneration

S.No.	Particulars	Year ended March 31, 2015 (Rs.)	Year ended March 31, 2014 (Rs.)
a)	Audit fees	50,000	40,000
b)	Service Tax & Cess	6,180	4,944



ZUARI FINANCIAL SERVICES LIMITED**Notes to financial Statements for the year ended March 31, 2015****ii) List of related parties as identified by the management is as under:**

- a) Holding Company : Zuari Investments Limited (01.04.2014 to 15.01.2015)
: Zuari Global Limited (15.01.2015 to 31.03.2015)

b) Fellow Subsidiaries

From 01.04.2014 to 14.01.2015	to From 15.01.2015 to 31.03.2015	From 25.08.2014 to 31.03.2015
Zuari Commodity Trading Limited	Zuari Investments Limited	Gobind Sugar Mills Limited
Zuari Insurance brokers Limited	Simon India Limited	
	Indian Furniture Products Limited	
	Zuari Management Services Limited	
	Adventz Infracore India Limited	

iii) The following transactions were carried out with the related party during the year:**Zuari Global Limited**

Nature of Transactions	Current Year (Rs.)	Previous Year (Rs.)
Opening balance as on April 1, 2014	Nil	Nil
Subscription of Fresh Equity Shares	12,40,00,000	Nil
Security Premium Received	1,24,00,000	
Inter Corporate Deposit Received	26,50,00,000	Nil
Interest Paid	1,88,767	Nil
Closing balance as on March 31, 2015 (Cr.)	26,50,00,000	Nil

Zuari Investments Limited

Nature of Transactions	Current Year (Rs.)	Previous Year (Rs.)
Opening balance as on April 1, 2014	Nil	Nil
Fees & Subscription Exp.	7,500	Nil
Amount Paid on Our Behalf	8,319	53,253
Depository Charges paid	1,700	1,450
Closing balance as on March 31, 2015	Nil	Nil



ZUARI FINANCIAL SERVICES LIMITED
Notes to financial Statements for the year ended March 31, 2015

Gobind Sugar Mills Limited

Nature of Transactions	Current Year (Rs.)	Previous Year (Rs.)
Opening balance as on April 1, 2014	Nil	Nil
7% NCRP shares subscribed	13,50,00,000	Nil
Closing balance as on March 31, 2015	Nil	Nil

iv) Basic and diluted earnings per share as per Accounting Standard – 20

S. No.	Particulars	Year ended March 31, 2015	Year ended March 31, 2014
a)	Net Profit after tax (Rs.)	(8,36,729)	(4,83,220)
b)	Weighted average number of equity shares	41,64,658	25,00,000
c)	Face value per share (Rs.)	10	10
d)	Basis and diluted earning per share (Rs.)	(0.20)	(0.19)

- v) Particulars of Loans & Investments as required u/s 186(4) of the Companies Act, 2013 :-Refer Note 7 & 8
- vi) Previous year figures have been regrouped wherever considered necessary to correspond to current year figures.



ZUARI FINANCIAL SERVICES LIMITED**Notes to financial statements for the year ended March 31, 2015**

	(Amount in Rupees)	
	As at March 31, 2015	As at March 31, 2014
3. Share capital		
Authorised		
1,80,00,000 Equity Shares of Rs.10/- each	180,000,000	100,000,000
(Capital increased by 80,00,000 shares having face value Rs.10/- from dt:11.02.2015)		
Issued		
1,49,00,000 Equity Shares of Rs.10/- each	149,000,000	25,000,000
(1,24,00,000 shares issued on dt:11.02.2015 having face value Rs.10/-)		
Subscribed and Paid-up		
1,49,00,000 Equity Shares of Rs.10/- each, fully paid-up	149,000,000	25,000,000
(1,24,00,000 shares issued on dt:11.02.2015 having face value Rs.10/-)		
	<u>149,000,000</u>	<u>25,000,000</u>

a) Reconciliation of shares outstanding at the beginning and end of the reporting year

Equity Shares	March 31, 2015		March 31, 2014	
	in Numbers	Rupees	in Numbers	Rupees
At the beginning of the year	2,500,000	25,000,000	2,500,000	25,000,000
Issued during the year	12,400,000	124,000,000	-	-
Outstanding at the end of the year	<u>14,900,000</u>	<u>149,000,000</u>	<u>2,500,000</u>	<u>25,000,000</u>

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 Share Holders holding more than 5% of shares in the Company

Name of Shareholder	March 31, 2015		March 31, 2014	
	No. of Shares	% Holding	No. of Shares	% Holding
Zuari Global Limited (Holding Company since 15/01/2015)	14,900,000	100	-	-
Zuari Investments Limited	-	-	2,500,000	100
Total	<u>14,900,000</u>	<u>100</u>	<u>2,500,000</u>	<u>100</u>

4.Reserves & surplus**a) Share Security Premium**

(Being 1,24,00,000 shares issued on 11.02.2015 @ share premium of Rs.1 per share, having face value of Rs.10/- each)

12,400,000	-
<u>12,400,000</u>	<u>-</u>

b) Surplus / (Deficit)

Balance as per last financial statements
Net Profit/(Loss) for the current year

2,567,623	3,050,843
(836,729)	(483,220)
<u>1,730,894</u>	<u>2,567,623</u>

Total (a+b)

<u>14,130,894</u>	<u>2,567,623</u>
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ZUARI FINANCIAL SERVICES LIMITED**Notes to financial statements for the year ended March 31, 2015**

	(Amount in Rupees)	
	As at March 31, 2015	As at March 31, 2014
5. Short term borrowings		
Unsecured, Inter Corporate Deposits from		
Zuari Global Limited	265,000,000	-
Terms: Interest @ 13 % per annum		
Maturity Date 30.06.2015	<u>265,000,000</u>	<u>-</u>

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.

6. Other current liabilities

Audit Fees Payable	51,180	40,450
Statutory dues	24,797	4,494
	<u>75,977</u>	<u>44,944</u>

7. Non current investments**Non -Trade**

(Refer note no. 1(iv) on valuation of investments)

Investment in Preference Shares

	Nos.		
Gobind Sugar Mills Limited (of Rs.10/- each)	2,700,000	27,000,000	27,000,000
7% Non Cumulative Non Convertible Preference Shares, Series-II redeemable in one single lot after expiry of the 12th year from the date of allotment. (In previous year redeemable in single lot at the expiry of 7th year).			
Gobind Sugar Mills Limited (of Rs.10/- each)	13,500,000	135,000,000	-
7% Non Cumulative Non Convertible Preference Shares, Series-XI redeemable in one single lot after expiry of the 12th year from the date of allotment. (In previous year redeemable in single lot at the expiry of 7th year).			
		<u>162,000,000</u>	<u>27,000,000</u>

Foot note: Based on available information as on 31.03.2015, the investee company's paid up capital and reserves are nearly eroded by accumulated losses. Keeping in view the long term nature of the investment, the management is of the view that the diminution in value is temporary and hence no provision for shortfall is considered necessary.

8. Loans and advances**Unsecured & Considered Good**

Advance income tax and tax deducted at source (net of provisions)

Short term loan to a body corporate - ANS Industries Ltd.

Terms: Interest @ 13.50 % per annum

Maturity Date 30.06.2015

Purpose : Short term financial assistance

March 31, 2015		March 31, 2014	
Non Current	Current	Non Current	Current
23,228		83,375	
	260,000,000		-
<u>23,228</u>	<u>260,000,000</u>	<u>83,375</u>	<u>-</u>

9. Cash and cash equivalents

Balances with banks

- in Current accounts

- in deposit accounts maturing within 12 months

Non Current	Current	Non Current	Current
-	5,603,534	-	122,288
-	400,000	-	400,000
<u>-</u>	<u>6,003,534</u>	<u>-</u>	<u>522,288</u>

10. Other current assets

Interest accrued on Inter corporate deposits

Interest accrued on Fixed Deposits

173,096	-
7,013	6,904
<u>180,109</u>	<u>6,904</u>



ZUARI FINANCIAL SERVICES LIMITED**Notes to financial statements for the year ended March 31, 2015**

	(Amount in Rupees)	
	For the year ended March 31, 2015	For the year ended March 31, 2014
11. Revenue from operations (Refer Note no. 1(iii) for revenue recognition)		
Interest income on Fixed deposits	35,970	42,874
Interest income on Inter corporate deposits	192,329	-
	<u>228,299</u>	<u>42,874</u>
12. Other income		
Interest on income tax refund	5,945	9,618
Excess provision written back	10,198	1,250
	<u>16,143</u>	<u>10,868</u>
13. Other expenses		
Payment to the auditors*	56,180	44,944
Printing & stationery	270	833
Legal & professional	8,800	480,730
Rates & taxes	22,200	4,500
ROC fees for increase in Authorised share capital	760,000	-
Miscellaneous	44,204	1,871
Conveyance Expenses	750	-
	<u>892,404</u>	<u>532,878</u>
*Payments to the auditors		
Audit Fee	50,000	40,000
Service Tax	6,180	4,944
	<u>56,180</u>	<u>44,944</u>
14. Finance Costs		
Interest Expense - ICD	188,767	-
	<u>188,767</u>	<u>-</u>

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

V. Rethinam
Partner
M No.10412
Place: New Delhi
Date: 6-05-2015



For and on behalf of the Board

R. S. Raghavan
Director
DIN : 00362555

Vijay Kathuria
Director
DIN : 00338125