

INDEPENDENT AUDITOR'S REPORT

To the Members

CRUSTUM PRODUCTS PRIVATE LIMITED

Report on the Financial Statements

We have audited the accompanying standalone financial statements of Crustum Products Private Limited ("the Company"), which comprises the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone 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 standalone 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 Companies (Accounts) Rules, 2014. This responsibility 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; design, implementation and maintenance of adequate internal financial controls, that are 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 standalone 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 there under.

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 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 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 standalone financial statements:

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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

Report on Other Legal and Regulatory Requirements

1. 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, we give in the Annexure a statement on the matters Specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we further 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 purpose of our audit;
 - b) 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;
 - c) The Balance Sheet, 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 applicable Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014.
 - e) On the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to 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 would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the company.

For P. Murali & CO.,
Chartered Accountants
Firm Registration No : 007257S

Place: Hyderabad
Date : 29-05-2015

M V Joshi
Partner
Membership No. 024784

Annexure referred to in paragraph 1 of Our Report of even date to the members of Crustum Products Private Ltd the accounts of the company for the year ended 31st March, 2015 Under “Report on other Legal & Regulatory Requirements”

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we report that:

- I (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- ii. (a) The Inventory has been physically verified during the year by the Management 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.

(c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- iii. The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act 2013. Consequently, the provisions of clauses iii(a) and iii(b) are not applicable to the company.
- iv. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for the sale of services. Further, on the basis of our examination of the books and records of the Company and according to the information and explanations given to us, no major weakness has been noticed or reported.
- v. The Company has not accepted any deposits from the public covered under Section 73 to 76 and other relevant provisions of the Companies Act, 2013.
- vi. In respect of the company, the Central Government has not prescribed maintenance of Cost records under sub-section (1) of Section 148 of the Act, 2013.
- vii. (a) The Company is irregular 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 amounts outstanding which were due for more than 6 months from the date they became payable.

(b) There were no disputed amounts payable in respect of Income tax or Sales tax or Wealth tax or Service tax or Duty of Customs or Duty of Excise or value added tax or Cess as at 31 st March 2015.

(c) There are no amounts that are due to be transferred to the Investors Education and protection Fund in

CRUSTUM PRODUCTS PRIVATE LIMITED

S.No.	Particulars	Amount
1	Income Tax	2,78,388
2	Provident Fund	37,97,188
3	Professional Tax	67,160
4	TDS u/s 195	4,76,336
5	TDS u/s 194J	36,986
6	TDS u/s 194I	2,84,005
7	TDS u/s 194C	51,116
8	Sales Tax	99,05,263
	Total	1,33,64,838

accordance with the relevant provisions of the Companies Act, 2013 and rules made there under.

- viii. The Company has accumulated losses as at the end of the financial year and it has not incurred cash losses in this financial year and in the immediately preceding financial year.
- ix. According to the information and explanations given to us, the company has defaulted Rs.4,53,69,313/- in repayment of dues to banks and financial institutions .
- x. 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 term and conditions which are prejudicial to the interest of the company .
- xi. According to the information and explanations given to us, the Term Loans obtained by the company were applied for the purpose for which such loans were obtained by the Company.
- xii. During the course of our examination of the books and records of the Company, carried out in accordance with the Generally Accepted Auditing Practice in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such cases by the management.

For P. Murali & Co.
Chartered Accountants
FRN:007257S

Place : Hyderabad
Date : 29-05-2015

M V Joshi
Partner
Membership No. 024784

CRUSTUM PRODUCTS PRIVATE LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2015

PARTICULARS	Note No.	AS ON 31-03-2015 (₹)	AS ON 31-03-2014 (₹)
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	1	4,00,00,000	4,00,00,000
(b) Reserves and Surplus	2	(5,01,42,370)	(3,78,88,905)
(3) Non-Current Liabilities			
(a) Long-Term Borrowings	3	27,22,41,553	27,18,76,533
(b) Deferred Tax Liabilities (Net)	4	70,92,936	76,82,016
(c) Other Long Term Liabilities		-	-
(d) Long Term Provisions		-	-
(4) Current Liabilities			
(a) Short-Term Borrowings		-	-
(b) Trade Payables	5	1,08,15,252	1,14,34,983
(c) Other Current Liabilities	6	3,38,16,311	2,94,81,118
(d) Short-Term Provisions	7	2,78,388	-
Total		31,41,02,070	32,25,85,745
II.Assets			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	8	3,42,12,242	3,88,99,443
(ii) Intangible assets		-	-
(iii) Capital work-in-progress		18,91,39,176	19,02,00,000
(iv) Intangible assets under development		-	-
(2) Current assets			
(a) Current investments			
(b) Inventories	9	8,67,557	8,67,557
(c) Trade receivables	10	15,39,838	16,21,830
(d) Cash and Bank Balances	11	1,38,328	3,35,145
(e) Short-Term Loans and Advances	12	8,82,04,929	9,06,61,770
(f) Other Current assets		-	-
Total		31,41,02,070	32,25,85,745

Significant Accounting Policies
Notes to Financial Statements

1 to 30

CRUSTUM PRODUCTS PRIVATE LIMITED

AS PER OUR REPORT OF EVEN DATE

FOR P. MURALI & CO.,

Chartered Accountants

Firm's Regn. No. : 007257S

Sd/-

M V Joshi

Partner

Membership No. 024784

Place : Hyderabad

Date : 29-05-2015

Sd/-

P.CHAKRADHAR REDDY

Director

Sd/-

P.LAKSHMI SRUTHI

Director

CRUSTUM PRODUCTS PRIVATE LIMITED

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015

PARTICULARS	Note No.	Year Ended 31-03-2015 (₹)	Year Ended 31-03-2014 (₹)
I. Revenue from Operations	13	-	2,86,87,346
II. Other Income	14	9510	9,302
III. Total Revenue (I + II)		9,510	2,86,96,648
IV. Expenses:			
Cost of materials consumed/ Cost of Software Development	15	-	1,07,85,771
Purchase of Stock-in-Trade		-	-
Changes in inventories of Finished goods, WIP and Stock-in-Trade	16	-	10,00,000
Employee Benefit expenses	17	-	1,12,90,395
Other Operating Expenses	18	9,89,297	2,19,44,290
Administrative Expenses	19	12,48,253	25,75,536
Financial costs	20	59,05,551	1,09,146
Depreciation and amortization expense	8	46,87,202	31,12,720
Total Expenses		1,28,30,303	5,08,17,858
V. Profit before exceptional and extraordinary items and tax (III - IV)		(1,28,20,793)	(2,21,21,210)
VI. Exceptional Items		-	-
VII. Profit before extraordinary items and tax (V - VI)		(1,28,20,793)	(2,21,21,210)
VIII. Extraordinary Items		-	-
IX. Profit Before Tax (VII - VIII)		(1,28,20,793)	(2,21,21,210)
X. Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		(5,89,080)	56,740
XI. Profit(Loss) from the period from Continuing Operations (VII - VIII)		(1,22,31,713)	(2,21,77,949)
XII. Profit/(Loss) from Discontinuing Operations		-	-
XIII. Tax expense of Discounting Operations		-	-
XIV. Profit/(Loss) from Discontinuing operations (XII - XIII)		-	-
XV. Profit/(Loss) for the period (XI + XIV)		(1,22,31,713)	(2,21,77,949)
XVI. Earning per equity share:			
(1) Basic		(3.06)	(5.54)
(2) Diluted		(3.06)	(5.54)

Significant Accounting Policies
Notes to Financial Statements

1 to 30

FOR AND ON BEHALF OF THE BOARD

AS PER OUR REPORT OF EVEN DATE

FOR P. MURALI & CO.,

Chartered Accountants

Firm's Regn. No. : 007257S

Sd/-

M V Joshi

Partner

Membership No. 024784

Place : Hyderabad

Date : 29-05-2015

Sd/-

P.CHAKRADHAR REDDY

Director

Sd/-

P.LAKSHMI SRUTHI

Director

CRUSTUM PRODUCTS PRIVATE LIMITED

Notes To Financial Statements For The Year Ended March 31st 2015

S.NO	PARTICULARS	AS ON 31-03-2015 (₹)	AS ON 31-03-2014 (₹)
NOTE NO. 1 : SHARE CAPITAL			
A Equity Share Capital			
(a) Authorised			
	(No. of Shares 50,00,000 Current Year)	5,00,00,000	-
	(No. of Shares 50,00,000 Previous Year)	-	5,00,00,000
	Total Authorised Capital	5,00,00,000	5,00,00,000
(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 share Rs. 10/- Each			
		-	-
	Total Equity Share Capital	4,00,00,000	4,00,00,000
	Total Share Capital (Equity & Preference)	4,00,00,000	4,00,00,000
NOTE NO. 2 : RESERVES AND SURPLUS			
I. RESERVES AND SURPLUS			
a) Surplus :			
	i) Opening Balance - Profit and Loss Account	(3,79,10,657)	(1,57,10,956)
	Add: Transfer from Profit & Loss Account	(1,22,31,713)	(2,21,77,949)
	Less: Transfer To General Reserve	-	-
	Less: Goodwill Written Off	-	-
		(5,01,42,370)	(3,78,88,905)
II	A Reserve specifically represented by earmarked investments	-	-
III	Negative balance of reserves and surplus account	-	-
	Total Reserves and Surplus	(5,01,42,370)	(3,78,88,905)
NOTE NO. 3 : LONG TERM BORROWINGS			
Long Term borrowings			
a) i) Term Loans			
	From Banks	4,53,69,313	4,53,69,313
ii) Un Secured Loans			
	From Others	22,68,72,240	22,65,07,220
	Total Long Term Borrowings	27,22,41,553	27,18,76,533

CRUSTUM PRODUCTS PRIVATE LIMITED

Notes To Financial Statements For The Year Ended March 31st 2015

S.NO	PARTICULARS	AS ON 31-03-2015 (₹)	AS ON 31-03-2014 (₹)
NOTE NO. 4 : DEFERRED TAX LIABILITY (NET)			
I	Opening Deferred tax Liability	76,82,016	76,25,276
	Add:		
	Deferred Tax Liability for the year (Due to SLM and WDV Difference)	(5,89,080)	56,740
	Deferred Tax Liability for the year (Due to Others)	-	-
	Gross Deferred tax Liability	70,92,936	76,82,016
	Deferred Tax Liability/ (Asset) - Net	70,92,936	76,82,016
NOTE NO. 5 : TRADE PAYABLES			
	a) Trade Payables(creditors)	1,08,15,252	1,14,34,983
	Total Trade Payables	1,08,15,252	1,14,34,983
NOTE NO. 6 : OTHER CURRENT LIABILITIES			
I	a) Statutory Liabilities	1,80,01,507	1,90,67,648
	b) Other Payables (Specify the nature.)		
	(i) Salaries Payable	22,71,451	28,86,452
	(ii) Property Tax Payable	-	1,15,905
	(iii). Audit Fee Payable	14,29,932	12,09,212
	(iv). Rent Payables	6,90,484	7,11,994
	(v) Royalty Payable	54,89,908	54,89,908
	(vi)Other Payables	35,018	
	Total Other Current Liabilities	3,38,16,311	2,94,81,119
NOTE NO. 7 : SHORT TERM PROVISIONS			
I	a) Provisions for employee benefits	-	-
	b) Others		
	Income Tax Provision	2,78,388	-
	Total Short Term Provisions	2,78,388	-

NOTE NO 8 : FIXED ASSETS AS AT 31-03-2015

DESCRIPTION	GROSS BLOCK			DEPRECIATION / AMORTIZATION					NET BLOCK		
	As on 1.4.2014	Additions During the Year	Sales during the year	As on 31.03.2015	As on 1.4.2014	Transfer to Retained	Depreciation for the year	Impairment loss / Reversal	Total depreciation	Net block as on 31.03.2015	Net block as on 31.03.2014
Plant & Machinery	5,65,09,627	-	-	5,65,09,627	1,80,37,222	-	44,38,486	-	2,24,75,708	3,40,33,919	3,84,72,404
Furniture & Fixtures	6,45,634	-	-	6,45,634	2,48,924	-	2,39,519	-	4,88,442	1,57,192	3,96,710
Computers	39,04,568	-	-	39,04,568	39,04,568	-	-	-	39,04,568	-	-
Vehicles	54,263	-	-	54,263	23,935	-	9,197	-	33,131	21,132	30,328
Total	6,11,14,092	-	-	6,11,14,092	2,22,14,649	-	46,87,201	-	2,69,01,850	3,42,12,242	3,88,99,443

CRUSTUM PRODUCTS PRIVATE LIMITED

Notes To Financial Statements For The Year Ended March 31st 2015

S.NO	PARTICULARS	AS ON 31-03-2015 (₹)	AS ON 31-03-2014 (₹)
NOTE NO. 9 : INVENTORIES			
	a) Closing Stock	8,67,558	8,67,557
	Total Inventories	8,67,558	8,67,557
NOTE NO. 10 : TRADE RECEIVABLES			
I	Outstanding for a period exceeding six months from the date they are due for payment		
	Secured, Considered Good	15,39,838	16,21,830
	Less: Allowance for Bad & Doubtful Debts	-	-
	Sub Total	15,39,838	16,21,830
	Total Trade Receivables	15,39,838	16,21,830
NOTE NO. 11 : CASH AND BANK BALANCES			
I Cash and cash equivalents :			
	a) Balances with banks :		
	1) On Current Accounts	1,29,177	3,32,984
	b) Cash on hand	9,151	2,162
	Total Cash and Cash Equivalents	1,38,328	3,35,145
NOTE NO. 12 : SHORT TERM LOANS AND ADVANCES			
I Security Deposit			
	Unsecured, Considered Good	29,67,524	28,49,675
	Less: Provision for Bad & doubtful Security Deposit	-	-
	Sub Total	29,67,524	28,49,675
II Loans & Advances			
Secured, Considered Good			
	Advances Recoverable in Cash or in kind	6,00,49,620	6,29,43,820
	Sub Total	6,00,49,620	6,29,43,820
III Secured, Considered Good			
	Loans and Advances to Employees	(27,642)	(27,642)
	Prepaid Expense	11,784	11,784
	Other Receivable	951	-
	Advances Recoverable in Cash or in kind	2,52,02,692	2,48,84,133
	Sub Total	2,51,87,785	2,48,68,275
	Total Short Term Loans and Advances	8,82,04,929	9,06,61,770

CRUSTUM PRODUCTS PRIVATE LIMITED

Notes To Financial Statements For The Year Ended March 31st 2015

S.NO	PARTICULARS	Year Ended 31-03-2015 (₹)	Year Ended 31-03-2014 (₹)
NOTE NO. 13 : REVENUE FROM OPERATIONS			
(i)	Revenue from operations in respect of non-finance company		
	(a) Sale of Products	-	2,86,87,346
	(b) Sale of Services	-	-
	(c) Other Operating Revenues	-	-
	Less: Excise Duties	-	-
		<u>-</u>	<u>2,86,87,346</u>
(ii)	Revenue from operations in respect to Finance company		
	(a) Interest	-	-
	(b) Other Financial Services	-	-
	Total Revenue from Operations	<u>-</u>	<u>2,86,87,346</u>
NOTE NO. 14 : OTHER INCOME			
I	(a) Interest income (Other than a finance company)		
	(b) (i) Dividend from subsidiary companies	-	-
	(ii) Dividend Income	-	-
	(c) Net Gain/Loss on sale of Investments	-	-
	(d) Other non-operating income(net of expenses directly attributed to such income)	9,510	9,302
	(e) Adjustments to the carrying value of investments (Write-back)	-	-
	(f) Net gain/loss on foreign currency translation and transaction (other than considered as finance cost)	-	-
	Total Other Income	<u>9,510</u>	<u>9,302</u>
NOTE NO. 15 : COST OF MATERIALS			
I	F & B	-	94,76,097
	Packing	-	6,92,604
	General	-	6,17,071
	Total Cost of Material Consumed	<u>-</u>	<u>1,07,85,771</u>
NOTE NO. 16 : CHANGE IN INVENTORIES & WIP.			
I	Finished Goods		
	Inventories at the beginning of the year	-	18,67,557
	Less : Inventories at the end of the year	-	8,67,557
	Sub Total (A)	<u>-</u>	<u>10,00,000</u>
	Raw Material & Work in Progress		
	Inventories at the beginning of the year	-	-
	Less : Inventories at the end of the year	-	-
	Sub Total (B)	<u>-</u>	<u>-</u>
	(Increase) / Decrease in Inventories	<u>(A+B)</u>	<u>10,00,000</u>

CRUSTUM PRODUCTS PRIVATE LIMITED

Notes To Financial Statements For The Year Ended March 31st 2015

S.NO	PARTICULARS	AS ON 31-03-2015 (₹)	AS ON 31-03-2014 (₹)
NOTE NO. 17 : EMPLOYEE BENEFIT EXPENSES			
I	(a) Salaries & Wages	-	1,10,67,547
	(b) Contribution to Provident & Other Funds	-	-
	(c) Expenses on employee stock option scheme (ESOP)	-	-
	(d) Managerial Remuneration	-	-
	(e) Staff Welfare Expenses	-	2,22,848
	Total Employee Benefit Expenses	-	1,12,90,395
NOTE NO. 18 : OTHER OPERATING EXPENSES			
I	(a) Consumption of Stores & Spares	-	-
	(b) Power & Fuel	-	45,81,899
	(c) Rent	7,13,577	1,01,81,274
	(d) Repairs & Maintenance	-	12,62,694
	(e) Insurance	-	-
	(f) Rates & Taxes (excluding Income Tax)	55,000	13,61,509
	(g) Miscellaneous Expenditure	-	7,55,909
	(h) Royalty	-	9,15,692
	(i) Payment to Auditors:	-	-
	(i) As Auditor	2,20,720	2,20,720
	(j) Selling expenses	-	7,43,754
	(k) Commission & Brokerage	-	1,64,457
	(l) Travelling & Transport charges	-	13,82,358
	(m) Upkeep & House keeping Charges	-	3,66,989
	(n) Research & Development Expenses	-	7,035
	Total Other Expenses	9,89,297	2,19,44,290
NOTE NO. 19 : ADMINISTRATIVE EXPENSES			
I	(a) Telephone, Postage and Others	-	3,22,272
	(b) Business Promotion Expenses	-	-
	(c) Conveyance	-	1,87,489
	(d) Office Maintenance	-	1,73,835
	(e) Printing & Stationery Expenses	-	61,433
	(f) Security Charges	-	66,395
	(g) Advertisement Charges	-	8,100

CRUSTUM PRODUCTS PRIVATE LIMITED

(h) Consultancy Charges	-	2,65,000
(i) Internet Charges	-	81,596
(j) Penalty & Interest Charges	12,48,253	13,96,313
(k) Training Expenses	-	13,103
Total Administrative Expenses	12,48,253	25,75,536

NOTE NO. 20: FINANCE COST

I (a) Interest Expenses		
- Interest on Term loans	58,98,011	-
- Loan processing Charges & Bank Charges	7,540	1,09,146
(b) Other Borrowing costs	-	-
Total Finance Cost	59,05,551	1,09,146

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 133 of the Companies Act, 2013. 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 post separation 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 is provided based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013.

Leasehold improvements are depreciated over the lower of the lease period and the management's estimate of the useful life of the asset.

The depreciable amount of intangible assets is allocated over the best estimate of its useful life on a straight-line basis.

(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 capitalized 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 liabilities recorded for

CRUSTUM PRODUCTS PRIVATE LIMITED

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

21. In relation of Provision for Current Tax, Deferred Tax & Fringe Benefit Tax:

Particulars	Current Year Rs. In Lakhs	Previous Year Rs. in lakhs
Provision for Current Tax	Nil	Nil
Deferred Tax Liability	5.89	0.57

22. In relation of Managerial Remuneration:

Particulars	Current Year Rs. In Lakhs	Previous Year Rs. in lakhs
Salaries	Nil	Nil

23. Auditors Remuneration:

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

24. 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

CRUSTUM PRODUCTS PRIVATE LIMITED

- ii) The Term Loan of 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.,

25. Following are the amount outstanding and due to banks and financial institutions:

S.No.	Name of the Bank / Financial Institution	Amount Outstanding and Due	Interest Outstanding	Total
1.	OBC Term Loan	1.31	-	1.31
2.	UCO Bank	3.22	-	3.22
	TOTAL	4.53	-	4.53

26. In relation of Foreign currency inflows and outflow:

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

27. Expenditure in Foreign Currency:

Particulars	Current Year Rs. In Lakhs	Previous Year Rs. in lakhs
Royalties & Others	Nil	9.16

28. 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.
29. Previous year's figures and current year's figures have been regrouped wherever necessary to improve figures presentation.
30. The figures have been rounded off to the nearest rupee..

AS PER OUR REPORT OF EVEN DATE

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

Sd/-
M V JOSHI
Partner
Membership No.24784

FOR AND ON BEHALF OF THE BOARD

Sd/-
P.CHAKRADHAR REDDY
Director

Sd/-
P.LAKSHMI SRUTHI
Director

Place : Hyderabad
Date : 29-05-2015

CRUSTUM PRODUCTS PRIVATE LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2015

PARTICULARS	Current Year (₹)	Previous Year (₹)
I. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit Before Tax	(1,28,20,793)	(2,21,21,210)
Adjustments for : -		
Depreciation	46,87,201	31,12,720
Financial Cost	59,05,551	1,09,146
Loss on Sale of Fixed Assets		
Operating cash flow before working capital changes	(22,28,041)	(1,88,99,343)
(Increase) / Decrease in Inventory	(1)	10,00,000
(Increase) / Decrease in Trade Receivables	81,992	8,70,950
(Increase) / Decrease in Short Term Loans & Advances	24,56,841	57,72,364
(Increase) / Decrease in Other Non-Current Assets	-	-
Increase / (Decrease) in Short Term Borrowing	-	-
Increase / (Decrease) in Trade Payables	(6,41,482)	79,040
Increase / (Decrease) in Other Current Liabilities	43,35,193	20,45,454
Increase / (Decrease) in Short Term Provisions	2,78,388	-
Misc Exps		
CASH GENERATED FROM OPERATIONS	42,82,890	(91,31,535)
Less : Income Tax Paid	-	
CASH GENERATED FROM OPERATING ACTIVITIES	42,82,890	(91,31,535)
II. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of fixed Assets	-	-
Sale of fixed Assets	-	-
Capital Work in Progress, Pre-operative Expenses	10,60,824	22,22,980
Investment	-	-
Adjustments of fixed Assets	-	-
NET CASH AVAILABLE FROM INVESTING ACTIVITIES	10,60,824	22,22,980
III. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Share Capital/Application Money	-	-
Repayment of Loan	3,65,020	62,77,866
Share Premium and Capital Reserve		
Interest Paid	(59,05,551)	(1,09,146)
NET CASH USED IN FINANCING ACTIVITIES	(55,40,531)	61,68,720
NET INCREASE IN CASH AND CASH EQUIVALENTS	(1,96,817)	(7,39,835)
Add : Opening balance of Cash & Cash equivalents	3,35,144	10,74,979
Closing balance of Cash & Cash equivalents	1,38,328	3,35,144

AS PER OUR REPORT OF EVEN DATE

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

Sd/-
M V Joshi
Partner
Membership No. 024784
Place : Hyderabad
Date : 29-05-2015

CRUSTUM PRODUCTS PRIVATE LIMITED

Sd/-
P.CHAKRADHAR REDDY
Director

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Director