

# **CRUSTUM PRODUCTS PRIVATE LIMITED**

**7<sup>th</sup> Annual Report**  
**2011 - 2012**

## CORPORATE INFORMATION

### Board of Directors:

Mr. P. Chakradhar Reddy	-	Director
Mrs. P. Lakshmi Sruthi	-	Director

### Auditors:

M/s.P.Murali & Co.,  
Chartered Accountants  
6-3-655/2/3, 1st Floor, Somajiguda  
Hyderabad – 500 082

### Bankers:

Oriental Bank of Commerce

### Registered Office:

Plot No.258, Road No.18,  
Jubilee Hills  
Hyderabad – 500 033

### BreadTalk Outlets:

#### Mumbai :

Inorbit Mall, Malad  
BG House, Hiranandani, Powai

#### Bangalore :

Spencers, Koramangala  
Ascendas Mall, ITPC  
Foodworld, Whitefield

#### Hyderabad :

Q-Mart, Banjara Hills

#### Gurgaon :

Spencers, Gurgaon, NCR

## NOTICE

NOTICE is hereby given that the 7th Annual General Meeting of the Members of the Company will be held at Registered Office at Hyderabad on Friday the 31st August, 2012 at 12.30 P.M. to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Accounts of the Company for the year ended 31st March 2012 together with the Report's of the Directors and Auditors thereon.
2. To Appoint a Director in place of Mrs. P. Lakshmi Sruthi who retires by rotation and being eligible, offers himself for re-appointment.
3. To Appoint statutory auditors of the Company and fix their remuneration.

Hyderabad  
July 20, 2012

**By Order of the Board**

Sd/-  
**P. Chakradhar Reddy**  
Director

## DIRECTORS' REPORT

To  
The Members

Your Directors have pleasure in presenting 7th Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2012.

### OPERATIONS:

Crustum Products Private Limited has achieved a turnover of Rs.595.23 Lakhs for the year ended 31st March, 2012 as against Rs. 614.37 Lakhs for the previous year. The Net Profit for the year ended 31st March, 2012 is Rs.2.07 Lakhs as against net profit of Rs.23.26 Lakhs for the previous year.

### BUSINESS PLANS:

Crustum Products Private Limited is the Master Franchisee of Breadtalk Singapore. The Company is running out lets at In Orbit Mall, Malad, Mumbai, BG House, Hiranandani, Powai, Mumbai, Spencer's Mall, Gurgaon, New Delhi, Ascendas Mall, ITPC and Foodworld, Whitefield, Banagalore Q Mart- Hyderabad.

### DIVIDEND:

As the Company's profits are inadequate the Board does not recommend any dividend during the year under review.

### DIRECTORS:

Mrs. P. Lakshmi Sruthi retires by rotation and being eligible offered himself for reappointment. The Board commends his re-appointment as Director.

### AUDITORS:

M/s.P.MURALI & CO., Chartered Accountants, Auditors of the Company retires at the ensuing Annual General Meeting the Company received a letter from them expressing their willingness to be re-appointed as Statutory Auditors to the effect that their appointment, if made will be in accordance with the provisions of section 224(1B) of the Companies Act, 1956. Hence the Board recommends their appointment as Statutory Auditors for the FY 2012-13.

### AUDIT REPORT:

Regarding the Auditors observations and comments in their report for the FY 2011-12, they are self-explanatory and the Company is making efforts / steps to comply the same.

### PARTICULARS OF EMPLOYEES:

There are no employees, who are covered under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

Information required under Section 217(1)(e) of the Companies Act 1956 read with the Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988.

- a) Conservation of Energy:  
Proper Control points are set up at all levels to identify the wastage in Power & Fuel consumption and to take/initiate corrective steps.

- b) Research and Development and Technology Absorption:
- I. Our Research & Development Cell has been making continuous efforts to ensure the best quality standards.
  - ii. No technology either indigenous or Foreign is involved.
- c) Foreign Exchange Earnings and Outgo:  
During the year the Company has earned no Foreign Exchange (Previous year also nil). The corresponding foreign exchange out go during the year was Rs. 2.13 lakhs (Previous year Rs. 6.32 lakhs).

**DEPOSITS:**

During the year under review, the Company has not accepted deposits from the Directors, Relatives and Public.

**EMPLOYEE RELATIONS:**

The relationship with the employees continues to be cordial. The Directors would like to place on record their appreciation of the services rendered by all the employees of the Company.

**DIRECTOR'S RESPONSIBILITY STATEMENT :**

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- (i) in the preparation of the annual accounts for the year ended March 31, 2012, the applicable accounting standards read with requirements set out under Schedule VI to the Companies Act, 1956, have been followed and there are no material departures from the same;
- (ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2012 and of the profit of the Company for the year ended on that date;
- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) the Directors have prepared the annual accounts of the Company on a 'going concern' basis.

**ACKNOWLEDGMENTS:**

Yours Directors acknowledge with gratitude and wish to place on record their sincere thanks and appreciation for the co-operation received by the Company from various Departments of Central/State Government, Financial Institutions and Banks for their continued co-operation and the support extended during the year. Your Directors also wish to acknowledge the continued support and confidence proposed in the management by the Shareholders.

Hyderabad  
July 20, 2012

**By Order and on behalf of the Board**

Sd/-  
**P. Chakradhar Reddy**  
Chairman of the Meeting

## **COMPLIANCE CERTIFICATE**

{Rule 3 of the Companies (Compliance Certificate) Rules, 2001 read with Section 383A of Companies Act, 1956}

Reg. No. of the Company : 01- 046115  
Authorized Capital : Rs. 5,00,00,000/-  
Paid-up Capital : Rs. 4,00,00,000/-

To

The Members

### **CRUSTUM PRODUCTS PRIVATE LIMITED**

Plot No.258, Road No.18, Jubilee Hills,  
Hyderabad – 500033, Andhra Pradesh.

We have examined the registers, records, books and papers of **CRUSTUM PRODUCTS PRIVATE LIMITED** (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the Rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the Financial Year ended 31st March, 2012. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the company, and its officers, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made there under and all entries therein have been recorded.
2. The Company has filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, A.P.
3. The Company being a Private Limited Company which is subsidiary of public limited company, has the minimum prescribed paid up capital and its maximum number of members during the said financial year was **two** and the company during the year under scrutiny:
  - i. Has not invited public to subscribe for its shares or debentures; and
  - ii. Has not invited or accepted any deposits from persons other than its members, directors or their relatives, during the financial year 2011-2012.
4. The Board of Directors met 6 times on 14-04-2011, 11-05-2011, 25-07-2011, 11-08-2011, 12-11-2011 and 11-02-2012 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The company was not required to close its Register of Members during the financial year under review.
6. The Annual General Meeting of the Company for the financial year ended on 31st March, 2011 was held on 31st August, 2011 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra-Ordinary General Meetings was held during the financial year.
8. The Company has not made any lone, has not given any guarantee and has not provided any security in connection with a lone made by any director or relative of any such director or any firm in which any such director or relative is a partner as referred under the provisions of Section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act during the financial year under scrutiny.

10. The Company has made necessary entries in the register maintained under Section 301(3) of the Act.
11. As there were no instances falling within the purview of section 314 of the Act, during the financial year under scrutiny, the company has not obtained any approval from the Board of Directors, members and previous approval of the Central Government.
12. The Company has not issued any duplicate share certificates during the financial year 2011-2012.
13. The Company has:
  - i) Not allotted any securities during the year under review and not made any transfer/transmission of securities during the financial year under review.
  - ii) Not declared any dividend including interim dividend during financial year under review.
  - iii) Not required to pay/post warrants for dividends during the year under review.
  - iv) There were no amounts lying with the Company in unpaid dividend account or any application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years or more.
  - v) The Company has complied with requirements of Section 217 of the Act.
14. The Board of Directors is duly constituted and there were no instances of appointment of directors, additional directors, alternate directors and directors to fill casual vacancies during the financial year under review.
15. The Company has not appointed any Managing Director and as Whole-time Director during the financial year.
16. The Company has not appointed any sole-selling agents during the financial year 2011-2012.
17. There were no instances wherein the Company was required to obtain any approval from the Central Government, Company Law Board, Regional Director, Registrar or such other authorities, under the various provisions of the Act during the financial year under scrutiny.
18. The Directors have disclosed their interest in other firms/Companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under during the year under review.
19. The Company has not issued any shares, debentures or other securities during the financial year under review.
20. The Company has not bought back any shares during the financial year under review.
21. There was no redemption of preference shares/Debentures during the year under review as the Company has not issued any such shares/debentures.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares during the financial year 2011-2012.
23. The Company has not invited / accepted any deposits including any unsecured loans falling within the purview of Section 58A of the Act, during the financial year 2011-2012.
24. The amount borrowed by the Company from directors, members, public, financial institutions, banks and others during the financial year ending 31, march 2012 was within the borrowing limits of the company as referred under section 293(1)(d) of the Act.
25. The Company given guarantees or provided securities to other bodies corporate and consequently entries has been made in the register kept for the purpose as referred under section 372A.
26. The Company has not altered the provisions of the memorandum with respect to situation of the company's registered office from one state to another during the year under scrutiny.

27. The Company has not altered the provisions of the memorandum with respect to the objects of the company during the year under scrutiny.
28. The Company has not altered the provisions of the memorandum with respect to name of the Company during year under review.
29. The Company has not altered the provisions of the memorandum with respect to increase of share capital during the year under scrutiny.
30. The Company has not altered its Articles of Association with respect to increase of share capital during the year under review.
31. As per the information given by the Directors, there were no prosecutions initiated against or show cause notices received by the company during the financial year for offences under the Act.
32. The company has not received any money as security from its employees during the financial year.
33. The company has deposited all moneys contributable to provident fund as referred under Section 418 of the Companies Act, 1956 during the financial year.

**For P S Rao & Associates  
Company Secretaries**

Hyderabad  
July 20, 2012

**CS N. Vanitha**  
C P No: 10573

**ANNEXURE TO COMPLIANCE CERTIFICATE FOR FY 2011-2012****CRUSTUM PRODUCTS PRIVATE LIMITED****ANNEXURE: A****STATUTORY REGISTERS AS MAINTAINED BY THE COMPANY**

1. Register of Directors' U/s 303
2. Register of Directors' Shareholdings U/s 307
3. Register of Members U/s 150
4. Minutes of Board Meetings U/s 193
5. Minutes of Annual and Extra-Ordinary General Meetings U/s 193
6. Register of contracts, firms and Companies in which Directors are interested U/s 301(3)
7. Register of Contracts U/s 301
8. Register of Charges U/s 143

**ANNEXURE: B****FORMS AND RETURNS FILED DURING THE YEAR**

1. Form 20B for filing of Annual Return as on 31-08-2009 u/s 159 of the Act filed on 01-11-2011.  
-Additional Fee-

**For P S Rao & Associates  
Company Secretaries**

Hyderabad  
July 20, 2012

**CS N. Vanitha**  
C P No: 10573

## AUDITOR'S REPORT

To  
The Members,  
**CRUSTUM PRODUCTS PRIVATE LIMITED,**

We have audited the attached Balance Sheet of CRUSTUM PRODUCTS PRIVATE LIMITED, as at 31st March, 2012 and also the Profit & Loss Account for the period ended on the 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.

We conducted our 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 statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement presentation. We believe that our audit provides a reasonable basis of our opinion.

As required by the Companies (Auditors Report) order 2003 and as amended by the companies (Auditor's Report) (Amendment) Order 2004, issued by the Central Government of India in terms of the sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the annexure the statement on the matters specified in paragraph 4 and 5 of the said order.

Further, 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 dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the Balance Sheet & Profit & Loss Account dealt with by this report comply with the Accounting standards referred to in sub-section (3C) of Section 211 of Companies Act, 1956 ;
- (v) On the basis of written representations received from the Directors, as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2012 from being appointed Director in terms of clause(g) of sub-section(1) of section 274 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, 2012;
  - (b) In the case of the Profit & Loss Account, of the Profit for the period ended on that date;

Hyderabad  
July 20, 2012

**For P.MURALI & CO.,**  
**Chartered Accountants**  
Firm's Regn. No. : 007257S

SD/-  
**P.MURALI MOHANA RAO**  
**PARTNER**  
Membership No. 23412

## **Annexure to the Auditor's Report**

- I. (a) The Company has maintained proper records showing full particulars Including quantitative details and situation of Fixed Assets.
  - (b) As explained to us, the fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies between the book records and the physical inventory have been noticed on such verification.
  - (c) The Company has not disposed off substantial part of the Fixed Assets during the year.
- II. (a) The Inventory has been physically verified during the year and in our Opinion, the frequency of verification is reasonable.
  - (b) In our opinion, the procedures of the physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.

The Company is maintaining proper records of inventory and as explained to us, no material discrepancies were noticed on physical verification of stocks as compared to book records.
- III. (a) The Company has not granted any loans, secured or unsecured to Companies, Firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
  - (b) As the Company has not granted any loans, the Clause of whether the rate of interest & other terms and conditions on which loans have been granted to parties listed in the register maintained under Section 301 prejudicial to the interest of company, is not applicable.
  - (c) As no loans are granted by company, the clause of receipt of interest & principal amount from parties, is not applicable to the company.
  - (d) No loans have been granted to Companies, Firms and other parties listed in the register U/S 301 of the Companies Act, 1956. Hence, over due Amount of more than rupees one Lac does not arise and the clause is not Applicable.
  - (e) The Company has not taken any loans, secured or unsecured from Companies, Firms or other Parties covered in the register maintained U/s.301 of the Companies Act, 1956.
  - (f) As the Company has not taken any loans, the clause of whether the rate of interest and other terms and conditions on which loans have been taken from parties listed in the register maintained under section 301 is prejudicial to the interest of company, is not applicable.
  - (g) As no loans are taken by the company, the clause of repayment of interest & principal amount to parties is not applicable to the company.
- IV. In our opinion and according to the information and explanations given to us, there are generally adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory and fixed assets and for sale of goods.

There is no continuing failure by the company to correct any major weaknesses in internal control.
- V. (a) In our opinion and according to the information and explanations given to us, since no contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been made by the Company in respect of any party in the financial year, the entry in the register U/s. 301 of the Companies Act, 1956.
  - (b) According to the information and explanations given to us, as no such contracts or arrangements made by the Company, the applicability of the clause of charging the reasonable price having regards to the prevailing market prices at the relevant time does not arise.

- VI. The Company has not accepted any deposits from the public.
- VII. In our opinion, the company is having internal audit system, commensurate with its size and nature of its business.
- VIII. In respect of the Company, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section(1) of section 209 of the Companies Act, 1956.
- IX. (a) The Company is regular in depositing statutory dues including PF, ESI, Income Tax, Cess, and any other statutory dues with the appropriate authorities and at the end of last financial year there were no amounts outstanding which were due for more than 6 months from the date they became payable.  
(b) According to the information and explanations given to us, no undisputed amounts are payable in respect of PF, ESI, Income Tax, Cess and any other statutory dues as at the end of the period, for a period more than six months from the date they became payable.
- X. The Company has been registered for a period of not less than 5 years, and the company has no accumulated losses at the end of the financial year and the company has not incurred cash losses in this financial year and in the immediately preceding such financial year.
- XI. According to information and explanations given to us, the Company has defaulted in repayment of dues amounting to Rs. 8.02 Crores to banks.
- XII. According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities and hence the applicability of the clause regarding maintenance of adequate documents in respect of loans does not arise.
- XIII. This clause is not applicable to this Company as the Company is not covered by the provisions of special statute applicable to Chit Fund in respect of Nidhi/Mutual Benefit Fund/Societies.
- XIV. According to the information and explanations given to us, the company is not dealing or trading in shares, Securities, Debentures and other investments and hence the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order 2003, are not applicable to the Company.
- XV. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions, and hence the applicability of this clause regarding terms and conditions which are prejudicial to the interest of the company does not arise.
- XVI. According to the information and explanations given to us, the Term Loans were applied by the company for the purpose for which the loans were obtained.
- XVII. According to the information given to us and on an overall examination of the Balance Sheet of the Company, we report that the funds raised on short-term basis have not been used for long term investment and vice-versa during the year under audit.
- XVIII. According to the information and explanations given to us, the Company has not made preferential allotment of Shares to parties and Companies covered in the Register maintained under section 301 of the Companies Act, 1956 and hence the applicability of the clause regarding the price at which shares have been issued and whether the same is not prejudicial to the interest of the Company.
- XIX. According to the information and explanations given to us, the company does not have any debentures and hence the applicability of the clause regarding the creation of securities in respect of debentures issued does not arise.

- XX. According to information and explanations given to us, the company has not raised money by way of public issues during the year, hence the clause regarding the disclosure by the management on the end use of money raised by Public Issue is not applicable.
- XXI. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year under audit.

Hyderabad  
July 20, 2012

**For P.MURALI & CO.,**  
**Chartered Accountants**  
Firm's Regn. No. : 007257S

SD/-  
**P.MURALI MOHANA RAO**  
**PARTNER**  
Membership No. 23412

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2012**

<b>PARTICULARS</b>	<b>Note No.</b>	<b>AS ON 31-03-2012 ( ₹ )</b>	<b>AS ON 31-03-2011 ( ₹ )</b>
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	1	4,00,00,000	4,00,00,000
(b) Reserves and Surplus	2	17,42,913	15,35,813
<b>(2) Share application money pending allotment</b>			
		-	-
<b>(3) Non-Current Liabilities</b>			
(a) Long-Term Borrowings	3	25,63,07,577	22,43,15,145
(b) Deferred Tax Liabilities (Net)	4	74,46,119	70,30,674
<b>(4) Current Liabilities</b>			
(a) Short-Term Borrowings		-	-
(b) Trade Payables	5	93,46,711	71,00,341
(c) Other Current Liabilities	6	2,21,96,478	1,44,54,896
(d) Short-Term Provisions	7	2,78,388	-
<b>Total</b>		<b>33,73,18,187</b>	<b>29,44,36,869</b>
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	8	4,53,01,266	4,80,55,374
(ii) Intangible assets		-	-
(iii) Capital work-in-progress		19,12,64,978	14,43,23,662
<b>(2) Current assets</b>			
(a) Current investments		-	-
(b) Inventories	9	17,90,316	22,05,325
(c) Trade receivables	10	20,07,455	8,79,540
(d) Cash and Bank Balances	11	4,97,443	18,08,627
(e) Short-Term Loans and Advances	12	9,64,56,730	9,71,64,341
<b>Total</b>		<b>33,73,18,187</b>	<b>29,44,36,869</b>

Significant Accounting Policies  
Notes to Financial Statements

1 to 28

AS PER OUR REPORT OF EVEN DATE

**FOR P. MURALI & CO.,**

Chartered Accountants

Firm's Regn. No. : 007257S

Sd/-

**P. MURALI MOHANA RAO**

Partner

Membership No. 023412

Hyderabad

July 20, 2012

**FOR AND ON BEHALF OF THE BOARD**

Sd/-

**P CHAKRADHAR REDDY**

Director

Sd/-

**P. LAKSHMI SRUTHI**

Director

**PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012**

PARTICULARS	Note No.	Year Ended 31-03-2012 (₹)	Year Ended 31-03-2011 (₹)
I. Revenue from Operations	13	5,95,12,132	6,13,46,272
II. Other Income	14	10,961	90,360
<b>III. Total Revenue (I +II)</b>		<b>5,95,23,093</b>	<b>6,14,36,632</b>
IV. Expenses:			
Cost of Materials Consumed	15	1,49,70,509	1,36,98,957
Employee Benefit Expenses	16	1,20,33,844	97,57,290
Other Operating Expenses	17	2,48,65,541	2,83,39,111
Administrative Expenses	18	11,97,215	5,38,441
Financial costs	19	22,05,693	21,37,347
Depreciation and amortization expense	8	33,49,357	33,07,853
<b>Total Expenses</b>		<b>5,86,22,159</b>	<b>5,77,78,999</b>
V. Profit before exceptional and extraordinary items and tax ( III - IV)		9,00,934	36,57,633
VI. Exceptional Items		-	-
VII. Profit before extraordinary items and tax (V - VI)		9,00,934	36,57,633
VIII. Extraordinary Items		-	-
<b>IX. Profit Before Tax (VII - VIII)</b>		<b>9,00,934</b>	<b>36,57,633</b>
X. Tax expense:		-	-
(1) Current tax		2,78,388	6,58,374
(2) Deferred tax		4,15,445	6,73,250
<b>XI. Profit(Loss) from the period from Continuing Operations ( VII - VIII)</b>		<b>2,07,100</b>	<b>23,26,009</b>
XII. Profit/(Loss) from Discontinuing Operations		-	-
XIII. Tax expense of Discounting Operations		-	-
XIV. Profit/(Loss) from Discontinuing operations (XII - XIII)		-	-
<b>XV. Profit/(Loss) for the period (XI + XIV)</b>		<b>2,07,100</b>	<b>23,26,009</b>
XVI. Earning per equity share:			-
(1) Basic		0.05	0.58
(2) Diluted		0.05	0.58

Significant Accounting Policies  
Notes to Financial Statements

1 to 28

AS PER OUR REPORT OF EVEN DATE  
**FOR P. MURALI & CO.,**  
Chartered Accountants  
Firm's Regn. No. : 007257S

Sd/-  
**P. MURALI MOHANA RAO**  
Partner  
Membership No. 023412  
Hyderabad  
July 20, 2012

**FOR AND ON BEHALF OF THE BOARD**

Sd/-  
**P CHAKRADHAR REDDY**  
Director

Sd/-  
**P. LAKSHMI SRUTHI**  
Director

Notes To Financial Statements For The Year Ended March 31<sup>st</sup> 2012

S.NO	PARTICULARS	AS ON 31-03-2012 ( ₹ )	AS ON 31-03-2011 ( ₹ )
<b>NOTE NO. 1 : SHARE CAPITAL</b>			
<b>A Share Capital</b>			
(a)	Authorised		
	(No. of Equity Shares 50,00,000 Current Year)	5,00,00,000	-
	(No. of Equity Shares 50,00,000 Previous Year)	-	5,00,00,000
	<b>Total Authorised Share Capital</b>	<b>5,00,00,000</b>	<b>5,00,00,000</b>
(b)	Issued		
	( No. of Shares 40,00,000 Current Year )	4,00,00,000	-
	( No. of Shares 40,00,000 Previous Year )	-	4,00,00,000
(c)	Subscribed & Fully Paid Up		
	( No. of Shares 40,00,000 Current Year )	4,00,00,000	-
	( No. of Shares 40,00,000 Previous Year )	-	4,00,00,000
(d)	Subscribed & not fully paid up		
		-	-
(e)	Par Value per Equity share Rs. 10/-		
	<b>Total Equity Share capital</b>	<b>4,00,00,000</b>	<b>4,00,00,000</b>

**B Share held by holding / ultimate holding and / or their subsidiary / associates:**

Equity Shares of Rs.10 Each, Fully paid up

Holding Company (Viceroy Hotels Ltd)

( No. Of Shares 40,00,000 Current Year )

-

-

( No. Of Shares 40,00,000 Previous Year )

-

-

**C Details of Shareholder holding more than 5% shares of the company:**

(Equity Shares of Rs. 10 each Held By)

Name of Shareholder	No. of Shares		% of Share Holding	
	Current Year	Previous Year	Current Year	Previous Year
(1) Viceroy Hotels Limited	40,00,000	40,00,000	100.00	100.00

**NOTE NO. 2 : RESERVES AND SURPLUS****RESERVES AND SURPLUS**

A) Surpuls :

i) Opening Balance - Profit and Loss Account

15,35,813

(7,90,196)

Add: Transfer from Profit &amp; Loss Account

2,07,100

23,26,009

**Total Reserves and Surplus****17,42,913****15,35,813**

Notes To Financial Statements For The Year Ended March 31<sup>st</sup> 2012

S.NO	PARTICULARS	AS ON 31-03-2012 ( ₹ )	AS ON 31-03-2011 ( ₹ )
<b>NOTE NO. 3 : LONG TERM BORROWINGS</b>			
a) i) Term Loans			
	From Banks	9,15,09,373	8,56,74,651
	<b>Sub Total</b>	<b>9,15,09,373</b>	<b>8,56,74,651</b>
ii) Un Secured Loans			
	From Others	16,47,98,204	13,86,40,494
	<b>Sub Total</b>	<b>16,47,98,204</b>	<b>13,86,40,494</b>
	<b>Total Long Term Borrowings</b>	<b>25,63,07,577</b>	<b>22,43,15,145</b>
<b>NOTE NO. 4 : DEFERRED TAX LIABILITY ( NET )</b>			
	Opening Deferred Tax Liability	70,30,674	63,57,424
	Add: Deferred Tax Liability for the year (Due to SLM and WDV Difference)	4,15,445	6,73,250
	Deferred Tax Liability for the year ( Due to Others )	-	-
	<b>Gross Deferred tax Liability</b>	<b>74,46,119</b>	<b>70,30,674</b>
<b>NOTE NO. 5 : TRADE PAYABLES</b>			
a) Trade Payables(creditors)		93,46,711	71,00,341
	<b>Total Trade Payables</b>	<b>93,46,711</b>	<b>71,00,341</b>
<b>NOTE NO. 6 : OTHER CURRENT LIABILITIES</b>			
a) Statutory Liabilities		1,19,59,238	79,21,774
b) Other Payables			
(I) Salaries Payable		25,73,531	18,01,042
(ii) Audit fee Payable		7,67,772	5,47,052
(iii) Rent Payables		68,95,937	41,85,128
	<b>Total Other Current Liabilities</b>	<b>2,21,96,478</b>	<b>1,44,54,896</b>
<b>NOTE NO. 7 : SHORT TERM PROVISIONS</b>			
a) Others			
	Income Tax Provision	2,78,388	-
	<b>Total Short Term Provisions</b>	<b>2,78,388</b>	<b>-</b>

**NOTE NO 8 : TANGIBLE ASSETS AS AT 31-03-2012**

DESCRIPTION	GROSS BLOCK				DEPRECIATION			NET BLOCK	
	Block As at 01-04-2011	Additions During the Year	Sale / Deletions During the year	Total Cost as at 31-03-2012	As on 31-03-2011	For the Year	Total as at 31-03-2012	As at 31-03-2012	As at 31-03-2011
PLANT & MACHINERY	5,60,50,908	4,50,229	-	5,65,01,137	99,92,159	26,76,656	1,26,68,815	4,38,32,321	4,60,58,749
FURNITURE & FIXTURES	6,01,057	14,855	-	6,15,912	1,28,664	38,928	1,67,592	4,48,320	4,72,393
COMPUTERS	37,42,939	1,30,165	-	38,73,104	22,58,163	6,28,617	28,86,780	9,86,324	14,84,776
VEHICLES	54,263	-	-	54,263	14,807	5,155	19,962	34,301	39,456
<b>TOTAL</b>	<b>6,04,49,167</b>	<b>5,95,249</b>	<b>-</b>	<b>6,10,44,416</b>	<b>1,23,93,793</b>	<b>33,49,357</b>	<b>1,57,43,150</b>	<b>4,53,01,266</b>	<b>4,80,55,374</b>
PREVIOUS YEAR	6,04,49,167	-	-	6,04,49,167	90,85,940	33,07,853	1,23,93,793	4,80,59,871	5,13,63,227

Notes To Financial Statements For The Year Ended March 31<sup>st</sup> 2012

S.NO	PARTICULARS	AS ON 31-03-2012 ( ₹ )	AS ON 31-03-2011 ( ₹ )
<b>NOTE NO. 9 : INVENTORIES</b>			
<b>a) Finished goods</b>			
	Food & Beverage	17,90,316	22,05,325
	<b>Total Inventories</b>	<b>17,90,316</b>	<b>22,05,325</b>
<b>NOTE NO. 10 : TRADE RECEIVABLES</b>			
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>			
	Secured, Considered Good	-	-
	Unsecured, Considered Good	20,07,455	8,79,540
	<b>Total Trade Receivables</b>	<b>20,07,455</b>	<b>8,79,540</b>
<b>NOTE NO. 11 : CASH AND BANK BALANCES</b>			
<b>Cash and cash equivalents :</b>			
<b>a) Balances with banks :</b>			
	1) On Current Accounts	4,65,745	11,77,099
	b) Cash on hand	31,698	6,31,528
	<b>Total Cash and Cash Equivalents</b>	<b>4,97,443</b>	<b>18,08,627</b>
<b>NOTE NO. 12 : SHORT TERM LOANS AND ADVANCES</b>			
<b>Security Deposit</b>			
	Secured, Considered Good	78,73,250	70,34,867
	Unsecured, Considered Good	-	-
	<b>Sub Total</b>	<b>78,73,250</b>	<b>70,34,867</b>
<b>Loans and Advances</b>			
	Other Advances	6,07,00,757	6,20,34,373
	<b>Sub Total</b>	<b>6,07,00,757</b>	<b>6,20,34,373</b>
<b>Secured, Considered Good</b>			
	Loans and Advances to Employees	1,86,806	4,49,184
	Prepaid Expense	11,784	11,784
	Advances Recoverable in Cash or in kind	2,76,84,133	2,76,34,133
	<b>Sub Total</b>	<b>2,78,82,723</b>	<b>2,80,95,101</b>
	<b>Total Short Term Loans and Advances</b>	<b>9,64,56,730</b>	<b>9,71,64,341</b>

Notes To Financial Statements For The Year Ended March 31<sup>st</sup> 2012

S.NO	PARTICULARS	Year Ended 31-03-2012 (₹)	Year Ended 31-03-2011 (₹)
<b>NOTE NO. 13 : REVENUE FROM OPERATIONS</b>			
<b>Revenue from operations</b>			
	(a) Sale of Products & Services	5,95,12,132	6,13,46,272
	Less: Excise Duties	-	-
	<b>Total Revenue from Operations</b>	<b>5,95,12,132</b>	<b>6,13,46,272</b>
<b>NOTE NO. 14 : OTHER INCOME</b>			
	(a) Other non-operating income	10,961	90,360
	<b>Total Other Income</b>	<b>10,961</b>	<b>90,360</b>
<b>NOTE NO. 15 : COST OF MATERIALS</b>			
	Food & Beverages	1,17,48,707	1,16,95,742
	Packing	19,05,253	12,14,467
	General	9,01,039	7,88,748
	<b>Total Cost of Material Consumed</b>	<b>1,49,70,509</b>	<b>1,36,98,957</b>
<b>NOTE NO. 16 : EMPLOYEE BENEFIT EXPENSES</b>			
	(a) Salaries & Wages	1,01,45,144	90,03,860
	(b) Contribution to Provident & Other Funds	11,92,962	-
	(c) Staff Welfare Expenses	6,95,738	7,53,430
	<b>Total Employee Benefit Expenses</b>	<b>1,20,33,844</b>	<b>97,57,290</b>
<b>NOTE NO. 17 : OTHER OPERATING EXPENSES</b>			
	(a) Consumption of Stores & Spares	-	-
	(b) Power & Fuel	37,69,828	-
	(c) Rent	1,23,04,322	1,36,06,237
	(d) Insurance	92,776	-
	(e) Rates & Taxes (excluding Income Tax)	3,75,037	2,16,831
	(f) Miscellaneous Expenditure	5,07,544	-
	(g) Royalty	22,98,775	69,68,922
	(h) Payment to Auditors:		
	(i) As Auditor	2,20,720	2,20,720
	(i) Selling Expenses	33,54,032	48,50,327
	(j) Commission & Brokerage	1,30,480	-
	(k) Traveling & Transport Charges	18,12,026	24,76,074
	<b>Total Other Expenses</b>	<b>2,48,65,541</b>	<b>2,83,39,111</b>

Notes To Financial Statements For The Year Ended March 31<sup>st</sup> 2012

S.NO	PARTICULARS	Year Ended 31-03-2012 (₹)	Year Ended 31-03-2011 (₹)
<b>NOTE NO. 18 : ADMINISTRATIVE EXPENSES</b>			
	(a) Telephone, Postage and Others	1,08,813	-
	(b) Business Promotion Expenses	30,000	-
	(c) Printing & Stationery Expenses	1,78,965	5,38,441
	(d) Security Charges	70,419	-
	(e) Advertisement Charges	21,615	-
	(f) Consultancy Charges	7,87,403	-
	<b>Total Administrative Expenses</b>	<b>11,97,215</b>	<b>5,38,441</b>
<b>NOTE NO. 19 : FINANCE COST</b>			
	(a) Interest Expenses	-	-
	- Interest on Term loans	18,06,507	21,37,347
	- Bank Charges	3,99,186	-
	<b>Total Finance Cost</b>	<b>22,05,693</b>	<b>21,37,347</b>

## Significant Accounting Policies

The financial statements are prepared under historical cost convention on an accrual basis and comply with the Accounting Standards (AS) issued by the Institute of Chartered Accountants of India (ICAI), referred to in Section 211 (3C) of the Companies Act, 1956. The significant accounting policies adopted in the presentation of the Accounts are as under:

**(a) Accounting Convention and Revenue Recognitions:**

The Financial statements have been prepared in accordance with historical cost convention except for such fixed which are revalued. Both the income and expenditure items are recognized on accrual basis.

**(b) Retirement Benefits:**

Staff benefits arising out of retirement / death, comprising of contributions to Provident Fund, Superannuation & Gratuity Schemes, accrued Leave Encashable and other postseparation benefits are accounted for on the basis of contribution to the schemes, or an independent actuarial valuation as the case may be.

**(c) Fixed Assets:**

Fixed assets are stated at cost of acquisition and subsequent improvements thereto, inclusive of taxes, freight, and other incidental expenses related to acquisition, improvements and installation, except in case of revaluation of fixed assets where it is stated at revalued amount. Interest during construction period on loans to finance fixed assets is capitalized.

**(d) Depreciation:**

Depreciation on fixed assets other than land is provided under the straight-line method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956, as existing on that date.

**(e) Transactions in Foreign Exchange:**

Sales made in foreign currency are converted at the prevailing applicable exchange rate. Gain /loss arising out of the fluctuations in exchange rate is accounted for on realization.

Payments made in foreign currency are converted at the applicable rate prevailing on the date of remittance.

Foreign currency loans covered by forward contracts are realigned at the forward contracts while those not covered by forward contracts are realigned at the rate ruling at the year end. The differences in realignment are accounted for in the Profit and Loss Account.

**(f) Borrowing Cost:**

Borrowing cost that is attributable to the acquisition construction of fixed assets is apitalized as part of the cost of respective assets.

**(g) Inventories:**

Stock of food and beverages and operating supplies are carried at cost or Net Realisable Value, whichever is lower.

**(h) Taxes on income:**

(i) Income tax is computed in accordance with Accounting Standard 22 - 'Accounting for Taxes on Income (AS-22)', issued by the ICAI. Tax expenses are accounted in the same period to which the revenue and expenses relate.

(ii) Provision for current income tax is made on the tax liability payable on taxable income after considering tax allowances, deductions and exemptions determined in accordance with the prevailing tax laws. The differences between taxable income and the net profit or loss before tax for the year as per the financial statements are identified and the tax effect of the deferred tax asset or deferred tax 1iabilities recorded for timing differences, i.e. differences that originate in one accounting period and reverse in another. The tax effect is calculated on accumulated timing differences at the end of the accounting year based on effective tax rates that would apply in the years in which the timing differences are expected to reverse.

(iii) Deferred tax assets are recognized only if there is reasonable certainty that they will be realized and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

**(I) Accounting for Provisions, Contingent Liabilities and Contingent Assets**

Provisions are recognized in terms of Accounting Standard 29 — 'Provisions, Contingent Liabilities and Contingent Assets' (AS-29), issued by the ICAI. when there is a present legal or statutory obligation as a result of past events, where it is probable that there will be outflow of resources to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

Contingent Liabilities are recognized only when there is a possible obligation arising from past events due to occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

Contingent Assets are not recognized in the financial statements.

## Notes to Financial Statements

**20. In relation of Provision for Current Tax, Deffered Tax & Fringe Benefit Tax:**

Particulars	Current Year Rs. In Lakhs	Previous Year Rs. in lakhs
Provision for Current Tax	2.78	6.58
Deferred Tax Liability	4.15	6.73

**21. Auditors Remuneration:**

Particulars	Current Year Rs. In Lakhs	Previous Year Rs. in lakhs
Auditor's Fee	2.21	2.21

**22. In relation of Secured (Term) Loans :**

i) The Secured Loans from Oriental Bank of Commerce and secured by first charge on the plant and machinery and other movable fixed assets of the company and also secured by the corporate guarantee of Viceroy Hotels Limited, the holding company

ii) The Term Loan of Rs.7.00 Crores from UCO Bank is secured by 2nd Charge on Current and Fixed Assets of the Company and also secured by extension of collateral security of vacant land admeasuring 2926.50 sq.yards in Survey No.129/73/2&3 situated at Road No.3 Banjara Hills, Hyderabad - 500 034, owned by M/s.Deva Infrastructures Pvt. Ltd.,

**23. In relation of Foreign currency inflows and outflow:**

Particulars	Current Year Rs. In Lakhs	Previous Year Rs. in lakhs
Outgo on account of expenses	-	0.13

**24. Expenditure in Foreign Currency:**

Particulars	Current Year Rs. In Lakhs	Previous Year Rs. in lakhs
Royalties & Others	2.13	6.19

- 25.** The Company's only business is Food & Beverage and hence disclosure of segment-wise information is not applicable under Accounting Standard 17- 'Segmental Information' (AS-17), there is no geographical segment to be report.
- 26.** Since Central Government had issued a notification No. S.O. 301 (E) dated 8th February, 2012 in exercise of the powers conferred by Section 211 (3) of the Companies Act, 1956 granting general exemption to some specified class of companies, including hotel companies, from disclosing certain information in their profit and loss account as required under Part-II of Schedule VI of the Companies Act, 1956 subject to fulfillment of few conditions, the Company has duly complied with all conditions of the notification to seek general exemption under Section 211 (4) of the Companies Act, 1956, paras 3(i)(a) and 3(ii)(d) of Part II of Schedule VI of the Companies Act, 1956 dealing with the disclosure of quantitative details of turnover of each class of goods, opening and closing stock, purchases, production and consumption of raw material in the financial statements for the financial year ended 31st March, 2012. In this regard the Board of Directors of the Company has passed necessary resolution to comply with the conditions of the notification for the same.
- 27.** Previous year's figures and current year's figures have been regrouped wherever necessary to improve figures presentation.
- 28.** The figures have been rounded off to the nearest rupee..

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AS PER OUR REPORT OF EVEN DATE

**FOR P. MURALI & CO.,**  
Chartered Accountants  
Firm's Regn. No. : 007257S

Sd/-  
**P. MURALI MOHANA RAO**  
Partner  
Membership No. 023412  
Hyderabad  
July 20, 2012

**FOR AND ON BEHALF OF THE BOARD**

Sd/-  
**P CHAKRADHAR REDDY**  
Director

Sd/-  
**P. LAKSHMI SRUTHI**  
Director

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2012

PARTICULARS	Current Year ( ₹ )	Previous Year ( ₹ )
<b>I. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Profit Before Tax	9,00,934	36,57,633
<b>Adjustments for : -</b>		
Depreciation	33,49,357	33,07,853
Financial Cost	22,05,693	21,37,347
Loss on Sale of Fixed Assets	-	-
<b>Operating cash flow before working capital changes</b>	<b>64,55,983</b>	<b>91,02,833</b>
(Increase) / Decrease in Inventory	4,15,009	12,04,117
(Increase) / Decrease in Trade Receivables	(11,27,915)	(7,45,471)
(Increase) / Decrease in Short Term Loans & Advances	7,07,612	1,05,09,352
Increase / (Decrease) in Trade Payables	22,46,370	(58,78,744)
Increase / (Decrease) in Other Current Liabilities	77,41,582	-
Increase / (Decrease) in Short Term Provisions	-	29,80,164
<b>CASH GENERATED FROM OPERATIONS</b>	<b>1,64,38,641</b>	<b>1,71,72,251</b>
Less : Income Tax Paid	-	-
<b>CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>1,64,38,641</b>	<b>1,71,72,251</b>
<b>II. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of fixed Assets	(5,95,249)	-
Capital Work in Progress, Pre-operative Expenses	(4,69,41,316)	(2,18,97,957)
<b>NET CASH AVAILABLE FROM INVESTING ACTIVITIES</b>	<b>(4,75,36,565)</b>	<b>(2,18,97,957)</b>
<b>III. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from Share Capital/Application Money	-	(10,78,74,524)
Repayment of Loan	3,19,92,432	11,40,65,138
Interest Paid	(22,05,693)	(21,37,347)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>2,97,86,739</b>	<b>40,53,267</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(13,11,185)</b>	<b>(6,72,439)</b>
Add : Opening balance of Cash & Cash equivalents	18,08,627	24,81,066
Closing balance of Cash & Cash equivalents	4,97,443	18,08,627

AS PER OUR REPORT OF EVEN DATE

**FOR P. MURALI & CO.,**  
Chartered Accountants  
Firm's Regn. No. : 007257S

Sd/-  
**P. MURALI MOHANA RAO**  
Partner  
Membership No. 023412  
Hyderabad  
July 20, 2012

FOR AND ON BEHALF OF THE BOARD

Sd/-  
**P CHAKRADHAR REDDY**  
Director

Sd/-  
**P. LAKSHMI SRUTHI**  
Director

**BOOK - POST**

**Registered Office:**

Plot No.258, Road No.18, Jubilee Hills, Hyderabad – 500 033