

**REPORT OF THE DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2012**

Your Directors submit their Report for the financial year ended 31st March, 2012.

**Financial Performance**

During the year under review, your Company recorded net revenue of ₹ 2077.72 lacs (previous year - ₹ 1801.45 lacs) and earned a net profit of ₹ 495.66 lacs (previous year - ₹ 411.73 lacs) after providing for income tax of ₹ 221.88 lacs (previous year - ₹ 190.45 lacs). Earnings Per Share for the year stands at ₹ 110.15 (previous year - ₹ 91.49).

Your Directors are pleased to recommend a dividend of ₹ 10/- (previous year ₹ 7/-) per equity share of ₹ 10/- each for the year ended 31st March, 2012. Your Board further recommends a transfer to General Reserve of ₹ 49.57 lacs (previous year - ₹ 41.17 lacs).

The Company has expertise in operating and managing hotels in the 'mid market to upscale' segment in India with a wide marketing and reservation network. It has forged new alliances during the year taking the total number of properties under the Fortune brand to 67, with a total inventory of 5164. Of these, 40 properties are operating hotels, 4 hotels are slated to be commissioned during the course of the financial year 2012-13 and remaining 23 hotel projects are under various stages of development.

The Company is renowned for superior product and service excellence that has enabled a premium positioning for the 'Fortune' brand in the Indian hospitality sector. 'My Fortune' is the latest addition to the bouquet of brands being offered by Fortune Hotels. These hotels offer a perfect blend of traditional Indian hospitality with new age technology, while catering to the upscale business traveller. With its globally benchmarked product and service excellence and customer centricity the Company is well positioned to sustain its leadership position in the industry.

The Company has won the following awards in the financial year 2011-2012:  
- Hospitality India Award for the 'Best First Class Hotel Chain, 2011'.

- SATTE award for 'Leading Mid - market chain, 2012'.

Fortune Select Exotica, Navi Mumbai has been awarded 'World Luxury Hotel Award' for the year 2010 and 2011.

**Conservation of Energy, Foreign Exchange Earnings and Outgo**

Your Company has introduced an 'Eco Friendly' rating scheme under which all hotels operating under the 'Fortune' brand are audited and rated based on various parameters. These include the adoption of 'Star Rated' energy appliances, CFL and LED lighting, intelligent lighting controls, usage of renewable energy etc. This scheme will catalyze energy conservation and adoption of eco friendly practices at all hotels operating under your Company's brand.

There was no foreign exchange income during the year (previous year - Nil) but there was a foreign exchange outgo of ₹ 13.04 lacs (previous year - ₹ 8.79 lacs).

**Directors**

In accordance with the provisions of Article 143 of the Articles of Association of the Company, Mr. Nakul Anand will retire by rotation at the forthcoming Annual General Meeting of the Company and being eligible, offers himself 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. P B & Associates, Company Secretaries, in terms of the provisions of Section 383 A 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 Company's Auditors, Messrs. Price Waterhouse, Chartered Accountants, retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

**Directors' Responsibility Statement**

As required under Section 217 (2AA) of the Companies Act, 1956, your Directors confirm having:

- (i) followed in the preparation of the Annual Accounts the applicable accounting standards with proper explanations relating to material departures if any;
- (ii) selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year and of the profit of your Company for that period;
- (iii) taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities; and
- (iv) prepared the Annual Accounts on a going concern basis.

On behalf of the Board

Place: Gurgaon

Chandrasekhar Subrahmonyan *Director*

Date : 27th April, 2012

Arun Pathak *Director*

**COMPLIANCE CERTIFICATE**

Company No. : U55101DL1995PLC099973

Nominal Capital : ₹ 2 Crores

The Members of  
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 Fortune Park Hotels Limited (hereinafter referred to as 'the Company') as required to be maintained under the Companies Act, 1956 (the Act) and the Rules made thereunder, the provisions contained in the Memorandum and Articles of Association of the Company and also the audited Annual Accounts, Auditors' Report on the said annual accounts for the financial year ended 31st March, 2012 ('financial year'). In our opinion and to the best of our information and according to the examination carried out by us and explanations and confirmation furnished to us by the Company, its officers and agents, we certify that in respect of the financial year:

1. The Company has kept and maintained 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, Regional Director, Central Government, Company Law Board or other authorities 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 duly met 4 (Four) times respectively on 28th April, 2011, 27th September, 2011, 16th December, 2011 & 26th March, 2012 in respect of which meetings proper notices were given the proceeding were properly recorded and signed and kept in the Minutes Book maintained for the purpose. There was no resolution passed, by circulation.
5. The Company has not closed its Register of Members during the financial year.

6. The Annual General Meeting for the financial year ended on 31st March, 2011 was held on 28th June, 2011 after giving due notice to the Members of the Company and other concerned and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No extraordinary general meeting was held during the financial year.
8. The Company has not advanced any loans to its Directors or persons or firms or companies referred to under Section 295 of the Act.
9. The Company has not entered into any contract falling within the purview of Section 297 of the Act.
10. The Company was not required to make any entries in the register maintained under Section 301(1) of the Act. However, it has made necessary entries in register maintained under Section 301(3) of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, Members or Central Government.
12. The Company has not issued any duplicate share certificate during the financial year.
13. The Company has:
  - (i) not made any allotment/transfer/transmission of securities during the financial year.
  - (ii) deposited the amount of final dividend declared in the separate Bank Account, within 5 days.
  - (iii) 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) not transferred any amount in Investor Education and Protection Fund as there is no 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.
  - (v) duly complied with the requirements of Section 217 of the Act.

14. The Board of Directors of the Company is duly constituted. There was no appointment of additional director/alternate Directors/Directors to fill the casual vacancy.
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 approvals 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 neither preference capital nor debentures, thus the comments on the same are not required.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of the transfer of shares.
23. The Company has not invited or accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.
24. The Company has not made any borrowings during the financial year.
25. The Company, during the financial year, has made investments in mutual funds issued by the trusts and fixed deposits which are not covered under the provisions of section 372A, of the Act, thus no entries are made in the register kept for the purpose. However, there were no loans made or guarantees given or the securities provided to other bodies corporate during the financial year.
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 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 no prosecution initiated against or show cause notices received by the Company for alleged offences under the Act. Similarly, no fines, penalties or punishment under the Act, was imposed on the Company during the financial year.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has not constituted a separate provident fund trust for its employees or class of its employees as contemplated under Section 418 of the Act.

For PB & Associates  
Company Secretaries  
Pooja Bhatia  
LLB, ACS  
CP : 6485

Place: Gurgaon  
Date : 27th April, 2012

**ANNEXURE – ‘A’**

**Registers maintained by the Company (As on March 31, 2012)**

Sl. No.	Particulars	Relevant Section of the Act
1.	Minutes Book of the meetings of the Board of Directors of the Company	193
2.	Minutes Book of General Body Meetings of the Members of the Company	193
3.	Copies of Annual Returns	159
4.	Register of Members	150
5.	Register of Particulars of Directors, Managing Director, Manager and Secretary	303
6.	Register of Directors' Shareholding	307
7.	Register(s) of contracts, companies and firms in which Directors are interested	301(3)
8.	Books of Accounts	209
9.	Register of Investments	372A
10.	Register of Share Transfer	

**ANNEXURE – ‘B’**

**A. Forms & Returns filed with the Registrar of Companies, New Delhi (During the Year ended on March 31, 2012)**

Sl. No.	Particulars of Forms & Returns Filed	Date of Filing prescribed time	Whether filed within	Additional Fees paid
1.	Form 66 for Compliance Certificate u/s 383A of the Act, for the financial year ended 31st March, 2011	12th July, 2011	Yes	No
2.	Form 20B for Annual Return u/s 159 of the Act, made upto 28th June, 2011 i.e. the date of AGM for the financial year ended 31st March, 2011	24th August, 2011	Yes	No
3.	Form 23ACXBRL and Form 23ACXBRL for Annual Accounts u/s 220 for the year ended 31st March, 2011	29th November, 2011	Yes	No

**B. Forms & Returns filed with the Regional Director, Central Government or other authorities : Nil**

**AUDITORS' REPORT TO THE MEMBERS OF FORTUNE PARK HOTELS LIMITED**

1. We have audited the attached Balance Sheet of Fortune Park Hotels Limited (the "Company") as at March 31, 2012, and the related Statement of Profit and Loss and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with 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, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order"), 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 Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

- (c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
- (e) On the basis of written representations received from the directors, as on March 31, 2012 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Act, and give a true and

fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Balance Sheet, of the state of affairs of the company as at March 31, 2012;
- (ii) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Price Waterhouse  
 Firm Registration Number: 012754N  
 Chartered Accountants  
 Abhishek Rara  
 Partner  
 Membership Number 77779

Place: Gurgaon  
 Date : 27th April, 2012

**ANNEXURE TO AUDITORS' REPORT**

Referred to in paragraph 3 of the Auditors' Report of even date to the members of Fortune Park Hotels Limited on the financial statements as of and for the year ended March 31, 2012.

1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
  - (b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.
  - (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
2. The Company does not hold any inventory. Therefore the provisions of clauses (2) (a), (2) (b) and (2) (c) of paragraph 4 of the Order are not applicable to the Company.
3. (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act.
  - (b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale of services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
5. (a) 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, the question of commenting on transactions made in pursuance of such contracts or arrangements does not arise.
  - (b) In our opinion and according to the information and explanations given to us, there are no transactions made in pursuance of such contracts or arrangements exceeding the value of Rupees Five Lakhs in respect of any party during the year.
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 there under.
7. In our opinion, the Company has an internal audit system commensurate with its size and the 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, income tax, service tax, cess 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 and service tax as at March 31, 2012 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Demand u/s 156 of Income Tax Act, 1961	17,29,041	Assessment Year 2001-02	Income Tax Appellate Tribunal
Finance Act, 1994	Demand u/s 73(1)(a) of The Finance Act, 1994	45,70,992	2003-04 to 18-04-2006	Customs, Excise and Service Tax Appellate Tribunal
Income Tax Act, 1961	Demand u/s 156 of Income Tax Act, 1961	3,18,993	Assessment Year 2008-09	CIT (Appeals) Amount withheld by department under Protest *
Income Tax Act, 1961	Demand u/s 156 of Income Tax Act, 1961	6,46,426	Assessment Year 2009-10	CIT (Appeals)

\*decided in favor of the Company subsequent to the year end.

10. The Company has no accumulated losses.
11. According to the records of the Company examined by us and the information and explanation 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.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company.
14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. 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.
16. The Company has not obtained any term loans.
17. 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.
18. 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.
19. The Company has not issued any debentures during the year; and does not have any debentures outstanding as at the year end.
20. The Company has not raised any money by public issues during the year.
21. 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 any such case by the Management.

For Price Waterhouse  
 Firm Registration Number: 012754N  
 Chartered Accountants  
 Abhishek Rara  
 Partner  
 Membership Number 77779

Place: Gurgaon  
 Date : 27th April, 2012

**BALANCE SHEET**

	Note	As at March 31, 2012		As at March 31, 2011	
		(₹)	(₹)	(₹)	(₹)
<b>Equity and Liabilities</b>					
<b>Shareholders' Funds</b>					
Share Capital	2	45,00,080		45,00,080	
Reserves and Surplus	3	16,18,88,887	16,63,88,967	11,75,52,727	12,20,52,807
<b>Non - Current Liabilities</b>					
Other Long - Term Liabilities	4	1,66,40,345		1,18,75,435	
Long - Term Provisions	5	2,36,69,849	4,03,10,194	2,05,06,415	3,23,81,850
<b>Current Liabilities</b>					
Trade Payables	6	2,19,87,591		1,72,26,899	
Other Current Liabilities	7	95,68,407		1,18,56,376	
Short - Term Provisions	8	89,70,545	4,05,26,543	42,19,274	3,33,02,549
<b>Total</b>			<b>24,72,25,704</b>		<b>18,77,37,206</b>
<b>Assets</b>					
<b>Non - Current Assets</b>					
<b>Fixed Assets</b>					
Tangible Assets	9	42,37,464		38,68,539	
Intangible Assets	10	9,19,471	51,56,935	13,65,648	52,34,187
Deferred Tax Assets (Net)	11		1,12,41,120		92,52,375
<b>Current Assets</b>					
Current Investments	12	7,15,48,707		4,40,82,435	
Trade Receivables	13	5,06,77,278		4,16,93,840	
Cash and Bank Balances	14	6,36,03,479		4,49,07,304	
Short - Term Loans and Advances	15	1,93,64,986		1,95,05,775	
Other Current Assets	16	2,56,33,199	23,08,27,649	2,30,61,290	17,32,50,644
<b>Total</b>			<b>24,72,25,704</b>		<b>18,77,37,206</b>

The notes are an integral part of these financial statements  
This is the Balance Sheet referred to in our Report of even date.

For PRICE WATERHOUSE  
Firm's Registration No : 012754N  
Chartered Accountants

Abhishek Rara  
Partner  
Membership Number 77779

Place: Gurgaon  
Date : 27th April, 2012

On behalf of the Board

Chandrasekhar Subrahmanyam Director  
Arun Pathak Director

**STATEMENT OF PROFIT AND LOSS**

	Note	Year ended		Year ended	
		(₹)	(₹)	(₹)	(₹)
<b>Revenue From Operations (Gross)</b>					
		22,08,42,101		19,40,40,210	
Less : Service Tax		(2,06,26,699)		(1,80,68,543)	
Revenue From Operations (Net)	19		20,02,15,402		17,59,71,667
Other Income	20		75,56,494		41,73,492
<b>Total Revenue</b>			<b>20,77,71,896</b>		<b>18,01,45,159</b>
<b>Expenses :</b>					
Employee Benefits Expense	21		8,72,03,137		7,37,16,613
Depreciation and Amortisation Expense	22		13,52,338		14,56,422
Other Expenses	23		4,74,61,901		4,47,54,551
<b>Total Expenses</b>			<b>13,60,17,376</b>		<b>11,99,27,586</b>
<b>Profit before tax</b>			<b>7,17,54,520</b>		<b>6,02,17,573</b>
<b>Tax expense:</b>					
Current Tax		2,41,77,000		1,94,10,000	
Deferred Tax		(19,88,745)	2,21,88,255	(3,65,204)	1,90,44,796
<b>Profit for the year</b>			<b>4,95,66,265</b>		<b>4,11,72,777</b>
<b>Earnings Per Equity Share</b>					
<b>[Nominal value per share:</b>					
₹ 10/- (2011: ₹ 10/-)]	25		110.15		91.49
<b>Basic and Diluted</b>					

The notes are an integral part of these financial statements.  
This is the Statement of Profit and Loss referred to in our Report of even date.

For Price Waterhouse  
Firm Registration No : 012754N  
Chartered Accountants

Abhishek Rara  
Partner  
Membership Number 77779

Place: Gurgaon  
Date : 27th April, 2012

On behalf of the Board

Chandrasekhar Subrahmanyam Director  
Arun Pathak Director

CASH FLOW STATEMENT

	Year ended March 31, 2012 (₹)	Year ended March 31, 2011 (₹)
<b>A. Cash Flow from Operating Activities</b>		
Profit before tax	7,17,54,520	6,02,17,573
<b>Adjustments for:</b>		
Depreciation and Amortisation Expense	13,52,338	14,56,422
Bad Debts Written Off	9,93,513	37,66,756
Loss on sale of fixed assets	29,676	54,684
Interest Income	(39,00,221)	(25,86,009)
Dividend Income	(36,56,273)	(15,64,562)
Loss on sale of Investment from Mutual Funds	—	2,27,892
<b>Operating profit before working capital changes</b>	<b>6,65,73,553</b>	<b>6,15,72,756</b>
<b>Changes in Working Capital :</b>		
Increase/(Decrease) in Trade Payables	47,60,692	46,39,173
Increase/(Decrease) in Provisions	63,45,674	28,72,420
Increase/(Decrease) in Other Current Liabilities	(22,87,969)	69,62,729
Increase/(Decrease) in Other Long - Term Liabilities	47,64,910	42,87,365
(Increase)/Decrease in Trade Receivables	(99,76,951)	(1,00,12,315)
(Increase)/Decrease in Loans and Advances	(3,21,861)	(8,53,452)
(Increase)/Decrease in Other Current Assets	(89,65,547)	(1,96,01,181)
<b>Cash Generated from Operations</b>	<b>6,08,92,501</b>	<b>4,98,67,495</b>
Taxes paid (net of refunds)	(2,37,14,350)	(2,16,18,886)
<b>Net cash generated from operating activities</b>	<b>3,71,78,151</b>	<b>2,82,48,609</b>
<b>B. Cash flow from investing activities</b>		
Purchase of assets	(13,46,412)	(9,70,788)
Sale of assets	41,651	50,916
Purchases of current investments	(18,96,56,273)	(42,22,98,020)
Sale of current investments	16,21,90,001	39,51,70,527
Interest received	33,51,290	21,08,263
Dividend Received	36,56,273	15,64,562
<b>Net cash used in investing activities</b>	<b>(2,17,63,470)</b>	<b>(2,43,74,540)</b>
<b>C. Cash flow from Financing Activities</b>		
Dividend Paid	(31,50,056)	(27,00,048)
Dividend Distribution Tax	(5,11,018)	(4,48,451)
<b>Net cash used in Financing Activities</b>	<b>(36,61,074)</b>	<b>(31,48,499)</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>1,17,53,607</b>	<b>7,25,570</b>
<b>Cash and Cash equivalents at the beginning of the year</b>	<b>1,75,07,304</b>	<b>1,67,81,734</b>
<b>Cash and Cash equivalents at the end of the year</b>	<b>2,92,60,911</b>	<b>1,75,07,304</b>
Notes:		
1 Cash and cash equivalents comprise of:		
Cash on Hand	82,888	18,249
Cheques on Hand	32,91,891	21,35,892
Balances with Banks	2,58,86,132	1,53,53,163
<b>Total</b>	<b>2,92,60,911</b>	<b>1,75,07,304</b>

- 2 The above Cash flow statement has been prepared under the indirect method set out in AS-3 notified u/s 211(3C) of The Companies Act, 1956.  
 3 Figures in brackets indicate cash outgo.  
 4 Previous period figures have been regrouped and recasted, wherever necessary to conform to the current period classification.

This is the cash flow statement referred to in our report of even date.

For Price Waterhouse  
 Firm Registration No : 012754N  
 Chartered Accountants  
 Abhishek Rara  
 Partner  
 Membership Number 77779  
 Place: Gurgaon  
 Date : 27th April, 2012

On behalf of the Board  
 Chandrasekhar Subrahmonyan Director  
 Arun Pathak Director

NOTES TO THE FINANCIAL STATEMENTS

1 SIGNIFICANT ACCOUNTING POLICIES

i) CONVENTION

To prepare financial statements in accordance with applicable Accounting Standards notified u/s 211(3C) of the Companies Act, 1956. A summary of important accounting policies is set out below. The financial statements have also been prepared in accordance with relevant presentational requirements of the Companies Act, 1956.

To prepare financial statements in accordance with the historical cost convention.

ii) REVENUE

To recognise Revenue from Operations (net) at the time of rendering of services after deducting taxes and duties from invoiced value.

iii) FIXED ASSETS

To state Fixed Assets at cost of acquisition inclusive of inward freight, duties and taxes and incidental expenses related to acquisition.

To capitalize software where it is expected to provide future enduring economic benefits. The costs are capitalised in the year in which the relevant software is implemented for use.

iv) DEPRECIATION / AMORTISATION

To calculate depreciation / amortisation on Fixed Assets/ Intangible 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 instalments. To amortise capitalised software costs over a period of five years.

v) INVESTMENT

To state Current Investments at lower of cost and fair value; and Long-Term Investments at cost. Where applicable, provision is made to recognise a decline, other than temporary, in valuation of Long-Term Investments.

vi) INVESTMENT INCOME

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

vii) EMPLOYEE BENEFITS

To make regular monthly contributions to the State administered

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

Provident Fund which are charged against revenue. To provide for long-term defined benefit scheme of gratuity and compensated absences on the basis of actuarial valuation on the Balance Sheet date based on the Projected Unit Credit Method. In respect of gratuity, the Company funds the benefits through annual contributions to Life Insurance Corporation of India (LIC) under its Group Gratuity Scheme. The actuarial valuation of the liability towards the Gratuity Retirement benefits of the employees is made on the basis of certain assumptions with respect to the variable elements affecting the computations including estimation of interest rate of earnings on contributions to LIC.

To recognise the actuarial gains or losses in the statement of Profit & Loss as income or expense in the period in which they occur.

viii) **PROPOSED DIVIDEND**

To provide for Dividend (including income tax thereon) in the books of account as proposed by the Directors, pending approval at the Annual General Meeting.

ix) **FOREIGN CURRENCY TRANSLATIONS**

To account for transactions in foreign currency at the exchange rates prevailing on the date of the transactions. Gains/Losses arising out of fluctuations in the exchange rates are recognised in statement of profit & loss in the period in which they arise.

To account for gains / losses in the statement of profit and loss on foreign exchange rate fluctuations relating to monetary items at the year end.

x) **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.

xi) **TAXES ON INCOME**

To provide Current tax as the amount of tax payable in respect of taxable income for the period, measured using the applicable tax rates and tax laws. To provide Deferred tax on timing differences between taxable income and accounting income subject to consideration of prudence, measured using the tax rates and tax laws that have been enacted or substantively enacted tax rates by the balance sheet date. 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.

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 facilitate 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, on the other.

On behalf of the Board

Place: Gurgaon

Chandrasekhar Subrahmanyam

Director

Date : April 27, 2012

Arun Pathak

Director

NOTES TO THE FINANCIAL STATEMENTS

	As at March 31, 2012	As at March 31, 2011
	(₹)	(₹)
<b>2 Share Capital</b>		
<b>Authorised</b>		
2,000,000 (March 31, 2011: 2,000,000) equity shares of ₹ 10/- each	<u>2,00,00,000</u>	<u>2,00,00,000</u>
<b>Issued, Subscribed &amp; Paid up</b>		
450,008 (March 31, 2011: 450,008) equity shares of ₹ 10/- each	<u>45,00,080</u>	<u>45,00,080</u>
	<u>45,00,080</u>	<u>45,00,080</u>

(a) **Reconciliation of number of equity shares**

	As at March 31, 2012		As at March 31, 2011	
	No. of Shares	Amount in ₹	No of Shares	Amount in ₹
Balance as at the beginning of the year	4,50,008	45,00,080	4,50,008	45,00,080
Balance as at the end of the year	4,50,008	45,00,080	4,50,008	45,00,080

(b) **Rights, preferences and restrictions attached to shares**

The Ordinary Shares of the Company, having par value of ₹ 10/- per share, rank pari passu in all respects including entitlement to dividend. Repayment of capital in the event of winding up of the Company will inter alia be subject to the provisions of the Articles of Association of Company and as may be determined by the Company in General Meeting prior to such winding up.

(c) **Shares held by Holding Company**

	As at March 31, 2012	As at March 31, 2011
Equity Shares of ₹ 10/- each fully paid up held by:		
ITC Limited, the Holding Company	4,50,002	4,50,002
Held by management personnel as nominees of ITC Limited	6	6

(d) **Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company**

	As at March 31, 2012		As at March 31, 2011	
ITC Limited, the Holding Company	4,50,002	99.98%	4,50,002	99.98%
Held by management personnel as nominees of ITC Limited	6	0.02%	6	0.02%

**3 Reserves And Surplus**

	As at March 31, 2012	As at March 31, 2011
	(₹)	(₹)
Capital Reserve	<u>30,00,000</u>	<u>30,00,000</u>
General Reserve		
Balance as at beginning of the year	1,10,99,511	69,82,233
Add : Transferred from Surplus in the Statement of Profit and Loss during the year	<u>49,56,626</u>	<u>41,17,278</u>
Balance as at end of the year	<u>1,60,56,137</u>	<u>1,10,99,511</u>
Surplus in Statement of Profit and Loss		
Balance as at beginning of the year	10,34,53,216	7,00,58,791
Profit for the year	<u>4,95,66,265</u>	<u>4,11,72,777</u>
Less : Appropriations		
Proposed Dividend on Equity Shares for the year	<u>(45,00,080)</u>	<u>(31,50,056)</u>
Dividend Distribution tax on Proposed Dividend on Equity Shares	<u>(7,30,025)</u>	<u>(5,11,018)</u>
Transfer to General Reserve	<u>(49,56,626)</u>	<u>(41,17,278)</u>
Balance as at end of the year	<u>14,28,32,750</u>	<u>10,34,53,216</u>
	<u>16,18,88,887</u>	<u>11,75,52,727</u>

**4 Other Long - Term Liabilities**

Advance from customers	1,07,24,255	89,24,255
Income received in advance	<u>59,16,090</u>	<u>29,51,180</u>
	<u>1,66,40,345</u>	<u>1,18,75,435</u>

**5 Long - Term Provisions**

Provisions for employee Benefits:		
Provision for leave encashment (Refer Note 21)	1,36,26,899	1,23,25,265
Provision for loyalty bonus	<u>1,00,42,950</u>	<u>81,81,150</u>
	<u>2,36,69,849</u>	<u>2,05,06,415</u>

**6 Trade Payables**

Total outstanding dues of micro and small enterprises	—	—
Total outstanding dues of trade payables other than micro and small enterprises	<u>2,19,87,591</u>	<u>1,72,26,899</u>
	<u>2,19,87,591</u>	<u>1,72,26,899</u>

The Company, based on the information available on the status of the suppliers, does not have any dues to enterprises covered under the Micro, Small and Medium Enterprises Development Act, 2006.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at March 31, 2012 (₹)	As at March 31, 2011 (₹)		As at March 31, 2012 (₹)	As at March 31, 2011 (₹)
<b>7 Other Current Liabilities</b>			<b>8 Short - Term Provisions</b>		
Advance from customers	27,64,935	39,23,171	Provision for employee benefits:		
Statutory dues including Provident Fund and Tax deducted at Source	31,66,079	46,36,407	Provisions for Leave Encashment (Refer note 21)	5,80,840	—
Employees Bonus, LTA etc. payable	31,08,553	25,91,298	Provision for Loyalty Bonus	31,59,600	5,58,200
Income received in advance	5,28,840	7,05,500	Other Provisions:		
	<u>95,68,407</u>	<u>1,18,56,376</u>	Provision for Proposed Dividend on Equity Shares	45,00,080	31,50,056
			Provision for dividend distribution tax on proposed dividend on Equity Shares	7,30,025	5,11,018
				<u>89,70,545</u>	<u>42,19,274</u>

9 Tangible Assets

(Amount in ₹)

Particulars	Gross Block				Depreciation				Net Block	
	As at April 1, 2011	Additions	Disposal/ Adjustments	As at March 31, 2012	As at April 1, 2011	For the year	Disposal/ Adjustments	As at March 31, 2012	As at March 31, 2012	As at March 31, 2011
Office Equipment	6,20,085	—	97,861	5,22,224	2,15,884	64,662	82,839	1,97,707	3,24,517	4,04,201
Plant & Machinery (Computers)	56,19,352	13,30,178	1,45,872	68,03,658	29,53,869	7,63,529	89,568	36,27,830	31,75,828	26,65,483
Furniture and Fixtures	13,90,481	16,234	—	14,06,715	6,16,647	74,061	—	6,90,708	7,16,007	7,73,834
Vehicle	41,150	—	—	41,150	16,129	3,909	—	20,038	21,112	25,021
<b>Total</b>	76,71,068	13,46,412	2,43,733	87,73,747	38,02,529	9,06,161	1,72,407	45,36,283	42,37,464	38,68,539
Previous Year	75,32,784	9,70,788	8,32,504	76,71,068	35,98,092	9,31,341	7,26,904	38,02,529	38,68,539	

10 Intangible Assets

(Amount in ₹)

Particulars	Gross Block				Amortisation				Net Block	
	As at April 2011	Additions	Disposal/ Adjustments	As at March 31, 2012	As at April 1, 2011	For the year	Disposal/ Adjustments	As at March 31, 2012	As at March 31, 2012	As at March 31, 2011
Computer Software	26,25,404	—	—	26,25,404	12,59,756	4,46,177	—	17,05,933	9,19,471	13,65,648
<b>Total</b>	26,25,404	—	—	26,25,404	12,59,756	4,46,177	—	17,05,933	9,19,471	13,65,648
Previous Year	26,25,404	—	—	26,25,404	7,34,675	5,25,081	—	12,59,756	13,65,648	

	As at March 31, 2012 (₹)	As at March 31, 2011 (₹)		As at March 31, 2012 (₹)	As at March 31, 2011 (₹)
<b>11 Deferred Tax Assets (Net)</b>			<b>12 Current Investments</b>		
Deferred Tax Asset :			At Cost or market value whichever is less:		
On Provision for doubtful debts	37,23,823	37,23,823	Mutual Funds (Unquoted)		
On Other timing differences	82,87,278	63,03,913	Religare Liquid Fund Inst. Daily Dividend (0 Units: Previous Year 44,703 Units)	—	4,40,82,435
	<u>1,20,11,101</u>	<u>1,00,27,736</u>	JP Morgan India Liquid Fund Super Int. Daily Dividend Plan-Reinvest (71,49,222.85 units: Previous Year 0 units)	7,15,48,707	—
Deferred Tax Liabilities :				<u>7,15,48,707</u>	4,40,82,435
Depreciation	(7,69,981)	(7,75,361)	Aggregate amount of unquoted investment	7,15,48,707	4,40,82,435
	<u>1,12,41,120</u>	<u>92,52,375</u>			
Break-up of Deferred Tax Assets and Liabilities into major components of the respective balances is as under :			<b>13 Trade Receivables</b>		
I. Balance brought forward			Unsecured, considered good		
- Deferred Tax Asset	92,52,375	88,87,171	Outstanding for a period exceeding six months from the date they are due for payment	59,88,459	48,86,030
II. For the Year :			Others	4,46,88,819	3,68,07,810
(i) Tax impact of difference between carrying amount of fixed assets in the financial statements and the income tax return	5,380	(42,974)	Unsecured, considered doubtful		
(ii) Tax impact of Expenses allowed as deduction under Income Tax Act on actual payment	—	(11,77,889)	Outstanding for a period exceeding six months from the date they are due for payment	92,21,083	92,21,083
(iii) Tax impact of expenses charged in the financial statements but allowable as deduction in future years under income tax	19,83,365	15,86,067	Less: Provision for doubtful debts	(92,21,083)	(92,21,083)
<b>Net Deferred Tax Asset (Net)</b>	<u>19,88,745</u>	<u>3,65,204</u>		<u>5,06,77,278</u>	<u>4,16,93,840</u>
III. Closing Deferred Tax Asset	<u>1,12,41,120</u>	<u>92,52,375</u>			

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at March 31, 2012 (₹)	As at March 31, 2011 (₹)
<b>14 Cash and Bank Balances</b>		
<b>Cash and cash equivalents</b>		
Cash on hand	82,888	18,249
Cheques on hand	32,91,891	21,35,892
<b>Bank Balances</b>		
- In Current accounts	1,58,86,132	1,03,53,163
- Term Deposits (less than 3 months maturity)	1,00,00,000	50,00,000
	<u>2,92,60,911</u>	<u>1,75,07,304</u>
<b>Other Bank Balances</b>		
Term Deposits with maturity more than 3 months but less than 12 months	3,43,42,568	2,74,00,000
	<u>6,36,03,479</u>	<u>4,49,07,304</u>
<b>15 Short - Term Loans and Advances</b>		
Unsecured, considered good		
Other Loans and Advances		
Advance Income Tax (Net of Provisions)	1,77,74,911	1,82,37,561
Prepaid expenses	15,90,075	12,48,114
Others	—	20,100
	<u>1,93,64,986</u>	<u>1,95,05,775</u>
<b>16 Other Current Assets</b>		
Unsecured, considered good		
Security Deposits	5,76,181	4,23,181
Interest Accrued on deposits with banks	18,00,317	12,51,386
Gratuity	27,11,385	24,24,026
Contractual reimbursable expenses	2,05,45,316	1,89,62,697
Unsecured, considered doubtful		
Contractual reimbursable expenses	22,56,258	22,56,258
Less: Provision for doubtful debts	<u>(22,56,258)</u>	<u>(22,56,258)</u>
	<u>2,56,33,199</u>	<u>2,30,61,290</u>
<b>17 Contingent Liabilities</b>		
Claims against the Company not acknowledged as debts		
Income tax Matters	6,46,426	6,81,738
Service tax Matter	45,70,992	45,70,992
a The Company has received demand for service tax amounting to ₹ 45,70,992/- (inclusive of cess and penalty) dated March 10, 2010 from Additional Commissioner, Service Tax pertaining to service tax on reimbursement of salary received by the Company during the period from 2003 to 2006. The Company has filed its appeal before the CESTAT for the same.		
b Demands from Income Tax Authorities under appeal amounting to ₹ 6,46,426/- for Assessment year 2009 -10 (March 31, 2011: ₹ 6,81,738/- for Assessment year 2007 - 08 and 2008 - 09).		
c It is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings		

**18 Proposed Dividend**

The Final Dividend proposed for the year is as follows

On Equity Shares of ₹ 10 each:

	Year ended March 31, 2012 (₹)	Year ended March 31, 2011 (₹)
Amount of Dividend Proposed	45,00,080	31,50,056
Dividend Per Equity Share	₹ 10/- per share	₹ 7/- per share

**19 Revenue from Operations (Net)**

	Year ended March 31, 2012 (₹)	Year ended March 31, 2011 (₹)
Management Consultancy and Other Services	20,02,15,402	17,59,71,667
	<u>20,02,15,402</u>	<u>17,59,71,667</u>

**20 Other Income**

	Year ended March 31, 2012 (₹)	Year ended March 31, 2011 (₹)
Interest Income on Deposits	32,15,160	18,29,712
Interest on Income Tax Refund	6,85,061	7,56,297
Dividend Income from Mutual Funds	36,56,273	15,64,562
Miscellaneous Income	—	22,921
	<u>75,56,494</u>	<u>41,73,492</u>

**21 Employee Benefits Expense**

	Year ended March 31, 2012 (₹)	Year ended March 31, 2011 (₹)
Salaries, Wages and Bonus	14,83,78,006	11,76,24,723
Reimbursement of Contractual Remuneration	3,18,98,193	2,78,85,505
Contribution to Provident and Other Funds [Refer note (b) below]	73,25,578	54,32,593
Gratuity [Refer note (a) below]	7,64,481	20,53,162
Staff Welfare Expenses	91,72,958	67,84,774
	<u>19,75,39,216</u>	<u>15,97,80,757</u>
Less : Recoveries	<u>(11,03,36,079)</u>	<u>(8,60,64,144)</u>
	<u>8,72,03,137</u>	<u>7,37,16,613</u>

The Company has accounted for the Defined Benefit Plan / Other long term employee benefit and contribution scheme as under:

**(a) Defined Benefit Plan / Other long-term employee benefit:**

Gratuity : The employees are entitled to gratuity that is computed as half-month's salary, for every completed year of service and is payable on retirement/termination. The Company makes provision of such gratuity liability in the books of accounts on the basis of actuarial valuation. The Company pays contribution to Life Insurance Corporation to fund its plan through trust.

Other long-term employee benefits: The employees are entitled for leave for each year of service and part thereof and subject to the limits specified, the unavailed portion of such leaves can be accumulated or encashed during/at the end of the service period. The plan is unfunded.

The reconciliation of opening and closing balances of the present value of defined benefit obligations are as under :

	Gratuity		Leave Encashment	
	As at March 31, 2012 ₹	As at March 31, 2011 ₹	As at March 31, 2012 ₹	As at March 31, 2011 ₹
<b>(i) Present Value of Defined Benefit Obligation</b>				
Balance at the beginning of the year	32,77,067	14,44,078	1,23,25,265	73,24,864
Current Service Cost	21,66,120	19,68,440	24,68,454	24,32,235
Interest Cost	2,52,610	1,06,719	8,67,276	5,17,813
Actuarial (Gains)/Losses	(11,13,179)	(27,056)	21,72,406	37,54,767
Benefits Paid	(4,30,256)	(2,20,173)	(36,25,662)	(17,04,414)
Past Service Costs	—	5,059	—	—
Balance at the end of the year	41,52,362	32,77,067	1,42,07,739	1,23,25,265
<b>(ii) Fair Value of Plan Assets</b>				
Balance at the beginning of the year	57,01,093	26,20,979	—	—
Expected return on plan assets	5,65,418	3,74,493	—	—
Actuarial Gains/(Losses)	(24,348)	(3,74,493)	—	—
Contribution by the Company	10,51,840	33,00,287	36,25,662	17,04,414
Benefits Paid	(4,30,256)	(2,20,173)	(36,25,662)	(17,04,414)
Settlements	—	—	—	—
Balance at the end of the year	68,63,747	57,01,093	—	—
Actual return on Plan Assets	5,46,248	2,38,675	—	—
<b>(iii) Assets and Liabilities recognised in the Balance Sheet</b> (Refer Note 5, 8 and 16)				
Present Value of Defined Benefit Obligation	41,52,362	32,77,067	1,42,07,739	1,23,25,265
Less: Fair Value of Plan Assets	<u>(68,63,747)</u>	<u>(57,01,093)</u>	<u>—</u>	<u>—</u>
Less: Unrecognised Past Service Costs	—	—	—	—
Amounts recognised as Liability/(Assets)	<u>(27,11,385)</u>	<u>(24,24,026)</u>	<u>1,42,07,739</u>	<u>1,23,25,265</u>



NOTES TO THE FINANCIAL STATEMENTS (Contd.)

The reconciliation of opening and closing balances of the present value of defined benefit obligations are as under : (Contd.)

	Gratuity		Leave Encashment	
	Year ended March 31, 2012 ₹	Year ended March 31, 2011 ₹	Year ended March 31, 2012 ₹	Year ended March 31, 2011 ₹
(iv) Expense recognised in the Statement of Profit and Loss				
Current Service Cost	21,66,120	19,68,440	24,68,454	24,32,235
Interest Cost	2,52,610	1,06,719	8,67,276	5,17,813
Expected return on Plan Assets	(5,65,418)	(3,74,493)	—	—
Actuarial (Gains)/Losses	(10,88,831)	3,47,437	21,72,406	37,54,767
Past Service Costs	—	5,059	—	—
Settlements	—	—	—	—
Curtailments	—	—	—	—
Total Expense	7,64,481	20,53,162	55,08,136	67,04,815
(v) Major Category of Plan Assets as a % of total Plan Assets				
Life Insurance Corporation of India (100%)	68,63,747	57,01,093	—	—
(vi) Actuarial Assumptions				
Discount Rate	8.25% p.a.	8.00% p.a.	8.25% p.a.	8.00% p.a.
Expected Return on Plan Assets	9.00% p.a.	9.00% p.a.	N/A	N/A
Salary Growth Rate	5.00% p.a.	5.00% p.a.	5.00% p.a.	5.00% p.a.

The estimates of future salary increases, considered in actuarial valuation, takes into account, inflation, seniority, promotions and other relevant factors, such as demand and supply factors in the employment market

	Year ended	Year ended	Year ended	Year ended	Year ended
	March 31, 2012 ₹	March 31, 2011 ₹	March 31, 2010 ₹	March 31, 2009 ₹	March 31, 2008 ₹
(vii) Amounts recognised in current year and previous four years					
<b>Gratuity</b>					
Defined Benefit Obligation	41,52,362	32,77,067	14,44,078	11,84,312	5,40,083
Plan Asset	68,63,747	57,01,093	26,20,979	15,94,197	5,11,554
Surplus/(Deficit)	27,11,385	24,24,026	11,76,901	4,09,885	(28,529)
Experience adjustments in Plan Liabilities [(Gain)/Loss]	(11,13,179)	(27,056)	(7,07,222)	(1,17,615)	89,555
Experience adjustments in Plan Assets [Gain/(Loss)]	(24,348)	(3,74,493)	63,387	2,55,902	(84,277)
<b>Leave Encashment</b>					
Defined Benefit Obligation	1,42,07,739	1,23,25,265	73,24,864	59,51,196	27,09,612
Plan Asset	—	—	—	—	—
Surplus/(Deficit)	(1,42,07,739)	(1,23,25,265)	(73,24,864)	(59,51,196)	(27,09,612)
Experience adjustments in Plan Liabilities [(Gain)/Loss]	21,72,406	37,54,767	7,53,622	23,88,633	10,30,408
Experience adjustments in Plan Assets [Gain/(Loss)]	—	—	—	—	—
(viii) Expected Contribution to the Funds in the next year					
Gratuity	11,04,432	10,51,840	—	—	—

(b) State Plans (Contribution Scheme):

The Company deposits an amount determined at a fixed percentage of basic pay every month to the State administered Provident Fund for the benefit of the employees. Accordingly, the Company's contribution during the year that has been charged to revenue amounts to ₹ 65,46,313/- (Previous Year ₹ 47,68,338/-)

	Year ended March 31, 2012 ₹	Year ended March 31, 2011 ₹
22 Depreciation and Amortization Expense [Refer Note 9 & 10]		
Depreciation on Tangible Assets	9,06,161	9,31,341
Amortization on Intangible Assets	4,46,177	5,25,081
	<u>13,52,338</u>	<u>14,56,422</u>
23 Other Expenses		
Power and Fuel	20,15,361	17,53,372
Rent [Refer Note 27]	46,02,219	30,81,488
Insurance	98,068	60,068
Repairs - Others	16,68,817	16,06,616
Rates and Taxes	2,06,671	—
Information Technology Services	20,52,656	15,83,309
Travelling and Conveyance	1,31,78,745	1,13,23,773
Legal Expenses	8,00,300	14,55,680
Consultancy/Professional Fees	26,85,569	29,17,302
Printing and Stationery	11,87,842	6,40,675
Communication Expenses	29,63,569	25,84,481
Advertising/Sales Promotion	1,33,39,158	1,20,41,693
Bad Debts written off	9,93,513	37,66,756
Loss on Sale of Investment	—	2,27,892
Loss on Sale of Fixed Assets	29,676	54,684
Miscellaneous Expenses	12,97,731	13,87,621
Bank Charges	17,006	44,141
Payment to Auditors		
As auditor:		
- Audit Fee	2,50,000	1,50,000
- Tax Audit Fee	50,000	50,000
- Reimbursement of Expenses	25,000	25,000
	<u>4,74,61,901</u>	<u>4,47,54,551</u>

	Year ended March 31, 2012 ₹	Year ended March 31, 2011 ₹
24 Expenditure in Foreign Currency		
Foreign Travel	2,99,697	4,01,411
Other Expenses	10,05,121	4,78,479
	<u>13,04,818</u>	<u>8,79,890</u>
25 Earnings Per Equity Share		
Profit after Tax	4,95,66,265	4,11,72,777
Weighted average number of shares outstanding	4,50,008	4,50,008
Basic and Diluted earnings per share (in ₹) (Face value - ₹ 10/- per share)	110.15	91.49
26 Related Party disclosures under Accounting Standard 18		
a) Names of related parties and nature of relationship:		
i) Where control exists		
<b>Holding Company</b>	ITC Limited	
ii) Other Related Parties with whom transactions have taken place during the year :		
<b>Fellow Subsidiaries</b>	Srinivasa Resorts Limited	
	Bay Islands Hotels Limited	
	Landbase India Limited	
<b>Associate of Holding Company</b>	International Travel House Limited	
<b>Joint Venture of Holding Company</b>	Maharaja Heritage Resorts Limited	
<b>Key Management Personnel</b>	<b>Board of Directors</b>	
	Nakul Anand	
	S. C. Sekhar	
	Arun Pathak	
	Gaj Singh Jodhpur	

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

b) Summary of Transactions / Balances (₹) :

	Transactions / Balances	Holding Company		Fellow Subsidiaries		Other Related Parties	
		31-03-2012	31-03-2011	31-03-2012	31-03-2011	31-03-2012	31-03-2011
1.	Receipt of Management & Consultancy fees* * Inclusive of Service Tax - ₹ 7,53,109/- (Previous Year - ₹ 3,32,017/-)	80,64,845	36,62,128	—	—	—	—
2.	Purchase of Services	1,26,357	9,17,671	—	—	47,86,900	40,15,041
3.	Sale of Fixed Assets	—	—	—	50,917	—	—
4.	Rent Paid	6,49,055	4,95,840	—	—	—	—
5.	Recovery of Contractual Remuneration	16,02,447	6,22,690	—	—	—	—
6.	Reimbursement of Contractual Remuneration	3,18,98,193	2,78,85,505	—	—	—	—
7.	Dividend Payments	31,50,056	27,00,048	—	—	—	—
8.	Expense Recovered during the year (Amount recovered on account of payments made on behalf of related parties)	1,05,70,737	1,23,04,443	—	10,498	—	—
9.	Expense Reimbursed during the year (Amount paid to related parties on account of payments made by them on behalf of the Company)	1,02,02,848	79,13,338	—	—	7,41,752	2,80,134
10.	Closing Balance						
	(i) Trade Receivables	3,725	3,725	—	—	—	—
	(ii) Trade Payables	52,56,551	22,35,053	—	—	1,99,123	5,15,541

c) Information regarding Significant Transactions / Balances (₹):

	Transactions with	Holding Company		Fellow Subsidiaries		Other Related Parties	
		31-03-2012	31-03-2011	31-03-2012	31-03-2011	31-03-2012	31-03-2011
1.	Receipt of Management & Consultancy fees ITC Limited	80,64,845	36,62,128	—	—	—	—
2.	Purchase of Services ITC Limited International Travel House Limited	1,26,357	9,17,671	—	—	—	—
3.	Sale of Fixed Assets Landbase India Limited	—	—	—	50,917	47,86,900	40,15,041
4.	Rent Paid ITC Limited	6,49,055	4,95,840	—	—	—	—
5.	Recovery of Contractual Remuneration ITC Limited	16,02,447	6,22,690	—	—	—	—
6.	Reimbursement of Contractual Remuneration ITC Limited	3,18,98,193	2,78,85,505	—	—	—	—
7.	Dividend Payments ITC Limited	31,50,056	27,00,048	—	—	—	—
8.	Expense Recovered during the year (Amount recovered on account of payments made on behalf of related parties) ITC Limited Landbase India Limited	1,05,70,737	1,23,04,443	—	—	—	—
9.	Expense Reimbursed during the year (Amount paid to related parties on account of payments made by them on behalf of the Company) ITC Limited Maharaja Heritage Resorts Limited	1,02,02,848	79,13,338	—	—	—	—
10.	Closing Balance						
	(i) Trade Receivables ITC Limited	3,725	3,725	—	—	—	—
	(ii) Trade Payables ITC Limited International Travel House Limited	52,56,551	22,35,053	—	—	—	—
						1,99,123	5,15,541

27 Lease Arrangements

The Company's significant leasing arrangements are in respect of operating leases for premises (residential, office etc.). These leasing arrangements which are 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 Note 23.

28 Segment Reporting

The Company operates in one operating segment i.e. Hoteliering and within one geographical segment i.e. India and accordingly, in accordance with Accounting Standard 17 - "Segment Reporting", no segment disclosures have been made.

29 Previous Year Figures

The financial statements for the year ended March 31, 2012 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended March 31, 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified / regrouped to conform to this year's classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.

For Price Waterhouse  
Firm Registration No : 012754N  
Chartered Accountants

Abhishek Rara  
Partner  
Membership Number 77779

Place: Gurgaon  
Date : 27th April, 2012

On behalf of the Board

Chandrasekhar Subrahmanyam Director  
Arun Pathak Director