



## INDEPENDENT AUDITOR'S REPORT

To the members of Rajam Enterprises Private Limited

### Report on the Financial Statements

We have audited the accompanying financial statements of **Rajam Enterprises Private Limited** ("the Company"), which comprises the Balance Sheet as at 31<sup>st</sup> March, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

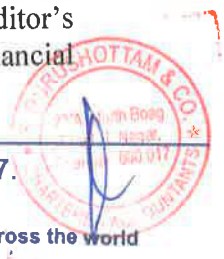
The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made 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 the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial



statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that

give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

**Basis for Qualified Opinion:**

The Company is a registered NBFC. As detailed in note no. 16 to accompanying financial statements for the year ended 31<sup>st</sup> March 2017, the Company has granted a loan of Rs. 50 Crores to DSC Limited and the outstanding balance as on 31<sup>st</sup> March 2017 is Rs. 49.72 Crores. As per the terms of the facility documents the loan was repayable on 30<sup>th</sup> July 2015 by DSC limited. However DSC limited failed to repay principal. The company stopped recognizing the interest w.e.f. 1<sup>st</sup> April 2015. Hence the same should have been classified as unsecured and doubtful requiring 100% provision of Rs. 49.72 Crores. The company has not made provision towards loan amount of Rs. 49.72 Crores. In view of this the loss for the year is understated by Rs. 49.72 Crores and consecutively the Networth of the company and loans and advances is overstated by Rs. 49.72 Crores.

**Qualified Opinion.**

*In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2017, and its Loss and its cash flows for the year ended on that date.*

**Report on Other Legal and Regulatory Requirements**

- 1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, we give in the Annexure A, a statement on the matters specified in Para 3 and 4 of the said Order.
- 2) As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.



- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2017 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has no litigation impacting its financial position which need to be disclose in its financial statements
  - 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 are required to be transferred to the Investor Education and Protection Fund by the Company.
  - iv. The company has provided requisite disclosures in its Notes No.10.1 of financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8<sup>th</sup> November 2016 to 30<sup>th</sup> December 2016 and these are in accordance with the books of accounts maintained by the company.

Place : New Delhi

Date : 29<sup>th</sup> June, 2017.

For **B.PURUSHOTTAM & CO.**  
Chartered Accountants  
Regd. No. 002808S

  
**K.V.N.S. KISHORE**  
Partner  
M.No. 206734



**ANNEXURE –A TO THE INDEPENDENT AUDITOR’S REPORT**

With reference to the Annexure referred to in paragraph 1 under the heading “Report on Other Legal and Regulatory Requirements” of the Independent Auditor’s report to the members of Rajam Enterprises Private Limited on the financial statements for the year ended 31<sup>st</sup> March 2017, we report that:


- (i). In our opinion and according to the information and explanations given by the management of the company, there are no Fixed Assets hence reporting under clause (i) (a), (b) and (c) of the order are not applicable to the company hence not commented upon.
- (ii). In our opinion and according to the information and explanations given by the management, the Company does not have any inventory during the year and hence reporting under this clause does not arise.
- (iii). According to the information and explanations given by the management, the company has not granted any loans secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a),(b) and (c) of the order are not applicable to the company.
- (iv). According to the information and explanations given by the management, there are no loans, investments, guarantees and securities granted in respect of which provisions of section, 185 and 186 of the Companies Act, 2013 are not applicable.
- (v). The company has not accepted deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
- (vi). The Central Government has not prescribed maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013 and hence reporting under this clause does not arise.
- (vii). a) The company is regular in depositing undisputed statutory dues including provident fund, employees’ state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues were in arrears as at 31<sup>st</sup> March 2017 for a period of more than six months from the date they became payable.





- b) No dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax have not been deposited on account of any dispute.
- (viii). According to the records of the company examined by us and based on the information and explanations given to us, the company has not availed any loans from banks, financial institutions, government and debenture holders hence reporting under this clause does not arise.
- (ix). According to the books of the company and based on the information and explanations given by the management, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year and hence reporting under this clause does not arise.
- (x). According to the information and explanations given by the management no fraud by the company or no fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi). No managerial remuneration has been paid or provided and hence reporting under this clause does not arise.
- (xii). The Company is not Nidhi Company hence reporting under this clause does not arise.
- (xiii). All transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.
- (xiv). The company has not made preferential allotment or private placement of shares or fully or partly convertible debentures during the year hence reporting under this clause does not arise.
- (xv). The company has not entered into any non-cash transactions with directors or persons connected with him.
- (xvi). The company is registered under section 45-1A of the Reserve Bank of India Act, 1934.

Place : New Delhi  
Date : 29<sup>th</sup> June, 2017

For B.PURUSHOTTAM & CO.  
Chartered Accountants  
Regd. No. 002808S  
  
K.V.N.S. KISHORE  
Partner  
M.No. 206734



**Annexure B to Auditors' Report of even date**

**Report on the Internal Controls on Financial Controls under clause (i) of sub-section (3) of section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Rajam Enterprises Private Limited ("the Company") as of 31 March 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies; the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place : New Delhi

Date : 29<sup>th</sup> June, 2017

For **B.PURUSHOTTAM & CO.**  
Chartered Accountants  
Regd. No. 002808S

  
**K.V.N.S. KISHORE**  
Partner  
M.No. 206734



**RAJAM ENTERPRISES PRIVATE LIMITED**  
CIN : U67120KA1995PTC033571  
Regd. Office : Skip House, 25/1, Museum Road, Bengaluru - 560 025

**Balance Sheet as at March 31, 2017**

Particulars	Note No.	March 31, 2017		March 31, 2016	
		Rs	Rs	Rs	Rs
<b>I. EQUITY AND LIABILITIES</b>					
(1) Shareholders' Funds					
(a) Share Capital	2	250,000,000		250,000,000	
(b) Reserves and Surplus	3	256,956		11,184,053	
			250,256,956		261,184,053
(2) Provision Against Standard Assets (U/s 45JA of RBI Act)	4		1,808,185		1,361,811
(3) Non Current Liabilities					
(a) Long term borrowings	5		11,500,000		13,500,000
(4) Current Liabilities					
(a) Short term borrowings	6	234,625,000		395,025,000	
(b) Other current liabilities	7	174,843,780		127,688,185	
(c) Short-term provisions	8	-	409,468,780	3,439,298	526,152,483
<b>TOTAL</b>			<b>673,033,921</b>		<b>802,198,347</b>
<b>II. ASSETS</b>					
(1) Non - current assets					
(a) Non - current investments	9		113,894,958		128,444,810
(2) Current Assets					
(a) Cash and cash equivalents	10	14,379,857		587,291	
(b) Short term loans and advances	11	516,624,341		538,495,000	
(c) Other current assets	12	28,134,765		134,671,246	
			559,138,963		673,753,537
<b>TOTAL</b>			<b>673,033,921</b>		<b>802,198,347</b>
Summary of significant accounting policies	1				

The accompanying notes are an integral part of the Financial statements

As Per Our Report of even date attached  
For B. Purushottam & Co  
Chartered Accountants  
Firm Registration number: 002808S

For and on behalf of the Board of Directors of  
Rajam Enterprises Private Limited


  
K.V.N.S.KISHORE  
Partner  
M.No.206734

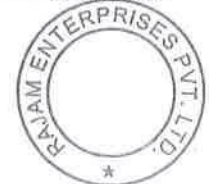


  
T Govindarajulu  
Director  
DIN. 02734169

  
Adishavataram Cherukupalli  
Director  
DIN. 00062003

Date: 29th June'2017  
Place : New Delhi

  
Sanjeev Rao Y  
Company Secretary  
A 23778





**RAJAM ENTERPRISES PRIVATE LIMITED**  
**CIN : U67120KA1995PTC033571**  
**Regd. Office : Skip House, 25/1, Museum Road, Bengaluru - 560 025**

**Profit and loss statement for the year ended March 31, 2017**

	Note No.	March 31, 2017		March 31, 2016	
		Rs	Rs	Rs	Rs
<b>Income</b>					
Revenue from Operations	13		31,438,826		4,280,374
<b>Total (A)</b>			31,438,826		4,280,374
<b>Expenses</b>					
Other expenses	14		22,975,758		10,858,506
Finance costs	15		47,059,416		54,304,363
<b>Total (B)</b>			70,035,174		65,162,869
Profit/(Loss) before exceptional and tax (A-B)			(38,596,348)		(60,882,495)
Exceptional Items			-		-
<b>Profit before tax</b>			(38,596,348)		(60,882,495)
<b>Tax expense:</b>					
(1) Current tax			-	118,339	-
(2) Mat Credit Entitlement		(27,339,699)	-	-	-
(3) Earlier years		(329,552)	(27,669,251)	-	118,339
<b>Profit/(Loss) for the period from continuing operations</b>			(10,927,097)		(61,000,834)
Less : Special Reserve u/s 451C of RBI Act			-		-
			(10,927,097)		(61,000,834)
Profit/(loss) from discontinuing operations			-		-
Tax expense of discontinuing operations			-		-
<b>Profit/(loss) from discontinuing operations (after tax)</b>			-		-
<b>Profit/(Loss) for the period</b>			(10,927,097)		(61,000,834)
<b>Earning per equity share:</b>					
(1) Basic			(0.44)		(2.44)
(2) Diluted			(0.44)		(2.44)
Summary of significant accounting policies	1				

The accompanying notes are an integral part of the Financial statements

**As Per Our Report of even date attached**  
**For B. Purushottam & Co**  
**Chartered Accountants**  
Firm Registration number: 002808S

  
**K.V.N.S.KISHORE**  
Partner  
M.No.206734



Date: 29th June'2017  
Place : New Delhi

**For and on behalf of the Board of Directors of**  
**Rajam Enterprises Private Limited**

  
**T Govindarajulu**  
Director  
DIN. 02734169

  
**Adishesavaram Cherukupalli**  
Director  
DIN. 00062003

  
**Sanjeev Rao Y**  
Company Secretary

A23778



**RAJAM ENTERPRISES PRIVATE LIMITED**  
**CIN : U67120KA1995PTC033571**  
**Regd. Office : Skip House, 25/1, Museum Road, Bengaluru - 560 025**

**Cash flow statement for the year ended March 31, 2017**

Particulars	March 31, 2017		March 31, 2016	
	Rs.	Rs.	Rs.	Rs.
<b>Cash flows from operating activities</b>				
Loss before taxation		(38,596,348)		(60,882,495)
Provision for Standard Assets	446,374		(621,007)	
Interest received	(1,476,432)		(4,502,646)	
Dividends received	(116,000)		(116,000)	
Interest expenses	47,059,416	45,913,358	54,302,839	49,063,186
		7,317,010		(11,819,309)
(Increase)/ decrease in trade and other receivables	128,407,140		257,735,357	
Increase/ (decrease) in trade payables	43,716,297	172,123,437	45,663,750	303,399,107
		179,440,448		291,579,798
Income taxes		27,669,251		6,007,323
<b>Net cash from operating activities</b>		<b>207,109,698</b>		<b>297,587,121</b>
<b>Cash flows from investing activities</b>				
(Purchase)/Sale of Investments(Net)	14,549,852		(105,721,799)	
Interest received	1,476,432		4,502,646	
Dividend received	116,000		116,000	
<b>Net cash from investing activities</b>		<b>16,142,284</b>		<b>(101,103,153)</b>
<b>Cash flows from financing activities</b>				
Proceeds/(Repayment) from long term borrowings	(2,000,000)		13,500,000	
Proceeds/(Repayment) from short term borrowings	(160,400,000)		(170,931,300)	
Interest paid	(47,059,416)		(54,302,839)	
<b>Net cash from financing activities</b>		<b>(209,459,416)</b>		<b>(211,734,139)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>13,792,566</b>		<b>(15,250,171)</b>
Cash and cash equivalents at beginning of reporting period		587,291		15,837,462
Cash and cash equivalents at end of reporting period		<b>14,379,857</b>		<b>587,291</b>

As Per Our Report of even date attached


For B. Purushottam & Co  
Chartered Accountants  
Firm Registration number: 002808S

  
**K.V.N.S.KISHORE**  
Partner  
M.No.206734



Date: 29th June'2017  
Place : New Delhi

For and on behalf of the Board of Directors of  
Rajam Enterprises Private Limited

  
**T Govindarajulu**  
Director  
DIN. 02734169

  
**Adishavaram Cherukupalli**  
Director  
DIN. 00062003

  
**Sanjeev Rao Y**  
Company Secretary

A 23778



# RAJAM ENTERPRISES PVT LTD

CIN : U67120KA1995PTC033571

Regd. Office : Skip House, 25/1, Museum Road, Bengaluru - 560 025

## Note. 1 : Statement on Significant Accounting Policies and Notes to the Accounts

### 1. Corporate information:

Rajam Enterprises Private Limited ('REPL' or 'the Company') is a private limited company domiciled in India.

#### A. Significant Accounting Policies

##### i).Basis of preparation of financial statements

The Financial Statements of the Company are prepared in accordance with the generally accepted accounting principles in India ('Indian GAAP'). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

##### ii).Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgements, estimates and assumptions that affect the reported amounts revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of the assets or liabilities in future periods.

##### iii).Revenue Recognition

The Company recognizes significant items of income and expenditure on accrual basis except in case of those with significant uncertainties.

##### Interest

Interest income is recognized on a time proportion basis taking into account the amount of outstanding and the rate applicable.

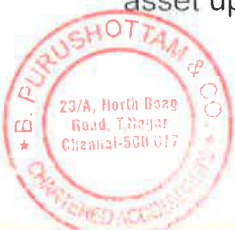
##### Dividends

Dividend income is recognized when the shareholders' right to receive payment is established by the Balance Sheet date

##### iv).Fixed Assets

Fixed Assets are stated at cost of acquisition less depreciation. Cost of acquisition is inclusive of fees paid for the services received towards acquisition, freight, duties, levies and all incidentals attributable to bringing the asset to its working condition.

All the fixed assets are assessed for any indication of impairment at the end of each financial year. On such indication, the impairment (being the excess of carrying value over the recoverable value of the asset) is charged to the Profit and Loss account in the respective financial year. The impairment loss recognized in the prior years is reversed where the recoverable value exceeds the carrying value of the asset upon re-assessment in the subsequent years.



# RAJAM ENTERPRISES PVT LTD

CIN : U67120KA1995PTC033571

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## v). Depreciation

Depreciation on fixed assets is calculated on a straight line basis using the rates arrived at based on the useful lives estimated by the management or as per the rates prescribed under Schedule II of Companies Act, 2013 whichever is higher, except for assets of less than Rs. 5,000, which are fully depreciated in the year of acquisition.

Leasehold improvements are amortized over the period of the lease or estimated useful life whichever is shorter

## vi). Investments

Cost of acquisition is inclusive of expenditure incidental to acquisition.

Long term investments are valued at cost and provision for diminution in value is made for any decline, other than temporary, in the value of such investments for each category. The Current investments are valued at cost or market value whichever is lower.

Income from investments is recognized in the year in which it is accrued and stated at gross.

## vii). Earnings per Share

The earnings considered in ascertaining the company's earnings per Share (EPS) comprise the net profit after tax less dividend payable on preference shares, if any (including dividend distribution tax). The number of shares used for computing the basic EPS is the weighted average number of shares outstanding during the year.

## viii). Taxes on Income

Current tax is determined based on the amount of tax payable in respect of taxable income for the year. Deferred tax is recognized on timing differences; being the tax on difference between the taxable incomes and accounting income that originate in one year and are capable of reversal in one or more subsequent years. Deferred tax assets and liabilities are computed on the timing differences applying the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets arising on account of unabsorbed depreciation or carry forward of tax losses are recognized only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized.





**RAJAM ENTERPRISES PRIVATE LIMITED**  
**CIN : U67120KA1995PTC033571**  
**Regd. Office : Skip House, 25/1, Museum Road, Bengaluru - 560 025**

Notes to financial statements for the year ended 31st March'2017

**2 Share Capital:**

Particulars	March 31, 2017		March 31, 2016	
	No. of shares	Rs.	No. of shares	Rs.
<b>Authorized:</b>				
Equity shares of Rs.10/- each	25,000,000	250,000,000	25,000,000	250,000,000
	25,000,000	250,000,000	25,000,000	250,000,000
<i>Issued, subscribed and fully paid up :</i>				
Equity shares of Rs.10/- each				
At the beginning of the reporting period	25,000,000	250,000,000	25,000,000	250,000,000
Add:- Issued during the reporting period	-	-	-	-
Less:- Bought back during the reporting period	-	-	-	-
<b>Outstanding at the end of the year</b>	<b>25,000,000</b>	<b>250,000,000</b>	<b>25,000,000</b>	<b>250,000,000</b>
<b>Details of shareholders holding more than 5% shares in the Company</b>				
Name of the Share Holder	March 31, 2017		March 31, 2016	
	No. of shares	%	No. of shares	%
a. GMR Enterprises Pvt Ltd	24,999,900	99.9996%	24,999,900	99.9996%

**Terms / rights attached to equity shares**

The Company has only one class of equity shares having a par value of Rs.10 per share. Every member holding equity shares therein shall have voting rights in proportion to the member's share of the paid up equity share capital. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares would be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the equity shareholders.



**RAJAM ENTERPRISES PRIVATE LIMITED**  
**CIN : U67120KA1995PTC033571**  
**Regd. Office : Skip House, 25/1, Museum Road, Bengaluru - 560 025**

Notes to financial statements for the year ended 31st March'2017

**3. Reserves and Surplus:**

Particulars	March 31, 2017 Rs.	March 31, 2016 Rs.
<b>Special Reserve U/s 45 IC of RBI Act</b>		
Opening Balance	34,301,025	34,301,025
Received during the year	-	-
Utilised During the Year	-	-
<b>(A)</b>	<b>34,301,025</b>	<b>34,301,025</b>
<b>Surplus i.e. balance in Statement of Profit &amp; Loss</b>		
Opening Balance	(23,116,972)	37,883,862
Transferred from/to Profit & Loss Account	(10,927,097)	(61,000,834)
<b>(B)</b>	<b>(34,044,069)</b>	<b>(23,116,972)</b>
<b>Total ( A+B)</b>	<b>256,956</b>	<b>11,184,053</b>

**4. Provision Against Standard Assets (U/s 45JA of RBI Act)**

Particulars	March 31, 2017	March 31, 2016
At the beginning of the reporting period	1,361,811	1,982,818
Add : During the year	446,374	(621,007)
At the close of the reporting period	1,808,185	1,361,811

**5. Long term Borrowings**

Particulars	March 31, 2017 Rs.	March 31, 2016 Rs.
<b>1) Unsecured Loans:</b>		
a) Loans from related parties	11,500,000	13,500,000
<b>Total</b>	<b>11,500,000</b>	<b>13,500,000</b>

**Additional Information:- March'2017**

Name of the Lender	Loan outstanding Rs.	Due Date
Sri Varalakshmi Jute Twine Mills Ltd	11,500,000	April'2018

**March'2016**

Name of the Lender	Loan outstanding Rs.	Due Date
Sri Varalakshmi Jute Twine Mills Ltd	13,500,000	April'2018

**6. Short term Borrowings**

Particulars	March 31, 2017 Rs.	March 31, 2016 Rs.
<b>1) Unsecured Loans:</b>		
a) Loans from related parties	234,625,000	395,025,000
<b>Total</b>	<b>234,625,000</b>	<b>395,025,000</b>

**Additional Information:- March'2017**

Name of the Lender	Loan outstanding Rs.	Due Date
GMR Enterprises Pvt Ltd	234,625,000	February'2018

**March'2016**

Name of the Lender	Loan outstanding Rs.	Due Date
GMR Enterprises Pvt Ltd	395,025,000	February'2018



**RAJAM ENTERPRISES PRIVATE LIMITED**

CIN : U67120KA1995PTC033571

Regd. Office : Skip House, 25/1, Museum Road, Bengaluru - 560 025

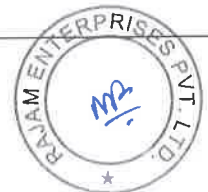
**Notes to financial statements**

Particulars	March 31, 2017	March 31, 2016
	Rs.	Rs.
<b>7 Other current liabilities:</b>		
a) Interest accrued but not due on borrowings	174,268,200	127,358,175
b) Other payables		
TDS Payable	184,014	254,839
Others	339,066	22,921
c) Audit Fees Payable	52,500	52,250
	<b>174,843,780</b>	<b>127,688,185</b>
<b>8 Short Term Provisions</b>		
Provision for Tax A.Y. 2014-15	-	3,439,298
	-	<b>3,439,298</b>
<b>9 Non - current investments</b>		

Details of Investments	No of Shares	March 31, 2017	No of Shares	March 31, 2016
		Rs.		Rs.
<b>a) Quoted Fully paid equity shares of Rs 10/- each</b>				
Indian Overseas Bank	1,000	24,000	1,000	24,000
The Karnataka Bank Limited	34,800	2,784,000	23,200	1,972,000
<b>b) Un-Quoted Fully paid equity shares of Rs 10/- each</b>				
VIL International Pvt. Ltd.	60,000	600,000	60,000	600,000
Seetha Mahalakshmi Poultry & Farms Pvt Ltd	-	-	119,000	1,190,000
GMR Energy Trading	1	10	1	10
Sai Rayalaseema Paper Mills Limited	323,210	3,937,001	323,210	3,937,001
<b>c) Un-Quoted Compulsory Convertible Debenture Rs.10,000/- each</b>				
Basanth Investments Private Limited	1,500	15,000,000	1,500	15,000,000
<b>d) Investment in Venture Capital</b>				
Faering Capital Evolving Fund I	72,870	69,461,922	88,876	90,721,799
Faering Capital Evolving Fund II	25,000 (Units)	22,088,025	15,000 (Units)	15,000,000
<b>Total</b>		<b>113,894,958</b>		<b>128,444,810</b>

Additional Information:

	March 31, 2017	March 31, 2016
<b>1) Aggregate value of quoted investments:</b>		
Cost	2,808,000	1,996,000
Market Value	3,602,470	2,411,730
Provision for diminution in value of investments	-	-
<b>2) Aggregate value of unquoted investments:</b>		
Cost	111,086,958	126,448,810



**RAJAM ENTERPRISES PRIVATE LIMITED**

CIN : U67120KA1995PTC033571

Regd. Office : Skip House, 25/1, Museum Road, Bengaluru - 560 025

**Notes to financial statements**

Particulars	March 31, 2017	March 31, 2016
	Rs.	Rs.
<b>10 Cash and cash equivalents:</b>		
i) Balances with banks		
- in Current Accounts	14,379,857	587,291
- in Cash	-	-
	<b>14,379,857</b>	<b>587,291</b>
<b>10.1 Cash Balance as on 30.12.2016</b>	<b>SBN'S</b>	<b>Others</b>
Closing cash in hand as on 08.11.2016	-	-
(+) Permitted receipts	-	-
(-) Permitted payments	-	-
(+) Amount deposited in banks	-	-
<b>Closing cash in hand as on 30.12.2016</b>	-	-
<b>11 Short term loans and advances:</b>		
i) Others	531,624,341	543,078,473
	<b>531,624,341</b>	<b>543,078,473</b>
Less: Provision for doubtful advances	15,000,000	4,583,473
	<b>516,624,341</b>	<b>538,495,000</b>
Additional information:		
1) Breakup of above:		
i) Secured, considered good	-	6,082,740
ii) Unsecured, considered good	516,624,341	532,412,260
iii) Doubtful	15,000,000	4,583,473
Total	531,624,341	543,078,473
Less: Provision for doubtful amounts	15,000,000	4,583,473
	<b>516,624,341</b>	<b>538,495,000</b>
<b>12 Other Current Assets</b>		
i) Advance payment of Income Tax (Net of Provisions)	460,795	8,489,771
ii) MAT credit entitlement (Refer note no.24)	22,129,722	-
iii) Interest receivable	5,544,248	126,181,475
	<b>28,134,765</b>	<b>134,671,246</b>





**RAJAM ENTERPRISES PRIVATE LIMITED**

CIN : U67120KA1995PTC033571

Regd. Office : Skip House, 25/1, Museum Road, Bengaluru - 560 025

**Notes to financial statements**

Particulars	March 31, 2017	March 31, 2016
	Rs.	Rs.
<b>13 Revenue from Operations :</b>		
i) Interest income - Loans and Advances	1,476,432	4,502,646
ii) Interest income - IT Refund	88,065	1,211,412
iii) Profit from redemption of venture capital units	29,520,329	314,426
iv) Profit on sale of shares	238,000	-
v) Dividend Income - from long term investments	116,000	116,000
	<b>31,438,826</b>	<b>6,144,484</b>
Less : Provision against Interest Income	-	1,864,110
	<b>31,438,826</b>	<b>4,280,374</b>
<b>14 Other expenses:</b>		
i) Printing & Stationery	-	7,795
ii) Consultancy	2,399,263	2,876,444
iii) Rates and taxes	9,894	81,865
iv) Payment to Auditors (Refer note no.23)	63,678	69,256
v) Provision for Doubtful Loans and Advances	12,005,753	(60,000)
vi) Provision for Standard Assets (U/s 45JA of RBI Act 1934)	446,374	(621,007)
vii) Interest on Income Tax	1,625,743	-
viii) Fund Management fee	6,320,053	-
ix) Mis.expenses	105,000	4,153
x) CSR expenses	-	8,500,000
	<b>22,975,758</b>	<b>10,858,506</b>
<b>15 Finance Costs:</b>		
i) Interest - Others	47,053,691	54,302,839
ii) Bank Charges	5,725	1,524
	<b>47,059,416</b>	<b>54,304,363</b>



# RAJAM ENTERPRISES PVT LTD

CIN : U67120KA1995PTC033571

Regd. Office : Skip House, 25/1, Museum Road, Bengaluru - 560 025

## Notes to the Financial Statements for the year ended March 31, 2017

16. The Company extended a Loan of Rs. 50,00,00,000/- ( Rupees Fifty Crores only) to DSC Limited on 28th March' 2013. As on 31st March' 2017 the total receivable from DSC Limited 49,72,34,340 /- (Rupees Forty nine crores seventy lakhs thirty four thousand three hundred forty only) including interest recognised upto 31st March' 2015. As per the terms of the Facility Documents the loan was repayable on 30th July' 2015 by DSC Limited. However DSC Limited failed to repay the Principal and part of the interest dues. The company stopped recognizing the interest w.e.f. April 1, 2015. The company has been vigorously following up with the party for recovery of the dues and it could recover an amount of Rs. 13,60,00,000 (Rupees Thirteen Crores Sixty Lakhs only) from the party during the current financial year and Rs.2,00,00,000/-(Rupees Two crores Only) subsequent to the close of the financial year. The company is confident of recovery of the balance dues. In view of this the company has not created any provision in the books of accounts against the amount outstanding.
17. The Company stopped recognizing interest income w.e.f April 1' 2015 on Mr.Gunda Vittal Loan of Rs. 150 Lakhs.
18. Contingent Liabilities: Nil (2016 : Nil)
19. The Company operates in single segment i.e. Non-banking financial activity and hence there are no reportable segments as per the requirements of Accounting Standard 17 "Segment Reporting" issued by the Institute of Chartered Accountants of India.
20. Additional Information pursuant to Paragraph 13 of Non-Banking Financial (Non- Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank ) Directions, 2007 is enclosed

## 21. Related Party Transactions

a) Name of Related Parties and description of relationship:

(i)	Holding Company	GMR Enterprises Private Ltd.
(ii)	Key Management Personnel	Mr. Adiseshavaram Cherukupalli – Director (Since July 31, 2013) Mr. Sunil Jain – Director (Since February 22, 2008) Mr. T. Govindarajulu-Director (Since June 28, 2012) Mr. Chakka Srinivasa Rao-Director (Since July 31, 2013)
(iii)	Enterprises under common control (Where transactions have taken place)	Sri Varalakshmi Jute Twine Mills Pvt. Ltd

b) Summary of transactions with the above related parties is as follows:

		(Amount in Rupees)
Nature of Transaction		Amount
<b>Interest Paid to :</b>		
GMR Enterprises Pvt Ltd		4,56,62,695 (5,15,80,712)



# RAJAM ENTERPRISES PVT LTD

CIN : U67120KA1995PTC033571

Regd. Office : Skip House, 25/1, Museum Road, Bengaluru - 560 025

Sri Varalakshmi Jute Twine Mills Ltd	13,90,996 (16,38,287)
<b>Loan Taken From</b> GMR Enterprises Pvt Ltd	1,29,00,000 (13,10,25,000)
<b>Loan Repaid to :</b>	
GMR Enterprises Pvt Ltd	17,33,00,000 (24,03,00,000)
Sri Varalakshmi Jute Twine Mills Pvt. Ltd	20,00,000 (5,00,000)
<b>Period end balances</b>	
<b>Loans Payable to</b> GMR Enterprises Pvt Ltd	23,46,25,000 (39,50,25,000)
Sri Varalakshmi Jute Twine Mills Pvt. Ltd	1,15,00,000 (1,35,00,000)
<b>Accrued Interest Payable to</b> GMR Enterprises Pvt Ltd	16,66,33,793 (12,09,75,664)
Sri Varalakshmi Jute Twine Mills Pvt.Ltd	76,34,407 (63,82,511)

Previous year figures are mentioned in brackets.

## 22. Earnings Per Share (EPS) (Basic and Diluted)

Particulars	March 31, 2017	March 31, 2016
Nominal Value of Equity Shares (Rs. per Share)	10	10
Total number of Equity Shares outstanding at the beginning of the year	2,50,00,000	2,50,00,000
Add: Equity Shares issued during the year		
Total number of Equity Shares outstanding at the end of the year	2,50,00,000	2,50,00,000
<b>Weighted average number of Equity Shares outstanding at the end of the year</b>	2,50,00,000	2,50,00,000
<b>Net Profit after tax for the purpose of EPS</b>	(1,09,27,097)	(6,10,00,834)
<b>EPS –Basic and Diluted</b>	(0.44)	(2.44)

## 23. Remuneration to Auditors

(Amount in Rupees)

Particulars	March 31, 2017	March 31, 2016
Audit fees (including Service Tax)	57,500	57,250
Certification fees	6,178	12,006
<b>Total</b>	<b>63,678</b>	<b>69,256</b>



# RAJAM ENTERPRISES PVT LTD

CIN : U67120KA1995PTC033571

Regd. Office : Skip House, 25/1, Museum Road, Bengaluru - 560 025

24. The Company is entitled for MAT Credit of Rs.2,73,39,699/- for the A.Y.2013-14. After adjusting an amount of Rs.52,09,977/- being the tax liability for the A.Y.2014-15 the balance of Rs.2,21,29,722/- shown in the books of accounts as at 31<sup>st</sup> March'2017.

## 25. Additional disclosure

### A) Asset Classification and Provisioning:

Classification of Loans and provision made for standard/substandard/doubtful/loss assets are as given below:

Classification of Assets	March 31, 2017	March 31, 2016
Standard assets	51,66,24,341	53,84,95,000
Sub-standard assets	-	15,00,000
Doubtful assets	1,50,00,000	30,83,473
<b>Total</b>	<b>53,16,24,341</b>	<b>54,30,78,473</b>

Note : 11 Short term loans and advances

Provision	March 31, 2017	March 31, 2016
Standard assets	18,08,185	13,61,811
Sub-standard assets	-	15,00,000
Doubtful assets	1,50,00,000	30,83,473
<b>Total</b>	<b>1,68,08,185</b>	<b>59,45,284</b>

Note 4 : Provision against standard assets & Note 11: Short term loans and advances

### B) Disclosure pursuant to Reserve Bank of India Notification DNBS.200/CGM (PK)-2008 dated 01<sup>st</sup> August, 2008

#### i. Capital to Risk asset ratio

Particular	March 31, 2017	March 31, 2016
Tier I Capital	25,02,56,956	26,11,84,053
Tier II Capital	18,08,185	13,61,811
<b>Total</b>	<b>25,20,65,141</b>	<b>26,25,45,863</b>
Total Risk Weighted Assets	63,60,63,546	79,31,21,283
Tier I Capital as a percentage of Total Risk weighted Assets (%)	39.34%	32.93%
Tier II Capital as a percentage of Total Risk weighted Assets (%)	0.28%	0.17%
Total Capital (%)	39.62%	33.10%

### C) Exposure to Real Estate Sector, Both Direct & Indirect

The Company does not have any direct or indirect exposure to the Real Estate Sector as at March 31, 2017





# RAJAM ENTERPRISES PVT LTD

CIN : U67120KA1995PTC033571

Regd. Office : Skip House, 25/1, Museum Road, Bengaluru - 560 025

## D) Maturity Pattern of Assets and Liabilities

Maturity pattern of certain items of Assets and Liabilities as on March 31, 2017

SL No.	Particulars	Liabilities		Assets	
		Borrowings from Banks and others	Market Borrowings	Advances	Investments
1	Upto one month	-	-	-	-
2	Over one month to 2 months	-	-	-	-
3	Over 2 months upto 3 months	-	-	-	-
4	Over 3 months upto 6 months	-	-	-	-
5	Over 6 months upto 1 year	23,46,25,000	-	51,16,24,341	-
6	Over 1 years upto 3 years	1,15,00,000	-	-	9,43,57,947
7	Over 3 years upto 5 years	-	-	-	1,95,37,011
8	Over 5 years	-	-	-	-
	<b>Total</b>	<b>24,61,25,000</b>	<b>-</b>	<b>51,16,24,341</b>	<b>11,38,94,958</b>

Notes :

- The above borrowing exclude interest accrued but not due.
- The above information has been considered as per the Assets Liability Management(ALM) Report compiled by the Management reviewed by the ALM committee.

## E) Provisions and Contingencies

(Amount in Rupees)

Provisions and Contingencies	March 31, 2017	March 31, 2016
Provisions for depreciation on Investment	-	-
Provision towards NPA	-	-
Provision made towards Income tax	-	1,18,339
Other Provision and Contingencies	1,95,23,013	1,20,00,733
Provision for Standard Assets	18,08,185	13,61,811

## F) Disclosure of frauds reported during the year ( Pursuant to Circular: DNBS PD.CCNO.256/03.10.042 2012-13 dated March 02, 2012)

March, 2017 (Rupees in Lakhs)

Particulars	Less than Rs.1 lakh		Rs.1 to Rs.5 lakh		Rs.5 to Rs.25 lakh		Total	
	No. of Accounts	Value	No. of Accounts	Value	No. of Accounts	Value	No. of Accounts	Value
A) Person involved								
Staff	-	-	-	-	-	-	-	-
Customer	-	-	-	-	-	-	-	-
Staff and customer	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
B) Type of fraud								
Misappropriation and criminal breach of trust								
Fraudulent encashment/ Manipulation of books of accounts	-	-	-	-	-	-	-	-
unauthorized credit facility extended								
Cheating and forgery								
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



# RAJAM ENTERPRISES PVT LTD

CIN : U67120KA1995PTC033571

Regd. Office : Skip House, 25/1, Museum Road, Bengaluru - 560 025

C) Person involved								
Staff	-	-	-	-	-	-	-	-
Customer	-	-	-	-	-	-	-	-
Staff and customer	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-	-
D) Type of fraud								
Misappropriation and criminal breach of trust								
Fraudulent encashment/ Manipulation of books of accounts	-	-	-	-	-	-	-	-
unauthorized credit facility extended								
Cheating and forgery								
<b>Total</b>	-	-	-	-	-	-	-	-

26. There is no timing difference between the taxable incomes and accounting income, hence deferred tax does not arise.
27. The company does not have any Lease transaction.
28. The company does not have any employees on its rolls.
29. The Directors are not paid any remuneration/fees.
30. There are no dues to creditors covered under Micro Small Medium Enterprises Development (MSMED) Act 2006
31. Previous year figures have been regrouped and reclassified, wherever necessary, to conform to those of the Current year.

As per our report of even date  
For B. Purushottam & Co  
Chartered Accountants  
Firm Registration No : 002808S

For and on behalf of the Board of Directors of  
Rajam Enterprises Private Limited

  
K.V.N.S.KISHORE  
Partner  
M.No. 206734



  
T Govindarajulu  
Director  
DIN .02734169

  
Adishavaram Cherukupalli  
Director  
DIN .00062003

Date : 29<sup>th</sup> June'2017  
Place : New Delhi

  
Sanjeev Rao Y  
Company Secretary  
A 23778

