

REPORT OF THE DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2007

Your Directors submit their Report and Accounts for the financial year ended 31st March, 2007.

Performance

During the financial year ended 31st March, 2007, your Company recorded an income of Rs. 77.62 crores (previous year - Rs. 66.81 crores), profit before tax of Rs. 31.00 crores (previous year - Rs. 25.75 crores) and profit after tax of Rs. 20.69 crores (previous year - Rs. 17.66 crores) after providing for income tax of Rs. 10.31 crores (previous year - Rs. 8.09 crores). Earnings per share for the year stands at Rs. 8.62 (previous year Rs. 7.36). Cash Flow from Operations were Rs. 33.66 crores during the year (previous year Rs. 29.24 crores). Your Directors are pleased to recommend a dividend of Rs. 2.00 (previous year Rs. 2.00) per equity share for the year ended 31st March, 2007. Your Board further recommends a transfer to General Reserve of Rs. 1.55 crores (previous year - Rs. 1.32 crores).

Your Company's Hotel viz., ITC Hotel Kakatiya Sheraton & Towers renovated 72 Guest Rooms during the year, out of which 6 rooms were positioned as ITC One. During the year the Coffee Shop was also renovated at a cost of Rs. 3.20 crores providing luxurious ambience and positioned as the only contemporary 24 hours eatery truly global with the best of Hyderabad offerings. Your Company is planning to invest Rs. 14 crores in the coming financial year 2007-08 towards upgrading various facilities in your Company's Hotel ITC Hotel Kakatiya Sheraton & Towers which includes setting up of a world class Spa, renovation of additional 38 rooms, conversion of Peshawri restaurant into Kebab & Kurries and setting up of a new restaurant.

Your Company has entered into a License agreement with Sheraton International Inc. on 12th April, 2007, subject to the Government approval, pursuant to which your Company's hotel will now be operated under the Luxury Collection Brand. Application for obtaining the necessary approval from the Government of India is under process.

Your Company's Hotel also has implemented 'Six Sigma' quality initiatives during the year to further enhance service edge.

Foreign Exchange Earnings and Outflow

During the year, your Company earned foreign exchange of Rs. 46.05 crores (previous year - Rs. 34.05 crores). The utilisation of foreign exchange was Rs. 2.81 crores (previous year Rs. 1.89 crores).

Energy / Environment and Safety

The thrust on energy conservation continues, resulting in savings in energy costs. Your Company continues to focus on hygiene, safety and environment. During the year your Company's Hotel, ITC Hotel Kakatiya Sheraton & Towers received various awards /recognitions, significant amongst which are 'Environment Champion Among Large Hotels' by Federation of Hotel & Restaurant Associations of India, 'Greentech Silver Safety Award' in service sector for outstanding achievement in safety management by Greentech Foundation, 'Certificate of Appreciation' by Energy Conservation Mission and The Institution of Engineers (India) and 'HACCP Certification' for Food Safety System by Det Norske Veritas.

Directors

In accordance with the provisions of Article 151 of the Articles of Association of the Company, Mr. Pradeep Reddy and Mr. Nakul Anand will be retiring by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

Human Resource

Your Company continues to attract and retain talent of the highest quality. Your Company has initiated various training and development programmes to sustain competitive edge.

The relationship between the staff and the management continued to be very cordial.

Your Directors place on record their sincere appreciation of the efforts made and the support rendered by the employees of the Company.

Particulars of Employees

None of the employees fall under the purview of the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

Auditors

The Auditors of your Company M/s. Lovelock & Lewes, Chartered Accountants, retire at the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

Responsibility Statement

In terms of Section 217(2AA) of the Companies Act, 1956, your Directors state that :

a) in the preparation of annual accounts under review the applicable accounting standards had been followed. b) appropriate accounting policies were selected and applied consistently and reasonable and prudent judgements and estimates were made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year under review and of the profit or loss of the Company for that period. c) proper and sufficient care was taken 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. d) the annual accounts are prepared on a going concern basis.

The required disclosures and significant accounting policies followed are appearing in Schedules 19 and 20, respectively, in the annual accounts.

Other Information

The Audit Committee of the Company reviewed the financial statements for the year under review at its meeting held on 27th April, 2007 and recommended the same for the approval of the Board of Directors.

On behalf of the Board
G. Sivakumar Reddy
Chairman

Hyderabad, 27th April, 2007

AUDITORS' REPORT TO THE MEMBERS OF SRINIVASA RESORTS LIMITED

1. We have audited the attached Balance Sheet of Srinivasa Resorts Limited as at March 31, 2007, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted 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 statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (a) 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;
 - (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, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
- (e) On the basis of written representations received from the Directors as on March 31, 2007 and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2007 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Act.
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2007;
 - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

Srinivas Talluri
Partner
Membership No. : 29864
For and on behalf of
Lovelock & Lewes
Chartered Accountants

Hyderabad, 27th April, 2007

ANNEXURE TO AUDITORS' REPORT

[Referred to in paragraph 3 of the Auditors' Report of even date to the members of Srinivasa Resorts Limited on the financial statements as at and for the year ended March 31, 2007]

1. (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) The fixed assets of the Company have been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.
 - (c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.

2. (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
 - (b) In our opinion, the procedures of 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) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
3. The Company has neither granted nor taken any loans, secured or unsecured, to / from companies, firms or other parties covered in the Register maintained under Section 301 of the Act.

4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and 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, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
5. According to the information and explanations given to us, there have been no contracts or arrangements referred to in Section 301 of the Act, during the year to be entered in the Register required to be maintained under that Section. Accordingly, commenting on transactions made in pursuance of such contracts or arrangements does not arise.
6. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed thereunder.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the Company.
9. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales tax, wealth tax, service tax, customs duty, cess and other material statutory dues as applicable with the appropriate authorities. Investor Education and Protection Fund and excise duty are not applicable to the Company for the current year.
(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income tax, sales tax, wealth tax, service tax, customs duty and cess which have not been deposited on account of any dispute except as given below.
10. The Company has no accumulated losses as at March 31, 2007, and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
12. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the Company.
13. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
14. In our opinion, and 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 during the year.
15. The Company has not obtained any term loans.
16. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
17. The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Act, during the year.
18. The Company has not raised any money by public issues during the year.
19. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices 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 case by the management.
20. The clauses, (iii) (b), (iii) (c), (iii) (d), (iii) (f), (iii) (g), (v) (b), (xi) and (xix) of paragraph 4 of the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, are not applicable in the case of the Company for the current year, since in our opinion there is no matter which arises to be reported in the aforesaid order.

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Tax on income earned on deposits made with financial institutions, companies, banks etc. and interest thereon	47,11,300 (Rs. 47,11,300 paid under protest)	Assessment year 1996-97	Income Tax Appellate Tribunal (ITAT)
APGST Act, 1957	Sales Tax on purchases from unregistered dealers	3,75,868 (Rs. 2,00,000 paid under protest) 5,46,539	Financial year 1997-1998 Financial year 1998-1999	Sales Tax Appellate Tribunal

Excise duty is not applicable to the Company for the current year.

Srinivas Talluri
Partner
Membership No. : 29864
For and on behalf of
Lovelock & Lewes
Chartered Accountants

Hyderabad, 27th April, 2007

BALANCE SHEET AS AT 31ST MARCH, 2007

Schedule	31st March, 2007 (Rs.)	31st March, 2006 (Rs.)
I. SOURCES OF FUNDS		
1. Shareholders' Funds		
a) Capital	1 24,00,00,000	24,00,00,000
b) Reserves and Surplus	2 46,64,15,051	31,56,23,323
	70,64,15,051	55,56,23,323
2. Deferred Tax Liability - Net Total	3 7,93,89,468	8,10,12,830
	78,58,04,519	63,66,36,153
II. APPLICATION OF FUNDS		
1. Fixed Assets	4	
a) Gross Block	70,66,16,207	65,44,83,558
b) Less : Depreciation	23,44,44,584	21,27,54,444
c) Net Block	47,21,71,623	44,17,29,114
d) Capital Work-in-Progress	92,78,194	59,66,211
	48,14,49,817	44,76,95,325
2. Investments	5 22,15,89,270	12,79,26,512
3. Current Assets, Loans and Advances		
a) Inventories	6 92,90,539	70,90,178
b) Sundry Debtors	7 1,97,12,605	2,89,41,474
c) Cash and Bank Balances	8 16,11,57,161	13,40,09,899
d) Other Current Assets	9 74,51,020	54,22,662
e) Loans and Advances	10 3,13,96,360	2,16,42,866
	22,90,07,685	19,71,07,079
Less :		
4. Current Liabilities and Provisions		
a) Liabilities	11 8,95,14,653	8,04,99,763
b) Provisions	12 5,67,27,600	5,55,93,000
	14,62,42,253	13,60,92,763
Net Current Assets	8,27,65,432	6,10,14,316
Total	78,58,04,519	63,66,36,153
Notes to the Accounts	19	
Significant Accounting Policies	20	

The Schedules referred to above form an integral part of the Balance Sheet.
This is the Balance Sheet referred to in our Report of even date.

Srinivas Talluri
Partner
For and on behalf of
Lovelock & Lewes
Chartered Accountants
Hyderabad, 27th April, 2007

On behalf of the Board
N. R. Pradeep Reddy *Director*
Kuldeep Bhartee *Managing Director*
S. Sankar *Company Secretary & Financial Controller*

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

	Schedule	For the year ended 31st March, 2007 (Rs.)	For the year ended 31st March, 2006 (Rs.)
I. INCOME			
Gross Income from Operations		80,56,33,755	69,09,22,638
Less : Taxes		5,50,13,362	3,93,46,414
Net Income from Operations	13	75,06,20,393	65,15,76,224
Other Income	14	2,55,75,042	1,65,42,663
		<u>77,61,95,435</u>	<u>66,81,18,887</u>
II. EXPENDITURE			
Food, Beverage, etc. Consumed	15	6,90,93,980	6,16,67,499
Operating and Administrative Expenses	16	36,73,30,407	31,83,73,618
Depreciation		2,97,38,649	3,06,25,502
		<u>46,61,63,036</u>	<u>41,06,66,619</u>
III. PROFIT			
Profit before Taxation		31,00,32,399	25,74,52,268
Provision for Taxation	17	10,14,19,706	7,91,43,685
Fringe Benefit Tax		16,63,365	17,30,000
Profit after Taxation		20,69,49,328	17,65,78,583
Profit brought forward		29,61,73,720	18,75,72,137
Available for appropriation		<u>50,31,23,048</u>	<u>36,41,50,720</u>
IV. APPROPRIATIONS			
General Reserve		1,55,25,000	1,32,45,000
Proposed Dividend		4,80,00,000	4,80,00,000
Income Tax on Proposed Dividend		81,57,600	67,32,000
Profit Carried Forward		43,14,40,448	29,61,73,720
		<u>50,31,23,048</u>	<u>36,41,50,720</u>
Basic and Diluted Earnings Per Share (Rs.)	18	8.62	7.36
Notes to the Accounts	19		
Significant Accounting Policies	20		

The Schedules referred to above form an integral part of the Profit and Loss Account.

This is the Profit and Loss Account referred to in our Report of even date.

Srinivas Talluri
Partner
For and on behalf of
Lovelock & Lewes
Chartered Accountants
Hyderabad, 27th April, 2007

On behalf of the Board
N. R. Pradeep Reddy Director
Kuldeep Bhartee Managing Director
S. Sankar Company Secretary &
Financial Controller

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2007

	31st March, 2007 (Rs.)	31st March, 2006 (Rs.)
A. CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX	31,00,32,399	25,74,52,268
ADJUSTMENT FOR		
Depreciation	2,97,38,649	3,06,25,502
Interest Income	(70,29,397)	(29,43,177)
Fixed Assets Discarded - Net	41,18,326	46,38,275
Income from Current Investments	(99,22,444)	(38,31,478)
Profit on Sale of Current Investments - Net	(1,93,974)	(57,271)
Liability no longer required written back	—	1,67,11,160
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	<u>32,67,43,559</u>	<u>28,35,29,167</u>
ADJUSTMENT FOR		
Trade & Other Receivables	92,88,243	(1,35,29,651)
Inventories	(22,00,361)	19,47,833
Trade Payables	27,67,769	98,55,651
CASH GENERATED FROM OPERATIONS	<u>33,65,99,210</u>	<u>2,04,77,926</u>
Income Tax Paid	(11,33,80,872)	29,24,25,275
NET CASH FROM OPERATING ACTIVITIES	<u>22,32,18,338</u>	<u>(9,27,75,701)</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(6,33,36,827)	3,95,81,656
Sale of Fixed Assets	5,55,551	5,64,114
Purchase of Current Investments	(129,69,73,015)	(98,09,11,807)
Sale / Redemption of Current Investments	120,33,10,258	85,29,95,295
Interest Received	49,40,998	26,03,449
Income from Current Investments	1,01,63,959	35,83,208
NET CASH USED IN INVESTING ACTIVITIES	<u>(14,13,39,076)</u>	<u>(16,07,47,397)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Dividends etc., Paid	(4,80,00,000)	(3,60,00,000)
Income Tax on Dividend Paid	(67,32,000)	(50,49,000)
NET CASH USED IN FINANCING ACTIVITIES	<u>(5,47,32,000)</u>	<u>(4,10,49,000)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>2,71,47,262</u>	<u>(21,46,823)</u>
OPENING CASH AND CASH EQUIVALENTS	<u>13,40,09,899</u>	<u>13,61,56,722</u>
CLOSING CASH AND CASH EQUIVALENTS	<u>16,11,57,161</u>	<u>13,40,09,899</u>
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash and Bank Balances	16,11,57,161	13,40,09,899
Unrealised Loss / (Gain) on Foreign Currency Cash & Cash Equivalents	—	—
	<u>16,11,57,161</u>	<u>13,40,09,899</u>

This is the Cash Flow Statement referred to in our Report of even date.

Srinivas Talluri
Partner
For and on behalf of
Lovelock & Lewes
Chartered Accountants
Hyderabad, 27th April, 2007

On behalf of the Board
N. R. Pradeep Reddy Director
Kuldeep Bhartee Managing Director
S. Sankar Company Secretary &
Financial Controller

SCHEDULES TO THE ACCOUNTS

(Figures for the previous year have been rearranged to conform with the revised presentation)

				As at 31st March, 2007 (Rs.)	As at 31st March, 2006 (Rs.)			
1. CAPITAL								
Authorised								
2,40,00,000 Equity Shares of Rs. 10/- each				<u>24,00,00,000</u>				<u>24,00,00,000</u>
				<u>24,00,00,000</u>				<u>24,00,00,000</u>
Issued and Subscribed								
*2,40,00,000 Equity Shares of Rs. 10/- each fully paid up.				24,00,00,000				24,00,00,000
Of the above, 10,00,000 Equity Shares of Rs. 10/- each were allotted as fully paid up to the shareholders of the amalgamating company pursuant to the scheme of amalgamation without payment being received in cash.								
				<u>24,00,00,000</u>				<u>24,00,00,000</u>
* Includes								
– 1,63,20,477 Equity Shares of Rs. 10/- each fully paid up held by the Holding Company, ITC Limited.								
2. RESERVES AND SURPLUS								
Capital Reserve				94,603				94,603
General Reserve								
At the Commencement of the year				1,93,55,000			61,10,000	
Add : From Profit and Loss Account				<u>1,55,25,000</u>	3,48,80,000		<u>1,32,45,000</u>	1,93,55,000
Profit & Loss Account					43,14,40,448			29,61,73,720
					<u>46,64,15,051</u>			<u>31,56,23,323</u>
3. DEFERRED TAX LIABILITY - NET								
Deferred Tax Liabilities								
Depreciation - Timing difference				8,00,86,230				8,13,87,567
				<u>8,00,86,230</u>				<u>8,13,87,567</u>
Less:								
Deferred Tax Assets								
Employee Benefits				6,96,762				3,74,737
				<u>6,96,762</u>				<u>3,74,737</u>
Deferred Tax Liability - Net				<u>7,93,89,468</u>				<u>8,10,12,830</u>
4. FIXED ASSETS								
Particulars	Original Cost as at 1.4.2006 (Rs.)	Additions (Rs.)	Withdrawals (Rs.)	Original Cost as at 31.3.2007 (Rs.)	Depreciation for the year (Rs.)	Depreciation on Withdrawals (Rs.)	Depreciation up to 31.3.2007 (Rs.)	Net Block as at 31.3.2007 (Rs.)
Freehold Land	1,00,00,000	—	—	1,00,00,000	—	—	—	1,00,00,000
Buildings	26,86,17,231	46,30,713	—	27,32,47,944	43,82,271	—	4,69,76,121	22,62,71,823
Plant and Machinery	22,89,36,026	2,64,60,176	38,17,531	25,15,78,671	1,30,98,381	12,95,065	7,97,79,681	17,17,98,990
Computers etc.	1,30,40,802	45,11,259	—	1,75,52,061	16,27,230	—	1,05,06,581	70,45,480
Furniture and Fixtures	13,06,30,339	2,10,57,546	86,63,237	14,30,24,648	98,18,152	66,52,197	9,51,31,130	4,78,93,518
Motor Vehicles	32,59,160	81,95,342	2,41,619	1,12,12,883	8,12,615	1,01,248	20,51,071	91,61,812
	65,44,83,558	6,48,55,036	1,27,22,387	70,66,16,207	2,97,38,649	80,48,510	23,44,44,584	47,21,71,623
Capital Work-in-Progress	59,66,211	3,93,22,670	3,60,10,687	92,78,194	—	—	—	92,78,194
Total	66,04,49,769	10,41,77,706	4,87,33,074	71,58,94,401	2,97,38,649	80,48,510	23,44,44,584	48,14,49,817
Previous Year	63,20,27,891	9,34,55,778	6,50,33,900	66,04,49,769	3,06,25,502	44,79,788	21,27,54,444	44,76,95,325

SCHEDULES TO THE ACCOUNTS (Contd.)

	As at 31st March, 2007 (Rs.)	As at 31st March, 2006 (Rs.)		As at 31st March, 2007 (Rs.)	As at 31st March, 2006 (Rs.)
5. INVESTMENTS					
Unquoted					
Long Term					
Government Securities - National Savings Certificates (Deposits with or for deposit with authorities)	10,000	10,000	Principal Floating Institutional Dividend Reinvestment Daily 11,20,738 (Previous Year - Nil) Units of Rs. 10.00 each (1,99,97,474 Units purchased during the year and 1,88,76,736 Units sold during the year)	1,12,08,167	—
Current - Other Investments			Principal PNB Fixed Maturity Plan - 91 Days - Series VIII 10,00,000 (Previous Year - Nil) Units of Rs. 10.00 each (10,00,000 Units purchased during the year)	1,00,00,000	—
ABN AMRO FTP Series 2 Thirteen Month Plan Dividend 5,26,837 (Previous Year - 5,00,000) Units of Rs. 10.00 each (26,837 Units purchased during the year)	52,73,603	50,00,000	Principal PNB Fixed Maturity Plan - 385 Days - Series III 5,00,000 (Previous Year - Nil) Units of Rs. 10.00 each (5,00,000 Units purchased during the year)	50,00,000	—
ABN AMRO FTP Series 4 Quarterly Plan C Monthly Dividend 20,00,000 (Previous Year - Nil) Units of Rs. 10.00 each (20,00,000 Units purchased during the year)	2,00,00,000	—	Principal PNB Fixed Maturity Plan - 91 Days - Series VII 10,00,000 (Previous Year - Nil) Units of Rs. 10.00 each (10,00,000 Units purchased during the year)	1,00,00,000	—
Birla FTP Quarterly - Series 5 20,00,000 (Previous Year - Nil) Units of Rs. 10.00 each (20,00,000 Units purchased during the year)	2,00,00,000	—	Principal PNB Fixed Maturity Plan - 91 Days - Series III Nil (Previous Year - 15,00,000) Units of Rs. 10.00 each (15,00,000 Units sold during the year).	—	1,50,00,000
Birla FTP Quarterly - Series 7 20,00,000 (Previous Year - Nil) Units of Rs. 10.00 each (20,00,000 Units purchased during the year)	2,00,00,000	—	Pru ICICI Fixed Maturity Plan - 91 Days - Series 35 10,00,000 (Previous Year - Nil) Units of Rs. 10.00 each (10,00,000 Units purchased during the year)	1,00,00,000	—
Birla FTP Quarterly - Series 10 5,00,000 (Previous Year - Nil) Units of Rs. 10.00 each (5,00,000 Units purchased during the year)	50,00,000	—	Standard Chartered Fixed Maturity Plan Quarterly - Series 3 10,00,000 (Previous Year - Nil) Units of Rs. 10.00 each (10,00,000 Units purchased during the year)	1,00,00,000	—
Canfloater Short Term - Weekly Dividend Nil (Previous Year - 47,00,005) Units of Rs. 10.00 each (1,70,15,977 Units purchased and 2,17,15,982 Units sold during the year)	—	4,79,16,512	Standard Chartered Fixed Maturity Plan Quarterly - Series 4 10,00,000 (Previous Year - Nil) Units of Rs. 10.00 each (10,00,000 Units purchased during the year)	1,00,00,000	—
DBS Chola Fixed Maturity Plan III - Series 6 10,00,000 (Previous Year - Nil) Units of Rs. 10.00 each (10,00,000 Units purchased during the year)	1,00,00,000	—	Tata Fixed Horizon Fund Series 6 Scheme H 10,00,000 (Previous Year - Nil) Units of Rs. 10.00 each (10,00,000 Units purchased during the year)	1,00,00,000	—
Deutsche Fixed Term Fund - Series 8 - Dividend Option Nil (Previous Year - 50,00,000) Units of Rs. 10.00 each (50,00,000 Units sold during the year)	—	5,00,00,000	Tata Fixed Horizon Fund Series 8 Scheme E 10,00,000 (Previous Year - Nil) Units of Rs. 10.00 each (10,00,000 Units purchased during the year)	1,00,00,000	—
Grindlays Fixed Maturity - 16th Plan A - Dividend 10,00,000 (Previous Year - 10,00,000) Units of Rs. 10.00 each	1,00,00,000	1,00,00,000	Tata Fixed Horizon Fund Series 9 Scheme D 10,00,000 (Previous Year - Nil) Units of Rs. 10.00 each (10,00,000 Units purchased during the year)	1,00,00,000	—
Kotak FMP 3M Quarterly - Series 8 10,00,000 (Previous Year - Nil) Units of Rs. 10.00 each (10,00,000 Units purchased during the year)	1,00,00,000	—			
Kotak FMP 3M Quarterly - Series 10 10,09,745 (Previous Year - Nil) Units of Rs. 10.00 each (10,09,745 Units purchased during the year)	1,00,97,500	—			
Kotak FMP 3M Quarterly - Series 11 10,00,000 (Previous Year - Nil) Units of Rs. 10.00 each (10,00,000 Units purchased during the year)	1,00,00,000	—			
Kotak FMP 3M Quarterly - Series 12 5,00,000 (Previous Year - Nil) Units of Rs. 10.00 each (5,00,000 Units purchased during the year)	50,00,000	—			
				<u>22,15,89,270</u>	<u>12,79,26,512</u>
			During the year, the following current investments were purchased and sold ;		
			1] 10,00,000 Units of ABN AMRO FTP Series 3 Quarterly Plan E Dividend Option at a cost of Rs. 1,00,00,000/-.		
			2] 5,00,000 Units of UTI Fixed Maturity Plan Quarterly Series Dividend Option at a cost of Rs. 50,00,000/-.		
			3] 20,00,000 Units of JM Fixed Maturity Fund Series III Monthly Plan FMF M1 Dividend Plan at a cost of Rs. 2,00,00,000/-.		
			4] 71,23,540 Units of Canfloater Rate Short Term Dividend Fund at cost of Rs. 7,36,43,158/-.		

SCHEDULES TO THE ACCOUNTS (Contd.)

	As at 31st March, 2007 (Rs.)	As at 31st March, 2006 (Rs.)		As at 31st March, 2007 (Rs.)	As at 31st March, 2006 (Rs.)
5]	4,11,80,172 Units of Prudential ICICI Floating Rate Plan D - Daily Dividend at cost of Rs. 41,18,01,721/-.				
6]	23,77,434 Units of Birla Bond Plus Instl. Fortnightly Dividend Reinvestment at cost of Rs. 2,50,00,000/-.				
7]	1,99,97,474 Units of Principal Floating Rate Fund SMP Instl. Option Dividend Reinvestment Daily at a cost of Rs. 19,99,88,743/-.				
8]	18,277 Units of Templeton India Short Term Income Plan Weekly Dividend Reinvestment at a cost of Rs. 2,00,18,512/-.				
9]	5,00,000 Units of Principal PNB Fixed Maturity Plan 91 Days at a cost of Rs. 50,00,000/-.				
10]	22,85,861 Units of Principal Floating Rate Fund STP Instl. Option Dividend Reinvestment Weekly at a cost of Rs. 2,50,00,000/-.				
11]	13,43,496 Units of ING Vysya Income Fund - Short Term Plan Dividend Option Reinvestment at a cost of Rs. 1,50,12,030/-.				
12]	10,00,000 Units of JM Fixed Maturity Fund Series III Quarterly Plan FMF Q2 Dividend Option at a cost of Rs. 1,00,00,000/-.				
13]	10,00,000 Units of LIC MF FMP Series 9 Dividend Plan at a cost of Rs. 1,00,00,000/-.				
14]	10,00,000 Units of ABN AMRO FTP Series 3 Quarterly Plan D Dividend Option at a cost of Rs. 1,00,00,000/-.				
15]	15,00,000 Units of ING Fixed Maturity Fund Series XIV Dividend Option at a cost of Rs. 1,50,00,000/-.				
16]	10,00,000 Units of Prudential ICICI FMP Series 32 Plan D retained Dividend at a cost of Rs. 1,00,00,000/-.				
17]	36,24,454 Units of Prudential ICICI Institutional Short Term Plan at a cost of Rs. 4,00,00,000/-.				
18]	10,00,000 Units of ABN AMRO FTP Series 3 Quarterly Plan H Monthly Dividend Option at a cost of Rs. 1,00,00,000/-.				
19]	10,00,000 Units of ABN AMRO FTP Series 3 Quarterly Plan G Monthly Dividend Option at a cost of Rs. 1,00,00,000/-.				
20]	4,53,975 Units of JM Short Term Fund Dividend Option at a cost of Rs. 50,00,000/-.				
21]	5,00,000 Units of HSBC Income Fund STP Instl. Weekly Dividend at a cost of Rs. 50,00,000/-.				
22]	5,00,000 Units of JM Fixed Maturity Fund Series III Quarterly Plan FMF Q4 Dividend Option at a cost of Rs. 50,00,000/-.				
23]	10,00,000 Units of Standard Chartered Fixed Maturity Plan Quarterly Series I Dividend at a cost of Rs. 1,00,00,000/-.				
24]	9,94,391 Units of Kotak Bond Short Term Monthly Dividend Option at a cost of Rs. 1,00,00,000/-.				
25]	10,00,000 Units of DBS Chola Fixed Maturity Plan Series 5 Quarterly Plan III at a cost of Rs. 1,00,00,000/-.				
	As at 31st March, 2007 (Rs.)	As at 31st March, 2006 (Rs.)			
6. INVENTORIES					
Food, Beverage, etc.	62,75,396	41,64,971			
Stores and Spare Parts	30,15,143	29,25,207			
	<u>92,90,539</u>	<u>70,90,178</u>			
7. SUNDRY DEBTORS					
Over 6 months old					
Good and Unsecured	22,04,188	14,86,552			
Other Debts					
Good and Secured	1,62,176	16,518			
Good and Unsecured	1,75,08,417	2,74,54,922			
	<u>1,98,74,781</u>	<u>2,89,57,992</u>			
Less : Deposits from normal Trade Debtors - Contra	1,62,176	16,518			
	<u>1,97,12,605</u>	<u>2,89,41,474</u>			
8. CASH AND BANK BALANCES					
With Scheduled Banks					
On Current Accounts etc.	1,98,01,377	2,45,89,947			
On Margin Money	10,21,200	24,41,200			
On Deposit Accounts	13,00,00,000	9,53,10,730			
Cash and Cheques on Hand	1,03,34,584	1,16,68,022			
	<u>16,11,57,161</u>	<u>13,40,09,899</u>			
9. OTHER CURRENT ASSETS					
Good and Unsecured					
Deposits with Government, Public Bodies and Others	48,33,110	48,45,610			
Interest Accrued on Deposits/Investments	26,17,910	5,77,052			
	<u>74,51,020</u>	<u>54,22,662</u>			
10. LOANS AND ADVANCES					
Good and Unsecured					
Loans to Others	5,920	12,940			
Advances recoverable in cash or in kind or for value to be received*	1,53,00,215	1,30,01,899			
Advances with Government and Public Bodies**	1,60,90,225	86,28,027			
	<u>3,13,96,360</u>	<u>2,16,42,866</u>			
* Includes Capital Advances of Rs. 48,26,375/- (Previous Year - Rs. 35,54,788/-)					
** Includes an amount of Rs. 1,58,26,570/- (Previous Year - Rs. 71,52,132/-) being advance payment of Income Tax, net of provisions					
11. LIABILITIES					
Sundry Creditors*	8,54,92,359	7,76,38,143			
Sundry Deposits	41,84,470	28,78,138			
Less : Deposits from Normal Trade Debtors - Contra	1,62,176	16,518			
	<u>8,95,14,653#</u>	<u>8,04,99,763#</u>			
# There is no outstanding amount to be credited to Investor Education & Protection Fund.					
* Refer Note (xi) on Schedule 19					
12. PROVISIONS					
Provision for Retirement Benefits	5,70,000	8,61,000			
Proposed Dividend	4,80,00,000	4,80,00,000			
Income Tax on Proposed Dividend	81,57,600	67,32,000			
	<u>5,67,27,600</u>	<u>5,55,93,000</u>			
	For the year ended 31st March, 2007 (Rs.)	For the year ended 31st March, 2006 (Rs.)			
13. INCOME FROM OPERATIONS (NET)					
Rooms*	48,49,28,409	41,34,97,387			
Food and Beverage	22,52,58,193	20,40,72,329			
Recreation and Services	4,04,33,791	3,40,06,508			
	<u>75,06,20,393</u>	<u>65,15,76,224</u>			
* The Income from rooms are stated gross, the amount of tax deducted thereon is Rs. 29,45,343/- (Previous Year - Rs. 49,23,241/-)					
14. OTHER INCOME					
Miscellaneous Income	11,01,410	10,34,211			
Service Charges	73,27,817	63,21,574			
Income from Current Investments-Others*	99,22,444	38,31,478			
Interest on Loans and Deposits etc.*	70,29,397	29,43,177			
Profit on Sale of Current Investments - Net	1,93,974	57,271			
Liability no longer required written back	—	23,54,952			
	<u>2,55,75,042</u>	<u>1,65,42,663</u>			
* The Income from Investments and Interest on Loans and Deposits etc., are stated gross, the amount of Income Tax deducted thereon is Rs. 13,65,249/- (Previous Year - Rs. 6,06,579/-)					

SCHEDULES TO THE ACCOUNTS (Contd.)

	For the year ended 31st March, 2007 (Rs.)	For the year ended 31st March, 2006 (Rs.)
15. FOOD, BEVERAGE, ETC. CONSUMED		
Opening Stock	41,64,971	51,31,510
Add : Purchases	<u>7,12,04,405</u>	<u>6,07,00,960</u>
	7,53,69,376	6,58,32,470
Less : Closing Stock	<u>62,75,396</u>	<u>41,64,971</u>
	<u>6,90,93,980</u>	<u>6,16,67,499</u>
	(Rs.)	(Rs.)
16. OPERATING AND ADMINISTRATIVE EXPENSES		
Salaries, Wages and Bonus	3,45,25,610	3,13,64,888
Contribution to Provident and Other Funds	23,61,130	21,78,423
Workmen and Staff Welfare Expenses	1,00,96,088	94,93,199
Reimbursement of contractual remuneration	<u>2,06,82,272</u>	<u>1,57,99,171</u>
	6,76,65,100	5,88,35,681
Consumption of Stores and Supplies	3,71,07,824	2,66,22,483
Power and Fuel	3,83,86,873	4,01,18,750
Rent	34,45,451	26,50,177
Rates and Taxes	77,68,308	54,39,110
Insurance	57,30,933	45,65,014
Repairs - Building	92,99,654	1,10,25,806
- Machinery	1,13,00,274	96,56,420
- Others	1,25,51,574	89,09,194
Advertising / Sales Promotion	99,26,640	46,48,739
Electronic Data Processing	3,43,246	3,47,132
Travelling and Conveyance	1,31,03,865	1,16,53,903
Training	13,73,865	12,97,932
Legal Expenses	2,83,704	64,650
Postage, Telephone, Telex etc.	87,16,467	73,09,626
Commission paid to Travel Agents & Credit Cards	1,31,65,567	93,38,544
Bank Charges	69,885	1,48,133
Technical & Consultancy Fees	10,27,88,380	8,96,54,702
Loss on Exchange Fluctuations - Net	20,808	8,629
Contract Services	81,66,999	76,27,140
Miscellaneous Expenses	1,19,96,664	1,38,13,578
Fixed Assets Discarded - Net	<u>41,18,326</u>	<u>46,38,275</u>
	<u>36,73,30,407</u>	<u>31,83,73,618</u>
Miscellaneous Expenses include :		
Auditors' Remuneration and Expenses		
— Audit Fees	3,50,000	2,50,000
— Fee for Other Services	91,676	94,320
— Reimbursement of Expenses	9,500	7,900
17. PROVISION FOR TAXATION		
Income Tax :		
Current Year	10,30,43,068	8,92,00,000
Adjustments related to earlier years	—	3,90,406
Deferred Tax	<u>(16,23,362)</u>	<u>(1,04,46,721)</u>
	<u>10,14,19,706</u>	<u>7,91,43,685</u>
18. EARNINGS PER SHARE		
Profit after Taxation	20,69,49,328	17,65,78,583
Weighted average number of equity shares outstanding	2,40,00,000	2,40,00,000
Basic and diluted earnings per share in Rupees (face value – Rs. 10/- per share)	8.62	7.36
	2007 (Rs.)	2006 (Rs.)
19. NOTES TO THE ACCOUNTS		
i) The Estimated Amount of Contracts remaining to be executed on Capital Account and not provided for	<u>1,58,35,098</u>	<u>30,50,427</u>

19. NOTES TO THE ACCOUNTS (Contd.)

ii) Contingent Liability				
a) Bank Guarantees towards Imports	10,21,182			24,41,200
b) Claims against the Company not acknowledged as debts :				
i) Tax demand raised by the department on income earned on deposits made with financial institutions, companies, banks etc. and interest thereon during the construction period. The Company has filed an appeal with the Income Tax Appellate Tribunal (ITAT) against the demand raised. Pending final disposal of the case by the ITAT, the amount has been deposited under protest.	47,11,300			47,11,300
ii) Sales Tax demand raised by the Commercial Tax Officer for the financial years 1997-98 and 1998-99 towards disallowance of tax exemption on purchases from unregistered dealers. The Company filed an appeal against the demand and deposited Rs. 2,00,000/- under protest. The matter is pending before the Sales Tax Appellate Tribunal, Andhra Pradesh.	9,22,407			9,22,407
iii) Managing Director's Remuneration				
Salary	15,55,404			3,96,592
Other Perquisites	4,16,347			1,40,407
Contribution to Provident Fund & Other Funds	1,76,175			38,500
	<u>21,47,926 #</u>			<u>5,75,499</u>
# Includes Incremental remuneration from 1st July, 2006, to 21st March, 2007, amounting to Rs. 4,52,703/-, subject to shareholders' approval.				
iv) Earnings in Foreign Exchange	46,04,76,258			34,04,91,726
* Includes Rs. 44,69,17,516/- (Previous Year - Rs. 32,81,59,692/-) being Earnings during the year through International Credit Cards & Travel Agencies etc. as certified by Bankers.				
v) Expenditure in Foreign Currency during the year (On payment basis)				
Travel	1,62,113			—
Hotel Reservation/Marketing Expenses	69,00,674			16,92,817
Technical & Consultancy Fees and Others	1,38,36,374			1,07,97,820
	<u>2,08,99,161</u>			<u>1,24,90,637</u>
vi) Value of Imports during the year (CIF Basis)				
Capital Goods	53,98,540			56,33,705
Other Goods	18,74,917			7,87,901
	<u>72,73,457</u>			<u>64,21,606</u>
	2007 (Rs.)	%	2006 (Rs.)	%
vii) Value of Consumption of Raw Materials, Stores & Supplies				
a) Raw Materials				
Indigenous	6,03,06,638	87.28	5,71,33,668	92.65
Imported	87,87,342	12.72	45,33,831	7.35
	<u>6,90,93,980</u>	<u>100.00</u>	<u>6,16,67,499</u>	<u>100.00</u>
b) Stores & Supplies				
Indigenous	3,52,32,907	94.95	2,63,07,813	98.82
Imported	18,74,917	5.05	3,14,670	1.18
	<u>3,71,07,824</u>	<u>100.00</u>	<u>2,66,22,483</u>	<u>100.00</u>

SCHEDULES TO THE ACCOUNTS (Contd.)

19. NOTES TO THE ACCOUNTS (Contd.)

	2007 (Rs.)	2006 (Rs.)
viii) Information as per Order No. 46/114/2005-CL-III dated 9th May, 2005, issued by Ministry of Company Affairs Government of India.		
a) Income from :		
(i) Wine and Liquor	6,00,97,083	4,72,79,497
(ii) Telephone and Telex	1,76,84,394	1,47,69,376
	<u>7,77,81,477</u>	<u>6,20,48,873</u>
b) Consumption of :		
(i) Provisions, Beverages & Smokes (excluding Wine and Liquor)	5,33,43,619	4,87,06,349
(ii) Wine and Liquor		
Indigenous	69,63,019	82,76,029
Imported	87,87,342	46,85,121
	<u>6,90,93,980</u>	<u>6,16,67,499</u>

The Company has been exempted from disclosure of quantitative details as per Order No. 46/114/2005-CL-III dated 9th May, 2005 issued by Ministry of Company Affairs, Government of India upto 31.03.2007.

ix) The Company operates in one operating segment i.e. Hoteliering and within one geographical segment i.e. India.

x) The Company's significant leasing arrangements are in respect of operating leases for residential premises. These leasing arrangements, which are not non-cancellable, are for a period of 11 months or longer and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as Rent under Schedule 16.

xi) The amounts due to small scale industrial undertakings, as defined under Section 3(j) of the Industries (Development & Regulation) Act, 1951 as at the close of the year, outstanding for more than 30 days is Nil (Previous Year - Rs. Nil).

xii) Related Party Disclosures under Accounting Standard 18

- 1) **Holding Company :** ITC Limited
- 2) **Other Related Parties with whom transactions have taken place during the year :**

Fellow Subsidiary Companies : Fortune Park Hotels Limited
ITC Infotech India Limited

3) **Key Management Personnel :****Board of Directors**

G. Sivakumar Reddy	- Chairman
S. S. H. Rehman	- Vice Chairman & Director
Nakul Anand	- Director
S. C. Sekhar	- Director
N. R. Pradeep Reddy	- Director
M. Riaz Ahmed	- Director
B. N. Suresh Reddy	- Director
Kuldeep Bhartee	- Managing Director

4) Summary of transactions during the year (Rupees in Lakhs) :

	Holding Company		Fellow Subsidiaries		Key Management Personnel		Relatives of Key Management Personnel(*)	
	2007	2006	2007	2006	2007	2006	2007	2006
1. Sale of Goods	2.41	0.24	—	—	—	—	—	—
2. Sale of Services	89.72	67.00	0.91	—	—	—	—	—
3. Purchase of Goods	1.47	2.97	—	—	—	—	—	—
4. Purchase of Services								
- Hotel Services	21.39	25.96	—	—	—	—	—	—
- Service Fee	905.52	756.26	—	—	—	—	—	—
- Rent towards Godown	—	—	—	—	—	—	5.94	3.00
5. Reimbursement of Contractual Remuneration	206.82	157.99	—	—	—	—	—	—
6. Expenses recovered	30.85	20.06	0.03	0.05	—	—	—	—
7. Expenses reimbursed	182.36	158.34	—	—	—	—	—	—
8. Dividend Payments	326.41	244.81	—	—	26.08	19.56	118.32	88.74
9. Balance outstanding at the year end :								
i) Debtors/Receivables	9.76	2.04	0.60	—	—	—	—	—
ii) Creditors/Payables	119.91	209.54	—	—	—	—	—	—

Note : Details of remuneration to the Managing Director is given in the note (iii) of the Notes to Accounts and for other members the remuneration for the year is Nil.

(*) M/s. G. Sulochanamma M/o. G. Sivakumar Reddy, G. Samyuktha Reddy W/o. G. Sivakumar Reddy, G. Pranav Reddy S/o. G. Sivakumar Reddy, G. Rachita Reddy D/o. G. Sivakumar Reddy, N. Shailaja Reddy W/o. N. R. Pradeep Reddy, G. Bharati Reddy W/o. B. N. Suresh Reddy.

xiii) Previous Year's figures have been regrouped / rearranged wherever necessary.

20. SIGNIFICANT ACCOUNTING POLICIES

i) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

To prepare financial statements in accordance with the historical cost convention, generally accepted accounting principles in India and relevant presentational requirements of the Companies Act, 1956.

ii) FIXED ASSETS

To state fixed assets at cost of acquisition inclusive of inward freight, duties and taxes and incidental expenses related to acquisition. In respect of major projects involving construction, related pre-operational expenses form part of the value of the assets capitalised.

iii) DEPRECIATION

To calculate depreciation on fixed assets in a manner that amortises

the cost of assets after commissioning, over their estimated useful lives or lives based on the rates specified in Schedule XIV to the Companies Act, 1956, whichever is lower, by equal annual installments.

iv) INVESTMENTS

To state Current Investments at lower of cost and fair value; and long term investments at cost. Where applicable, provision is made where there is a permanent fall in valuation of Long Term Investments.

v) INVENTORIES

To value all inventories at lower of cost and net realisable value. Cost includes freight and other related incidental expenses and is computed on weighted average method.

SCHEDULES TO THE ACCOUNTS (Contd.)

20. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

vi) **TURNOVER**

To state gross income from operations, which represents invoiced value of goods sold and services rendered, net of sales tax but inclusive of all applicable taxes.

vii) **INVESTMENT INCOME**

To account for income from Investments on an accrual basis, inclusive of related tax deducted at source.

viii) **PROPOSED DIVIDEND**

To provide for Dividend as proposed by the Directors in the Books of Account, pending approval at the Annual General Meeting.

ix) **RETIREMENT BENEFITS**

To make regular contributions to the Provident Fund and Gratuity Fund which are charged to revenue and provide for unavailed leave on accrual basis. The contributions in respect of Gratuity Fund is made to Life Insurance Corporation and the Provident Fund and Family Pension contributions are statutorily deposited with the Government.

x) **TAXES ON INCOME**

To provide and determine Current tax as the amount of tax payable in respect of taxable income for the period.

To provide and recognise Deferred tax on timing differences between taxable income and accounting income subject to consideration of prudence.

Not to recognise Deferred tax assets on unabsorbed depreciation and carry forward of losses unless there is virtual certainty that there will be sufficient future taxable income available to realise such assets.

xi) **FOREIGN CURRENCY TRANSLATIONS**

To record transactions in foreign currencies at the exchange rates prevailing on the date of the transaction. Gains / Losses arising out of fluctuations in the exchange rates are recognised in the Profit and Loss in the period in which they arise except in respect of Fixed Assets where exchange variance is adjusted in carrying amount of the respective Fixed Asset. Liability / Receivables on account of foreign currency are converted at the exchange rates prevailing as at the end of the year.

xii) **BORROWING COSTS**

To capitalise the borrowing costs that are directly attributable to the acquisition or construction as cost of that capital asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

xiii) **FINANCIAL AND MANAGEMENT INFORMATION SYSTEMS**

The books of account and other records have been designed to ensure compliance of the relevant provisions of the Companies Act, 1956 on one hand, and meet the internal requirements of information and systems for Planning, Review and Internal Control (designed and based on "Uniform System of Accounts for Hotels"), on the other.

On behalf of the Board

N. R. Pradeep Reddy *Director*

Kuldeep Bhartee *Managing Director*

S. Sankar *Company Secretary*

& *Financial Controller*

Hyderabad, 27th April, 2007

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
(As per Schedule VI, Part IV of the Companies Act, 1956)

I. **Registration Details**

Registration No. State Code
Balance Sheet Date
Date Month Year

II. **Capital raised during the year (Amount in Rs. Thousands)**

Public Issue
Rights Issue
Bonus Issue
Private Placement

III. **Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)**

Total Liabilities
Total Assets

Sources of Funds

Paid up Capital
Reserves and Surplus
Secured Loans
Unsecured Loans
Deferred Tax Liability - Net

Application of Funds

Net Fixed Assets
Investments
Net Current Assets
Misc. Expenditure
Accumulated Losses

IV. **Performance of Company (Amount in Rs. Thousands)**

Turnover **
Total Expenditure

** Includes Other Income

+ - Profit/Loss Before Tax
+ - Profit/Loss After Tax

(Please tick appropriate box + for profit, - for loss)

Earnings per Share in Rs.
Dividend Rate %

V. **Generic Names of Three Principal Products / Services of Company (as per monetary terms)**

Item Code No.
Product Description

*** No item code has been assigned to 'Hotels' under the Indian Trade Classification.

Audit Committee :- Chairman: Mr. S. C. Sekhar, Members: M/s. N. R. Pradeep Reddy & M. Riaz Ahmed
Permanent Invitees: Representative of Statutory Auditors, Secretary: Mr. S. Sankar