

REPORT OF THE DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2004

Your Directors submit their Report and Accounts for the financial year ended 31st March, 2004.

Performance

Your Company recorded a turnover of Rs. 236.50 lacs (previous year – Rs. 149.96 lacs) and earned a net profit of Rs. 47.19 lacs (previous year – Rs. 15.61 lacs) after providing for income tax of Rs. 26.37 lacs (previous year – Rs. 9.92 lacs).

Your Directors are pleased to recommend a dividend of Re. 1.00 per equity share for the year ended 31st March, 2004.

During the year under review, three alliances were signed up for hotel properties at Indore, Jodhpur and Vijayawada and with these additions your Company now runs thirteen operating hotels across the country and also has subsisting agreements in respect of five hotel projects which are slated to open during the course of financial year 2004–05. Negotiations are underway at several attractive locations in the country where there is potential for growth in business from domestic travel in both the key segments namely business and leisure.

Conservation of Energy/Foreign Exchange

Considering the nature of business of your Company, no comment is made on conservation of energy.

While there was no foreign exchange income during the year, there was a foreign exchange outflow of Rs. 0.66 lacs during the year.

Directors

In accordance with the provisions of Article 143 of the Articles of Association of the Company, Mr. Nakul Anand and Mr. M. Riaz Ahmed will retire by rotation at the forthcoming Annual General Meeting of the Company and being eligible, offer themselves for re-appointment.

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.

Compliance Certificate under Companies Act, 1956

A certificate issued by M/s. S.R. Sundaram & Associates, Company Secretaries, in terms of the provisions of Section 383A of the Companies Act, 1956, to the effect that the Company has complied with the applicable provisions of the said Act is attached to this Report.

Auditors

The Auditors of your Company, M/s. Lovelock & Lewes, 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 17 and 18, respectively, in the annual accounts.

On behalf of the Board

Nakul Anand *Director*
M. Riaz Ahmed *Director*

New Delhi, 28th April, 2004

COMPLIANCE CERTIFICATE

Regn. No. of the Company : 55-99973

Nominal Capital : Rs. 2,00,00,000/-

To
The Members
M/s. Fortune Park Hotels Limited
25, Community Centre
Basant Lok, Vasant Vihar
New Delhi – 110 057

We have examined the registers, records, books and papers of M/s. Fortune Park Hotels Limited (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the Rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended 31st March, 2004. In our opinion and to the best of our information and according to the examination carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:-

1. The Company has kept and maintained all registers, as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the Rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies within the time prescribed under the Act and the Rules made thereunder.
3. The Company, being a public limited company, comments are not required.
4. The Board of Directors of the Company met four times respectively on 1st May, 2003, 4th August, 2003, 24th October, 2003 and 9th January, 2004. In respect of such meetings, proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company has not closed the Register of its members during the financial year.
6. The Annual General Meeting of the Company for the financial year ended on the 31st March, 2003 was held on the 25th June, 2003, after giving due notice to the Members of the Company and the resolutions passed thereat were duly recorded in the Minutes book maintained for the purpose.
7. No Extraordinary General Meeting was held during the financial year.
8. The Company has not advanced any loan to its Directors and/or persons or firms or companies referred to in Section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.

10. The Company is maintaining the register under Section 301 of the Act, however, there were no contracts to be entered therein during the financial year.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company was not required to obtain any approvals from the Board of Directors, Members or Central Government.
12. The Company has not issued any duplicate share certificates during the financial year.
13. (i) The Company has delivered the Share Certificates on transfer of shares in accordance with the provisions of the Act, however there was no allotment / transmission of securities during the financial year.
(ii) The Company has not deposited any amount in a separate Bank account, however the entire final dividend has been disbursed to the members within five days from the date of declaration of such dividend.
(iii) The Company has paid dividends to all the members within a period of 30 days from the date of declaration and that there is no Unclaimed / Unpaid dividend, which is required to be transferred to a Special account.
(iv) No amount is lying in the Books of Accounts of the Company in respect of unpaid dividend, application money due for refund, matured deposits, matured debentures and the interest accrued thereon, which have remained unclaimed or unpaid for a period of seven years, required to be transferred to the Investor Education and Protection Fund.
(v) The Company has duly complied with the requirements of Section 217 of the Act in respect of last year.
14. The Board of Directors of the Company is duly constituted and there was no appointment of additional/alternate/casual directors during the financial year.
15. The Company has not appointed any Managing Director/Whole time Director/Manager during the financial year.
16. The Company has not appointed any sole selling agents during the financial year.
17. The Company was not required to obtain any approval of the Central Government, Company Law Board, Regional Director, Registrar and/or such authorities prescribed under the various provisions of the Act during the financial year.
18. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the Rules made thereunder.
19. The Company has not issued any shares, debentures or other securities during the financial year.

20. The Company has not bought back any shares during the financial year.
21. The Company has no preference capital of debentures and as such redemption of preference shares or debentures is not applicable.
22. There was no transaction necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited/accepted any deposits including any unsecured loans falling within the purview of Section 58A of the Act during the financial year.
24. The Company has not made any borrowings during the financial year ended 31st March, 2004 .
25. The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one State to another during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum with

- respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to the name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the financial year.
31. There was/were no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the Company during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has not constituted Provident Fund for its employees and as such, Section 418 of the Act is not applicable to the Company.

For S.R. Sundaram & Associates
S. Ramasundaram
Proprietor
C.P. No. 2530

New Delhi, 28th April, 2004

ANNEXURE - 'A'

Registers as maintained by M/s. Fortune Park Hotels Limited

Statutory Registers

1. Register of Members under Section 150
2. Minutes Book of Board Meetings
3. Minutes Book of General Meetings
4. Books of Account under Section 209
5. Register of particulars of contracts in which Directors are interested under Section 301
6. Register of Directors under Section 303
7. Register of Directors' Shareholding under Section 307

ANNEXURE - 'B'

Forms and returns as filed by the Company with the Registrar of Companies during the financial year ended 31st March, 2004

1. Balance Sheet under Section 220 of the Act for the financial year ended 31/3/2003- filed on 23/7/2003, within the prescribed time.
2. Compliance Certificate under Section 383A of the Act - filed on 23/7/2003, within the prescribed time.
3. Annual Return under Section 159 of the Act for the AGM held on 25/6/2003 filed on 23/7/2003, within the prescribed time.

For S.R. Sundaram & Associates
S. Ramasundaram
Proprietor
C.P. No. 2530

New Delhi, 28th April, 2004

REPORT OF THE AUDITORS TO THE MEMBERS

1. We have audited the attached Balance Sheet of Fortune Park Hotels Limited, as at March 31, 2004, and the related Profit and Loss Account 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 have conducted our audit in accordance with the 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 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 further report that :
 - i) (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.
 - ii) The Company does not hold any inventory.
 - iii) 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.
 - iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of fixed assets. 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 major weaknesses in the aforesaid

- internal control procedures.
- v) In our opinion and according to the information and explanations given to us, there are no transactions that need to be entered into the register in pursuance of Section 301 of the Act.
- vi) 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.
- vii) In our opinion, the company has an internal audit system commensurate with its size and nature of its business.
- viii) The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (l) of Section 209 of the Act for any of the products of the company.
- ix) 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 generally regular in depositing the undisputed statutory dues including provident fund, employees' state insurance, income-tax, wealth tax, and other material statutory dues, as applicable, with the appropriate authorities.
- b) According to the information and explanations given to us and the records of the company examined by us, the particulars of dues of income-tax which have not been deposited on account of a dispute (without considering cases wherein the disputed dues have been either paid under protest and net of demands raised which have been adjusted by the appropriate authorities against the refund of some other year(s) due to the Company), are as follows -

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	Income tax and interest thereon	17,29,041	Assessment Year 2001-02	Commissioner of Income Tax (Appeals)

- x) The company has no accumulated losses as at March 31, 2004 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- xi) According to the records of the company examined by us and the information and explanations given to us, the company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
- xii) The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

- xiii) The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the company.
- xiv) In our opinion, the company is not a dealer or trade in shares, securities, debentures and other investments.
- xv) 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.
- xvi) In our opinion, and according to the information and explanations given to us, in our opinion on an overall basis, the term loans have been applied for the purposes for which they were obtained.
- xvii) 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, and vice versa.
- xviii) 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.
- xix) The company has not issued any debentures.
- xx) The company has not raised any money by public issues.
- xxi) 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.
4. Further to our comments 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) In our opinion, the Balance Sheet, Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act ;
- (d) On the basis of written representations received from the directors, as on March 31, 2004 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2004 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act ;
- (e) 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, 2004 ;
- ii) In the case of the Profit and Loss Account, of the profit for the year ended on that date.

Kaushik Dutta
Partner
Membership Number F 88540
For and on behalf of
Lovelock & Lewes
Chartered Accountants

New Delhi, 28th April, 2004

BALANCE SHEET AS AT 31ST MARCH, 2004

	Schedule	31st March, 2004		31st March, 2003	
		(Rs.)	(Rs.)	(Rs.)	(Rs.)
I. SOURCES OF FUNDS					
1. Shareholders' Funds					
a) Capital	1	45,00,080		45,00,080	
b) Reserves and Surplus	2	1,05,14,349	1,50,14,429	63,03,421	1,08,03,501
2. Loan Funds					
Secured Loans	3		—		1,49,818
3. Deferred Tax Liability (Net)	4		1,09,678		1,72,716
Total			1,51,24,107		1,11,26,035
II. APPLICATION OF FUNDS					
1. Fixed Assets	5				
a) Gross Block		31,60,718		39,90,081	
b) Less : Depreciation		15,34,880		20,63,242	
c) Net Block			16,25,838		19,26,839
2. Current Assets, Loans and Advances					
a) Sundry Debtors	6	80,89,922		72,39,284	
b) Cash and Bank Balances	7	78,75,110		35,04,506	
c) Other Current Assets	8	2,11,894		8,42,776	
d) Loans and Advances	9	6,66,347		17,51,278	
		1,68,43,273		1,33,37,844	
Less :					
3. Current Liabilities and Provisions					
a) Liabilities	10	27,14,488		35,22,319	
b) Provisions	11	6,30,516		6,16,329	
		33,45,004		41,38,648	
Net Current Assets			1,34,98,269		91,99,196
Total			1,51,24,107		1,11,26,035
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.

Kaushik Dutta
Partner
For and on behalf of
Lovelock & Lewes
Chartered Accountants
New Delhi, 28th April, 2004

On behalf of the Board
Nakul Anand Director
M. Riaz Ahmed Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2004

	Schedule	For the year ended 31st March, 2004		For the year ended 31st March, 2003	
		(Rs.)	(Rs.)	(Rs.)	(Rs.)
I. INCOME					
Gross Income from Operations		2,45,95,521		1,53,25,746	
Less : Taxes		17,92,410		7,29,800	
Net Income from Operations	12		2,28,03,111		1,45,95,946
Other Income	13		8,47,314		4,00,008
			<u>2,36,50,425</u>		<u>1,49,95,954</u>
II. EXPENDITURE					
Operating and Administrative Expenses	14		1,60,29,509		1,21,90,163
Depreciation			2,65,360		2,53,159
			<u>1,62,94,869</u>		<u>1,24,43,322</u>
III. PROFIT					
Profit before Taxation			73,55,556		25,52,632
Provision for Taxation	15		26,36,962		9,91,878
Profit after Taxation			47,18,594		15,60,754
Profit brought Forward			32,88,080		22,34,992
Available for Appropriation			<u>80,06,674</u>		<u>37,95,746</u>
IV. APPROPRIATIONS					
Proposed Dividend			4,50,008		4,50,008
Income Tax on Proposed Dividend			57,658		57,658
Profit Carried Forward			74,99,008		32,88,080
			<u>80,06,674</u>		<u>37,95,746</u>
Basic and Diluted Earnings Per Share (Rs.)	16		10.49		3.47
Notes to the Accounts	17				
Significant Accounting Policies	18				

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.

Kaushik Dutta
Partner
For and on behalf of
Lovelock & Lewes
Chartered Accountants
New Delhi, 28th April, 2004

On behalf of the Board
Nakul Anand Director
M. Riaz Ahmed Director

SCHEDULES TO THE ACCOUNTS

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

	As at 31st March, 2004 (Rs.)	As at 31st March, 2003 (Rs.)	As at 31st March, 2004 (Rs.)	As at 31st March, 2003 (Rs.)
1. CAPITAL				
Authorised				
20,00,000 Equity Shares of Rs. 10/- each	2,00,00,000	2,00,00,000		
Issued, Subscribed and Paid-up				
*4,50,008 Equity Shares of Rs. 10/- each	45,00,080	45,00,080		
	<u>45,00,080</u>	<u>45,00,080</u>		
* Includes – 4,50,001 Equity Shares of Rs. 10/- each fully paid-up held by the Holding Company, ITC Hotels Limited				
2. RESERVES AND SURPLUS				
Capital Reserve	30,00,000	30,00,000		
General Reserve	15,341	15,341		
2. RESERVES AND SURPLUS (Contd.)				
Profit and Loss Account At the commencement of the year			32,88,080	22,34,992
Add : From Profit and Loss Account			42,10,928	74,99,008
			<u>1,05,14,349</u>	<u>10,53,088</u>
3. SECURED LOANS				
Loans and Advances from Banks Term Loan*			—	1,49,818
			<u>—</u>	<u>1,49,818</u>
* Secured by hypothecation of the vehicle - Repayable within one year Rs. NIL/- (Previous Year Rs. 1,28,415/-)				
4. DEFERRED TAX LIABILITY (NET)				
Deferred Tax Liability Depreciation - Timing Difference			1,58,225	2,20,332
Less : Deferred Tax Assets Preliminary Expenses & U/s 43 B Payments			48,547	47,616
Net Deferred Tax Liability			<u>1,09,678</u>	<u>1,72,716</u>

5. FIXED ASSETS

Particulars	Original Cost as at 1.4.2003 (Rs.)	Additions during the year (Rs.)	Withdrawals during the year (Rs.)	Original Cost as at 31.3.2004 (Rs.)	Depreciation for the year (Rs.)	Depreciation on Withdrawals (Rs.)	Depreciation upto 31.3.2004 (Rs.)	Net Block as at 31.3.2004 (Rs.)
Plant and Machinery	7,63,779	6,385	4,02,568	3,67,596	30,335	1,24,620	1,13,817	2,53,779
Computers	19,72,506	2,53,210	6,95,540	15,30,176	1,41,033	6,69,102	9,50,361	5,79,815
Furniture and Fixtures	7,61,953	9,150	—	7,71,103	47,267	—	3,39,144	4,31,959
Motor Vehicle	4,91,843	—	—	4,91,843	46,725	—	1,31,558	3,60,285
Total	39,90,081	2,68,745	10,98,108	31,60,718	2,65,360	7,93,722	15,34,880	16,25,838
Previous Year	42,31,652	2,75,878	5,17,449	39,90,081	2,53,159	1,71,254	20,63,242	19,26,839

SCHEDULES TO THE ACCOUNTS (Contd.)

	As at 31st March, 2004 (Rs.)	As at 31st March, 2003 (Rs.)
6. SUNDRY DEBTORS		
Over 6 months old		
Good and Unsecured	21,05,470	23,97,652
Other Debts		
Good and Unsecured	<u>59,84,452</u>	<u>48,41,632</u>
	<u>80,89,922</u>	<u>72,39,284</u>
7. CASH AND BANK BALANCES		
With Scheduled Banks		
On Current Accounts etc.	7,25,172	4,75,052
On Deposit Accounts*	65,00,000	30,00,000
Cash and Cheques on hand	<u>6,49,938</u>	<u>29,454</u>
	<u>78,75,110</u>	<u>35,04,506</u>
*Including Rs. 38,18,498/- (Previous Year - Rs. 30,00,000/-) Pledged with bank as security for overdraft facility.		
8. OTHER CURRENT ASSETS		
Good and Unsecured		
Deposits with Government, Public Bodies and Others	1,21,000	2,03,000
Interest Accrued on Deposit	<u>90,894</u>	<u>6,39,776</u>
	<u>2,11,894</u>	<u>8,42,776</u>
9. LOANS AND ADVANCES		
Good and Unsecured		
Loans to Others	2,00,000	2,00,000
Advances recoverable in cash or in kind or for value to be received	1,39,719	2,96,858
Advances with Government and Public Bodies *	<u>3,26,628</u>	<u>12,54,420</u>
	<u>6,66,347</u>	<u>17,51,278</u>
* Represents advance payment of Income Tax net of provisions of Rs. 37,00,000/- (Previous Year - Rs. 13,77,369/-)		
10. LIABILITIES		
Sundry Creditors	<u>27,14,488</u>	<u>35,22,319</u>
	<u>27,14,488</u>	<u>35,22,319</u>
11. PROVISIONS		
Provision for Retirement Benefits	1,22,850	1,08,663
Proposed Dividend	4,50,008	4,50,008
Income Tax on Proposed Dividend	<u>57,658</u>	<u>57,658</u>
	<u>6,30,516</u>	<u>6,16,329</u>
	For the year ended 31st March, 2004 (Rs.)	For the year ended 31st March, 2003 (Rs.)
12. NET INCOME FROM OPERATIONS		
Management Consultancy and Other Services*	<u>2,28,03,111</u>	<u>1,45,95,946</u>
	<u>2,28,03,111</u>	<u>1,45,95,946</u>
* The Income from Management Consultancy and Other Services is stated gross, the amount of Income Tax deducted thereon is Rs.14,29,088/- (Previous Year - Rs.6,92,396/-)		
13. OTHER INCOME		
Interest on Deposits**	3,39,141	3,55,688
Interest on Income Tax Refunds	1,71,268	44,320
Others	<u>3,36,905</u>	<u>—</u>
	<u>8,47,314</u>	<u>4,00,008</u>
** The Income from Interest on Deposits is stated gross, the amount of Income Tax deducted thereon is Rs. 69,524/- (Previous Year - Rs. 74,695/-)		

	For the year ended 31st March, 2004 (Rs.)	For the year ended 31st March, 2003 (Rs.)
14. OPERATING AND ADMINISTRATIVE EXPENSES		
Salaries, Wages and Bonus	52,54,912	55,04,091
Contribution to Provident and Other Funds	2,88,758	3,20,425
Workmen and Staff Welfare Expenses	5,38,354	4,94,155
Reimbursement of remuneration to persons on deputation	<u>59,40,974</u>	<u>38,63,598</u>
	<u>1,20,22,998</u>	<u>1,01,82,269</u>
Less : Recoveries	<u>47,54,336</u>	<u>36,12,663</u>
	<u>72,68,662</u>	<u>65,69,606</u>
Consumption of Stores and Supplies	2,26,257	1,72,474
Power and Fuel	3,65,027	3,58,089
Rent	9,50,550	7,72,916
Insurance	1,61,282	1,51,128
Repairs - Others	10,10,761	7,97,307
Advertising/Sales Promotion	23,28,397	5,21,580
Travelling and Conveyance	12,38,826	9,41,079
Legal Expenses	1,18,325	62,000
Postage, Telephones, Telex etc.	9,98,215	8,99,417
Bank Charges	58,548	38,416
Interest etc. Paid		
- Term Loan	14,084	30,248
- Others	<u>22,435</u>	<u>36,519</u>
	<u>36,519</u>	<u>1,24,265</u>
Technical and Consultancy Fees	7,23,801	2,40,482
Miscellaneous Expenses	2,39,953	1,64,961
Fixed Assets Discarded - Net	<u>3,04,386</u>	<u>3,46,195</u>
	<u>1,60,29,509</u>	<u>1,21,90,163</u>
Miscellaneous Expenses Include :		
(1) Auditors' Remuneration and Expenses :		
- Audit Fees	40,000	40,000
- Fees for Other Services	40,000	20,000
- Reimbursement of Expenses	<u>20,100</u>	<u>10,000</u>
	<u>1,00,100</u>	<u>70,000</u>
15. PROVISION FOR TAXATION		
Income Tax on :		
- Current Year's Profits	27,00,000	10,00,000
Add : Provisions related to earlier years (Net)	—	53,871
Less : Deferred Tax Credit	<u>(63,038)</u>	<u>(61,993)</u>
	<u>26,36,962</u>	<u>9,91,878</u>
16. EARNINGS PER SHARE		
Profit after Taxation	47,18,594	15,60,754
Weighted average number of equity shares outstanding	4,50,008	4,50,008
Basic and diluted earnings per share in rupees (face value - Rs. 10/- per share)	10.49	3.47
17. NOTES TO THE ACCOUNTS		
i) Contingent Liability : Claims against the Company not acknowledged as debt in respect of taxation matters Rs. 17,29,041/- (Previous Year - Rs. NIL)		
ii) Expenditure in Foreign Currency (On Payment Basis) : Travelling Rs. 66,332/- (Previous year - Rs. NIL)		
iii) Retirement Benefits in respect of Gratuity Fund is provided for based upon LIC's Actuarial Valuation as at the Balance Sheet date.		
iv) The outstanding liabilities as at the close of the year do not include any amounts due to any small scale industrial undertaking as defined under Section 3(j) of the Industries (Development & Regulation) Act, 1951.		
v) The Company's significant leasing arrangements are in respect of operating leases for premises (residential, office etc.). These leasing arrangements which are not non-cancellable range between 11 months and 3 years generally, or longer, and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as Rent under Schedule 14.		
vi) The Company operates in one operating segment i.e. Hoteliering and within one geographical segment i.e. India.		
vii) Previous Year's figures have been regrouped/rearranged wherever necessary.		

SCHEDULES TO THE ACCOUNTS (Contd.)

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 in India and relevant presentational requirements of the Companies Act, 1956.

(ii) TURNOVER

To state Gross Income from Operations, which represents invoiced value of services rendered, inclusive of all applicable 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.

(iv) DEPRECIATION

To calculate depreciation on Fixed Assets in a manner that amortises the cost of the 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.

(v) RETIREMENT BENEFITS

To make regular contributions to the Provident Fund, Pension Fund and Gratuity Fund which are charged against revenue. The contribution in respect of Gratuity Fund are made to LIC based on actuarial valuation by the LIC and the Provident Fund and Family Pension Fund contributions are statutorily deposited with the Government.

(vi) PROPOSED DIVIDEND

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

(vii) 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 profit & 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.

(viii) BORROWING COSTS

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

(ix) 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.

(x) 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 information and systems for Planning, Review and Internal Control (designed and based on "Uniform System of Accounts for Hotels"), on the other.

New Delhi, 28th April, 2004

On behalf of the Board
Nakul Anand Director
M. Riaz Ahmed Director

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 Loan
Unsecured Loan
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.