



V. SANKAR AIYAR & CO.
CHARTERED ACCOUNTANTS

Satyam Cinema Complex, Ranjit Nagar Community Centre, New Delhi – 110008
Flat No. | 202, 203 Tel. (011) 25702074, 25702691, 25704639 Fax : (91-11) 25705010
| & 301 Tel. (011) 25705233, Telefax : (011) 25705232 Grams : ANJIE (ND)
E-mail : newdelhi@vsa.co.in


AUDITORS' REPORT TO THE MEMBERS OF ZUARI HOLDINGS LIMITED

1. We have audited the attached Balance Sheet of Zuari Holdings Limited as at 31st March 2011, the Profit & Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted the audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 (as amended), issued by the Department of Company Affairs, Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we give a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable on the basis of such checks as we considered appropriate and according to the information and explanations given to us:
 - a) Based on the audit procedures performed and representations obtained from the management, we report that no fraud on or by the Company has been noticed or reported during the audit (clause xxi).
 - b) In our opinion, the requirement of clauses (i) to (xx) specified in paragraph-4 of the said Order are either not applicable or do not call for a statement for the period under audit.
4. Further to our comments in the annexure referred to in paragraph 3 above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - (iii) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.



- (iv) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, to the extent applicable.
- (v) On the basis of the written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2011 from being appointed as a director in terms of section 274(1)(g) of the Companies Act, 1956.
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
- a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2011;
- b) In the case of the Profit & Loss Account, of the loss for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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


(V. Rethinam)
Partner
Membership No. 10412

Place: New Delhi

Dated: 9.5.2011



ZUARI HOLDINGS LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2011

| | | (Amount in Rs.) | (Amount in Rs.) |
|---|-----|-------------------|-----------------|
| | | As at | As at |
| | Sch | March 31, 2011 | March 31, 2010 |
| I. SOURCES OF FUNDS : | | | |
| 1 Shareholders' Funds | | | |
| Share Capital | 1 | 20,000,000 | 500,000 |
| 2 Loan Funds | | - | - |
| TOTAL | | 20,000,000 | 500,000 |
| II. APPLICATION OF FUNDS : | | | |
| 1 Fixed Assets | | - | - |
| 2 Current Assets, Loans & Advances | | | |
| Cash & Bank Balances | 2 | 19,736,070 | 509,300 |
| | | 19,736,070 | 509,300 |
| 3 Current Liabilities & Provisions | | | |
| Current Liabilities | 3 | 33,090 | 277,983 |
| | | 33,090 | 277,983 |
| Net Current Assets | | 19,702,980 | 231,317 |
| 4 Miscellaneous Expenditure | | | |
| Profit & Loss Account | | 297,020 | 268,683 |
| TOTAL | | 20,000,000 | 500,000 |

Accounting Policies & Notes on accounts : 5

The schedules referred to above and the notes on Accounts form an integral part of the Balance Sheet

As per our report of even date attached

For V.SANKAR AIYAR & CO.
CHARTERED ACCOUNTANTS

V. RETHINAM
PARTNER

Membership. NO - 10412

Suresh Krishnan
SURESH KRISHNAN
DIRECTOR

For and on behalf of the Board

Binayak Datta
BINAYAK DATTA
DIRECTOR

Place: *New Delhi*
Date: *9-05-2011*



ZUARI HOLDINGS LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

| | | (Amount in Rs.) | (Amount in Rs.) |
|--|-----|------------------|------------------|
| | | As at | As at |
| | Sch | March 31, 2011 | March 31, 2010 |
| I. INCOME | | | |
| Interest Income | | 18,740 | - |
| Total | | <u>18,740</u> | <u>-</u> |
| II. EXPENDITURE | | | |
| Audit Fees | | 33,090 | 19,303 |
| Miscellaneous Expenses | 4 | 13,987 | 249,380 |
| Total | | <u>47,077</u> | <u>268,683</u> |
| Profit/ (Loss) before Tax | | (28,337) | (268,683) |
| Less: Provision for Tax | | - | - |
| Profit/ (Loss) after Tax | | <u>(28,337)</u> | <u>(268,683)</u> |
| Balance brought forward from previous year | | (268,683) | - |
| Balance carried to Balance Sheet | | <u>(297,020)</u> | <u>(268,683)</u> |
| Basic and Diluted Earning Per Share (In Rs.) | | (0.01) | (5.37) |
| Nominal Value of Shares (In Rs.) | | 10 | 10 |

Accounting Policies & Notes on accounts : 5

The schedules referred to above and the notes on Accounts form an integral part of the Profit & Loss account

As per our report of even date attached

For V.SANKAR AIYAR & CO.
 CHARTERED ACCOUNTANTS

V. RETHINAM
 PARTNER
 Membership. NO - 10412

For and on behalf of the Board

Suresh Krishnan
 SURESH KRISHNAN
 DIRECTOR

Binayak Datta
 BINAYAK DATTA
 DIRECTOR

Place: *New Delhi*
 Date: *9-05-2011*



ZUARI HOLDINGS LIMITED

CASH FLOW STATEMENT FOR THE PERIOD ENDED MARCH 31, 2011

| | (Amount in Rs.) As at March 31, 2011 | (Amount in Rs.) As at March 31, 2010 |
|--|--|--|
| A. CASH FLOW FROM OPERATING ACTIVITIES : | | |
| Net Profit/(Loss) before tax & exceptional items. | (28,337) | (268,683) |
| Adjustment for : | | |
| Depreciation | - | - |
| Operating Profit/(Loss) before working Capital Charges | (28,337) | (268,683) |
| Adjustment for changes in : | | |
| (Increase)/Decrease in Current Assets (Fixed Deposit - 180 days) | (18,000,000) | |
| (Decrease)/Increase in Current Liabilities and Provisions | (244,893) | 277,983 |
| Cash flow before extra ordinary items | (18,244,893) | 9,300 |
| Cash Generated from operations | (18,244,893) | 9,300 |
| Less Income tax and prior year taxes paid | - | - |
| Net cash from operating activities | (18,273,230) | 9,300 |
| B. CASH FLOW FROM INVESTING ACTIVITIES : | | |
| Purchase of Fixed Assets | - | - |
| Proceeds from Borrowings | - | - |
| Net cash used in Investing activities | - | - |
| C. CASH FLOW FROM FINANCING ACTIVITIES : | | |
| Issue of Share Capital (Net of balance due) | 19,500,000 | 500,000 |
| Net cash used in financing activities | 19,500,000 | 500,000 |
| Net Changes in Cash and cash equivalents during the year | 1,226,770 | 509,300 |
| Cash and Cash equivalents at the beginning of the year | 509,300 | - |
| Cash and Cash equivalents at the end of the year | 1,736,070 | 509,300 |
| Net Increase/(Decrease) | 1,226,770 | 509,300 |

As per our report of even date

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

**V. RETHINAM
PARTNER**

Membership. NO - 10412

For and on behalf of the Board

**SURESH KRISHNAN
DIRECTOR**

**BINAYAK DATTA
DIRECTOR**

Place: *New Delhi*
Date: *9-05-2011*



ZUARI HOLDINGS LIMITED
SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

| | (Amount in Rs.) | (Amount in Rs.) |
|--|-----------------|-----------------|
| | As at | As at |
| | March 31, 2011 | March 31, 2010 |

Schedule 1: Share Capital
Authorised:

| | | |
|---|-------------------|-------------------|
| 20,00,000 Equity shares of Rs.10/- each | 20,000,000 | 20,000,000 |
| | <u>20,000,000</u> | <u>20,000,000</u> |

Issued and Subscribed:

| | | |
|--|------------|------------|
| 20,00,000 Equity Shares of Rs.10/- each | 20,000,000 | 20,000,000 |
| Less: Due from Subscriber to the Memorandum of Association | - | 19,500,000 |
| Amount Paid Up | 20,000,000 | 500,000 |

(The above shares are held by Zuari Industries Limited, the holding company and its nominees, since 10th March, 2011 previously held by Zuari Investments Limited)

| | |
|-------------------|----------------|
| <u>20,000,000</u> | <u>500,000</u> |
|-------------------|----------------|

Schedule 2: Cash and Bank Balances

| | | |
|---------------------------------------|-------------------|----------------|
| In Scheduled Banks - Current Accounts | 1,476,070 | 509,300 |
| On Deposit account | 18,000,000 | |
| Stamps in Hand | 260,000 | |
| | <u>19,736,070</u> | <u>509,300</u> |

Schedule 3 : Current Liabilities

| | | |
|---|---------------|----------------|
| Audit Fees payable | 29,781 | 19,303 |
| TDS Payable | 3,309 | - |
| <u>Sundry Creditors</u> | | |
| Zuari Industries Limited - Ultimate Holding Company | - | 10,510 |
| Zuari Investments Limited - Holding Company | - | 248,170 |
| | <u>33,090</u> | <u>277,983</u> |

Schedule 4 : Other Expenses

| | | |
|------------------------|---------------|----------------|
| Printing & Stationery | 1,249 | - |
| Professional Fees | 8,273 | - |
| ETDS Filing Fees | 280 | - |
| Bank Charges | 100 | 700 |
| Incorporation expenses | - | 248,170 |
| RoC filing fees | 4,085 | 510 |
| | <u>13,987</u> | <u>249,380</u> |



ZUARI HOLDING LIMITED

5. ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE YEAR ENDED 31.03.2011

A. ACCOUNTING POLICIES

i) Basis for preparation of accounts

These financial statements have been prepared to comply in all material respects with the notified Accounting Standards by Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention and on accrual basis.

ii) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

iii) 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.

iv) Earnings per Share

Basic Earnings per Share is calculated by dividing the net profit or loss for the year attributable to the 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, net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive Potential Equity Shares.

B. NOTES ON ACCOUNTS

1. Basic and diluted earnings per share as per Accounting Standard – 20

| Sr.No. | Particulars | Period ended March 31, 2011 | Period ended March 31, 2010 |
|--------|--|--------------------------------|--------------------------------|
| a) | Loss for the period | 28,337 | 2,68,683 |
| b) | Weighted average number of equity shares | 13,60,479 | 50,000 |
| c) | Face value of per share | 10 | 10 |
| d) | Basic and diluted earnings per share | (0.01) | (5.37) |



2. Related party disclosures under Accounting Standard – 18

a) List of related parties as identified by the management:

- i. Zuari Industries Limited - Holding Company since March 10, 2011 (where Control exists)
- ii. Zuari Investments Limited - Holding Company (till March 09, 2011)

| | 31.03.2011 | 31.03.2010 |
|---|------------|-------------|
| b) Transactions carried out with related parties in the ordinary course of business: | | |
| i Reimbursement of expenses incurred by Holding Company (Zuari Investments Ltd) | - | 2,58,680 |
| ii Reimbursement of expenses incurred by Ultimate Holding Company (Zuari Industries Ltd with effect from 10-03-2011) | 4085 | - |
| iii Share Capital subscribed by Holding Company | - | 2,0000,000 |
| c) Balance Outstanding at the year end: | | |
| 1. Balance outstanding payable | | |
| - Zuari Industries Limited (Holding Company) | - | 10,510 |
| - Zuari Investments Limited | - | 248,170 |
| 2. Balance due from Zuari Investments Limited towards share Capital | - | 1,95,00,000 |

As per our report of even date.

For V.SANKAR AIYAR & COMPANY
Chartered Accountants


V. Rethinam
Partner
Membership No. 10412

For and on behalf of Board of Directors


Suresh Krishnan
Director


Binayak Datta
Director

Place: *New Delhi.*
Dated: *9-05-2011*

