

REPORT OF THE DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2008

Your Directors submit their Report and Accounts for the financial year ended 31st March, 2008.

Performance and Hotel Operations

During the year under review, your Company recorded an income of Rs. 68.97 crores (previous year – Rs. 77.62 crores), profit before tax of Rs. 21.57 crores (previous year – Rs. 31.00 crores) and profit after tax of Rs. 14.41 crores (previous year – Rs. 20.69 crores) after providing for income tax of Rs. 7.16 crores (previous year – Rs. 10.31 crores). Earnings per share for the year stands at Rs. 6/- (previous year – Rs. 8.62). Cash flow from Operations were Rs. 22.01 crores during the year (previous year – Rs. 33.66 crores). Your Directors are pleased to recommend a dividend of Rs.2/- (previous year – Rs.2/-) per equity share of Rs.10/- for the year ended 31st March 2008. Your Board further recommends a transfer to General Reserve of Rs.1.08 crores (previous year – Rs. 1.55 crores).

During the year under review, one guest room floor consisting of 38 rooms was under renovation for a period of six months involving a capital outlay of Rs. 6.79 crores and the newly renovated guest rooms were made operational in December 2007. This coupled with the additional supply of new hotel rooms in the city of Hyderabad had an adverse impact on the occupancy of the hotel thus leading to a temporary drop in revenues and profitability. On the food & beverage front, a new restaurant 'Kebabs & Kurries' was commissioned by converting Peshawri restaurant at a cost of Rs. 1.57 crores with effect from March 2008. Your Company is planning to invest Rs. 9 crores in the financial year 2008-09 towards upgrading various facilities in its hotel which includes setting up of a world class Spa and a new restaurant.

During the year, your Company entered into a license agreement with M/s. Sheraton International Inc. USA, for the operation of its hotel under the 'Luxury Collection' brand in the name and style of 'ITC KAKATIYA' with effect from 1st September, 2007.

Foreign Exchange Earnings and Outflow

During the year, your Company earned foreign exchange of Rs. 31.64 crores (previous year – Rs. 46.05 crores). The utilization of foreign exchange was Rs. 3.90 crores (previous year – Rs. 2.81 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.

Directors

The Board of Directors of your Company at its meeting held on 19th November, 2007 re-appointed Mr. Kuldeep Bhartee as Managing Director of the Company for a further period of two years with effect from 1st December, 2007, subject to your approval. An appropriate resolution seeking your approval for re-appointment of Mr. Kuldeep Bhartee as Managing Director of the Company is included in the notice convening the Twenty Third Annual General Meeting.

In accordance with the provisions of Article 151 of the Articles of Association of the Company, Mr. B. N. Suresh Reddy and Mr. M. Riaz Ahmed 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 cordial. The negotiations between the management and the employees' union with regard to a long term wage settlement effective 1st October, 2007 were progressing satisfactorily. 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 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; and 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, to 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 25th April, 2008 and recommended the same for the approval of the Board of Directors.

On behalf of the Board

G.Sivakumar Reddy
Chairman

Gurgaon, 25th April, 2008

AUDITORS' REPORT TO THE MEMBERS OF SRINIVASA RESORTS LIMITED

- We have audited the attached Balance Sheet of Srinivasa Resorts Limited, as at March 31, 2008, 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.
- 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.
- 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.
- Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - 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;
 - 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;
 - The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - 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;
- On the basis of written representations received from the directors, as on March 31, 2008 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.
- Attention is drawn to note (viii) of schedule 19 regarding non-disclosure of quantitative details. The Company has sought exemption from disclosure required under para 3 (i) (a) of Part II of Schedule VI to the Companies Act, 1956. Pending receipt of such approval for the year, the company has disclosed the information as required under exemption orders obtained for the earlier years.
- 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 and read with paragraph (f) above, 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:
 - in the case of the Balance Sheet, of the state of affairs of the company as at March 31, 2008;
 - in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

Srinivasa Talluri
Partner

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

Hyderabad, 25th April, 2008

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, 2008]

- The company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
 - 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.
 - 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.
- The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.

- 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.
- 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.
- 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.
- 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

ANNEXURE TO AUDITORS' REPORT (contd.)

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, wealth tax, service tax, customs duty and cess which have not been deposited on account of any dispute [without considering cases wherein the disputed dues have been deposited under protest] except as given below.

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	- (*)	Assessment Year 1996-97	Income Tax Officer, Hyderabad
APGST Act, 1957	Sales Tax on purchase from unregistered dealers	1,75,868 5,46,539	Financial year 1997-1998 Financial year 1998-1999	Sales Tax Appellate Tribunal

(*) Rs. 47,11,300/- paid under protest.

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

10. The company has no accumulated losses as at March 31, 2008, 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.

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

Hyderabad, 25th April, 2008

BALANCE SHEET AS AT 31ST MARCH, 2008

	Schedule	31st March, 2008 (Rs.)		31st March, 2007 (Rs.)	
I. SOURCES OF FUNDS					
1. Shareholders' Funds					
a) Capital	1	24,00,00,000		24,00,00,000	
b) Reserves and Surplus	2	55,37,90,325	79,37,90,325	46,64,15,051	70,64,15,051
2. Deferred Tax Liability - Net	3		7,90,80,365		7,93,89,468
Total			<u>87,28,70,690</u>		<u>78,58,04,519</u>
II. APPLICATION OF FUNDS					
1. Fixed Assets	4				
a) Gross Block		78,66,14,883		70,66,16,207	
b) Less : Depreciation		25,27,77,724		23,44,44,584	
c) Net Block		53,38,37,159		47,21,71,623	
d) Capital Work-in-Progress		38,84,718	53,77,21,877	92,78,194	48,14,49,817
2. Investments	5		32,20,17,156		22,15,89,270
3. Current Assets, Loans and Advances					
a) Inventories	6	96,87,843		92,90,539	
b) Sundry Debtors	7	2,86,18,839		1,97,12,605	
c) Cash and Bank Balances	8	8,33,20,167		16,11,57,161	
d) Other Current Assets	9	48,58,616		74,51,020	
e) Loans and Advances	10	3,37,33,604		3,14,02,105	
		<u>16,02,19,069</u>		<u>22,90,13,430</u>	
Less :					
4. Current Liabilities and Provisions					
a) Liabilities	11	8,92,54,701		8,95,14,653	
b) Provisions	12	5,78,32,711		5,67,33,345	
		<u>14,70,87,412</u>		<u>14,62,47,998</u>	
Net Current Assets			<u>1,31,31,657</u>		<u>8,27,65,432</u>
Total			<u>87,28,70,690</u>		<u>78,58,04,519</u>
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
Loveloock & Lewes
Chartered Accountants
Gurgaon, 25th April, 2008

On behalf of the Board
G. Sivakumar Reddy Chairman
Kuldeep Bhartee Managing Director
S. Sankar Company Secretary &
Financial Controller

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

	Schedule	For the year ended 31st March, 2008 (Rs.)	For the year ended 31st March, 2007 (Rs.)
I. INCOME			
Gross Income from Operations		69,66,32,625	80,56,33,755
Less : Taxes		4,39,79,615	5,50,13,362
Net Income from Operations	13	65,26,53,010	75,06,20,393
Other Income	14	3,70,65,089	2,55,54,234
		<u>68,97,18,099</u>	<u>77,61,74,627</u>
II. EXPENDITURE			
Food, Beverage, etc. Consumed	15	6,66,50,077	6,90,93,980
Operating and Administrative Expenses	16	37,49,42,027	36,73,09,599
Depreciation		3,24,20,687	2,97,38,649
		<u>47,40,12,791</u>	<u>46,61,42,228</u>
III. PROFIT			
Profit before Taxation		21,57,05,308	31,00,32,399
Provision for Taxation		6,99,72,499	10,14,19,706
Fringe Benefit Tax	17	16,53,052	16,63,365
Profit after Taxation		14,40,79,757	20,69,49,328
Profit brought forward		43,14,40,448	29,61,73,720
Available for appropriation		<u>57,55,20,205</u>	<u>50,31,23,048</u>
IV. APPROPRIATIONS			
General Reserve		1,08,10,000	1,55,25,000
Proposed Dividend		4,80,00,000	4,80,00,000
Income Tax on Proposed Dividend		81,57,600	81,57,600
Profit Carried Forward		<u>50,85,52,605</u>	<u>43,14,40,448</u>
		<u>57,55,20,205</u>	<u>50,31,23,048</u>
Basic and Diluted Earnings Per Share (Rs.)	18	6.00	8.62
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

Gurgaon, 25th April, 2008

On behalf of the Board

G. Sivakumar Reddy *Chairman*
Kuldeep Bhartee *Managing Director*
S. Sankar *Company Secretary & Financial Controller*

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008

	31st March, 2008 (Rs.)		31st March, 2007 (Rs.)	
A. CASH FLOW FROM OPERATING ACTIVITIES				
NET PROFIT BEFORE TAX		21,57,05,308		31,00,32,399
ADJUSTMENT FOR				
Depreciation	3,24,20,687		2,97,38,649	
Interest Income	(1,09,58,846)		(70,29,397)	
Fixed Assets Discarded - Net	45,05,609		41,18,326	
Income from Current Investments	(1,45,86,274)		(99,22,444)	
Profit on Sale of Current Investments - Net	(46,453)		(1,93,974)	
Liability no longer required written back	(25,87,637)		—	
Provision for doubtful debts	2,75,409	90,22,495	—	1,67,11,160
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		<u>22,47,27,803</u>		<u>32,67,43,559</u>
ADJUSTMENT FOR				
Trade & Other Receivables	(69,76,648)		92,88,243	
Inventories	(3,97,304)		(22,00,361)	
Trade Payables	27,32,328	(46,41,624)	27,67,769	98,55,651
CASH GENERATED FROM OPERATIONS		<u>22,00,86,179</u>		<u>33,65,99,210</u>
Income Tax Paid		(7,68,53,090)		(11,33,80,872)
NET CASH FROM OPERATING ACTIVITIES		<u>14,32,33,089</u>		<u>22,32,18,338</u>
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(9,31,55,126)		(6,33,36,827)	
Sale of Fixed Assets	11,06,552		5,55,551	
Purchase of Current Investments	(1,08,03,30,993)		(1,29,69,73,015)	
Sale / Redemption of Current Investments	97,99,03,107		1,20,33,10,258	
Interest Received	1,29,76,693		49,40,998	
Income from Current Investments	1,45,87,284		1,01,63,959	
NET CASH USED IN INVESTING ACTIVITIES		<u>(16,49,12,483)</u>		<u>(14,13,39,076)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES				
Dividends etc., paid	(4,80,00,000)		(4,80,00,000)	
Income Tax on Dividend Paid	(81,57,600)		(67,32,000)	
NET CASH USED IN FINANCING ACTIVITIES		<u>(5,61,57,600)</u>		<u>(5,47,32,000)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		<u>(7,78,36,994)</u>		<u>2,71,47,262</u>
OPENING CASH AND CASH EQUIVALENTS		16,11,57,161		13,40,09,899
CLOSING CASH AND CASH EQUIVALENTS		<u>8,33,20,167</u>		<u>16,11,57,161</u>
CASH AND CASH EQUIVALENTS COMPRISE:				
Cash and Bank Balances	8,33,20,167		16,11,57,161	
Unrealised Loss / (Gain) on Foreign Currency Cash & Cash Equivalents	—	8,33,20,167	—	16,11,57,161

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

Gurgaon, 25th April, 2008

On behalf of the Board

G. Sivakumar Reddy *Chairman*
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)

	31st March, 2008 (Rs.)	As at 31st March, 2007 (Rs.)	As at 31st March, 2007 (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	3,48,80,000	1,93,55,000						
Less : Transitional adjustments on initial adoption of Revised AS-15 - Retirement Benefits	<u>5,46,883</u>	—						
	<u>3,43,33,117</u>	<u>1,93,55,000</u>						
Add : From Profit and Loss Account	1,08,10,000	1,55,25,000	3,48,80,000					
Profit & Loss Account		<u>50,85,52,605</u>	<u>43,14,40,448</u>					
	<u>55,37,90,325</u>		<u>46,64,15,051</u>					
3. DEFERRED TAX LIABILITY - NET								
Deferred Tax Liabilities								
Depreciation - Timing difference	8,06,69,435		8,00,86,230					
Less:								
Deferred Tax Assets								
Employee Benefits	15,89,070		6,96,762					
Deferred Tax Liability - Net	<u>7,90,80,365</u>		<u>7,93,89,468</u>					
4. FIXED ASSETS								
Particulars	Original Cost as at March 31, 2007 (Rs.)	Additions (Rs.)	Withdrawals (Rs.)	Original Cost as at March 31, 2008 (Rs.)	Depreciation for the year (Rs.)	Depreciation on Withdrawals (Rs.)	Depreciation up to March 31, 2008 (Rs.)	Net Block as at March 31, 2008 (Rs.)
Freehold Land	1,00,00,000	—	—	1,00,00,000	—	—	—	1,00,00,000
Buildings	27,32,47,944	1,79,23,785	—	29,11,71,729	45,51,083	—	5,15,27,204	23,96,44,525
Plant and Machinery	25,15,78,671	4,16,51,538	99,67,512	28,32,62,697	1,52,78,067	58,82,478	8,91,75,270	19,40,87,427
Computers etc.	1,75,52,061	4,49,889	11,93,703	1,68,08,247	17,71,272	11,82,371	1,10,95,482	57,12,765
Furniture and Fixtures	14,30,24,648	3,96,73,172	85,38,493	17,41,59,327	97,52,123	70,22,698	9,78,60,555	7,62,98,772
Motor Vehicles	1,12,12,883	—	—	1,12,12,883	10,68,142	—	31,19,213	80,93,670
	70,66,16,207	9,96,98,384	1,96,99,708	78,66,14,883	3,24,20,687	1,40,87,547	25,27,77,724	53,38,37,159
Capital Work-in-Progress	92,78,194	8,95,10,158	9,49,03,634	38,84,718	—	—	—	38,84,718
Total	71,58,94,401	18,92,08,542	11,46,03,342	79,04,99,601	3,24,20,687	1,40,87,547	25,27,77,724	53,77,21,877
Previous Year	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

SCHEDULES TO THE ACCOUNTS (Contd.)

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

	As at 31st March, 2008 (Rs.)	As at 31st March, 2007 (Rs.)	As at 31st March, 2008 (Rs.)	As at 31st March, 2007 (Rs.)
5. INVESTMENTS				
Unquoted, Other than trade				
Long Term				
Government Securities - National Savings Certificates (Deposits with or for deposit with authorities)	10,000	10,000		
Current - Other Investments				
ABN AMRO Interval Fund Quarterly Plan I 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	—	2,00,00,000	—
ABN AMRO FTP Series 2 Thirteen Month Plan Dividend Nil (Previous Year - 5,26,837) Units of Rs. 10.00 each (5,26,837 Units sold during the year)	—	52,73,603	—	1,00,00,000
ABN AMRO FTP Series 4 Quarterly Plan C Monthly Dividend Nil (Previous Year - 20,00,000) Units of Rs. 10.00 each (20,00,000 Units sold during the year)	—	2,00,00,000	—	1,00,97,500
AIG India Liquid Fund Institutional Daily Dividend 30,701 (Previous Year - Nil) Units of Rs. 1000.81 each (30,701 Units purchased during the year)	3,07,26,044	—	3,07,26,044	—
Birla FTP Quarterly - Series 5 Nil (Previous Year - 20,00,000) Units of Rs. 10.00 each (20,00,000 Units sold during the year)	—	2,00,00,000	—	1,00,00,000
Birla FTP Quarterly - Series 7 Nil (Previous Year - 20,00,000) Units of Rs. 10.00 each (20,00,000 Units sold during the year)	—	2,00,00,000	—	1,12,08,167
Birla FTP Quarterly - Series 10 Nil (Previous Year - 5,00,000) Units of Rs. 10.00 each (5,00,000 Units sold during the year)	—	50,00,000	—	1,00,00,000
DBS Chola Interval Income Fund Quarterly Plan C Institutional 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	—	2,00,00,000	50,00,000
DBS Chola Fixed Maturity Plan III - Series 6 Nil (Previous Year - 10,00,000) Units of Rs. 10.00 each (10,00,000 Units sold during the year)	—	1,00,00,000	—	1,00,00,000
Grindlays Fixed Maturity - 16th Plan A - Dividend Nil (Previous Year - 10,00,000) Units of Rs. 10.00 each (10,00,000 Units sold during the year)	—	1,00,00,000	—	1,00,00,000
HSBC Interval Fund - Plan 2 Institutional Growth 19,55,149 (Previous Year - Nil) Units of Rs. 10.23 each (19,55,149 Units purchased during the year)	2,00,00,000	—	2,00,00,000	—
ICICI Prudential FMP Series 41 - Fifteen Months Plan Institutional Growth 20,00,000 (Previous Year - Nil) Units of Rs. 10.00 each (20,00,000 Units purchased during the year)	2,00,00,000	—	2,00,00,000	—
ICICI Prudential Institutional Liquid Plan - Super Institutional Daily Dividend 51,14,015 (Previous Year - Nil) Units of Rs. 10.00 each (51,14,015 Units purchased during the year)	5,11,42,708	—	5,11,42,708	—
Kotak FMP 3M Quarterly - Series 28 - Dividend 30,00,000 (Previous Year - Nil) Units of Rs. 10.00 each (30,00,000 Units purchased during the year)	3,00,00,000	—	3,00,00,000	1,00,00,000
Kotak Quarterly Interval Plan Series 5 - 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	—	2,00,00,000	—
Kotak FMP 3M Quarterly - Series 8 Nil (Previous Year - 10,00,000) Units of Rs. 10.00 each (10,00,000 Units sold during the year)	—	—	—	1,00,00,000
Kotak FMP 3M Quarterly - Series 10 Nil (Previous Year - 10,09,745) Units of Rs. 10.00 each (10,09,745 Units sold during the year)	—	—	—	1,00,97,500
Kotak FMP 3M Quarterly - Series 11 Nil (Previous Year - 10,00,000) Units of Rs. 10.00 each (10,00,000 Units sold during the year)	—	—	—	1,00,00,000
Kotak FMP 3M Quarterly - Series 12 Nil (Previous Year - 5,00,000) Units of Rs. 10.00 each (5,00,000 Units sold during the year)	—	—	—	50,00,000
Lotus India FMP - 3 Months - Series XXVI Dividend 20,13,840 (Previous Year - Nil) Units of Rs. 10.00 each (20,13,840 Units purchased/ reinvested during the year)	2,01,38,404	—	2,01,38,404	—
Principal PNB Fixed Maturity Plan (FMP-43) 91 Days - Series XIII 20,00,000 (Previous Year - Nil) Units of Rs. 10.00 each (20,00,000 Units purchased during the year)	2,00,00,000	—	2,00,00,000	—
Principal Floating Institutional Dividend Reinvestment Daily Nil (Previous Year - 11,20,738) Units of Rs. 10.00 each (11,20,738 Units sold during the year)	—	—	—	1,12,08,167
Principal PNB Fixed Maturity Plan - 91 Days - Series VIII Nil (Previous Year - 10,00,000) Units of Rs. 10.00 each (10,00,000 Units sold during the year)	—	—	—	1,00,00,000
Principal PNB Fixed Maturity Plan - 385 Days - Series III Nil (Previous Year - 5,00,000) Units of Rs. 10.00 each (5,00,000 Units sold during the year)	—	—	—	50,00,000
Principal PNB Fixed Maturity Plan - 91 Days - Series VII Nil (Previous Year - 10,00,000) Units of Rs. 10.00 each (10,00,000 Units sold during the year)	—	—	—	1,00,00,000
Pru ICICI Fixed Maturity Plan - 91 Days - Series 35 Nil (Previous Year - 10,00,000) Units of Rs. 10.00 each (10,00,000 Units sold during the year)	—	—	—	1,00,00,000
SBI Debt Fund Series - 90 Days 20,00,000 (Previous Year - Nil) Units of Rs. 10.00 each (20,00,000 Units purchased during the year)	2,00,00,000	—	2,00,00,000	—
Sundaram BNP Paribas Fixed Term 367 Days Plan I Institutional 10,00,000 (Previous Year - Nil) Units of Rs. 10.00 each (10,00,000 Units purchased during the year)	2,00,00,000	—	2,00,00,000	—
Sundaram BNP Paribas Interval Fund Qly-Plan-B-Institutional 19,99,460 (Previous Year - Nil) Units of Rs. 10.00 each (19,99,460 Units purchased during the year)	2,00,00,000	—	2,00,00,000	—
Standard Chartered Fixed Maturity Plan Quarterly - Series 3 Nil (Previous Year - 10,00,000) Units of Rs. 10.00 each (10,00,000 Units sold during the year)	—	—	—	1,00,00,000

SCHEDULES TO THE ACCOUNTS (Contd.)

5. INVESTMENTS (Contd.)

	As at 31st March, 2008 (Rs.)	As at 31st March, 2007 (Rs.)
Standard Chartered Fixed Maturity Plan Quarterly - Series 4 Nil (Previous Year - 10,00,000) Units of Rs. 10.00 each (10,00,000 Units sold during the year)	—	1,00,00,000
Tata Fixed Horizon Fund Series 14 Scheme A - IM - 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	—
Tata Fixed Horizon Fund Series 6 Scheme H Nil (Previous Year - 10,00,000) Units of Rs. 10.00 each (10,00,000 Units sold during the year)	—	1,00,00,000
Tata Fixed Horizon Fund Series 8 Scheme E Nil (Previous Year - 10,00,000) Units of Rs. 10.00 each (10,00,000 Units sold during the year)	—	1,00,00,000
Tata Fixed Horizon Fund Series 9 Scheme D Nil (Previous Year - 10,00,000) Units of Rs. 10.00 each (10,00,000 Units sold during the year)	—	1,00,00,000
	<u>32,20,17,156</u>	<u>22,15,89,270</u>

During the year, the following current investments were purchased and sold;

1] 10,00,000 Units of ABN AMRO FTP Series 5 Quarterly Plan A monthly Dividend Option at a cost of Rs. 1,00,00,000/-.			28] 9,94,837 Units of Sundaram BNP Paribas Floater ST Institutional Daily Dividend Option at a cost of Rs. 1,00,00,000/-.		
2] 10,00,000 Units of Kotak FMP Series 15 Dividend Option at a cost of Rs. 1,00,00,000/-.			29] 19,98,901 Units of Tata Floating Rate Short Term Institutional Plan Daily Dividend Option at a cost of Rs. 2,00,00,000/-.		
3] 19,99,560 Units of Principal Cash Management Fund Liquid Option - Institutional Plan - Dividend Reinvestment - Daily at a cost of Rs. 2,00,00,000/-.			30] 9,97,815 Units of Birla FMP Series 2 Quarterly Dividend Option at a cost of Rs. 1,00,00,000/-.		
4] 10,00,000 Units of ABN AMRO FTP Series 7 Quarterly Plan A Monthly Dividend Option at a cost of Rs. 1,00,00,000/-.			31] 39,94,727 Units of HSBC Floating Rate Fund - Short Term - Institutional Option Daily Dividend at a cost of Rs. 4,00,00,000/-.		
5] 24,53,366 Units of Kotak Liquid Institutional - Daily Dividend Option at a cost of Rs. 3,00,00,000/-.			32] 42,19,338 Units of ICICI Prudential Institutional Liquid Plan Daily Dividend Option at cost of Rs. 5,00,00,000/-.		
6] 10,00,000 Units of Standard Chartered Fixed Maturity Plan - Quarterly Series 10 - Dividend Option at a cost of Rs. 1,00,00,000/-.			33] 18,51,458 Units of Birla Cash Plus Institutional Daily Dividend Option at cost of Rs. 2,00,00,000/-.		
7] 10,00,000 Units of Kotak FMP 3M Series 16 Dividend Option at a cost of Rs. 1,00,00,000/-.			34] 20,00,000 Units of ABN Amro Internal Fund Quarterly Plan H Dividend Option at cost of Rs. 2,00,00,000/-.		
8] 10,00,000 Units of Sundaram BNP Paribas Fixed Plan Series XXIV Dividend Option at a cost of Rs. 1,00,00,000/-.			35] 20,00,000 Units of Principal PNB Fixed Maturity Plan FMP 91 Series XII Dividend Option at cost of Rs. 2,00,00,000/-.		
9] 10,00,000 units of Standard Chartered Fixed Maturity Plan - Quarterly Series 11 - Dividend Option at a cost of Rs. 1,00,00,000/-.			36] 10,00,000 Units of Lotus India FMP 3 Month Dividend Option at cost of Rs. 1,00,00,000/-.		
10] 20,00,000 Units of Kotak FMP 3M Series 17 - Dividend Option at a cost of Rs. 2,00,00,000/-.			37] 20,00,000 Units of Lotus India Quarterly Interval Fund Plan C Dividend Option at cost of Rs. 2,00,00,000/-.		
11] 10,00,000 Units of Kotak FMP 3M Series 18 - Dividend Option at a cost of Rs. 1,00,00,000/-.			38] 19,98,381 Units of Canara Robeco Interval Monthly Institutional Dividend Option at cost of Rs. 2,00,00,000/-.		
12] 24,89,792 Units of Canliquid Fund - Institutional Daily Dividend Reinvestment Option at a cost of Rs. 2,50,00,000/-.				As at 31st March, 2008 (Rs.)	As at 31st March, 2007 (Rs.)
13] 22,76,846 Units of LIC MF FMP Liquid Fund Dividend Plan Option at a cost of Rs. 2,50,00,000/-.			6. INVENTORIES		
14] 40,88,943 Units of Kotak Liquid (Institutional Premium) - Daily Dividend Option at a cost of Rs. 5,00,00,000/-.			Food, Beverage, etc.	71,28,271	62,75,396
15] 29,98,351 Units of TATA Floating Rate Short Term Institutional Plan - Daily Dividend Option at a cost of Rs. 3,00,00,000/-.			Stores and Spare Parts	25,59,572	30,15,143
16] 29,99,790 Units of Principal MF Daily Dividend Reinvestment Option at a cost of Rs. 3,00,00,000/-.				<u>96,87,843</u>	<u>92,90,539</u>
17] 10,00,000 Units of Kotak FMP 3M Series 20 - Dividend Option at a cost of Rs. 1,00,00,000/-.			7. SUNDRY DEBTORS		
18] 20,00,000 Units of ICICI Prudential Interval Fund Quarterly Interval Plan - II Retail Dividend Option at a cost of Rs. 2,00,00,000/-.			Over Six months old		
19] 10,00,000 Units of Kotak FMP 3M Series 21 - Dividend Option at a cost of Rs. 1,00,00,000/-.			Good and Unsecured	39,81,573	22,04,188
20] 29,93,564 Units of Kotak Floater Short Term - Weekly Dividend Option at a cost of Rs. 3,00,00,000/-.			Doubtful	2,75,409	—
21] 29,86,233 Units of Templeton Floating Rate Income Fund Short Term Plan Retail Option at a cost of Rs. 3,00,00,000/-.			Other Debts		
22] 29,75,925 Units of HDFC Floating Rate Income Fund Short Term Plan - Dividend Reinvestment Option at a cost of Rs. 3,00,00,000/-.			Good and Secured	85,617	1,62,176
23] 30,00,000 Units of BSL Interval Income Fund - Institutional Quarterly Series 1 Dividend Option at a cost of Rs. 3,00,00,000/-.			Good and Unsecured	2,46,37,266	1,75,08,417
24] 10,00,000 Units of Lotus India FMP - 3 Months - Series XVI Dividend Option at cost of Rs. 1,00,00,000/-.				2,89,79,865	1,98,74,781
25] 20,00,000 Units of Tata Fixed Horizon Fund Series 11 Scheme E - IM Option at a cost of Rs. 2,00,00,000/-.			Less : Provision for Doubtful Debts	2,75,409	—
26] 10,000 Units of DSP Merrill Lynch Fixed Term Plan Series 10 Institutional Dividend Option at a cost of Rs. 1,00,00,000/-.			Less : Deposits from normal Trade Debtors - Contra	85,617	1,62,176
27] 10,00,000 Units of Kotak FMP 3M Series 25 - Dividend Option at a cost of Rs. 1,00,00,000/-.				<u>2,86,18,839</u>	<u>1,97,12,605</u>
			8. CASH AND BANK BALANCES		
			With Scheduled Banks		
			On Current Accounts etc.	2,84,90,079	1,98,01,377
			On Margin Money	27,64,118	10,21,200
			On Deposit Accounts	4,41,98,456	13,00,00,000
			Cash and Cheques on Hand	78,67,514	1,03,34,584
				<u>8,33,20,167</u>	<u>16,11,57,161</u>
			9. OTHER CURRENT ASSETS		
			Good and Unsecured		
			Deposits with Government, Public Bodies and Others	42,13,110	48,33,110
			Interest Accrued on Deposits/Investments	6,45,506	26,17,910
				<u>48,58,616</u>	<u>74,51,020</u>
			10. LOANS AND ADVANCES		
			Good and Unsecured		
			Loans to Others	—	5,920
			Advances recoverable in cash or in kind or for value to be received*	1,27,86,895	1,53,00,215
			Advances with Government and Public Bodies	2,69,400	2,69,400
			Advance Fringe Benefit Tax (Net of Provision)	90,355	—
			Advance Income Tax (Net of Provision)	2,05,86,954	1,58,26,570
				<u>3,37,33,604</u>	<u>3,14,02,105</u>
			* Includes Capital Advances of Rs. 34,72,016/- (Previous Year - Rs. 48,26,375/-).		
			11. LIABILITIES		
			Sundry Creditors		
			Dues to Micro and Small enterprises	—	—
			Dues to Others	6,84,10,447	7,30,34,207
			Advances from Customers	54,08,618	37,60,694
			Other Liabilities	95,20,751	86,97,458
			Sundry Deposits	60,00,502	41,84,470
			Less : Deposits from Normal Trade Debtors - Contra	85,617	1,62,176
				<u>8,92,54,701</u> #	<u>8,95,14,653</u> #
			# There is no outstanding amount to be credited to Investor Education & Protection Fund.		

SCHEDULES TO THE ACCOUNTS (Contd.)

	As at 31st March, 2008 (Rs.)	As at 31st March, 2007 (Rs.)	2008 (Rs.)	2007 (Rs.)
12. PROVISIONS				
Provision for Retirement Benefits	16,75,111	5,70,000		
Provision for Fringe Benefit Tax (Net of Advances)	—	5,745		
Proposed Dividend	4,80,00,000	4,80,00,000		
Income Tax on Proposed Dividend	81,57,600	81,57,600		
	<u>5,78,32,711</u>	<u>5,67,33,345</u>		
	For the year ended 31st March, 2008 (Rs.)	For the year ended 31st March, 2007 (Rs.)		
13. INCOME FROM OPERATIONS (NET)				
Rooms*	40,61,22,841	48,49,28,409		
Food and Beverage	21,56,88,579	22,52,58,193		
Recreation and Services	3,08,41,590	4,04,33,791		
	<u>65,26,53,010</u>	<u>75,06,20,393</u>		
* The Income from rooms are stated gross, the amount of tax deducted thereon is Rs. 35,09,470/- (Previous Year - Rs. 29,45,343/-)				
14. OTHER INCOME				
Miscellaneous Income	21,84,984	11,01,410		
Service Charges	66,91,170	73,27,817		
Income from Current Investments-Others*	1,45,86,274	99,22,444		
Interest on Loans and Deposits etc.*	1,09,58,846	70,29,397		
Profit on Sale of Current Investments - Net	46,453	1,93,974		
Profit/(Loss) on Exchange Fluctuations - Net	9,725	(20,808)		
Liability no longer required written back	25,87,637	—		
	<u>3,70,65,089</u>	<u>2,55,54,234</u>		
* The Income from Investments and Interest on Loans and Deposits etc., are stated gross, the amount of Income Tax deducted thereon is Rs. 23,48,591/- (Previous Year - Rs. 13,65,249/-).				
15. FOOD, BEVERAGE, ETC. CONSUMED				
Opening Stock	62,75,396	41,64,971		
Add : Purchases	6,75,02,952	7,12,04,405		
	<u>7,37,78,348</u>	<u>7,53,69,376</u>		
Less : Closing Stock	71,28,271	62,75,396		
	<u>6,66,50,077</u>	<u>6,90,93,980</u>		
	(Rs.)	(Rs.)		
16. OPERATING AND ADMINISTRATIVE EXPENSES				
Salaries, Wages and Bonus	4,00,21,402	3,45,25,610		
Contribution to Provident and Other Funds	28,01,114	23,61,130		
Workmen and Staff Welfare Expenses	1,24,03,331	1,00,96,088		
Reimbursement of Contractual Remuneration	2,60,26,006	8,12,51,853	2,06,82,272	6,76,65,100
Consumption of Stores and Supplies	4,02,35,357	3,71,07,824		
Power and Fuel	3,88,02,346	3,83,86,873		
Rent	42,56,548	34,45,451		
Rates and Taxes	63,26,051	77,68,308		
Insurance	35,30,149	57,30,933		
Repairs — Building	1,70,71,169	92,99,654		
— Machinery	1,74,10,303	1,13,00,274		
— Others	1,44,09,197	1,25,51,574		
Advertising/Sales Promotion	97,76,319	99,26,640		
Electronic Data Processing	7,95,154	3,43,246		
Travelling and Conveyance	1,12,00,679	1,31,03,865		
Training	9,98,832	13,73,865		
Legal Expenses	7,26,550	2,83,704		
Postage, Telephone, Telex etc.	63,43,945	87,16,467		
Commission paid to Travel Agents & Credit Cards	1,08,01,243	1,31,65,567		
Bank Charges	1,22,463	69,885		
Technical & Consultancy Fees	8,18,90,316	10,27,88,380		
Contract Services	99,81,582	81,66,999		
Provision for doubtful debts	2,75,409	—		
Miscellaneous Expenses	1,42,30,953	1,19,96,664		
Fixed Assets Discarded - Net	45,05,609	41,18,326		
	<u>37,49,42,027</u>	<u>36,73,09,599</u>		
Miscellaneous Expenses include :				
Auditors' Remuneration and Expenses :				
— Audit Fees	5,00,000	3,50,000		
— Fee for Other Services	75,000	91,676		
— Reimbursement of Expenses	1,500	9,500		
17. PROVISION FOR TAXATION				
Income Tax : Current Year	7,00,00,000	10,30,43,068		
Deferred Tax	(27,501)	(16,23,362)		
	<u>6,99,72,499</u>	<u>10,14,19,706</u>		
18. EARNINGS PER SHARE				
Profit after Taxation	14,40,79,757	20,69,49,328		
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)	6.00	8.62		
19. NOTES TO THE ACCOUNTS				
i) The Estimated Amount of Contracts remaining to be executed on Capital Account and not provided for	1,02,48,783	1,58,35,098		
ii) Contingent Liability				
a) Bank Guarantees towards imports	10,21,182	10,21,182		
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. Pursuant to the appeal filed by the Company with the Income Tax Appellate Tribunal (ITAT) the ITAT has issued order directing the Assessing Officer to re-assess the demand.	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	18,65,205	15,55,404		
Other Perquisites	4,18,914	4,16,347		
Contribution to Provident Fund & Other Funds	3,03,450	1,76,175		
	<u>25,87,569 #</u>	<u>21,47,926</u>		
# Includes Incremental remuneration from 1st July, 2007 to 31st March, 2008 amounting to Rs. 69,375/- subject to shareholders' approval				
iv) Earnings in Foreign Exchange	31,63,63,238	46,04,76,258		
*Includes Rs. 30,65,28,056/- (Previous Year - Rs. 44,69,17,516/-) 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	77,314	1,62,113		
Hotel Reservation/Marketing Expenses / Others	60,06,592	69,00,674		
Technical & Consultancy Fees	1,43,93,203	1,38,36,374		
	<u>2,04,77,109</u>	<u>2,08,99,161</u>		
vi) Value of Imports during the year (CIF Basis)				
Capital Goods	1,57,06,951	53,98,540		
Other Goods	27,90,740	18,74,917		
	<u>1,84,97,691</u>	<u>72,73,457</u>		
	2008	%	2007	%
	(Rs.)		(Rs.)	
vii) Value of Consumption of Raw Materials, Stores & Supplies				
a) Raw Materials				
Indigenous	5,98,71,796	89.83	6,03,06,638	87.28
Imported	67,78,281	10.17	87,87,342	12.72
	<u>6,66,50,077</u>	<u>100.00</u>	<u>6,90,93,980</u>	<u>100.00</u>
b) Stores & Supplies				
Indigenous	3,74,44,617	93.06	3,52,32,907	94.95
Imported	27,90,740	6.94	18,74,917	5.05
	<u>4,02,35,357</u>	<u>100.00</u>	<u>3,71,07,824</u>	<u>100.00</u>

SCHEDULES TO THE ACCOUNTS (Contd.)

19. NOTES TO THE ACCOUNTS (Contd.)

viii) In line with the industry practice, the quantitative details of turnover and consumption have not been disclosed as the same is not practicable. The Company has been exempted under Section 211 (4) of the Companies Act, 1956 upto March 31, 2007 from disclosing quantitative details under Para 3 (i) (a) of Part II, Schedule VI to the Companies Act, 1956, by Ministry of Company Affairs, subject to disclosure of certain information based on which the following information is furnished, for the year ended March 31, 2008.

	2008 (Rs.)	2007 (Rs.)
a) Income from :		
(i) Wine and Liquor	5,08,12,465	6,00,97,083
(ii) Telephone and Telex	1,12,39,775	1,76,84,394
	<u>6,20,52,240</u>	<u>7,77,81,477</u>
b) Consumption of :		
(i) Provisions, Beverages & Smokes (excluding Wine and Liquor)	5,43,85,349	5,33,43,619
(ii) Wine and Liquor		
Indigenous	54,86,447	69,63,019
Imported	67,78,281	87,87,342
	<u>6,66,50,077</u>	<u>6,90,93,980</u>

Approval in respect of the application made by the Company for similar exemption for the year ended 31 st March, 2008 is awaited.

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

x) The Company's significant lease 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) **Employee Benefits :**

Pursuant to the adoption of the Accounting Standard 15 (Revised) - Employee Benefits ("Standard") effective 1st April 2007, the Company has revised the provision for retirement and other benefits as at March 31, 2007. An additional liability of Rs. 5,46,883/- (net of deferred tax asset of Rs. 2,81,602/- on such restatement) arising out of such revision has been adjusted from the opening revenue reserves as at 1st April 2007, in accordance with the transitional provisions of the standard. As per Actuarial Valuations as on March 31, 2008 the status in respect of Employee Benefit Schemes is set out below :

	GRATUITY FUNDED (Rs.)	ENCASHMENT UNFUNDED (Rs.)
I. Components of Employer Expense		
1. Current Service Cost	3,18,507	96,915
2. Interest Cost	1,93,834	70,566
3. Expected Return on Plan Assets	(1,69,218)	—
4. Curtailment Cost/(Credit)	—	—
5. Settlement Cost/(Credit)	—	—
6. Past Service Cost	—	—
7. Actuarial Losses/(Gains)	(88,724)	(82,651)
8. Total expense recognised in the Statement of Profit & Loss Account	2,54,399	84,830

The Gratuity Expense has been recognised in "Contribution to Provident and Other Funds" and Leave Encashment in "Salaries / Wages and Bonus" under Schedule 16.

	GRATUITY FUNDED (Rs.)	LEAVE ENCASHMENT UNFUNDED (Rs.)
II. Net Asset/(Liability) recognised in Balance Sheet as at March 31,2008		
1. Present Value of Obligation	29,72,434	9,94,412
2. Fair Value on Plan Assets	22,91,735	—
3. Status [Surplus/(Deficit)]	(6,80,699)	(9,94,412)
4. Unrecognised Past Service Cost	—	—
5. Net Asset/(Liability) recognised in Balance Sheet	(6,80,699)	(9,94,412)
III. Change in Defined Benefit Obligations (DBO) during the year ended March 31, 2008		
1. Present Value of DBO at the Beginning of Period	26,47,057	9,72,185
2. Current Service Cost	3,18,507	96,915
3. Interest Cost	1,93,834	70,566
4. Curtailment Cost/(Credit)	—	—
5. Settlement Cost(Credit)	—	—
6. Plan Amendments	—	—
7. Acquisitions	—	—
8. Actuarial (Gains)/Losses	(61,769)	(82,651)
9. Benefits Paid	(1,25,195)	(62,603)
10. Present Value of DBO at the End of Period	29,72,434	9,94,412
IV. Change in Fair Value of Assets during the year ended March 31, 2008		
1. Plan Assets at the Beginning of Period	22,20,757	—
2. Acquisition Adjustment	—	—
3. Expected Return on Plan Assets	1,69,218	—
4. Actuarial (Gains)/Losses	26,955	—
5. Actual Company Contribution	—	62,603
6. Benefits Paid	(1,25,195)	(62,603)
7. Plan assets at the End of Period	22,91,735	—
V. Actuarial Assumptions		
1. Discount Rate (%)	7.50	7.50
2. Expected Return on Plan Assets (%)	7.50	—

xii) **Related Party Disclosures Under Accounting Standard 18**

i) Holding Company :	ITC Limited
ii) Other Related Parties with whom transactions have taken place during the year :	
Fellow Subsidiary Companies :	Fortune Park Hotels Limited ITC Infotech India Limited
iii) 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

iv) **Summary of transactions during the year :**

(Rupees)

	Holding Company		Fellow Subsidiaries		Key Management Personnel		Relatives of Key Management Personnel(*)	
	2008	2007	2008	2007	2008	2007	2008	2007
1. Sales of Goods	5,57,260	2,41,236	—	—	—	—	—	—
2. Sales of Services	84,38,800	89,71,845	2,80,694	91,155	—	—	—	—
3. Purchase of Goods	8,67,445	1,46,936	—	—	—	—	—	—
4. Purchase of Services								
- Hotel Services	33,20,942	21,38,820	—	—	—	—	—	—
- Service Fee	6,60,67,004	9,05,52,134	—	—	—	—	—	—
- Rent towards Godown	—	—	—	—	—	—	6,00,000	5,94,000
5. Reimbursement of Contractual Remuneration	2,60,26,006	2,06,82,272	—	—	—	—	—	—
6. Expenses recovered	17,82,376	30,84,699	32,492	2,850	—	—	—	—
7. Expenses reimbursed	2,16,82,655	1,82,36,194	—	—	—	—	—	—
8. Dividend Payments	3,26,40,954	3,26,40,954	—	—	26,08,460	26,08,460	1,18,31,620	1,18,31,620
9. Sale of Fixed Assets	3,84,555	—	—	—	—	—	—	—
10. Balance outstanding at the year end :								
i) Debtors/Receivables	9,11,586	9,76,333	32,492	59,544	—	—	—	—
ii) Creditors/Payables	65,05,111	1,19,91,038	—	—	—	—	—	—

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 Rs. 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.

SCHEDULES TO THE ACCOUNTS (Contd.)

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 cost or below. Cost includes freight and other related incidental expenses and is computed on weighted average method.

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) EMPLOYEE BENEFITS

To make regular monthly contributions to Provident Fund which are in the nature of defined contributions scheme and such paid/payable amounts are charged against revenue. The contributions in respect of Provident Fund and Family Pension are statutorily deposited with the Government of India.

To determine the liabilities towards gratuity and leave encashment by an independent actuarial valuation as per the Accounting Standard – 15 (revised 2005) on “Employee benefits”. The contributions in respect of gratuity fund are made to Life Insurance Corporation.

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. 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

G. Sivakumar Reddy *Chairman*
 Kuldeep Bhartee *Managing Director*
 S. Sankar *Company Secretary & Financial Controller*

Gurgaon, 25th April, 2008

**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**