

REPORT OF THE DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2001

Your Directors submit their Report and Accounts for the financial year ended 31st March, 2001.

PERFORMANCE & HOTEL OPERATIONS

During the financial year ended 31st March, 2001, your Company recorded an income of Rs. 33.55 crores (previous year - Rs. 26.25 crores) registering a growth of 28% over previous year and profit before tax of Rs. 7.22 crores (previous year - Rs. 2.11 crores) registering handsome growth of 242%. The profit after tax grew by 234% to Rs. 6.61 crores (previous year - Rs. 1.98 crores), after providing for the payment of the minimum alternate tax of Rs. 61.20 lacs (previous year Rs. 13.54 lacs) as required under the provisions of Income Tax Act, 1961.

Your hotel viz., ITC Hotel Kakatiya Sheraton & Towers continued to maintain its dominance through higher occupancies and larger revenue market share in the five star hotel segment in the city of Hyderabad.

FOREIGN EXCHANGE EARNINGS AND OUTFLOW

During the year, your Company earned foreign exchange of Rs. 14.84 crores (previous year - Rs. 9.17 crores), a growth of 62% over previous year. The utilisation of foreign exchange was Rs. 96.30 lacs (previous year Rs. 36.79 lacs).

ENERGY/ ENVIRONMENT AND SAFETY

A state of the art energy efficient airconditioning plant installed during the year resulted in a significant reduction in the consumption of electrical energy.

Your Company's continued focus on hygiene, safety and environment resulted in the hotel being declared as the safest hotel by ITC's Safety Audit Team.

DIRECTORS

Mr. Gautam Anand resigned as the Managing Director and Director of your Company with effect from the close of business hours on 30th June, 2000. Your Directors would like to place on record their sincere appreciation of the services rendered by him during his tenure as Managing Director of the Company.

Your Directors appointed Mr. Dhunji Kavarana as an Additional Director and also as the Managing Director of the Company with effect from 2nd April, 2001. An appropriate resolution seeking your approval is appearing in the notice convening the Annual General Meeting of the Company.

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

AUDITORS' REPORT TO THE MEMBERS

We report that we have audited the Balance Sheet of M/s Srinivasa Resorts Limited as at March 31, 2001 and the relative Profit and Loss Account for the year ended on that date both of which we have signed under reference to this report and the above mentioned accounts are in agreement with the books of account.

In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet and Profit and Loss Account together with the notes attached thereto and the Statement on Significant Accounting Policies give in the prescribed manner the information required by the Companies Act, 1956 and also give respectively, a true and fair view of the state of the Company's affairs as at March 31, 2001 and its profit for the year ended on that date.

Reference Note (ix) of Schedule 17, the Company has sought exemption from disclosure required under para 3(i)(a) of Part II of Schedule VI of the Companies Act, 1956. Pending receipt of such approval for the year, the Company has disclosed the information as required under exemption order obtained in the earlier years.

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for our audit. In our opinion, proper books of account have been kept as required by law so far as appears from our examination of the books.

In our opinion these accounts have been prepared in compliance with the applicable accounting standards referred to in Section 211(3C) of the Companies Act, 1956.

On the basis of the written representations received from the directors and taken on record by the Board of Directors, we report that none of the director is disqualified as on March 31, 2001 from being appointed as a director under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we further report that:

- The Company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets. As per the phased programme designed by the Company, all tangible fixed assets of the Company have been physically verified by the management at reasonable intervals and no material discrepancies between the book records and the physical inventory were noticed.
- The fixed assets of the Company have not been revalued during the year.
- In respect of stocks of stores, spare parts, food, beverages, cigarettes etc., physical verification has been conducted by the management at reasonable intervals.
- In our opinion, the procedures of physical verification of stock followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- The discrepancies noticed on the physical verification of stock as compared to book records, which were not material, have been properly dealt with in the books of account.
- In our opinion, the valuation of stock is fair and proper in accordance with normally accepted accounting principles in India and is on the same basis as in the preceding year.
- The Company has not taken any loans, secured or unsecured from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. In terms of sub-section (6) of Section 370 of the Companies Act, 1956, provisions of the Section 370 are not applicable to a Company.
- The Company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. In terms of sub-section (6) of the Section 370 of the Companies Act, 1956, provisions of the Section 370 are not applicable to a Company.
- The Company has not granted any loans or advances in the nature of loans.
- In our opinion there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business, for purchase of stores, provisions

EMPLOYEES

The relationship between the staff and management continued to be very cordial and your Directors place on record their appreciation for the invaluable contribution made by the employees in accomplishing the good performance of the hotel for the fifth consecutive year.

PARTICULARS OF EMPLOYEES

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

AUDITORS

M/s. Lovelock & Lewes, Chartered Accountants, retire at the conclusion of the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment. Your Company's Audit Committee recommends their 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 17 & 18, respectively, in the annual accounts.

The Audit Committee of the Company reviewed the financial statements for the year under review at its meeting held on 26th April, 2001 and recommended the same for the approval of the Board of Directors.

On behalf of the Board

G. Sivakumar Reddy
Chairman

Hyderabad, 27th April, 2001

(food, beverages, cigarettes, etc.,) including components, plant and machinery, equipment and similar assets and for the sale of room, food, beverages, cigarettes etc. and other services.

- There are no contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and hence requirement of reporting regarding transactions of purchase of any stores, provisions (food, beverages, cigarettes, etc.) and sale of room, food, beverages, cigarettes, etc. made in pursuance of such contracts aggregating during the year to Rs. 50,000/- or more in respect of each party does not arise.
- The Company has a system of determining unserviceable or damaged stores and provisions (food, beverages, cigarettes, etc.) on the basis of technical evaluation and on such basis, in our opinion, adequate provision for the loss has been made in the accounts.
- The Company has not accepted any deposits from the public.
- In our opinion, reasonable records have been maintained by the Company for the sale and disposal of realisable scrap, where applicable and significant. There are no by-products arising out of the operations of the Company.
- The Company has an adequate internal audit system commensurate with the size and nature of its business.
- The Central Government of India has not prescribed maintenance of cost records by the Company under Section 209(1)(d) of the Companies Act, 1956 for any of its products.
- The Company has regularly deposited, during the year, Provident Fund and Employees' State Insurance dues with the appropriate authorities in India.
- At the last day of the financial year there was no amount outstanding in respect of undisputed Income Tax, Wealth Tax, Customs Duty, Excise Duty and Sales Tax which were due for more than six months from the date they became payable.
- During the course of our examination of the books and account carried out in accordance with the generally accepted auditing practices in India, we have not come across any personal expenses which have been charged to Profit and Loss Account, nor have we been informed of such case by the management other than those payable under contractual obligations or normally accepted business practices.
- The Company is not a Sick Industrial Company within the meaning of clause (o) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985 of India.
- In respect of service activities:
 - The Company has a reasonable system of recording receipts, issues and consumption of materials and stores and allocating materials consumed to the relative departments, commensurate with its size and nature of its business.
 - The Company has a reasonable system of allocating man-hours utilised to the departments, commensurate with its size and nature of its business.
 - There is a reasonable system of authorisation at proper levels and an adequate system of internal control commensurate with the size of the Company and the nature of its business on the issue of stores and allocation of stores and labour to departments.
- As regards the Company's trading activities, damaged goods have been determined by the Company and necessary provision has been made in the accounts for the loss.

For LOVELOCK & LEWES
Chartered Accountants
S. GOPALAKRISHNAN
Partner

Hyderabad, 27th April, 2001

BALANCE SHEET AS AT 31ST MARCH, 2001

	Schedule	As at 31st March, 2001		As at 31st March, 2000	
		(Rs.)	(Rs.)	(Rs.)	(Rs.)
I. SOURCES OF FUNDS					
1. Shareholders' Funds					
a) Share Capital	1	24,00,00,000		24,00,00,000	
b) Reserves and Surplus	2	<u>2,96,12,863</u>	26,96,12,863	<u>94,603</u>	24,00,94,603
2. Loan Funds					
Secured Loans	3		<u>20,00,00,000</u>		<u>20,00,00,000</u>
Total			<u>46,96,12,863</u>		<u>44,00,94,603</u>
II. APPLICATION OF FUNDS					
1. Fixed Assets	4				
a) Gross Block		54,89,28,180		44,54,00,969	
b) Less Depreciation		<u>9,76,66,445</u>		<u>8,02,48,390</u>	
c) Net Block		<u>45,12,61,735</u>		<u>36,51,52,579</u>	
d) Capital Work-in-Progress		<u>5,54,118</u>	45,18,15,853	<u>8,13,598</u>	36,59,66,177
2. Investments	5		10,000		10,000
3. Current Assets, Loans and Advances					
a) Inventories	6	57,80,073		61,86,668	
b) Sundry Debtors	7	1,24,46,210		1,53,96,888	
c) Cash & Bank Balances	8	1,60,83,461		3,10,81,125	
d) Other Current Assets	9	8,56,67,843		73,11,926	
e) Loans and Advances	10	<u>1,45,18,816</u>		<u>1,13,92,424</u>	
Less :		<u>13,44,96,403</u>		<u>7,13,69,031</u>	
Current Liabilities and Provisions	11	<u>11,67,09,393</u>		<u>3,53,56,743</u>	
Net Current Assets			1,77,87,010		3,60,12,288
4. Miscellaneous Expenditure	12		—		15,68,561
Profit & Loss Account			—		<u>3,65,37,577</u>
Total			<u>46,96,12,863</u>		<u>44,00,94,603</u>
Notes to the Accounts	17				
Significant Accounting Policies	18				

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.

For LOVELOCK & LEWES
Chartered Accountants
S. GOPALAKRISHNAN
Partner

Hyderabad, 27th April, 2001

On behalf of the Board

G. SIVAKUMAR REDDY
DHUNJI KAVARANA
Chairman
Managing Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2001

	Schedule	For the year ended	
		31st March, 2001 (Rs.)	31st March, 2000 (Rs.)
I. INCOME			
Income from Operations	13	32,84,66,635	26,16,08,056
Other Income	14	<u>70,10,304</u>	8,98,454
		<u>33,54,76,939</u>	<u>26,25,06,510</u>
II. EXPENDITURE			
Food, Beverage, Cigarettes, etc. Consumed	15	4,15,79,302	3,73,55,288
Operating and Administrative Expenses	16	17,79,07,731	15,44,25,544
Interest — Term Loan		2,56,41,931	2,76,09,042
— Others		—	8,26,609
Finance Charges		—	40,10,600
Depreciation on Fixed Assets		1,77,65,339	1,67,33,715
Amortisation of Miscellaneous Expenditure		4,06,799	4,06,779
		<u>26,33,01,102</u>	<u>24,13,67,577</u>
III. Profit for the year before Taxation		<u>7,21,75,837</u>	<u>2,11,38,933</u>
Less: Provision for Taxation		<u>61,20,000</u>	<u>13,53,785</u>
Profit for the year after Taxation		<u>6,60,55,837</u>	<u>1,97,85,148</u>
Loss brought forward		<u>(3,65,37,577)</u>	<u>(5,63,22,725)</u>
Profit carried to the Balance Sheet		<u>2,95,18,260</u>	<u>(3,65,37,577)</u>
Notes to the Accounts	17		
Significant Accounting Policies	18		

The schedules referred to above form an integral part of the Profit & Loss Account.

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

For LOVELOCK & LEWES
Chartered Accountants
S. GOPALAKRISHNAN
Partner

Hyderabad, 27th April, 2001

On behalf of the Board

G. SIVAKUMAR REDDY
DHUNJI KAVARANA
Chairman
Managing Director

SCHEDULES TO THE ACCOUNTS

	As at 31st March, 2001 (Rs.)	As at 31st March, 2000 (Rs.)
1. SHARE CAPITAL		
Authorised		
2,40,00,000 Equity Shares of Rs. 10/- each		
	<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.	<u>24,00,00,000</u>	<u>24,00,00,000</u>
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.		
1,63,20,477 (2000 — 1,63,20,477) Equity Shares of Rs. 10/- each fully paid up are held by the Holding Company — ITC Hotels Limited	<u>24,00,00,000</u>	<u>24,00,00,000</u>
2. RESERVES AND SURPLUS		
Capital Reserve	94,603	94,603
Balance in Profit and Loss Account	<u>2,95,18,260</u>	—
	<u>2,96,12,863</u>	<u>94,603</u>
3. SECURED LOANS		
Term Loans		
From Banks	20,00,00,000	20,00,00,000
(Secured by mortgage by deposit of title deeds relating to Company's Freehold Land and further by deeds of hypothecation in respect of movable properties, present and future, Guaranteed by Holding Company—ITC Hotels Limited)		
	<u>20,00,00,000</u>	<u>20,00,00,000</u>

SCHEDULES TO THE ACCOUNTS (Contd.)

4. FIXED ASSETS	Original Cost as at 1.4.2000 (Rs.)	Additions during the year (Rs.)	Withdrawals during the year (Rs.)	Original Cost as at 31.3.2001 (Rs.)	Depreciation for the year (Rs.)	Depreciation on Withdrawals (Rs.)	Depreciation up to 31.3.2001 (Rs.)	Net Block as at 31.3.2001 (Rs.)
Freehold Land	1,00,00,000	—	—	1,00,00,000	—	—	—	1,00,00,000
Building	25,96,11,123	—	—	25,96,11,123	42,31,661	—	2,09,18,510	23,86,92,613
Plant & Machinery	7,57,33,748	10,15,61,640	8,37,223	17,64,58,165	51,43,595	1,81,177	2,39,37,629	15,25,20,536
Furniture & Fixtures	9,62,81,921	31,12,438	—	9,93,94,359	80,51,221	—	5,18,30,534	4,75,63,825
Motor Vehicles	37,74,177	79,275	3,88,919	34,64,533	3,38,862	1,66,107	9,79,772	24,84,761
	44,54,00,969	10,47,53,353	12,26,142	54,89,28,180	1,77,65,339	3,47,284	9,76,66,445	45,12,61,735
Capital Work-in-Progress	8,13,598	5,11,742	7,71,222	5,54,118	—	—	—	5,54,118
Total	44,62,14,567	10,52,65,095	19,97,364	54,94,82,298	1,77,65,339	3,47,284	9,76,66,445	45,18,15,853
Previous Year	43,90,38,611	92,20,981	20,45,025	44,62,14,567	1,67,33,715	1,29,086	8,02,48,390	36,59,66,177

	As at 31st March, 2001 (Rs.)	As at 31st March, 2000 (Rs.)	For the year ended 31st March, 2001 (Rs.)	For the year ended 31st March, 2000 (Rs.)
5. INVESTMENTS				
Unquoted — Long Term Government Securities (Deposited with Government Authorities)	10,000	10,000		
	<u>10,000</u>	<u>10,000</u>		
6. INVENTORIES				
Food, Beverage and Cigarettes, etc.	29,32,406	36,68,981		
Stores & Supplies	28,47,667	25,17,687		
	<u>57,80,073</u>	<u>61,86,668</u>		
7. SUNDRY DEBTORS				
Unsecured — considered good				
a) Debts outstanding for a period exceeding six months	18,03,564	16,18,119		
b) Other debts	1,06,42,646	1,37,78,769		
	<u>1,24,46,210</u>	<u>1,53,96,888</u>		
8. CASH AND BANK BALANCES				
Cash and Cheques on Hand	53,15,944	26,51,204		
With Scheduled Banks :				
On Current Accounts	10,32,429	5,59,414		
On Deposit Accounts	97,35,088	2,78,70,507		
	<u>1,60,83,461</u>	<u>3,10,81,125</u>		
9. OTHER CURRENT ASSETS				
Unsecured — considered good				
Deposits with Government, Public Bodies and Others	8,22,42,601	71,30,745		
Interest accrued on Deposits	34,25,242	1,81,181		
	<u>8,56,67,843</u>	<u>73,11,926</u>		
10. LOANS AND ADVANCES				
Unsecured — considered good				
Advances recoverable in cash or in kind or for value to be received				
Capital Advances	30,28,774	55,84,939		
Others	80,18,560	37,39,295		
Advance Tax (net of provision)	34,71,482	20,68,190		
	<u>1,45,18,816</u>	<u>1,13,92,424</u>		
11. CURRENT LIABILITIES & PROVISIONS				
Liabilities				
Sundry Creditors				
Dues to Small Scale Industrial undertakings	1,20,175	48,602		
Dues to other than Small Scale Industrial undertakings*	11,65,89,218	3,53,08,141		
	<u>11,67,09,393</u>	<u>3,53,56,743</u>		
*Includes due to Directors Rs. Nil (2000 - Rs. 18,384/-)				
12. MISCELLANEOUS EXPENDITURE				
(To the extent not written off or adjusted)				
Preliminary Expenses	—	38,172		
Expenditure on Leased Assets	—	12,77,963		
Launching Expenditure	—	2,52,426		
	<u>—</u>	<u>15,68,561</u>		
13. INCOME FROM OPERATIONS				
Rooms*	16,60,76,605	13,13,56,149		
Food & Beverages	13,16,46,783	10,28,56,197		
Recreation & Services	2,74,88,425	2,46,34,560		
Miscellaneous Income	27,76,988	23,90,517		
Gain/(Loss) on Exchange (Net)	35,753	(449)		
Insurance claims	22,300	63,922		
Income from Others	4,19,781	3,07,160		
	<u>32,84,66,635</u>	<u>26,16,08,056</u>		
*Income from rooms are stated gross, the amount of tax deducted thereon is Rs. 9,01,589/- (2000 - Rs. 3,96,207/-)				
14. OTHER INCOME				
Interest on Loans and Deposits etc.*	70,10,304	8,98,454		
	<u>70,10,304</u>	<u>8,98,454</u>		
*The Income from Loans and Deposits etc. are stated gross. The amount of Income Tax deducted thereon is Rs. 1,54,22,267/- (2000 - Rs. 1,98,161/-)				
15. FOOD, BEVERAGE, CIGARETTES ETC. CONSUMED				
Opening Stock	36,68,981	38,86,709		
Add : Purchases	4,08,42,727	3,71,37,560		
	4,45,11,708	4,10,24,269		
Less : Closing Stock	29,32,406	36,68,981		
	<u>4,15,79,302</u>	<u>3,73,55,288</u>		
16. OPERATING AND ADMINISTRATIVE EXPENSES				
Salaries, Wages and Bonus	1,37,91,644	1,25,63,505		
Contribution to Provident and Other Funds	15,24,145	12,00,731		
Workmen and Staff Welfare Expenses (Net of recoveries)	63,84,803	57,76,660		
Reimbursement of remuneration of persons on deputation	86,01,812	73,53,806		
Insurance	24,41,648	22,75,454		
Consumption of Stores and Supplies	1,92,80,415	2,01,08,950		
Power and Fuel	3,64,22,354	3,42,65,531		
Freight	—	8,917		
Rent [including lease rentals — Rs. 1,18,21,955/- (2000 — Rs. 1,16,57,462/-)]	1,29,18,486	1,25,64,179		
Repairs — Building	49,81,840	36,53,897		
— Machinery	51,91,935	61,20,522		
— Others	18,33,071	18,06,906		
Rates and Taxes	42,25,192	31,77,425		
Advertisement/Sales Promotion/Market Research	87,78,346	57,52,039		
Miscellaneous — Others	86,47,870	68,91,340		
Travelling and Conveyance	47,10,454	40,03,762		
Postage, Telephone, Telex etc.	83,86,665	84,70,581		
Payments to Auditors	(Rs.)	(Rs.)		
— Audit Fees	1,57,500	1,00,000		
— Tax Audit Fees	34,000	35,000		
— Taxation Matters	—	30,000		
— Certification/Other Services etc.	49,323	48,675		
	2,40,823	2,13,675		
Technical & Consultancy Fees	2,39,63,831	1,39,23,804		
Marketing Fees	53,29,452	40,30,188		
Commission paid to Travel Agents	2,84,368	1,13,416		
Loss on Fixed Assets discarded/sold (Net)	4,42,695	1,62,432		
	<u>17,83,81,849</u>	<u>15,44,37,720</u>		
Less : Transfer to Fixed Assets	4,74,118	12,176		
	<u>17,79,07,731</u>	<u>15,44,25,544</u>		

SCHEDULES TO THE ACCOUNTS (Contd.)

	Current Year (Rs.)	Last Year (Rs.)
17. NOTES TO THE ACCOUNTS		
(i) Estimated Amount Of Contracts remaining to be executed on Capital account and not provided for as on the Balance Sheet date	12,36,454	28,66,313
(ii) Contingent Liability		
— Income Tax matters under appeal Rs. 28,59,426/- (2000 - Rs. 28,59,426/-)		
— Hotel Expenditure Tax matters under appeal Rs. 11,51,730/- (2000 - Rs. 11,51,730/-)		
— Sales Tax matters under appeal Rs. 3,75,868/- (2000 - Rs. 3,75,868/-)		
— Guarantees outstanding Rs. 25,70,500/- (2000 - Rs. 20,57,000/-)		
(iii) Managing Director's Remuneration*		
— Salary	1,57,044	6,33,078
— Other Perquisites	25,300	1,24,920
— Contribution to Provident Fund	4,644	21,108
	<u>1,86,988</u>	<u>7,79,106</u>
(* for the period 1.4.2000 to 30.6.2000)		
(iv) Earnings in Foreign Currency		
Direct purchase of Foreign Exchange as reported to Reserve Bank of India	1,24,92,279	1,06,51,133
Indirect Foreign Exchange earnings through credit cards as certified by the banks	13,58,75,599	8,10,63,244
	<u>14,83,67,878</u>	<u>9,17,14,377</u>
(v) Expenditure in Foreign Currency		
— Travel	60,800	1,40,840
— Hotel Reservation/Marketing Expenses	2,50,993	—
— Technical & Consultancy Fees and Others	62,92,687	5,97,758
	<u>66,04,480</u>	<u>7,38,598</u>
(vi) CIF Value of Imports		
— Raw Materials	17,645	1,15,693
— Capital Goods	30,07,920	28,24,190
	<u>30,25,565</u>	<u>29,39,883</u>
	Current Year	Last Year
(vii) Consumption of Raw Materials	(Rs.)	(Rs.)
— Indigenous	4,15,61,657	3,72,39,595
— Imported	17,645	1,15,693
	<u>4,15,79,302</u>	<u>3,73,55,288</u>
	%	%
	99.96	99.69
	0.04	0.31
	<u>100.00</u>	<u>100.00</u>
(viii) Consumption of Stores & Supplies		
— Indigenous	1,92,80,415	2,01,08,950
— Imported	—	—
	<u>1,92,80,415</u>	<u>2,01,08,950</u>
	100.00	100.00
	<u>100.00</u>	<u>100.00</u>
(ix) The Ministry of Law, Justice and Company Affairs (Department of Company Affairs) Government of India has been consistently exempting the Company, on a year to year basis, in terms of the provisions of Section 211(4) of the Companies Act, 1956, upto 31st March, 2000, from disclosing quantitative details of turnover and consumption in respect of various classes of goods dealt with by the Company as required under Para 3(i)(a) of Part II, Schedule VI of the Companies Act, 1956 subject to disclosure of certain information, based on which the following information is furnished.		
	Current Year (Rs.)	Last Year (Rs.)
a) Income from :		
(i) Wine and Liquor	2,46,95,494	1,92,36,566
(ii) Telephone and Telex	2,30,08,158	2,00,15,645
	<u>4,77,03,652</u>	<u>3,92,52,211</u>
b) Consumption of :		
(i) Provisions, Beverages & Smokes (excluding Wine and Liquor)	3,45,94,982	3,12,64,563
(ii) Wine and Liquor	69,84,320	60,90,725
	<u>4,15,79,302</u>	<u>3,73,55,288</u>

- Approval in respect of the application made by the Company for similar exemption for the year ended, 31st March, 2001, is expected shortly.
- (x) Interest on term loans includes prior period expenditure amounting to Rs. Nil (2000 - Rs. 2,95,780/-).
- (xi) Previous year's figures have been regrouped/rearranged wherever necessary.

18. 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 and relevant presentational requirements of the Companies Act, 1956.
- ii) TURNOVER
To state turnover, which represents invoiced value of goods sold and services rendered, net of taxes.
- iii) 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.
- iv) DEPRECIATION
To provide depreciation on straight line method at the rates as specified in Schedule XIV of the Companies Act, 1956.
- 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.
- vi) RETIREMENT BENEFITS
To make regular contributions to the Provident Fund and Gratuity Fund which are charged to revenue. 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.
- vii) PROPOSED DIVIDEND
To provide for Dividend as proposed by the Directors in the Books of Account, pending approval at the Annual General Meeting.
- viii) FOREIGN CURRENCY TRANSACTIONS
To record transactions in foreign currencies at the exchange rates prevailing on the date of the transaction. Payments made in foreign currency are converted at the applicable rates prevailing on the day of remittance. Liability/Receivables on account of foreign currency are converted at the exchange rates prevailing as at the end of the year and gains/losses thereon are taken to Profit and Loss Account.
- ix) DEFERRED REVENUE EXPENDITURE
All the expenditure, the benefit of which is spread over number of years, is grouped under miscellaneous expenditure and is amortised over subsequent years on the basis of benefit derived in each year.
- x) INVESTMENTS
To state long term investments at cost. Where applicable, provision is made where there is a permanent fall in valuation of investments.
- xi) 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.
- xii) FINANCIAL AND MANAGEMENT INFORMATION SYSTEMS
To practice an integrated accounting system which unifies both Financial books and Costing records. The books of account and other records have been designed to ensure compliance of the relevant provisions of the Companies Act, 1956 on the one hand, and meet the internal requirements of the 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
Dhunji Kavarana

Chairman
Managing Director

Hyderabad, 27th April, 2001

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 & Surplus

Secured Loans Unsecured Loans

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 the 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.