

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.

Performance and Hotel Operations

During the year under review, your Company recorded an income of ₹ 57.66 crores (previous year - ₹ 56.04 crores), Pre-tax profit of ₹ 11.89 crores (previous year - ₹ 12.85 crores) and Post-tax profit of ₹ 9.40 crores (previous year - ₹ 9.26 crores) after providing for income tax of ₹ 2.49 crores (previous year ₹ 3.59 crores). Earnings Per Share for the year stands at ₹ 3.92 (previous year - ₹ 3.86). Cash flows from Operations were ₹ 10.41 crores during the year (previous year - ₹ 11.69 crores).

Your Directors are pleased to recommend a Dividend of ₹ 2/- (previous year - ₹ 2/-) per Equity Share of ₹ 10/- each for the year ended 31st March, 2012. Your Board further recommends a transfer to General Reserve of ₹ 0.75 crores (previous year - ₹ 0.75 crores).

Political instability and influx of new inventory, with internationally benchmarked offerings, catering to various segments of the market mix, has adversely affected the financial performance of the company. The impetus towards continued focus on quality and superior guest experience is reflected in your hotel ranking 1st in the Global Distribution System (GDS) and Value Index Growth.

Proactive steps taken to contain costs have resulted in improving the bottom line of the Company appreciably in a year of intense market competition and high inflation.

Awards

The hotel's culinary excellence has been recognised with Times Food Guide accolades for 'Kebabs & Kurries' and 'Dakshin' as the best in their category. In addition the 'Marco Polo' bar received the award for best outlet in its category during the year.

Conservation of Energy, Foreign Exchange Earnings and Outgo

Your Company has obtained LEED (Leadership in Energy and Environment Design) Platinum certification from US Green Building Council (USGBC) in the Existing Building (EB) category, as part of a holistic approach towards sustainability. This has helped achieve significant energy savings.

Your Company continued its efforts to improve energy usage efficiency and increase contributions from renewable sources of energy.

During the year, your Company earned ₹ 21.52 crores in foreign exchange (previous year - ₹ 21.67 crores) and its foreign exchange outgo was ₹ 1.64 crores (previous year - ₹ 1.69 crores).

Directors

The Board of Directors at its meeting held on 27th April, 2012, reappointed, subject to the approval of the Members, Mr George Verghese as the Managing Director of the Company for a period of three years effective 1st June, 2012. The resolution seeking your approval to such appointment appears in the Notice convening the 27th Annual General Meeting of the Company.

In accordance with the provisions of Article 151 of the Articles of Association of the Company, Mr. S.C.Sekhar and Mr. Dipak Haksar will retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Human Resource

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

Your Directors place on record their sincere appreciation of the efforts made and the support rendered by 391 employees deployed in the Company's hotel.

Particulars of Employees

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

Auditors

Your Company's Auditors, Messrs. Lovelock & Lewes, Chartered Accountants, retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Audit Committee

The Audit Committee of the Company comprises of Mr. S.C. Sekhar as Chairman and Messrs. N. R. Pradeep Reddy and Dipak Haksar as Members.

Directors' Responsibility Statement

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

- followed in the preparation of the Annual Accounts the applicable Accounting Standards with proper explanations relating to material departures, if any;
- 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;
- 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
- prepared the Annual Accounts on a going concern basis.

On behalf of the Board

Place: Gurgaon

Gunupati Sivakumar Reddy

Date : 27th April, 2012

Chairman

AUDITORS' REPORT TO THE MEMBERS OF SRINIVASA RESORTS LIMITED

- We have audited the attached Balance Sheet of Srinivasa Resorts 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.
- 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.
- 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.
- Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- 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;
- 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;
- 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:
 - in the case of the Balance Sheet, of the state of affairs of the company as at March 31, 2012;
 - in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
 - in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Lovelock & Lewes
Chartered Accountants
Firm's Registration Number : 301056E

Sunit Kumar Basu

Partner

Membership No. : 55000

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 Srinivasa Resorts Limited on the financial statements as of and for the year ended March 31, 2012.

- The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
 - The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.
 - In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
- The inventory has been physically verified by the Management during the year. In our opinion, the frequency of verification is reasonable.
 - In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act.
 - 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.

ANNEXURE TO AUDITORS' REPORT (contd.)

4. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.
5. According to the information and explanations given to us, there have been no contracts or arrangements referred to in Section 301 of the Act during the year to be entered in the register required to be maintained under that Section. Accordingly, the question of commenting on transactions made in pursuance of such contracts or arrangements does not arise.
6. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed 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, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty 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, sales tax, wealth tax, service tax, customs duty and excise duty 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
A.P. General Sales Tax Act, 1957	Sales Tax on purchase from unregistered dealers	1,75,868 5,46,539	Financial year 1997-1998 Financial year 1998-1999	Sales Tax Appellate Tribunal, Andhra Pradesh.
A.P. Value Added Tax Act, 2005	Exclusion of Service Tax in computation of liability	10,90,519	April 1, 2005 to January 31, 2008	Hon'ble High Court of Andhra Pradesh, Hyderabad.
Income Tax Act, 1961	Disallowance of certain expenses	3,64,267	Financial year 2001-02	Hon'ble High Court of Andhra Pradesh, Hyderabad.

*Net of amount paid under protest

For Lovelock & Lewes
Chartered Accountants
Firm's Registration Number : 301056E
Sunit Kumar Basu
Partner
Membership No. : 55000

Place: Gurgaon
Date : 27th April, 2012

BALANCE SHEET AS AT 31ST MARCH, 2012

	Note No.	31st March, 2012 (₹)	31st March, 2011 (₹)
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
a) Share Capital	3	24,00,00,000	24,00,00,000
b) Reserves and Surplus	4	73,90,78,791	70,09,02,800
2. Non-Current Liabilities			
(a) Deferred Tax Liability (Net)	5	7,93,17,125	8,06,79,058
(b) Long-Term Provisions	6	9,29,455	12,35,850
3. Current Liabilities			
(a) Trade Payables	7	6,66,19,723	6,50,55,632
(b) Other Current Liabilities	8	2,24,55,058	2,32,05,563
(c) Short-Term Provisions	9	5,84,20,254	5,75,65,804
Total		1,20,68,20,406	1,16,86,44,707
II. ASSETS			
1. Non-Current Assets			
(a) Fixed Assets	10		
(i) Tangible Assets		52,34,38,718	53,68,24,045
(ii) Capital Work-in-progress		1,14,48,224	11,80,396
(b) Non-current Investments	11	10,000	10,000
(c) Long-Term Loans and Advances	12	1,00,84,427	45,09,942
(d) Other Non-current Assets	13	10,21,200	10,21,200
2. Current Assets			
(a) Current Investments	14	46,37,96,619	41,95,05,914
(b) Inventories	15	80,62,138	67,52,586
(c) Trade Receivables	16	1,77,56,038	2,14,84,773
(d) Cash and Bank balances	17	14,82,65,757	14,67,84,177
(e) Short-term Loans and Advances	18	1,90,70,116	2,82,19,997
(f) Other Current Assets	19	38,67,169	23,51,677
Total		1,20,68,20,406	1,16,86,44,707

Summary of Significant Accounting Policies 2
Notes are an integral part of these financial statements
This is the Balance Sheet referred to in our Report of even date.

For Lovelock & Lewes
Chartered Accountants
Firm Registration Number : 301056E
Sunit Kumar Basu
Partner
Membership Number : 55000
Place: Gurgaon
Date : 27th April, 2012

On behalf of the Board
Gunupati Sivakumar Reddy Chairman
George Verghese Managing Director
Hemanshi Khanna Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

	Note No.	31st March, 2012 (₹)	31st March, 2011 (₹)
I. Revenue from Operations			
Revenue from Sale of Services (Gross)		57,97,69,049	57,04,81,111
Less : Taxes (Service tax and Luxury tax)		5,73,24,351	4,34,70,627
Revenue from Sale of Services (Net)		52,24,44,698	52,70,10,484
Other Operating Revenue		75,66,747	52,44,199
Revenue from Operations (Net)		53,00,11,445	53,22,54,683
II. Other Income	21	4,65,66,243	2,81,20,928
III. Total Revenue (I+II)		57,65,77,688	56,03,75,611
Expenses:			
Cost of materials consumed	22	6,41,73,818	6,19,50,321
Employee Benefit Expense	23	10,77,07,354	9,71,44,358
Depreciation and Amortization Expense	10	3,49,81,547	3,56,59,372
Other Expenses	24	25,08,21,612	23,71,63,219
IV. Total Expenses		45,76,84,331	43,19,17,270
V. Profit before tax (III-IV)		11,88,93,357	12,84,58,341
VI. Tax Expense:			
(a) Current Tax		2,62,92,499	3,75,00,000
[Net of ₹ 27,07,501/- (Previous Year : ₹ Nil) on account of reversal of tax liability pertaining to earlier years]			
(b) Deferred Tax		(13,61,933)	(16,42,098)
VII. Profit/(Loss) for the period (V-VI)		9,39,62,791	9,26,00,439
VIII. Earning Per Equity Share	25		
(a) Basic		3.92	3.86
(b) Diluted		3.92	3.86

Summary of Significant Accounting Policies 2
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 Lovelock & Lewes
Chartered Accountants
Firm Registration Number : 301056E
Sunit Kumar Basu
Partner
Membership Number : 55000
Place: Gurgaon
Date : 27th April, 2012

On behalf of the Board
Gunupati Sivakumar Reddy Chairman
George Verghese Managing Director
Hemanshi Khanna Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

	31st March, 2012 (₹)	31st March, 2011 (₹)
A. CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX	11,88,93,357	12,84,58,341
ADJUSTMENT FOR:		
Depreciation	3,49,81,547	3,56,59,372
Interest on Deposits	(1,32,82,683)	(81,49,906)
Loss on Fixed Assets sold/discarded	4,82,624	60,47,258
Dividend from Investments	(2,90,38,221)	(1,98,13,756)
Liability no longer required written back	(16,41,916)	(36,60,275)
Provision for Doubtful Debts/Bad Debts Written Off	3,27,717	6,22,506
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	11,07,22,425	13,91,63,540
ADJUSTMENT FOR		
Trade Receivables	30,73,426	23,22,695
Inventories	(13,09,553)	33,94,976
Other Receivables	(24,81,928)	(15,87,925)
Trade Payables	71,33,163	88,60,952
Other Payables	(3,06,395)	4,77,485
CASH GENERATED FROM OPERATIONS	11,68,31,138	15,26,31,723
Income Tax Paid	(1,27,59,021)	(3,57,23,600)
NET CASH FROM OPERATING ACTIVITIES	10,40,72,117	11,69,08,123
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(4,20,22,059)	(1,28,23,745)
Sale of Fixed Assets	2,43,268	68,121
Purchase of Current Investments	(3,12,90,32,262)	(2,58,33,43,606)
Sale/Redemption of Current Investments	3,08,47,41,556	2,52,96,16,381
Interest on Deposits	1,04,12,939	81,25,353
Dividend from Investments	2,90,38,221	1,98,13,756
NET CASH USED IN INVESTING ACTIVITIES	(4,66,18,337)	(3,85,43,740)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Dividends paid	(4,80,00,000)	(4,80,00,000)
Dividend distribution tax paid	(79,72,200)	(81,57,600)
NET CASH USED IN FINANCING ACTIVITIES	(5,59,72,200)	(5,61,57,600)
NET INCREASE IN CASH AND BANK BALANCES	14,81,580	2,22,06,783
OPENING CASH AND BANK BALANCES	14,67,84,177	12,45,77,394
CLOSING CASH AND BANK BALANCES	14,82,65,757	14,67,84,177
CASH AND BANK BALANCES COMPRISE:		
Cash and Cash Equivalents	60,04,205	1,85,65,942
Other Bank Balances	14,22,61,552	14,82,18,235
	14,82,65,757	14,67,84,177

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

Note:

- The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard - 3 on Cash Flow Statements
- Previous Year's Figures have been regrouped and/or rearranged wherever considered necessary to conform to those of current year.

For Lovelock & Lewes
Chartered Accountants
Firm Registration Number : 301056E
Sunit Kumar Basu
Partner
Membership Number : 55000
Place: Gurgaon
Date : 27th April, 2012

On behalf of the Board
Gunupati Sivakumar Reddy Chairman
George Verghese Managing Director
Hemanshi Khanna Secretary

NOTES TO THE FINANCIAL STATEMENTS

1. General Information

Srinivasa Resorts Limited, subsidiary of ITC Limited, is in the business of Hoteliering. The Company was incorporated on December 20, 1984.

2. Summary of Significant Accounting Policies

I) Convention

To prepare financial statements in accordance with applicable Accounting Standards in India. A summary of important accounting policies is set out below.

II) 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.

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 calculate Depreciation on fixed assets in a manner that amortises the cost of assets after commissioning, over their estimated useful lives or, where specified, lives based on the rates specified in Schedule XIV to the Companies Act, 1956, whichever is lower, by equal annual instalments.

V) Investments

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

VI) Inventories

To state inventories at lower of cost and net realisable value. The cost is calculated on weighted average method. Cost comprises expenditure incurred in the normal course of business in bringing such inventories to its location. Obsolete and slow moving inventories are identified at the time of physical verification of inventories and, where necessary, provision is made for such inventories.

VII) Turnover

To recognize Gross Sales after delivery of goods and rendering of services net of Sales Tax / Value Added Tax recovered from customers but including all other applicable taxes. Net sales are stated after deducting such applicable taxes.

VIII) Investment Income

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

IX) Proposed Dividend

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

X) Employee Benefits

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

To determine the liabilities towards gratuity and leave encashment by an independent actuarial valuation as per requirements of Accounting Standard - 15 (revised 2005) on "Employee benefits". To determine actuarial gains or losses and to recognise such gains or losses immediately in Profit and Loss Account as income or expense. The contributions in respect of gratuity fund are made to Life Insurance Corporation.

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 substantially enacted 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) Foreign Currency Translations

To account for transactions in foreign currencies at the exchange rate prevailing on the date of the transaction. Gains/Losses arising out of fluctuations in the exchange rates are recognised in the Profit and Loss in the period in which they arise. To account for gains/losses in the Profit and Loss account on foreign exchange rate fluctuation relating to monetary items at the year end.

XIII) Financial and Management Information Systems

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

NOTES TO THE FINANCIAL STATEMENTS

3. Share Capital

(a) Authorised

2,40,00,000 (Previous Year: 2,40,00,000) Equity Shares of ₹ 10/- each

As at
31st March, 2012
(₹)

As at
31st March, 2011
(₹)

24,00,00,000
24,00,00,000

24,00,00,000
24,00,00,000

(b) Issued, Subscribed & Paid Up

2,40,00,000 (Previous Year: 2,40,00,000) Equity Shares of ₹ 10/- each, fully paid

24,00,00,000
24,00,00,000

24,00,00,000
24,00,00,000

Total

3.1 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.

3.2 Equity Shares held by Holding Company

Nature of Relationship

ITC Limited

Holding Company

31st March, 2012

31st March, 2011

1,63,20,477

1,63,20,477

3.3 Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

	31st March, 2012		31st March, 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
(a) ITC Limited	1,63,20,477	68.00%	1,63,20,477	68.00%
(b) G Siva Kumar Reddy	13,04,230	5.43%	13,04,230	5.43%
(c) G Sulochanamma	15,00,000	6.25%	15,00,000	6.25%

4. Reserves & Surplus

(a) Capital Reserves

Balance as at the end of the year

As at
31st March, 2012
(₹)

As at
31st March, 2011
(₹)

94,603

94,603

(b) General Reserve

Balance as at the beginning of the year

6,96,43,117

6,21,43,117

Add: Transferred from surplus in Statement of Profit and Loss during the year

75,00,000

75,00,000

Balance as at the end of the year

7,71,43,117

6,96,43,117

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	31st March, 2012 (₹)	31st March, 2011 (₹)
(c) Surplus in Statement of Profit and Loss		
Balance as at the beginning of the year	63,11,65,080	60,20,36,841
Add: Net Profit for the current year	9,39,62,791	9,26,00,439
Less: Appropriations		
Proposed Dividends	4,80,00,000	4,80,00,000
Dividend Distribution Tax on Proposed Dividend	77,86,800	79,72,200
Transfer to General Reserve	75,00,000	75,00,000
Balance as at the end of the year	<u>66,18,41,071</u>	<u>63,11,65,080</u>
Total (a+b+c)	<u>73,90,78,791</u>	<u>70,09,02,800</u>
5. Deferred Tax Liability (Net)		
(a) Deferred Tax Liability		
Depreciation - Timing difference	8,08,08,745	8,19,61,949
Less:		
(b) Deferred Tax Assets		
Employee Benefits	11,55,986	9,39,874
Other Timing Differences	3,35,634	3,43,017
Deferred Tax Liability (Net)	<u>7,93,17,125</u>	<u>8,06,79,058</u>
5.1 Deferred Tax Assets and Deferred Tax Liabilities have been offset as they relate to the same governing taxation laws.		
6. Long Term Provisions		
(a) Provision for Employee Benefits	9,29,455	12,35,850
Total	<u>9,29,455</u>	<u>12,35,850</u>
7. Trade Payables		
(a) Trade Payables		
- Dues to Micro and Small Enterprises	—	—
- Dues to Others	6,66,19,723	6,50,55,632
Total	<u>6,66,19,723</u>	<u>6,50,55,632</u>
7.1 There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days during the year and also as at 31st March, 2012. This information as required to be disclosed under The Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.		
8. Other Current Liabilities		
(a) Advances from Customers	1,19,39,285	1,15,46,837
(b) Sundry Deposits	44,91,295	44,75,677
(c) Statutory Liabilities	65,38,982	73,69,962
	<u>2,29,69,562</u>	<u>2,33,92,476</u>
Less: Deposits from normal Trade Debtors - Contra	5,14,504	1,86,913
Total	<u>2,24,55,058</u>	<u>2,32,05,563</u>
8.1 There is no outstanding amount to be credited to Investor Education & Protection Fund.		
9. Short Term Provisions		
(a) Provision For Employee Benefits	26,33,454	15,93,604
(b) Others		
Proposed Dividend	4,80,00,000	4,80,00,000
Dividend Distribution Tax on Proposed Dividend	77,86,800	79,72,200
Total	<u>5,84,20,254</u>	<u>5,75,65,804</u>

10. FIXED ASSETS

(₹)

Sr. No.	Particulars	Gross Block			Depreciation				Net Book		
		April 1, 2011	Additions	Disposals	March 31, 2012	April 1, 2011	For the year	Disposals	March 31, 2012	March 31, 2012	March 31, 2011
I	Tangible Assets										
a	Land - Freehold	1,00,00,000	—	—	1,00,00,000	—	—	—	—	1,00,00,000	1,00,00,000
b	Buildings	30,55,09,578	6,42,716	—	30,61,52,294	6,52,66,585	49,96,434	—	7,02,63,019	23,58,89,275	24,02,42,993
c	Plant and Equipment	33,22,77,709	1,59,63,816	23,01,986	34,59,39,539	12,72,01,799	1,60,64,194	16,32,459	14,16,33,534	20,43,06,005	20,50,75,910
d	Furniture & Fixtures	19,04,45,547	17,66,331	14,26,441	19,07,85,437	12,23,01,269	1,08,74,856	14,26,441	13,17,49,684	5,90,35,753	6,81,44,278
e	Vehicles (Cars)	1,47,00,082	—	—	1,47,00,082	58,43,014	14,00,334	—	72,43,348	74,56,734	88,57,068
f	Office Equipment	13,72,834	47,317	2,66,654	11,53,497	4,69,342	61,657	2,10,290	3,20,709	8,32,788	9,03,492
g	Computers, etc.	1,80,44,521	39,01,931	6,99,172	2,12,47,280	1,44,44,217	15,84,072	6,99,172	1,53,29,117	59,18,163	36,00,304
	Total	87,23,50,271	2,23,22,111	46,94,253	88,99,78,129	33,55,26,226	3,49,81,547	39,68,362	36,65,39,411	52,34,38,718	53,68,24,045
	(Previous Year)	86,79,90,775	1,75,50,330	1,31,90,834	87,23,50,271	31,07,14,418	3,56,59,372	1,08,47,564	33,55,26,226	53,68,24,045	
II.	Capital Work-in-progress										
		11,80,396	2,75,79,709	1,73,11,881	1,14,48,224	—	—	—	—	1,14,48,224	11,80,396
	Total	11,80,396	2,75,79,709	1,73,11,881	1,14,48,224	—	—	—	—	1,14,48,224	11,80,396

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March, 2012	As at 31st March, 2011		As at 31st March, 2012	As at 31st March, 2011
11. Non Current Investments			18. Short Terms Loans and Advances		
Other Investments (Non quoted)			(a) Advance Recoverable in cash or in kind or for value to be received (Unsecured, considered good)	1,08,40,433	82,69,088
- Government Securities - National Savings Certificates	10,000	10,000	(b) Advance Fringe Benefit Tax (Net of Provision of ₹ 33,53,052/- Previous Year ₹ 67,46,417/-)	6,47,499	5,76,328
(Deposits with or for deposit with authorities)			(c) Advance Income Tax (Net of Provision of ₹ 42,40,04,972/-) (Previous Year - ₹ 39,84,40,872/-)	60,95,684	1,83,46,081
Total	<u>10,000</u>	<u>10,000</u>	(d) Other Deposits	14,86,500	10,28,500
12. Long Term Loans and Advances			Total	<u>1,90,70,116</u>	<u>2,82,19,997</u>
(a) Capital Advances (Unsecured, Considered Good)	72,30,336	11,08,434	19. Other Current Assets		
(b) Security Deposit (Unsecured, Considered Good)	28,54,091	34,01,508	Interest accrued on Deposits	38,67,169	23,51,677
Total	<u>1,00,84,427</u>	<u>45,09,942</u>	Total	<u>38,67,169</u>	<u>23,51,677</u>
13. Other Non Current Assets				For the year ended	For the year ended
On Margin Money with maturity period more than 12 months*	10,21,200	10,21,200	20. Revenue from Operations (Net)	31st March, 2012	31st March, 2011
*Pledged with Bank for Bank Guarantee ₹ 10,21,200/- (Previous Year - ₹ 10,21,200/-)			(a) Revenue from Sale of Services		
Total	<u>10,21,200</u>	<u>10,21,200</u>	- Rooms	28,15,03,058	27,74,07,224
14. Current Investments			- Food and Beverage	20,30,89,014	20,64,23,667
Investments in Mutual Funds (Unquoted)			- Recreation and Services	3,78,52,626	4,31,79,593
(a) Reliance Liquid Fund - cash plan - Daily dividend reinvestment Nil (Previous Year - 1,80,75,388.699) Units of ₹ 11.1415 each	—	20,13,86,943	(b) Other Operating Revenue	75,66,747	52,44,199
(b) Birla Sun Life Cash Plus - Daily dividend reinvestment Nil (Previous Year - 1,10,09,991.284) Units of ₹ 10.0195 each	—	11,03,14,608	Total	<u>53,00,11,445</u>	<u>53,22,54,683</u>
(c) Religare Liquid Fund - Daily dividend reinvestment Nil (Previous Year - 1,07,719.814) Units of ₹ 1000.7849 each	—	10,78,04,363	21. Other Income		
(d) Sundaram Money Fund Super Daily dividend reinvestment 1,43,83,992.02 (Previous Year - Nil) Units of ₹ 10.0953 each	14,52,10,714	—	(a) Interest on Deposits		
(e) Birla Sun Life Floating Rate Fund - Daily dividend reinvestment 16,80,759.96 (Previous Year - Nil) Units of ₹ 100.02 each	16,81,09,611	—	- with Banks	1,32,82,683	81,49,906
(f) Reliance Liquid Fund Treasury Plan - Daily dividend reinvestment 98,43,158.06 (Previous Year - Nil) Units of ₹ 15.2874 each	15,04,76,294	—	- with Others	1,57,266	1,57,266
Total	<u>46,37,96,619</u>	<u>41,95,05,914</u>	(b) Dividend from Investments	2,90,38,221	1,98,13,756
15. Inventories (Valued at Cost or below)			(c) Miscellaneous Income	40,88,073	—
(a) Food, Beverage etc.	58,67,096	47,78,609	Total	<u>4,65,66,243</u>	<u>2,81,20,928</u>
(b) Stores & Spares	21,95,042	19,73,977	22. Cost of Material Consumed		
Total	<u>80,62,138</u>	<u>67,52,586</u>	Consumption of Food, Beverages, etc.		
16. Trade Receivables			Opening Stock	47,78,609	76,98,913
(a) Outstanding for more than six months from the date these are due for payment			Add: Purchases	6,52,62,305	5,90,30,017
Unsecured, Considered Good	17,06,897	20,03,271	7,00,40,914	6,67,28,930	6,67,28,930
Doubtful	1,12,065	1,10,230	Less: Closing Stock	58,67,096	47,78,609
(b) Others			Total	<u>6,41,73,818</u>	<u>6,19,50,321</u>
Secured, Considered Good	5,14,505	1,86,913	23. Employee Benefit Expenses		
Unsecured, Considered Good	1,60,49,140	1,94,81,502	(a) Salaries, Wages and Bonus *	8,68,42,963	7,97,60,647
Total	<u>1,83,82,607</u>	<u>2,17,81,916</u>	(b) Contribution to Provident and Other Funds	37,86,792	27,07,193
Less: Provision for Doubtful Debts	1,12,065	1,10,230	(c) Workmen and Staff Welfare Expenses	1,70,77,599	1,46,76,518
Less: Deposits from normal Trade Debtors - Contra	5,14,504	1,86,913	Total	<u>10,77,07,354</u>	<u>9,71,44,358</u>
Total	<u>1,77,56,038</u>	<u>2,14,84,773</u>	* Includes reimbursement to Group Companies ₹ 3,50,07,214/- (Previous Year : ₹ 3,35,72,192/-)		
17. Cash and Bank Balances			24. Other Expenses		
Cash and Cash Equivalents			(a) Consumption of Stores and Supplies	1,73,92,003	1,50,93,513
(a) Cash on Hand	5,81,718	5,47,299	(b) Power and Fuel	4,52,56,000	4,17,45,279
(b) Bank Balance			(c) Rent	54,04,960	55,87,704
On Current Accounts	50,37,026	1,34,33,865	(d) Repairs - Building	69,83,250	62,73,089
(c) Cheques on Hand	3,85,461	45,84,778	- Machinery	1,30,27,800	85,57,237
Sub Total (A)	<u>60,04,205</u>	<u>1,85,65,942</u>	- Others	42,95,781	43,03,491
Other Bank Balances			(e) Insurance	26,05,848	33,40,467
On Deposit Accounts			(f) Rates and Taxes	1,67,98,183	83,58,594
- Maturity of greater than 3 months but less than 12 months (original maturity)	12,95,08,317	11,75,00,000	(g) Advertising/ Sales Promotion	68,81,960	56,25,640
- Maturity of greater than 12 months (original maturity)	1,07,18,235	1,07,18,235	(h) Electronic Data Processing	53,83,379	34,97,217
On Margin Money*	20,35,000	—	(i) Travelling and Conveyance	73,41,038	98,27,024
*Pledged with Bank for Bank Guarantee ₹ 20,35,000/- (Previous Year Nil)			(j) Guest Transport	24,39,162	23,34,960
Sub Total (B)	<u>14,22,61,552</u>	<u>12,82,18,235</u>	(k) Training	12,33,345	11,33,270
Total	<u>14,82,65,757</u>	<u>14,67,84,177</u>	(l) Legal Expenses	4,43,320	80,000
			(m) Postage, Telephone, Telex etc.	59,08,291	49,35,378
			(n) Commission paid to Travel Agents	20,13,128	8,49,053
			(o) Bank & Credit Card Charges	67,04,319	72,90,800
			(p) Technical & Consultancy Fees	4,42,32,547	4,89,64,699
			(q) Hotel Reservation /Marketing,Expenses	1,63,74,365	1,60,56,431
			(r) Contract Services	2,37,95,514	1,99,40,857
			(s) Printing & Stationary	12,93,172	15,92,757
			(t) Loss on Exchange (Net)	2,93,550	25,196
			(u) Loss on Fixed Assets sold/ discarded	4,82,624	60,47,258
			(v) Provision for Doubtful Debts	1,12,065	—
			(w) Bad Debts Written off	2,15,652	6,22,506
			(x) Miscellaneous Expenses *	1,39,10,356	1,50,80,799
			Total	<u>25,08,21,612</u>	<u>23,71,63,219</u>
			* Includes Auditors' Remuneration and Expenses		
			- Audit Fees	7,50,000	7,50,000
			- Tax Audit Fees	75,000	75,000
			- Reimbursement of Expenses	20,000	17,500
			25. Earnings Per Share		
			(a) Profit after Taxation	9,39,62,791	9,26,00,439
			(b) Weighted average number of equity shares outstanding	2,40,00,000	2,40,00,000
			(c) Basic and diluted earnings per share in ₹ (Face value - ₹ 10/- per share)	3.92	3.86

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March, 2012		As at 31st March, 2011	
26. The Estimated Amount of Contracts remaining to be executed on Capital Account and not provided for (Net of advances ₹ 72,30,336/- Previous Year ₹ 11,08,434/-)		1,43,62,036		29,53,873
27. Contingent Liability				
Claims against the Company not acknowledged as debts :				
i) Indirect Taxation Matters		19,85,698		19,85,698
ii) Direct Taxation Matters		17,86,570		13,10,283
28. Earnings in Foreign Exchange				
* Includes ₹ 18,13,86,179/- (Previous Year - ₹ 21,05,47,557/-) being Earnings during the year through International Credit Cards & Travel Agencies etc. as certified by Bankers.		21,52,40,721		21,66,72,748
29. Expenditure in Foreign Currency during the year				
Hotel Reservation / Marketing Expenses		1,59,41,638		1,56,38,715
Technical & Consultancy Fees		4,16,822		12,83,389
		<u>1,63,58,460</u>		<u>1,69,22,104</u>
30. Value of Imports during the year (CIF Basis)				
Capital Goods		1,13,67,718		11,23,590
Other Goods		19,34,174		9,04,829
		<u>1,33,01,892</u>		<u>20,28,419</u>
		For the year ended 31st March, 2012		For the year ended 31st March, 2011
		(₹)		(₹)
		%		%
31. Value of Consumption of Raw Materials, Stores & Supplies				
(a) Raw Materials				
Indigenous		6,41,73,818	100.00	6,19,50,321
Imported		—	—	—
		<u>6,41,73,818</u>	<u>100.00</u>	<u>6,19,50,321</u>
(b) Stores & Supplies				
Indigenous		1,54,57,829	88.88	1,41,88,684
Imported		19,34,174	11.12	9,04,829
		<u>1,73,92,003</u>	<u>100.00</u>	<u>1,50,93,513</u>
32. The Company operates in one operating segment i.e., Hoteliering and within one geographical segment i.e. India.				
33. The Company's significant lease arrangements are in respect of operating leases for residential premises. These leasing arrangements, which are cancellable, are for a period of 11 months or longer and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as Rent under Note 24.				
34. Employee Benefits :				
a) As per Actuarial Valuations as on March 31, 2012 and recognised in the financial statements in respect of Employee Benefit Schemes :				
		For the year ended March 31, 2012		For the year ended March 31, 2011
		Leave		Leave
		Gratuity		Gratuity
		Funded		Funded
		(₹)		(₹)
		Encashment		Encashment
		Unfunded		Unfunded
		(₹)		(₹)
I Components of Employer Expense				
1 Current Service Cost		8,33,645	4,71,959	7,56,542
2 Interest Cost		3,95,382	1,01,518	3,46,239
3 Expected Return on Plan Assets		(3,24,114)	—	(2,95,557)
4 Curtailment Cost/(Credit)		—	—	—
5 Settlement Cost/(Credit)		—	—	—
6 Past Service Cost		—	—	—
7 Actuarial Losses/(Gains)		1,14,178	(5,38,237)	(3,19,004)
8 Total expense recognised in the statement of Profit & Loss Account		10,19,091	35,240	4,88,220
				5,43,742
The Gratuity Expense has been recognised in "Contribution to Provident and Other Funds" and Leave Encashment in "Salaries/Wages and Bonus" under Note 23.				
II Actual Returns		3,37,521	—	3,22,696
III Net Asset/(Liability) recognised in Balance Sheet				
1 Present Value of Obligation		60,04,512	12,71,090	52,36,642
2 Fair Value on Plan Assets		37,12,693	—	37,09,295
3 Status [Surplus/(Deficit)]		(22,91,819)	(12,71,090)	(15,27,347)
4 Unrecognised Past Service Cost		—	—	—
5 Net Asset/(Liability) recognised in Balance Sheet		(22,91,819)	(12,71,090)	(15,27,347)
IV Change in Defined Benefit Obligations (DBO)				
1 Present Value of DBO at the Beginning of Period		52,36,642	13,02,107	48,07,308
2 Current Service Cost		8,33,645	4,71,959	7,56,542
3 Interest Cost		3,95,382	1,01,518	3,46,239
4 Curtailment Cost/(Credit)		—	—	—
5 Settlement Cost/(Credit)		—	—	—
6 Plan Amendments		—	—	—
7 Acquisitions		—	—	—
8 Actuarial (Gains)/Losses		1,27,585	(5,38,237)	(2,91,865)
9 Benefits Paid		(5,88,742)	(66,257)	(3,81,582)
10 Present Value of DBO at the End of Period		60,04,512	12,71,090	52,36,642
				13,02,107
V Change in Fair Value of Assets				
1 Plan Assets at the Beginning of Period		37,09,295	—	30,76,520
2 Acquisition Adjustment		—	—	(2,865)
3 Expected Return on Plan Assets		3,24,114	—	2,95,557
4 Actuarial Gains/(Losses)		13,407	—	27,139
5 Actual Company Contribution		2,54,619	66,257	6,94,526
6 Benefits Paid		(5,88,742)	(66,257)	(3,81,582)
7 Plan assets at the End of Period		37,12,693	—	37,09,295
VI Actuarial Assumptions				
1 Discount Rate (%)		8.00	8.00	8.00
2 Expected Return on Plan Assets (%)		9.15	—	9.15
The estimates of future salary increases, considered in actuarial valuations take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.				
VII Major Categories of Plan Assets as a % of the Total Plan Assets				
1 Insurance Companies		100%	—	100%
VIII Basis used to determine the Expected Rate of Return on Plan Assets				
The expected rate of return on plan assets is based on the current portfolio of assets, investment strategy and market scenario. In order to protect the capital and optimised returns within acceptable risk parameters, the plan assets are well diversified.				

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

b) Contribution to Provident Fund and Employee State Insurance Scheme charged to the Statement of Profit and Loss (included in Note 23) ₹ 30,22,320/- (Previous Year: ₹ 29,10,634/-)

35. Related Party Disclosures Under Accounting Standard 18

i) **Holding Company :** ITC Limited
 ii) **Other Related Parties with whom transactions have taken place during the year :**
 Fellow Subsidiary Companies : Surya Nepal Private Limited
 ITC Infotech India Limited

iii) **Key Management Personnel :**
Board of Directors
 G. Sivakumar Reddy - Chairman
 Nakul Anand - Vice Chairman & Director
 S. C. Sekhar - Director
 N. R. Pradeep Reddy - Director
 B. N. Suresh Reddy - Director
 George Verghese - Managing Director
 Dipak Haksar - Director

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

(₹)

Sr. No.	Particulars	Holding Company		Subsidiaries				Key - Management Personnel		Relatives of Key Management Personnel (*)	
		2012	2011	ITC India Infotech Ltd		Others		2012	2011	2012	2011
a	Sale of Goods	9,135	4,866	—	—	—	—	—	—	—	—
b	Sale of Services	1,59,10,664	86,19,352	—	—	—	—	—	—	—	—
c	Purchase of Goods	1,20,58,211	59,87,296	15,97,046	—	2,004	1,47,808	—	—	—	—
d	Purchase of Services										
	- Hotel Services	24,82,293	35,08,353	—	—	—	—	—	—	—	—
	- Service Fee	4,03,32,625	4,50,26,573	3,86,050	3,08,840	—	—	—	—	—	—
e	Interest Income	—	—	—	—	—	—	—	—	—	—
f	Dividend Income	—	—	—	—	—	—	—	—	—	—
g	Rent Paid	—	—	—	—	—	—	—	—	3,60,000	8,00,000
h	Reimbursement of Contractual Remuneration	3,50,07,214	3,35,72,192	—	—	—	—	—	—	—	—
i	Expenses recovered	2,29,97,488	1,32,24,959	—	—	—	—	—	—	—	—
j	Expenses reimbursed	1,80,63,704	1,61,18,234	—	—	2,940	23,001	—	—	—	—
k	Remuneration	—	—	—	—	—	—	37,37,559	32,81,341	—	—
l	Dividend Payments	3,26,40,954	3,26,40,954	—	—	—	—	26,08,460	26,08,460	1,18,31,620	1,18,31,620
m	Sale of Fixed Assets	—	—	—	—	—	—	—	—	—	—
n	Balance outstanding at the year end :										
	- Debtors / Receivables	2,72,956	1,77,726	—	—	—	—	—	—	—	—
	- Creditors / Payables	1,46,71,923	1,36,22,236	—	—	—	5,843	—	—	—	—

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

36. The financial statements for the year ended March 31, 2011 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 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 Lovelock & Lewes
 Chartered Accountants
 Firm Registration Number : 301056E
 Sunit Kumar Basu
 Partner
 Membership Number : 55000
 Place: Gurgaon
 Date : 27th April, 2012

On behalf of the Board
 Gunupati Sivakumar Reddy *Chairman*
 George Verghese *Managing Director*
 Hemanshi Khanna *Secretary*