

**DIRECTORS REPORT FOR THE YEAR ENDED 31ST MARCH, 2014**

Your Directors submit their Report for the financial year ended 31st March, 2014.

**Financial and Operational Performance**

During the year under review, your Company recorded an operating income of ₹ 2304 lakhs (previous year- ₹ 2224 lakhs) registering a growth of 4%. The other income grew by 85% at ₹181 lakhs (previous year ₹ 98 lakhs) largely due to proactive treasury management. However, net revenue of the Company grew by 7% at ₹ 2485 lakhs (previous year - ₹ 2322 lakhs). Pre tax profit registered a marginal growth 0.46% while Post tax profit at ₹ 625 lakhs registered a growth of 5% mainly due to tax efficient investments in mutual funds. Earnings Per Share for the year stands at ₹ 138.90 (previous year - ₹ 132.58) on the face value of ₹ 10/- per share.

Your Directors are pleased to recommend a dividend of ₹ 12.50 (previous year ₹ 12.50) per equity share of ₹ 10/- each for the year ended 31st March, 2014. Your Board further recommends a transfer to General Reserve of ₹ 62.50 lakhs (previous year - ₹ 59.66 lakhs).

The Company's Fortune Hotel Chain catering to the 'mid market to upscale' segment continued its expansion by forging new alliances, taking the total number of hotels in its fold to 71 with an aggregate room inventory of over 5,600 across 55 cities. The 'Fortune' brand has 42 operating hotels, 6 hotels slated to be commissioned in this financial year and remaining 23 hotel projects are under various stages of development.

Your Company has strengthened its reputation for providing quality products and services which have helped confirm 'Fortune' as the premier 'value' brand in the Indian hospitality sector. Fortune brands viz., My Fortune, Fortune Select, Fortune Resort, Fortune Park and Fortune Inn remain the frontrunner in the operating segment and is well positioned to sustain its leadership position in the industry.

The 'My Fortune' brand, representing a 'stylish lifestyle with efficient personalised service', is being strengthened by the launch of second 'My Fortune' at Bengaluru in 2014.

**Others**

During the year under review your Company upgraded its Corporate Governance Policy based upon a two tiered Governance Structure comprising of its Board and the Management Committee for strategic management of the Company's business within Board's approved direction and framework.

Your Company shifted its registered office from National Capital Territory of Delhi to the State of Haryana and the same is now situated at ITC Green Centre, 10 Institutional Area, Sector 32, Gurgaon 122 001.

Your Company has successfully implemented SAP effective 1st December, 2013. This has substantially upgraded its business information, accounting and control systems.

**Awards**

The Company has won the following awards in the financial year 2013-14:

- 'Best Mid-Market Hotel Chain' by Hotelier India;
- 'Best First Class Business Hotel Chain' by Hospitality India & Explore The World Award 2013; and
- 'Best First Class Full Service Business Hotel Chain in India 2013' by PATWA, ITB Berlin.

Fortune Select Excalibur, Gurgaon has been awarded 'World Luxury Hotel Awards Winner, 2013'.

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

Your Company has introduced an 'Eco Friendly' rating scheme under which some 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 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 ₹ 19 lakhs (previous year - ₹ 32 lakhs).

**Directors**

In accordance with the provisions of Article 143 and 144 of the Articles of Association of the Company, Mr. Arun Pathak will retire by rotation at the forthcoming Annual General Meeting of the Company and being eligible, offers himself for re-appointment. Your Board of Directors has recommended his 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 its 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.

**Compliance Certificate under Companies Act, 1956**

A certificate issued by Messrs 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 Subrahmoneyan	Director
Date : 11th April, 2014	Arun Pathak	Director

**COMPLIANCE CERTIFICATE**

Company No. : U55101HR1995PLC052281

Nominal Capital : ₹ 2 Crores

The Members of  
Fortune Park Hotels Limited.  
ITC Green Centre,  
10 Institutional Area,  
Sector - 32, Gurgaon,  
Haryana - 122001

We have examined the registers, records, books and papers of M/s Fortune Park Hotels Limited as on March 31, 2014 (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, 2014 (financial year). In our opinion and to the best of our information and according to the examination carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the 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 17th April 2013, 26th September 2013, 23rd December 2013 and 5th March 2014 in respect of which meetings proper notices were given and the proceeding were properly recorded and signed, in the Minutes Book maintained for the purpose including the circular resolutions passed.
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, 2013 was held on 21st May, 2013 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. 1 (One) Extra Ordinary General Meeting was held during the financial year 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.
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 contracts 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) delivered all the certificates on transfer of Equity Shares in accordance with the provisions of the Act. However, there was no allotment/transmission of securities during the financial year.
  - (ii) deposited the amount of final dividend declared in the separate Bank Account, within 5 days of declaration.
  - (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 Directors/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 has filed petition u/s 17 of the Act during the year under scrutiny for shifting of registered office of the Company and has obtained the necessary approval of the Regional Director and complied with the provisions of the Act.
  18. The Directors have disclosed their interest in other firms/companies/body corporate(s) 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/accepted any deposits including any unsecured loans falling within the purview of Section 58A of the Act during the financial year.
  24. The Company has not made any borrowings during the financial year.
  25. The Company, during the financial year, has made investments in mutual funds issued by the trusts, 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 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 and complied with the provisions of the Act.
  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: New Delhi  
Date : 11th April, 2014

#### ANNEXURE – 'A'

Registers maintained by the Company (As on March 31, 2014)

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' Share holding	307
7.	Register(s) of contracts, companies and firms in which Directors are interested	301(3)
8.	Books of Accounts	209
9.	Register of Share Transfer	

#### ANNEXURE – 'B'

A. Forms & Returns filed with the Registrar of Companies, New Delhi (During the Year ended on March 31, 2014)

Sl. No.	Particulars of Forms & Returns Filed	Date of Filing	Whether filed within prescribed time	Additional Fees paid
1.	Form 66 for Compliance Certificate u/s 383A of the Act, for the financial year ended 31st March 2013	31/05/2013	Yes	No
2.	Form 23ACXBRL and Form 23CAXBRL for Annual Accounts u/s 220 of the Act, for the year ended 31st March 2013	20/06/2013	Yes	No
3.	Form 20B for Annual Return u/s 159 of the Act, made upto 21st May 2013 i.e., the date of AGM for the financial year ended 31st March 2013	26/06/2013	Yes	No
4.	Form 23 u/s 192 of the Act, for registration of Special Resolution, passed in EGM held on 7th October 2013	18/10/2013	Yes	No
5.	Form 21 u/s 17(1) of the Act, for registration of order of Regional Director for shifting of registered office of the Company from the NCT of Delhi to the State of Haryana	14/03/2014	Yes	No
6.	Form 18 u/s 146 of the Act, for change of registered office of the Company	21/03/2014	Yes	No
<b>B. Forms &amp; Returns filed with the Regional Director, Central Government or other authorities :</b>				
1.	Form 24AAA of the Act, for filing petition to Central Government for shifting of Registered Office of the Company from NCT of Delhi to the State of Haryana	29/10/2013	Yes	No

#### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FORTUNE PARK HOTELS LIMITED

##### Report on the Financial Statements

1. We have audited the accompanying financial statements of Fortune Park Hotels Limited (the "Company"), which comprise the Balance Sheet as at March 31, 2014, Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

##### Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of 'the Companies Act, 1956' of India (the "Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

##### Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit

to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

##### Opinion

6. In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

- 7. As required by 'the Companies (Auditor's Report) Order, 2003', as amended by 'the Companies (Auditor's Report) (Amendment) Order, 2004', issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (hereinafter referred to as the "Order"), 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.
- 8. As required by section 227(3) of the Act, 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 purpose 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, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For Price Waterhouse  
 Firm Registration Number: 012754N  
 Chartered Accountants  
 Suchita Sharma  
 Partner  
 Membership Number: 073897

Place of the signature: Gurgaon  
 Date : April 11, 2014

**ANNEXURE TO AUDITORS' REPORT**

Referred to in paragraph 7 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, 2014

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
  - (b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. 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.
- ii. The Company is in the business of rendering services, and consequently, does not hold any inventory. Therefore, the provisions of Clause 4(ii) of the said Order are not applicable to the Company.
- iii. The Company has not granted/taken any loans, secured or unsecured, to / from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Therefore, the provisions of Clause 4(iii)[(b),(c) and (d) / (f) and (g)] of the said Order are not applicable to the Company.
- iv. 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. The operations of the Company do not involve purchase of inventory or sale of goods.
- v. (a) According to the information and explanations given to us, there have been no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Act.
  - (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.
- vi. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- vii. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- viii. 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.
- ix. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is 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, there are no dues of sales-tax, wealth-tax, customs duty, and excise duty which have not been deposited on account of any dispute. The particulars of dues of income tax and service tax as at March 31, 2014 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
Finance Act, 1994	Demand u/s 73(1) (a) of the Finance Act, 1994	4,570,992	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	1,729,041	Assessment Year 2001-02	Income Tax Appellate Tribunal
Income Tax Act, 1961	Demand u/s 143(3) of Income Tax Act, 1961	2,625,158	Assessment Year 2011-12	Commissioner of Income Tax Appeals

- x. The Company has no accumulated losses as at the end of the financial year and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- xi. As the Company does not have any borrowings from any financial institution or bank nor has it issued any debentures as at the balance sheet date, the provisions of Clause 4(xi) of the Order are not applicable to the Company.
- xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of Clause 4(xii) of the Order are not applicable to the Company.
- xiii. As the provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to the Company, the provisions of Clause 4(xiii) of the Order are not applicable to the Company.
- xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Order are not applicable to the Company.
- xv. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of Clause 4(xv) of the Order are not applicable to the Company.
- xvi. The Company has not raised any term loans. Accordingly, the provisions of Clause 4(xvi) of the Order are not applicable to the Company.
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment.
- xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year. Accordingly, the provisions of Clause 4(xviii) of the Order are not applicable to the Company.
- xix. The Company has not issued any debentures during the year and does not have any debentures outstanding as at the beginning of the year and at the year end. Accordingly, the provisions of Clause 4(xix) of the Order are not applicable to the Company.
- xx. The Company has not raised any money by public issues during the year. Accordingly, the provisions of Clause 4(xx) of the Order are not applicable to the Company.
- xxi. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material 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  
 Suchita Sharma  
 Partner  
 Membership Number: 073897

Place of the Signature: Gurgaon  
 Date : April 11, 2014

BALANCE SHEET AS AT MARCH 31, 2014

	Note	As at March 31, 2014 (₹)		As at March 31, 2013 (₹)	
<b>Equity and Liabilities</b>					
<b>Shareholders' funds</b>					
Share capital	2	4,500,080		4,500,080	
Reserves and surplus	3	270,895,556	275,395,636	214,970,969	219,471,049
<b>Non - current liabilities</b>					
Other long - term liabilities	4	27,470,707		22,089,355	
Long - term provisions	5	26,331,970	53,802,677	24,468,397	46,557,752
<b>Current liabilities</b>					
Trade payables	6	6,032,091		13,426,755	
Other current liabilities	7	13,761,640		23,189,850	
Short - term provisions	8	14,809,915	34,603,646	13,743,946	50,360,551
<b>Total</b>			<b>363,801,959</b>		<b>316,389,352</b>
<b>Assets</b>					
<b>Non - current assets</b>					
<b>Fixed assets</b>					
Tangible assets	9	4,205,078		3,504,370	
Intangible assets	10	230,590	4,435,668	574,390	4,078,760
Deferred tax assets (net)	11		13,826,766		13,771,123
Long - term loans and advances	12		20,490,199		16,085,639
<b>Current assets</b>					
Current investments	13	195,274,982		180,000,000	
Trade receivables	14	87,772,337		61,604,931	
Cash and bank balances	15	13,065,951		15,744,645	
Short - term loans and advances	16	832,509		1,775,076	
Other current assets	17	28,103,547	325,049,326	23,329,178	282,453,830
<b>Total</b>			<b>363,801,959</b>		<b>316,389,352</b>
Significant Accounting Policies	1				

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 Registration No : 012754N  
Chartered Accountants

Suchita Sharma  
Partner  
Membership Number: 073897

On behalf of the Board of Directors

Place: Gurgaon  
Date : April 11, 2014

Chandrasekhar Subrahmoneyan Director  
Arun Pathak Director

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014

	Note	Year ended March 31, 2014 (₹)		Year ended March 31, 2013 (₹)	
Revenue from operations (net)	20	225,227,918		217,293,620	
Other operating income	21	5,217,072		5,144,680	
Other income	22	18,092,198		9,789,387	
<b>Total revenue</b>		<b>248,537,188</b>		<b>232,227,687</b>	
<b>Expenses :</b>					
Employee benefits expense	23	110,037,616		93,415,981	
Depreciation and amortisation expense	24	1,284,420		1,356,973	
Other expenses	25	51,569,893		52,207,337	
<b>Total expenses</b>		<b>162,891,929</b>		<b>146,980,291</b>	
<b>Profit before tax</b>		<b>85,645,259</b>		<b>85,247,396</b>	
<b>Tax expense:</b>					
Current tax		23,195,229		28,114,231	
Deferred tax	11	(55,643)	23,139,586	(2,530,003)	25,584,228
<b>Profit for the year</b>			<b>62,505,673</b>		<b>59,663,168</b>
<b>Earnings per equity share [Nominal value per share: ₹10 (2013 : ₹ 10)]</b>					
Basic	27		138.90		132.58
Diluted			138.90		132.58
Significant Accounting Policies	1				

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

Suchita Sharma  
Partner  
Membership Number: 073897

On behalf of the Board of Directors

Place: Gurgaon  
Date : April 11, 2014

Chandrasekhar Subrahmoneyan Director  
Arun Pathak Director

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

	Year ended March 31, 2014 (₹)	Year ended March 31, 2013 (₹)
<b>A. Cash Flow from operating activities</b>		
Profit before tax	85,645,259	85,247,396
<b>Adjustments for:</b>		
Depreciation and amortisation expense	1,284,420	1,356,973
Bad debts written off	1,333,408	1,198,681
Provision for doubtful debts and receivables made / (written back) (net)	(497,247)	1,720,829
Loss/(profit) on sale of fixed assets (net)	9,045	(1,466)
Profit on sale of current investment	(15,961,621)	(1,209,217)
Interest income	—	(2,709,095)
Dividend income from mutual funds	—	(5,869,609)
Liabilities written back to the extent no longer required	(317,656)	—
<b>Operating profit before working capital changes</b>	<b>71,495,608</b>	<b>79,734,492</b>
<b>Changes in working capital :</b>		
Increase / (decrease) in trade payables	(7,077,008)	981,988
Increase in long - term provisions	1,863,573	3,214,567
Increase in short - term provisions	1,065,969	1,006,401
Increase / (decrease) in other current liabilities	(9,531,543)	4,078,619
Increase in other long-term liabilities	5,381,352	5,449,010
(Increase) in trade receivables	(28,157,525)	(11,361,968)
(Increase) / decrease in short - term loans and advances	942,567	(185,001)
(Increase) in other current assets	(3,414,199)	(1,981,491)
<b>Cash generated from operations</b>	<b>32,568,794</b>	<b>80,936,617</b>
Taxes paid (net of refunds)	(27,806,001)	(26,424,959)
<b>Net cash generated from operating activities</b>	<b>4,762,793</b>	<b>54,511,658</b>
<b>B. Cash flow from investing activities</b>		
Purchase of fixed assets	(1,548,540)	(285,462)
Sale of fixed assets	1,500	8,130
Purchases of current investments	(217,031,943)	(698,184,233)
Sale of current investments	217,718,582	590,942,157
Fixed deposit realised	—	34,342,568
Interest received	—	4,509,412
Dividend received	—	5,869,609
<b>Net cash used in investing activities</b>	<b>(860,401)</b>	<b>(62,797,819)</b>
<b>C. Cash flow from financing activities</b>		
Dividend paid	(5,625,100)	(4,500,080)
Dividend distribution tax paid	(955,986)	(730,025)
<b>Net cash used in financing activities</b>	<b>(6,581,086)</b>	<b>(5,230,105)</b>
<b>Net Increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>(2,678,694)</b>	<b>(13,516,266)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>15,744,645</b>	<b>29,260,911</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>13,065,951</b>	<b>15,744,645</b>
<b>Notes:</b>		
1 Cash and cash equivalents comprise of:		
Cash on hand	32,282	92,123
Cheques on hand	395,732	4,627,362
Balances with banks	12,637,937	11,025,160
<b>Total</b>	<b>13,065,951</b>	<b>15,744,645</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 Previous year figures have been reclassified / regrouped, wherever necessary to conform to the current year classification.

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

For Price Waterhouse

Firm Registration No : 012754N  
Chartered Accountants

Suchita Sharma  
Partner  
Membership Number: 073897

Place: Gurgaon  
Date : April 11, 2014

On behalf of the Board of Directors  
Chandrasekhar Subrahmanyam Director  
Arun Pathak Director

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**

**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.

**ii) BASIS OF ACCOUNTING**

To prepare financial statements in accordance with the historical cost convention. All assets and liabilities have been classified as current or non - current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies' Act, 1956. Based on the nature of services, the Company has ascertained its operating cycle as 12 months.

**iii) REVENUE**

To recognise revenue from operations, which has reasonable certainty of collection, at the time of rendering of services after deducting service tax from invoiced value.

**iv) FIXED ASSETS**

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

To capitalise 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.

To charge off as a revenue expenditure all upgradation/enhancements unless they bring similar significant additional benefits.

**v) DEPRECIATION / AMORTISATION**

To calculate depreciation / amortisation on fixed assets, tangible and intangible in a manner that amortises the cost of the assets after commissioning, over their estimated useful lives or lives based on the rates specified in Schedule XIV to the Companies Act, 1956, whichever is lower, by equal annual installments as summarized below.

Category of Tangible Assets	Rate of Depreciation
Office equipment (Other than Mobiles)	4.75%
Office equipment (Mobiles)	31.67%
Computers hardware	16.21%
Furniture and fixtures	6.33%
Vehicle	9.50%

To amortise capitalised software cost over a period of 5 years.

**vi) 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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014 (Contd.)

vii) OTHER INCOME

To account for income from investments on an accrual basis, inclusive of related tax deducted at source. To account for income from dividends when the right to receive such dividends is established.

viii) EMPLOYEE BENEFITS

To make regular contributions to the State administered provident fund which are charged against revenue. To provide for all long term defined benefit schemes including gratuity, compensated absences and loyalty 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.

The actuarial valuation of the liability towards the loyalty plan for the employees is made on the basis of certain assumptions with respect to the variable elements affecting the computations including performance ratings in the subsequent appraisal cycle.

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

ix) 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.

x) FOREIGN CURRENCY TRANSLATIONS

To account for transactions in foreign currency at the exchange rate prevailing on the date of the transactions. Gains/Losses arising out of fluctuations in the exchange rates are recognised in Statement of Profit and 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.

xi) TAXES ON INCOME

To provide current tax as the amount of tax payable in respect of taxable income for the period, measured using 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) IMPAIRMENT OF ASSETS

To provide for impairment loss, if any, to the extent, the carrying amount of assets exceed their recoverable amount. Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

Impairment losses recognised in prior years are reversed when there is an indication that the impairment losses recognised no longer exist or have decreased. Such reversals are recognised as an increase in carrying amounts of assets to the extent that it does not exceed the carrying amounts that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised in previous years.

xiii) CLAIMS

To disclose claims against the Company not acknowledged as debts after a careful evaluation of facts and legal aspects of the matter involved.

xiv) LEASES

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating lease. Operating lease charges are recognized as an expense in the Statement of Profit and Loss on a straight line basis over the lease term.

xv) FINANCIAL AND MANAGEMENT INFORMATION SYSTEMS

To practice an accounting system which unifies financial and cost records and is designed to comply with the relevant provisions of the Companies Act, 1956 provide financial and cost information appropriate to the business and facilitate Internal Control.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014 (Contd.)

	As at March 31, 2014 (₹)	As at March 31, 2013 (₹)		As at March 31, 2014 (₹)	As at March 31, 2013 (₹)
<b>2 Share capital</b>			<b>3 Reserves And surplus</b>		
<b>Authorised</b>			<b>Capital reserve</b>		
2,000,000 (March 31, 2013: 2,000,000) equity shares of ₹ 10 each	<u>20,000,000</u>	<u>20,000,000</u>	At the beginning and at the end of the year	<u>3,000,000</u>	<u>3,000,000</u>
<b>Issued, subscribed and paid up</b>			<b>General reserve</b>		
450,008 (March 31, 2013: 450,008) equity shares of ₹ 10 each	<u>4,500,080</u>	<u>4,500,080</u>	Balance as at beginning of the year	<u>22,022,454</u>	<u>16,056,137</u>
	<u>4,500,080</u>	<u>4,500,080</u>	Add : Transferred from surplus in the Statement of Profit and Loss during the year	<u>6,250,567</u>	<u>5,966,317</u>
<b>(a) Reconciliation of number of equity shares</b>			<b>Balance as at end of the year</b>	<u>28,273,021</u>	<u>22,022,454</u>
	As at	As at	<b>Surplus in Statement of Profit and Loss</b>		
	March 31, 2014	March 31, 2013	Balance as at beginning of the year	<u>189,948,515</u>	<u>142,832,750</u>
	No. of Shares	No of Shares	Profit for the year	<u>62,505,673</u>	<u>59,663,168</u>
Balance as at the beginning of the year	450,008	450,008	Less : Appropriations		
Add: shares issued during the year	—	—	Proposed dividend on equity shares for the year	<u>(5,625,100)</u>	<u>(5,625,100)</u>
Less: shares bought back during the year	—	—	Dividend distribution tax on proposed dividend on equity shares	<u>(955,986)</u>	<u>(955,986)</u>
Balance as at the end of the year	<u>450,008</u>	<u>450,008</u>	Transfer to general reserve	<u>(6,250,567)</u>	<u>(5,966,317)</u>
<b>(b) Rights, preferences and restrictions attached to shares</b>			<b>Balance as at end of the year</b>	<u>239,622,535</u>	<u>189,948,515</u>
The company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.				<u>270,895,556</u>	<u>214,970,969</u>
<b>(c) Shares held by Holding Company</b>			<b>4 Other long - term liabilities</b>		
	As at	As at	Advance from customers	<u>15,003,207</u>	<u>11,541,855</u>
	March 31, 2014	March 31, 2013	Income received in advance	<u>12,467,500</u>	<u>10,547,500</u>
Equity Shares of ₹ 10 each fully paid up held by:				<u>27,470,707</u>	<u>22,089,355</u>
ITC Limited, the holding company	450,002	450,002	<b>5 Long - term provisions</b>		
Held by management personnel as nominees of ITC Limited	6	6	Provisions for employee benefits:		
<b>(d) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company</b>			Provision for leave encashment (Refer note 23)	<u>15,386,470</u>	<u>13,680,247</u>
	As at	As at	Provision for loyalty bonus (Refer note 23)	<u>10,945,500</u>	<u>10,788,150</u>
	March 31, 2014	March 31, 2013		<u>26,331,970</u>	<u>24,468,397</u>
ITC Limited, the holding company	450,002	450,002	<b>6 Trade payables</b>		
Held by management personnel as nominees of ITC Limited	6	6	Total outstanding dues of micro and small enterprises #	—	—
	99.98%	99.98%	Total outstanding dues of trade payables other than micro and small enterprises	<u>6,032,091</u>	<u>13,426,755</u>
	0.02%	0.02%		<u>6,032,091</u>	<u>13,426,755</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 FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014 (Contd.)

	As at March 31, 2014 (₹)	As at March 31, 2013 (₹)		As at March 31, 2014 (₹)	As at March 31, 2013 (₹)
<b>7 Other current liabilities</b>			<b>8 Short - term provisions</b>		
Advance from customers	2,832,766	4,443,752	Provision for employee benefits:		
Statutory dues including provident fund and tax deducted at source	3,932,051	2,726,700	Provisions for leave encashment (Refer note 23)	4,574,529	3,753,060
Employee's salary, bonus, LTA etc. payable	5,531,490	13,821,398	Provision for loyalty bonus (Refer note 23)	3,654,300	3,409,800
Income received in advance	1,362,000	2,198,000	Other provisions:		
Payable for fixed assets	103,333	—	Provision for proposed dividend on equity shares	5,625,100	5,625,100
	<u>13,761,640</u>	<u>23,189,850</u>	Provision for dividend distribution tax on proposed dividend on equity shares	955,986	955,986
				<u>14,809,915</u>	<u>13,743,946</u>
					(Amount in ₹)

9 Tangible Assets

Particulars	Gross Block				Depreciation				Net Block	
	As at April 1, 2013	Additions	Disposal/ Adjustments	As at March 31, 2014	As at April 1, 2013	For the year	Disposal/ Adjustments	As at March 31, 2014	As at March 31, 2014	As at March 31, 2013
Office equipment	516,524	50,800	190,714	758,038	227,798	40,335	111,069	379,202	378,836	288,726
Computer hardware	6,979,094	1,601,073	(350,888)	8,229,279	4,441,286	805,274	(320,252)	4,926,308	3,302,971	2,537,808
Furniture and fixtures	1,408,190	—	(82,946)	1,325,244	747,557	91,102	(23,392)	815,267	509,977	660,633
Vehicle	41,150	—	—	41,150	23,947	3,909	—	27,856	13,294	17,203
<b>Total</b>	8,944,958	1,651,873	(243,120)	10,353,711	5,440,588	940,620	(232,575)	6,148,633	4,205,078	3,504,370
Previous year	8,773,747	285,462	114,251	8,944,958	4,536,283	1,011,892	107,587	5,440,588	3,504,370	

10 Intangible Assets

Particulars	Gross Block				Amortisation				Net Block	
	As at April 2013	Additions	Disposal/ Adjustments	As at March 31, 2014	As at April 1, 2013	For the year	Disposal/ Adjustments	As at March 31, 2014	As at March 31, 2014	As at March 31, 2013
Computer software	2,625,404	—	—	2,625,404	2,051,014	343,800	—	2,394,814	230,590	574,390
<b>Total</b>	2,625,404	—	—	2,625,404	2,051,014	343,800	—	2,394,814	230,590	574,390
Previous Year	2,625,404	—	—	2,625,404	1,705,933	345,081	—	2,051,014	574,390	

	As at March 31, 2014 (₹)	As at March 31, 2013 (₹)		As at March 31, 2014 (₹)	As at March 31, 2013 (₹)
<b>11 Deferred tax assets (net)</b>			HDFC FMP 369 D January 2014 (1)		
Deferred tax asset :			Series 29 - Direct - Growth		
On provision for doubtful debts	4,120,814	4,384,102	[1,100,000 units: Previous year (0 units)]	11,000,000	—
On provision for employees benefits	10,088,299	9,627,762	ICICI Prudential FMP Series 72		
On other timing differences	227,501	232,917	- 368 Days Plan D - Direct Plan Cumulative		
	<u>14,436,614</u>	<u>14,244,781</u>	[1,100,000 units: Previous year (0 units)]	11,000,000	—
Deferred tax liabilities :			DSP BlackRock FMP - Series 151		
Depreciation / amortisation	(609,848)	(473,658)	- 12M - Dir - Growth Mat Dt 18-Mar-2015		
	<u>13,826,766</u>	<u>13,771,123</u>	[1,500,000 units: Previous year (0 units)]	15,000,000	—
Break-up of deferred tax assets and liabilities into major components of the respective balances is as under :			HDFC FMP 369 D March 2014 (3)		
<b>I. Balance brought forward - deferred tax asset</b>	13,771,123	11,241,120	Series 29 - Direct - Growth		
<b>II. For the year :</b>			[3,000,000 units: Previous year (0 units)]	30,000,000	—
(i) Tax impact of difference between depreciation / amortisation of fixed assets in the financial statements and the income tax return	(136,190)	296,323	ICICI Prudential FMP Series 73		
(ii) Tax impact of expenses charged in the financial statements but allowable as deduction in future years under income tax.	191,833	2,233,680	- 368 Days Plan M Direct Plan Cumulative		
<b>Net deferred tax asset (i+ii)</b>	<u>55,643</u>	<u>2,530,003</u>	[3,000,000 units: Previous year (0 units)]	30,000,000	—
<b>III. Closing deferred tax asset (I + II)</b>	<u>13,826,766</u>	<u>13,771,123</u>	Birla Sun Life FTP Series KV (367 days)		
<b>12 Long - term loans and advances</b>			Gr. - Direct		
Unsecured, considered good			[3,000,000 units: Previous year (0 units)]	30,000,000	—
Advance income tax (net of provisions)			TATA FMP Series 47 B Direct Plan Growth		
₹ 74,893,229 (Previous year ₹ 51,698,000)	20,490,199	16,085,639	[3,000,000 units: Previous year (0 units)]	30,000,000	—
	<u>20,490,199</u>	<u>16,085,639</u>	DWS FMP Series 62 Direct Plan - Growth		
			[3,003,194.37 units: Previous year (0 units)]	30,031,943	—
			Mutual funds (unquoted)		
			HDFC FMP 371 D December 2012 (1)		
			- Growth Series 23		
			[0 units: Previous year (1,000,000 units)]	—	10,000,000
			ICICI Prudential Fixed Maturity Plan Series 65		
			- 366 Days Plan 1 Regular Plan Cumulative		
			[0 units: Previous year (1,000,000 units)]	—	10,000,000
			Kotak FMP Series 96 Direct - Growth		
			[0 units: Previous year (1,000,000 units)]	—	10,000,000
			Kotak Floater Short Term - Direct Plan		
			- Growth [4,302.619 units: Previous year (78,295.4966 units)]	8,243,039	150,000,000
				<u>195,274,982</u>	<u>180,000,000</u>
			Aggregate amount of quoted investments	187,031,943	—
			Aggregate market value of quoted investments	188,019,805	—
			Aggregate amount of unquoted investments	8,243,039	180,000,000
<b>13 Current investments</b>					
At Cost or fair value whichever is less:					
Mutual funds (quoted)					

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014 (Contd.)

	As at March 31, 2014 (₹)	As at March 31, 2013 (₹)	As at March 31, 2014 (₹)	As at March 31, 2013 (₹)
<b>14 Trade receivables</b>				
Unsecured, considered good				
Outstanding for a period exceeding six months from the date they are due for payment	11,292,594	9,692,144		
Others	76,479,743	51,912,787		
	<u>87,772,337</u>	<u>61,604,931</u>		
Unsecured, considered doubtful				
Outstanding for a period exceeding six months from the date they are due for payment	10,334,437	9,471,514		
Less: Provision for doubtful debts	(10,334,437)	(9,471,514)		
	<u>87,772,337</u>	<u>61,604,931</u>		
<b>15 Cash and bank balances</b>				
Cash and cash equivalents				
Cash on hand	32,282	92,123		
Cheques on hand	395,732	4,627,362		
Bank balances				
- In current accounts	12,637,937	11,025,160		
	<u>13,065,951</u>	<u>15,744,645</u>		
<b>16 Short - term loans and advances</b>				
Unsecured, considered good :				
Other loans and advances :				
Prepaid expenses	629,102	1,775,076		
Advances to employees, vendors etc.	203,407	—		
	<u>832,509</u>	<u>1,775,076</u>		
<b>17 Other current assets</b>				
Unsecured, considered good :				
Security deposits	603,000	676,381		
Gratuity (Refer note 23)	3,638,087	2,810,973		
Contractual reimbursable expenses	23,862,460	19,841,824		
	<u>28,103,547</u>	<u>23,329,178</u>		
Unsecured, considered doubtful :				
Contractual reimbursable expenses	2,366,486	3,726,656		
Less: provision for doubtful receivables	(2,366,486)	(3,726,656)		
	<u>28,103,547</u>	<u>23,329,178</u>		
<b>18 Contingent liabilities</b>				
Claims against the Company not acknowledged as debts				
Service tax matter	4,570,992	4,570,992		
Income tax matters	2,625,158	1,287,844		
a The Company has received demand for service tax amounting to ₹ 4,570,992 (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 Central Excise and Service Tax Appellate Tribunal for the same.				
b Demands from income tax authorities under appeal:				
- Nil for assessment year 2009 -10 (March 31, 2013 : ₹ 646,426).				
- Nil for assessment year 2010 - 11(March 31, 2013 : ₹ 641,418).				
- ₹ 2,625,158 for assessment year 2011 - 12 (March 31, 2013 : NIL).				
c It is not practicable for the company to estimate the timings or amount of cash outflows, if any, in respect of the above pending resolution of the respective proceedings.				
<b>19 Proposed dividend</b>				
The dividend proposed for the year is as follows:				
On equity shares of ₹ 10 each:				
Amount of dividend proposed	5,625,100	5,625,100		
Dividend per equity share	₹12.50	₹ 12.50		
<b>20 Revenue from operations (net)</b>				
Management consultancy and other services	225,227,918	217,293,620		
	<u>225,227,918</u>	<u>217,293,620</u>		
<b>21 Other operating income</b>				
Income on closure of alliances	5,217,072	5,144,680		
	<u>5,217,072</u>	<u>5,144,680</u>		
<b>22 Other Income</b>				
Interest Income on bank deposits	—	1,818,025		
Interest on income tax refund	—	891,070		
Dividend income from mutual funds	—	5,869,609		
Profit on sale of current investment	15,961,621	1,209,217		
Profit on sale of fixed assets (net)	—	1,466		
Provision for doubtful debts and receivables written back	497,247	—		
Bad debts recovered	272,653	—		
Liabilities written back to the extent no longer required	317,656	—		
Miscellaneous income	1,043,021	—		
	<u>18,092,198</u>	<u>9,789,387</u>		
<b>23 Employee benefits expense</b>				
Salaries, wages and bonus	176,133,941	152,945,823		
Reimbursement of remuneration of deputed managers	29,123,893	30,802,354		
Gratuity [Refer note (a) below]	814,128	981,922		
Contribution to provident and other funds [Refer note (b) below]	8,270,214	7,723,020		
Staff welfare expenses	10,909,081	11,325,074		
	<u>225,251,257</u>	<u>203,778,193</u>		
Less : Recoveries *	(115,213,641)	(110,362,212)		
	<u>110,037,616</u>	<u>93,415,981</u>		

\*Recoveries of salary cost of deputed personnel from alliances.  
 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 benefits:**  
 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 a trust.  
 Other long term employee benefits:  
 i) The employees are entitled to 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.  
 ii) Loyalty Plan : This plan applies to those employees who have participated in the appraisal process for a minimum of three years after confirmation. The employees would be eligible to receive the amount as a lumpsum at the end of a cycle of three successive years of being rated for his / her performance. An amount of ₹ 3,811,650 (Previous year: ₹ 3,746,400) has been charged to the Statement of Profit and Loss during the year.

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, 2014 ₹	As at March 31, 2013 ₹	As at March 31, 2014 ₹	As at March 31, 2013 ₹
<b>(i) Present value of defined benefit obligation</b>				
Balance at the beginning of the year	5,960,887	4,152,362	17,433,307	14,207,739
Current service cost	2,573,658	2,286,775	3,007,453	2,661,924
Interest cost	515,547	326,683	1,361,317	1,010,065
Actuarial (gains) / losses	(1,409,581)	(667,282)	2,774,037	2,717,431
Benefits paid	(465,173)	(137,651)	(4,615,115)	(3,163,852)
Past service costs	—	—	—	—
Balance at the end of the year	<u>7,175,338</u>	<u>5,960,887</u>	<u>19,960,999</u>	<u>17,433,307</u>
<b>(ii) Fair value of plan assets</b>				
Balance at the beginning of the year	8,771,860	6,863,747	—	—
Expected return on plan assets	905,819	703,602	—	—
Actuarial gains / (losses)	(40,323)	260,652	—	—
Contribution by the company	1,641,242	1,081,510	4,615,115	3,163,852
Benefits paid	(465,173)	(137,651)	(4,615,115)	(3,163,852)
Settlements	—	—	—	—
Balance at the end of the year	<u>10,813,425</u>	<u>8,771,860</u>	<u>—</u>	<u>—</u>
Actual return on plan assets	865,496	964,254	—	—
<b>(iii) Assets and liabilities recognised in the balance sheet</b>				
(Refer Note 5, 8 and 17)				
Present value of defined benefit obligation	7,175,338	5,960,887	19,960,999	17,433,307
Less: fair value of plan assets	(10,813,425)	(8,771,860)	—	—
Less: unrecognised past service costs	—	—	—	—
<b>Amounts recognised as liability / (Assets)</b>	<u>(3,638,087)</u>	<u>(2,810,973)</u>	<u>19,960,999</u>	<u>17,433,307</u>



NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014 (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, 2014 ₹	Year ended March 31, 2013 ₹	Year ended March 31, 2014 ₹	Year ended March 31, 2013 ₹
<b>(iv) Expense recognised in the Statement of Profit and Loss</b>				
Current service cost	2,573,658	2,286,775	3,007,453	2,661,924
Interest cost	515,547	326,683	1,361,317	1,010,065
Expected return on Plan Assets	(905,819)	(703,602)	—	—
Actuarial (gains) / losses	(1,369,258)	(927,934)	2,774,037	2,717,431
Past service costs	—	—	—	—
Settlements	—	—	—	—
Curtailements	—	—	—	—
<b>Total expense</b>	<b>814,128</b>	<b>981,922</b>	<b>7,142,807</b>	<b>6,389,420</b>
<b>(v) Major category of plan assets as a % of total plan assets</b>				
Life Insurance Corporation of India (100%)	10,813,425	8,771,860	—	—
<b>(vi) Actuarial assumptions</b>				
Discount rate	9.00% p.a.	8.00% p.a.	9.00% p.a.	8.00% p.a.
Expected return on plan assets	9.25% p.a.	9.00% p.a.	N/A	N/A
Salary Growth Rate	6.00% p.a.	6.00% p.a.	6.00% p.a.	6.00% 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 March 31, 2014 ₹	Year ended March 31, 2013 ₹	Year ended March 31, 2012 ₹	Year ended March 31, 2011 ₹	Year ended March 31, 2010 ₹
	<b>(vii) Amounts recognised in current year and previous four years</b>				
<b>Gratuity</b>					
Defined benefit obligation	7,175,338	5,960,887	4,152,362	3,277,067	1,444,078
Plan asset	10,813,425	8,771,860	6,863,747	5,701,093	2,620,979
Surplus / (deficit)	3,638,087	2,810,973	2,711,385	2,424,026	1,176,901
Experience adjustments in plan liabilities [(gain) / loss]	(1,157,808)	(667,282)	(1,113,179)	(27,056)	(707,222)
Experience adjustments in plan Assets [gain / (loss)]	15,842	260,652	(24,348)	(374,493)	63,387
<b>Leave encashment</b>					
Defined benefit obligation	19,960,999	17,433,307	14,207,739	12,325,265	7,324,864
Plan asset	—	—	—	—	—
Surplus / (deficit)	(19,960,999)	(17,433,307)	(14,207,739)	(12,325,265)	(7,324,864)
Experience adjustments in plan liabilities [(gain) / loss]	3,527,807	2,717,431	2,172,406	3,754,767	753,622
Experience adjustments in plan assets [gain / (loss)]	—	—	—	—	—
<b>(viii) Expected contribution to the funds in the next year</b>					
Gratuity	—	1,181,510	1,081,510	1,051,840	—

**(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 ₹ 8,185,516/- (Previous year ₹ 7,493,968/-)

	Year ended March 31, 2014 ₹	Year ended March 31, 2013 ₹
<b>24 Depreciation and amortization expense</b> [refer note 9 & 10]		
Depreciation on tangible assets	940,620	1,011,892
Amortization on intangible assets	343,800	345,081
	<u>1,284,420</u>	<u>1,356,973</u>
<b>25 Other expenses</b>		
Power and fuel	472,323	475,850
Rent [Refer note 29]	4,917,495	4,672,843
Insurance	156,883	131,816
Repairs - others	1,564,594	1,829,238
Rates and taxes	833,922	1,335,191
Information technology expenses	6,297,233	3,076,535
Travelling and conveyance	13,839,326	14,866,796
Consultancy / professional fees	4,320,705	3,396,327
Printing and stationery	519,685	583,802
Communication expenses	2,922,235	2,838,451
Advertising / sales promotion	12,453,442	14,378,214
Bad debts written off	1,333,408	1,198,681
Provision for doubtful debts	—	1,720,829
Loss on sale of fixed assets (net)	9,045	—
Bank charges	15,586	30,607
Payment to auditors (excluding service tax)	—	—
As auditor:		
- Audit fee	250,000	250,000
- Tax audit fee	50,000	50,000
- Other services	200,000	—
- Reimbursement of expenses	89,702	30,000
Miscellaneous expenses	1,324,309	1,342,157
	<u>51,569,893</u>	<u>52,207,337</u>

**26 Expenditure in foreign currency**

Foreign travel	403,025	354,535
Advertising / sales promotion	1,495,215	2,841,855
	<u>1,898,240</u>	<u>3,196,390</u>

**27 Earnings per equity share**

Profit after tax	62,505,673	59,663,168
Weighted average number of shares outstanding	450,008	450,008
Basic and diluted earnings per share (in ₹) (Face value - ₹ 10/- per share)	138.90	132.58

**28 Related party disclosures under Accounting Standard 18**

**a) Names of related parties and nature of relationship:**

i) Where control exists	
Holding Company	ITC Limited
ii) Other related parties with whom transactions have taken place during the year :	
Fellow subsidiary	Bay Islands Hotels Limited
Associate of Holding Company	International Travel House Limited
Key Management Personnel:	<b>Board of Directors (Non - Executive)</b> Nakul Anand Chandrasekhar Subrahmoneyan Arun Pathak Gaj Singh Jodhpur

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014 (Contd.)

b) Summary of transactions / balances (₹) :

	Transactions / balances	Holding Company		Fellow Subsidiary		Other Related Parties	
		March, 31 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
1	Management and consultancy fees [Inclusive of service tax - ₹ 1,135,281/- (Previous year - ₹ 1,294,817/-)]	10,320,408	11,770,677	—	—	—	—
2	Purchase of services - ITC Limited - International Travel House Limited	202,342	116,528	—	—	—	—
3	Rent [Inclusive of service tax - ₹ 59,239/- (Previous year - ₹ 61,284 /-)]	557,124	557,124	—	—	2,887,520	6,079,421
4	Remuneration of managers / staff on deputation recovered - ITC Limited [Inclusive of service tax - ₹ 388,274/- (Previous year - ₹ 252,826 /-)] - Bay Islands Hotels Limited [Inclusive of service tax - ₹ 42,954/- (Previous year - nil)]	3,529,715	2,390,925	—	—	—	—
5	Remuneration of managers on deputation reimbursed	29,123,893	30,802,354	—	—	—	—
6	Dividend payments	5,625,100	4,500,080	—	—	—	—
7	Expense recovered during the year (amount due on account of payments made on behalf of related parties) [Inclusive of service tax - nil (Previous year - ₹ 3,834 /-)]	7,745,108	9,996,961	—	—	—	—
8	Expense reimbursed during the year (amount due to related parties on account of payments made by them on behalf of the Company) - ITC Limited - International Travel House Limited	13,452,384	12,529,069	—	—	—	—
9	Closing Balances: (i) Trade receivables - ITC Limited (ii) Other current assets - ITC Limited - Bay Islands Hotels Limited (iii) Trade payables - ITC Limited - International Travel House Limited	433,314	405,664	—	—	—	—
		898,564	—	81,425	—	—	—
		1,428,253	7,941,932	—	—	—	—
		—	—	—	—	313,103	4,00,816

29 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 2 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 25.

30 Segment reporting

The Company operates in a single 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.

31 Previous year figures

Previous year figures have been reclassified / regrouped to conform to current year's classification.

For Price Waterhouse

Firm Registration No : 012754N

Chartered Accountants

Suchita Sharma

Partner

Membership Number: 073897

Place: Gurgaon

Date : April 11, 2014

On behalf of the Board of Directors

Chandrasekhar Subrahmoneyan Director

Arun Pathak Director