



POLO HOTELS LIMITED

NORTH PARK
ANNUAL REPORT
2003-2004

OWNER'S
HOTEL NORTH PARK, PANCHKULA

POLO HOTELS LTD.

Directors	:	Shri A.R. Dahiya, Chairman Sh. Pankaj Dahiya Sh. Amardeep Dahiya Sh. Devender Jain Sh. Gurmukh Singh
Auditors	:	M/s. Ashwani Kumar Gupta & Associates Chartered Accountants H.No. 1044-A, Sector -2, Panchkula.
Bankers	:	Canara Bank Sector 10, Panchkula.
Registered Office	:	Hotel North Park Village : Chowki Panchkula (Haryana)
Administrative Office	:	Plot No. 67, Indl. Area, Phase-I, Panchkula (Haryana)
Hotel	:	Hotel North Park Near Ghaggar Bridge Panchkula (Haryana)

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 19th Annual General Meeting of the members of the Company will be held on Monday, 11th August, 2003 at 9.00 A.M. at the Registered office of the Company at Hotel North Park, Village Chowki, Near Ghaggar Bridge, Panchkula to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet of the company at 31st March, 2003 and the Profit & Loss Account for the year ended on that date and the reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. A.R. Dahiya who retires by rotation but being eligible has offered himself for reappointment.
3. To appoint auditors of the Company and to fix their remuneration.

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass with or without modifications, the following Resolution as Ordinary Resolution:-
"RESOLVED THAT Mr. Deveneer James who retires as Additional Director at this Annual General Meeting of the Company be and is hereby reappointed as Director of the Company liable to retire by rotation."
5. To consider and if thought fit to pass with or without modifications, the following Resolution as Ordinary Resolution:-
"RESOLVED THAT Mr. Gauri H. Singh who retires as Additional Director at this Annual General Meeting of the company be and is hereby reappointed as Director of the Company liable to retire by rotation."
6. To consider and if thought fit to pass with or without modifications, the following Resolution as Special Resolution:-
"Resolved that pursuant to the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 and other provisions applicable, if any, in this regard, the approval of shareholders of the Company be and is hereby accorded by way of special resolution for delisting the equity shares of the company from the Delhi stock exchange and Ludhiana stock exchange.

Further Resolved that the Board of Directors of the Company or any director/officer of the company whom the Board may delegate, be and is hereby authorised to file the delisting applications with the stock exchanges of Delhi and Ludhiana and to complete all legal formalities as may be required or as may be ancillary or incidental thereto."

By order of the Board

sd/-
(Amardeep Dahiya)
Director

Place: Panchkula
Dated: 8.7.2003

Notes:

1. A member who is entitled to attend and vote at the meeting is also entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the company. The proxy form duly filled in and stamped must reach the registered office of the company at least 48 hours before the commencement of the meeting.
2. Members are requested to bring their copies of Annual Report and admission slip to the meeting.
3. Members are requested to notify the company immediately on any change in their address, if any.
4. The Register of Members and Transfer Books of the Company will remain closed from 8th August, 2003 to 11th August (both days inclusive) for the purpose of Annual General Meeting of the Company.
5. Members having any queries regarding the Annual Report are requested to submit the queries to the company at least seven days before the date of Annual General Meeting so as to enable the Management to keep the information ready.
6. M/s Intime Spectrum Registry Ltd. A-31, 3rd Floor, Near PVR Cinema Naraina Industrial Area, Phase-I, New Delhi-110 028 have been appointed as Demat Registrar and Share Transfer Agent of the Company.
7. Members may please note that no gifts or coupons will be distributed at the Annual General Meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.

ITEM NO. 4.

Mr. Devender Jain was appointed a Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 and in compliance with Corporate Governance Clause 49 of the Listing Agreement with the Stock Exchange vide SEBI Circular No. SMDRP/Policy/CIR-2000 dated 21.02.2000.

He would hold office up to the date of this Annual General Meeting. But being eligible has offered himself for re-appointment. The company has received his candidature signified in writing alongwith the required fee.

Mr. Devender Jain is aged about 50 years. He is a Engineering Graduate having business experience about 25 years. He is also having sound knowledge of business accounting and financial matters. Sh. Devender Jain is an Independent Non-Executive Director.

None of the Directors of the Company is directly or indirectly concerned or interested in the proposed resolution.

The members may consider and appoint him as an Ordinary Director of the Company.

ITEM NO. 5.

Mr. Gurmukh Singh was appointed as Additional Director of the Company pursuant to Section 260 of the Company Act, 1956 and in compliance with Corporate Governance Clause 49 of the Listing Agreement with the Stock Exchange vide SEBI Circular No.SMDRP/Policy/CIR-2000 dated 21.02.2000.

He would hold office upto the date of this Annual General Meeting. But being eligible has offered himself for re-appointment. The company has received his candidature signified in writing alongwith the required fee.

Mr. Gurmukh Singh is aged about 46 years. He is a Engineer having business experience of about 20 years. Sh. Gurmukh Singh is an Independent Non-Executive Director

None of the Directors of the Company is directly or indirectly concerned or interested in the proposed resolution.

The members may consider and appoint him as an Ordinary Director of the company.

ITEM NO. 6.

The Equity shares of your company are listed on the stock exchanges of Mumbai, Delhi and Ludhiana. However, the trading of your shares in these stock exchanges has almost become nil. There has been no trading in the shares of the Company at Delhi Stock Exchange for the last two years. Only 200 shares were traded on 5th March, 2001 on the Delhi Stock Exchange.

The SEBI have issued fresh guidelines dated 17.02.2003 for delisting of securities. As per these guidelines, a company may delist from stock exchange where its securities are listed provided however, that the securities of the Company have been listed for a minimum period of 3 years on any stock exchange. The guidelines further provide that in cases where securities continue to be listed in a stock exchange having nation wide trading terminals, the company need not give exit opportunity to the shareholders for getting its shares delisted from other stock exchanges.

In accordance with SEBI guidelines, your company proposes to get its shares delisted from the stock exchanges of Delhi and Ludhiana and to continue to be listed at the Mumbai Stock Exchange. The proposed resolution for delisting of shares of the company from Delhi and Ludhiana Stock exchanges is being placed before the members for their approval by way of special resolution.

The member may consider and pass the special resolution.

The SEBI guidelines for delisting of securities and other related documents have been kept at the registered office of the Company and are open for inspection by any member on any working day during business hours. None of the directors of the Company is directly or indirectly concerned or interested in the proposed resolution.

Directors Report

To the Members
Polo Hotels Ltd.

Your Directors have pleasure in submitting their 19th annual Report together with the audited accounts for the year ended on 31st March 2003:

Financial Results

	Financial year ending 31.3.2003 : (Rs in Lacs)	Financial year ending 31.3.2002 (Rs in Lacs)
Gross Income	54.16	63.85
Profit before Interest, dep. & Tax	49.71	28.44
Interest	23.62	24.18
Income Tax	1.26	
Profit/(Loss) before depreciation.	24.83	4.26
Depreciation	23.27	23.27
Net profit/(Loss) for the year	1.56	(19.01)
Deferred Tax Assets for the year	----	6.59
Loss brought forward	33.47	25.50
Total Loss	131.91	137.92
Deferred Tax Assets for the current year	----	4.15
Loss carried to balance sheet	31.91	33.47

Operations

The Hotel North Park the only venture of the Company has been leased out from 26th September 2001 to M/s Hot Millions Foods (P) Ltd. Chandigarh a well known chain of fast food and restaurant. Regular income by way of lease rent has started and the position of the company has improved. The company earned a net profit of Rs. 1.56 lakhs in the current year.

Directors

Mr. A.R. Dahiya Director of the company is retiring at the forthcoming Annual General Meeting and being eligible had offered himself for re-appointment.

The Board recommends the re-appointment of Mr. A.R. Dahiya

During the year under report, Mr. Devender Jain and Mr. Gurmukh Singh were appointed as Additional Directors of the Company, in accordance with the provisions of Section 260 of the Companies Act, 1956, and in compliance with Corporate Governance Clause 49 of the Listing Agreement with the Stock Exchange vide SEBI Circular No. SMDRP/Policy/CIR-10/2000 dated 21.02.2000. They would hold office upto the date of this Annual General Meeting of the Company.

Being eligible they have offered themselves for reappointment by submitting their candidatures pursuant to section 257 of the Companies Act, 1956.

It is proposed to re-appointment them as Ordinary Directors of the of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2A) of the Companies Act, 1956, it is hereby stated:

- i) That in the preparation of the annual accounts, the applicable accounting standards have been followed ;
- ii) That the Directors have selected such accounting policies and applied them consistently and made judgement and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit & loss of the Company for that period ;
- iii) That Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company, and for preventing and detecting fraud and other irregularities;
- iv) That the Directors have prepared the annual accounts on a going concern basis.

Listing

The shares of your company are listed at the Stock Exchange of Mumbai, Delhi and Ludhiana. However, it is proposed to get the shares delisted from the Stock Exchanges of Delhi and Ludhiana

Corporate Governance

The company has complied with the guidelines of SEBI on the matters relating to Corporate Governance. Additional report in this regard's is furnished separately.

Management Discussion and Analysis:

The trends in the Hotel and Hospitality industry in Panchkula are mixed. While on one the overall size of the market has increased but competition has increased as one new hotel and several restaurant and banquet halls have come up in the territory. The increase in size of the market provides an opportunity while the competition is of course a threat and adequate measures for maintaining the clientele is required.

As for the different segments rooms and banqueting provide a good potential while the restaurants and bar face stiff competition. the overall picture is tough and requires stringent measures to retain and increase the sales. The overall performances of the company is improving and from gross losses it is already in gross profits and in the near future should be on a good financial standing.

The Company's only venture Hotel North Park has been given on lease w.e.f. 26.09.2001 to M/s Hot Millions Foods (P) Ltd. Chandigarh. a well known Restaurants and fast Food chain inthe region and the company is receiving a regular rental income.

Particulars of Employees U/s 217 (2A) of the Companies Act, 1956.

Nil , because during the year under report the company did not have any employee covered under Section 217 (2A) of the Companies Act, 1956

Energy Conservation and Technology Absorption

Not Applicable, Because the company is not a manufacturing company.

Foreign Exchange Earnings and Outgo.

Nil, because your company had neither earned any foreign exchange nor it has incurred any expenditure in foreign exchange during the year under report.

Acknowledgement.

The Directors take this opportunity to thank the Company staff members for their continued support dedication and co-operation extended to the company. The Board also thanks its shareholders for the trust reposed by them in the company.

Place: Panchkula

Dated : 8.7. 2003

Sd/-
(A.R. Dahiya)
Chairman

REPORT OF THE BOARD OF DIRECTORS ON CORPORATE GOVERNANCE

The report on Corporate Governance is requirement under Listing Agreement entered into with stock Exchange and forms part of the Board of Directors to the shareholders of the Company. This report give an insight into the organizational structure of the Company.

VISION AND PHILOSOPHY ON THE CODE OF GOVERNANCE.

The vision of the company is to be a financially sound, profitable, growth oriented company committed to building and maximizing sustainable value for all the shareholders. In its endeavour to attain the goal visualized, the company is laying maximum emphasis on the effective system of Corporate Governance.

BOARD OF DIRECTORS**Composition:**

The board has been constituted in accordance with Pat VI Chapter II of the Companies Act, 1956 and clause 49 of the listing agreement with the Stock Exchanges.

The present strength of Board of Directors of the Company is 5, comprising of three promoter directors and two independent directors having diversified professional experience. All the directors are non-executive directors and there is no whole time director in the Company. Detail of Directors of the company is as below:-

Executive	:	Nil
Non-Executive(Promoters)	:	03
Non-Executive (Independent)	:	02
Nominee Director	:	Nil
Total	:	05

Chairman of the company is non-executive.

The particulars relating to the Directors as on 31.03.2003 are given below:-

S.No.	Name	Designation	Nature of Directorship
1.	Sh. A.R. Dahiya	Chairman	Non-Executive
2.	Sh. Pankaj Dahiya	Director	Non-Executive
3.	Sh. Amardeep Dahiya	Director	Non-Executive
4.	Sh. Devender Jain	Director	Independent Non-Executive
5.	Sh. Gurmukh Singh	Director	Independent Non-Executive

CONDUCT OF BOARD MEETING:

The meeting of the board of directors are held at periodical intervals. The meeting dates are decided well in advance and the agenda papers are circulated sufficiently in advance to the Directors. The Directors have access to all the information about the Company and can suggest for inclusion of any other matter in the agenda for discussion at the Board meetings.

The responsibilities, such as policy formulation, performance review and analysis & controls are handled by the Board. The Board has delegated various powers to the committee of Board of Directors of the Company.

The meetings of the Board are ordinarily required to be held at least once in quarter and four times in a year. During the year, the board met 7 times on the following dates.

S.No.	Date of Meetings	Place of Meetings	Total Number of Directors on the Board.	Number of Directors Present	Number of Directors for whom leave of absence granted
1.	30.4. 02	Panchkula	03	03	Nil
2.	31.05.02	Panchkula	03	03	Nil
3.	31.07.02	Panchkula	03	03	Nil
4.	31.08.02	Panchkula	03	03	Nil
5.	31.10.02	Panchkula	03	03	Nil
6.	29.11.02	Panchkula	03	03	Nil
7.	30.01.03	Panchkula	05	05	Nil

The attendance of Directors at the above meetings for the year 2002-2003 is furnished below:-

S.No.	Name Director	Number of Board Meeting attended.
1.	Sh. A.R. Dahiya	07
2.	Sh. Pankaj Dahiya	07
3.	Sh. Amardeep Dahiya	07
4.	Sh. Devender Jain	01*
5.	Sh. Gurmukh Singh`	01*

* Sh. Devender Jain and Sh. Gurmukh Singh were appointed directors of the Company on 31st January, 2003.

The following Directors attended the last Annual General Meeting held on 30.09.2002

1. Sh. A.R. Dahiya, Chairman.
2. Sh. Amardeep Dahiya, Director.

COMMITTEE OF THE BOARD OF DIRECTORS:

The Board has constituted Committees of Directors to have involvement in the working of the company. The Board constituted the following committees:

1. Audit Committee to oversee audit functions of the Company.
2. Shareholders'/Investors' Grievances Committee to look into the redressal of shareholders'/investors' Grievances.

The minute of each Committee are placed before the board of Directors at their subsequent meeting.

Audit Committee of the Board.

The Audit Committee of the Board has been constituted by the Board of Directors as per guidelines of SEBI vide Circular No. SMDRP/POLICY/CIR-10/2000 dated February 21, 2000. The terms and reference of the committee is in accordance with paragraph C & D of clause 49 (II) of the Listing Agreement entered with the Stock Exchanges and inter alia include the following:

- a) Overseeing the Company's financial reporting process and ensuring correct adequate and credible disclosure of financial information.
- b) Reviewing the Management, financial statement with special emphasis on accounting policies and practices, compliances with accounting standards and other legal requirements concerning financial statement and
- c) Review the adequacy of external and internal audit, internal control system, discuss with external Auditors before finalization of annual accounts and report, Review Companies Finance and risk management policies.

The audit committee comprises 3 Directors as on 31.03.2003 and details are given here below:-

Sr. No.	Name	Nature of Directorship
1.	Sh. Devender Jain	Independent Director & Chairman of Audit Committee
2.	Sh. Gurmukh Singh	Independent Director.
3.	Sh. Amardeep Dahiya	Director.

As per the requirement of Stock Exchanges, the Meeting of the Audit Committee should ordinarily be held atleast three times in a year and one meeting should be held before the AGM.

The Audit Committee was constituted on 30.01.03 and during the year, the Audit Committee met once on 27.03.2003. The attendance of Directors at the above meeting is furnished below:-

S.No.	Name	Number of meetings of Audit Committee attended
1.	Sh. Devender Jain	01
2.	Sh. Amardeep Dahiya	01
3.	Sh. Gurmukh Singh	01

Shareholders/Investors Grievances Committee

The Share Holders/Investors Grievances Committee has been constituted with the following Directors as the Members of the Committee:

1. Sh. A.R. Dahiya -Chairman
2. Sh. Amardeep Dahiya-Director

The Committee monitors the redressal of the shareholders/investors grievances like transfer of shares, non receipt of share certificates etc.

During the year two meetings of share holders/investors Grievances Committee were held and attended by all the members of the Committee.

Compliance Officer:

Sh. Mohinder Singh, Company Secretary has been appointed as Compliance officer for the purpose of complying with various provisions of the Guidelines, Regulations issued by Securities & Exchange Board of India, Listing Agreement with stock exchanges, etc.

Investors Help Desk

Share Transfers and all other investors related activities are attended and processed at the office of our Registrar and Share transfers Agents. For lodgement of transfer deeds and any of the documents or any grievances/complaints kindly contact at the following address:

M/s.Intime Spectrum Registry Ltd.

A-31, 3rd Floor Near PVR Cinemas

Nariana Industrial Area Phase-I,

New Delhi-110 028

Ph.: 011-51410592-94 Fax: 011-51410591

Shareholder grievances/queries are received directly by M/s. Intime Spectrum Registry Ltd., Share Transfer Agents of the Company. Those received at company' office are also forwarded to R & T Agents and resolved by them.

There is no shareholders complaint pending and there is no share transfer pending with the company.

During the year there was one complaint by a shareholder regarding the suspension of trading with The Stock Exchange, Mumbai. Company has paid the outstanding listing fee to the Mumbai Stock Exchange And pursuing the matter with that exchange for revoking suspension. The trading of shares of the company is expected to start shortly.

REMUNERATION COMMITTEE

Under clause 49 constitution of Remuneration Committee is not a mandatory requirement. Since the company is not paying remuneration to any of its directors the company has not constituted remuneration committee. Therefore the particulars in respect of constitution of remuneration committee and its meetings are nil.

GENERAL BODY MEETINGS:

Details of last 3 Annual General Meetings are given here below:-

Financial year ended	Date	Time	Venue
1999-2000	22.09.2000	9.00 A.M.	Hotel North Park Panchkula
2000-2001	24.09.2001	9.00 A.M.	Hotel North Park Panchkula
2001-2002	30.9.2002	9.00 A.M.	Hotel North Park Panchkula

SPECIAL RESOLUTION

Following Special Resolution was passed in the past 3 Annual General Meeting:

Date of AGM	Special Resolution.
22.09.2000	Special Resolution with regard to alteration of Article of Association of the Company to enable the members to hold shares in dematerialized form and to permit the company to buy back its shares.
24.09.2001	Special Resolution with regard to consent by the shareholders to lease
30.09.2002	No Special Resolution.

Postal Ballot:

No Resolution was passed by Postal Ballot.

DISCLOSURES:

There have been no materially significant related party transaction pecuniary transaction or relationship between M/s Polo Hotels Ltd. and its Promoters, Directors Management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the Company at large However, during the year under report the company has repaid Rs. 43,69,000/- to the Associate concerns of Directors from which the company had temporarily loans. All these loans taken by the company were interest free.

NON-COMPLIANCE :

The Stock Exchange, Mumbai has suspended trading of shares of the company due to non-payment of listing fee. Now the company has paid the listing fee and pursuing the matter with the Stock Exchange, Mumbai and the trading of Shares of the company is expected to start shortly.

COMMUNICATION TO SHAREHOLDERS:

Company provides information relating the company mainly through the annual reports which includes the Directors report, audited accounts, cash flow statements etc. The shareholders are also intimated the quarterly, and yearly and annual performances through intimation to stock exchanges.

GENERAL INFORMATION TO SHAREHOLDERS:

1. Listing on Stock Exchanges:

The shares of the company are listed on the following stock exchanges:

1. The Stock Exchange, Mumbai.
2. The Delhi Stock Exchange.
3. The Ludhiana Stock Exchange.

Annual Listing fee for the year 2002-03 has been paid to the Stock, Exchange, Mumbai but the fee has not been paid to the Delhi Stock Exchange and the Ludhiana Stock Exchange.

No Trading of Shares has been taken place during the year 2002-2003 at any stock exchange.

Shares were lastly traded on 5th March 2001 at the Stock Exchange at a price of Rs. 8.50 per share.

Distribution of share holding of the company as on 31.3.2003 -Category wise.

S.No.	Category	No. of Shares held	Amount(Rs)	% of age of shareholders.
1.	Promoters	9,75,650.00	97,56,500.00	28.71
2.	Haryana State Indl. Dev. Corpn.	3,00,000.00	30,00,000.00	08.33
3.	Mutual Funds	Nil	Nil	Nil
4.	Foreign Institutional Investors.	Nil	Nil	Nil
5.	NRI/OCBs	Nil	Nil	Nil
6.	Bodies Corporate	2,36,000.00	23,60,000.00	06.97
7.	Public	18,85,950.00	1,88,59,500.00	55.99
	Total	33,97,600.00	3,39,76,000.00	100.00

Distribution of share holding of the company as on 31.3.2003 -Value wise

Shareholding of Nominal value Rs	Shareholders		Shares	
	Number	%	Number	%
Upto 2500	1592	63.757	2,86,000	8.421
2501 to 5000	550	21.026	2,07,900	6.121
5001 to 10000	240	9.612	1,72,000	5.064
10001 to 20000	31	1.241	48,000	1.413
20001 to 30000	14	0.561	34,600	1.019
30001 to 40000	12	0.481	45,000	1.325
40001 to 50000	10	0.400	46,300	1.363
50001 to 100000	24	0.961	1,90,600	5.612
100001 and above	24	0.961	23,67,200	69.699
Total	2497	100.00	33,97,600	100.00

DEMATERIALISATION OF SHARES AND LIQUIDITY:

The Company's share are traded in dematerialised as well as in physical form. The Company has entered into agreements with both depositories viz. National Securities Depositories Ltd. (NSDL) and Central Depositories Services India Ltd. (CDSL) for dematerialisation of the Company's shares. The ISIN allotted to the company's share is INE084C01012.

Particulars of Shares in Dematerialised and Physical form held by the shareholders of the Company as on 31.03.2003 are as under:-

	No. of Shareholders	No. of Shares	% Shareholding
Physical	2359	29,64,400	87.25
NSDL	136	4,32,800	12.74
CDSL	2	400.00	.01
Total	2497	33,97,600	100.00

Hotel Location :

Hotel of the company is located at Village Chowki, Near Ghaggar Bridge, Panchkula (Haryana)

Address for Correspondence:

Plot No. 67 Industrial Area, Phase-I, Panchkula (Haryana)
Tel. 0172-560540, 560205, Fax 0172-571245

AUDITORS REPORT ON CORPORATE GOVERNANCE

To,

The Members of Polo Hotels Ltd.

We have examined the compliance of conditions of Corporate Governance by M/s Polo Hotels Ltd. for the year ended 31st March 2003 as stipulated in the clause 49 of the listing agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementing thereof, adopted by the Company for ensuring the compliance of conditions of the Corporate Governance as stipulated in the said clause. It is neither a audit nor a expression of opinion on the financial statements of the Company.

On the basis of the records and documents maintained by the Company and the information and explanations given to us, in our opinion, the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the listing agreement with the stock exchanges.

As required by the Guidance note issued by the Institute of Chartered Accountants of India, we have to state that no investor grievance is pending for a period exceeding one month against the company as per the records maintained by Shareholders and Investors grievance Committee, except a complaint by a shareholder that trading of the shares of the Company is suspended at the Stock Exchange Mumbai, due to non payment of listing fee. Now, the fee of the Exchange has been paid and the Company is pursuing the matter with the Exchange. The trading of the shares of the Company is expected to start shortly.

We further state such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

Place: Panchkula

Dated: 08.07.03

For Ashwani K Gupta & Associates
Chartered Accountants

sd/-
(Ashwani K. Gupta)
Partner.

AUDITORS'S REPORT**TO THE MEMBERS OF POLO HOTELS LTD.**

We have audited the attached balance sheet of M/s Polo Hotels Ltd. as at 31st March, 2003 and also the profit & Loss for the year ended on that date annexed thereto and cash flow statement for the period ended on that date. These financial statements are the responsibility for 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 auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about 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 Manufacturing and Other Companies (Auditor's report) order, 1998 issued by the Central Government of India in terms of Sub-Section (4A) of Section 227 of the Companies Act, 1956, we enclose in Annexure a statement on the matters specified in paragraph-4 and 5 of the said order.

Further to our comments in the Annexure referred to above, we report that:

- i. 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:
- ii) 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;
- iii) The balance sheet and profit and Loss Account dealt with by this report are in agreement with the books of account.
- iv) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with accounting standards referred to in sub-section (3C) of section 211 of the Companies act, 1956;

v.) On the basis of written representations received from the directors, as on 31st March, 2003, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2003 from being appointed as a director in terms of clause (g) of sub section(1) of section 274 of the Companies Act, 1956.

vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair views 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 31st March, 2003 and

b in the case of profit and Loss Account of the profit or Loss for the year ended on that date.

c. in the case of cash flow statement of the cash flows for the year ended on that date

Place: Chandigarh

Dated: 26.05.2003

for Ashwani K. Gupta & Associates
Chartered Accountants,

sd/-

(Ashwani K.Gupta)

F.C.A.

ANNEXURE REFERRED TO IN PARAGRAPH 1 OF THE AUDITOR'S REPORT TO THE MEMBERS OF POLO HOTELS LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2003.

1. The company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets. All the fixed Assets have been verified by the management during the year. No material discrepancies between the book records and the physical inventory have been noticed in respect of the assets physically verified.
2. None of the fixed assets have been revalued during the year.
3. The company has taken temporary loans from Companies, firms or other parties listed in the Register maintained u/s 301 of the Company's Act 1956 and/or from the Company under the same management as define under sub section 1 B of section 370 of the Company's Act, 1956 and the rate of interest and other terms and conditions of such loan are not prima facia prejudicial to the interest of the Company.
4. According to the information and explanations given to us the company has not granted any loans to companies firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956
5. The Company has not given any loans or advances in the nature of loans during the year.
6. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with he size of the Company and the nature of its business with regard to purchase of stores, raw material including components, plant and machinery, equipment and other a sets, and for the sale of goods.
7. In our opinion and according to the information and explanation given to us, there are not transactions of purchase of goods and materials and sale of goods, materials and services, made in pursuance of contracts of arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 50,000/- or more in respect of each party.
8. The Company has not accepted any deposits from the public.
9. In our opinion, the Company has and adequate internal audit system commensurate with he size and nature of its business.
10. We are informed that maintenance of cost records has not been prescribed by the Central Government under section 209 (I) (d) of the Companies Act, 1956 in respect of the Company's product.

11. According to the records of the Company, during the year, the company has not employed any person from whom Provident Fund and E.S.I. was required to be deducted.
12. According to the information and explanation given to us no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty and excise duty were outstanding as at 31st March, 2003 for a period of more than six months from the date they became payable.
13. According to the information and explanation given to us, no personal expenses of employees or directors have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice.
14. The Company is not a sick industrial company within the meaning of clause (o) of sub-section 3 of the Sick Industrial Companies (Special Provisions) Act, 1956.
15. Since the Company has given the Hotel on long Term Lease basis and has not carried on any manufacturing or trading activity during the year provision of clause No. (iii), (iv), (v) (vi), (xii) and (xiv) of the clause A of paragraph 4 of the aforesaid order are not applicable.

Place: Chandigarh

Dated: 26.05.2003

for Ashwani K. Gupta & Associates
Chartered Accountants,

sd/-

(Ashwani K. Gupta)

F.C.A.

Balance Sheet as on 31st March, 2003

PARTICULARS	SCH	31.03.2003	31.03.2002
SOURCE OF FUNDS:			
SHAREHOLDERS FUND			
Share Capital	"A"	33,976,000.00	33,976,000.00
LOAN FUNDS			
Secured Loan	"B"	17,00,000.00	14,710,519.00
Total		50,976,000.00	48,686,519.00

APPLICATION OF FUNDS

FIXED ASSETS

Gross Block	"C"	55,540,579.75	55,540,579.75
Less Depreciation		10,462,132.56	81,34,668.81
Net Block		45,078,447.19	47,405,910.94
Investments	"D"	81,579.00	81,579.00
Current Assets Loans & Advances	"E"	15,86,391.93	1,200,733.83
Current Liabilities & Provisions	"F"	13,492,931.34	17,559,023.51
Net Current Assets		(11,906,539.41)	(1,63,58,289.68)
Miscellaneous Expenditure	"G"	3,530,456.24	3,105,686.24
Profit & Loss Account		1,31,91,140.97	1,33,47,168.50
Deferred Tax Assets		1,000,916.00	1,104,464.00
Total		50,976,000.00	48,686,519.00

Auditors Report

As per our separate report of even date attached

For Ashwani K. Gupta & Associates

Chartered Accountants

For & on behalf of Board of Directors

sd/-
(Ashwani K. Gupta)
Partner

sd/-
(A.R. Dahiya)
Director

sd/-
(Amardeep Dahiya)
Director

sd/-
(Mohinder Singh)
Company Secretary

PLACE : PANCHKULA

DATE: 26.5.2003

POLO HOTELS LTD.

Profit & Loss Account for the year ending on 31.3.2003

PARTICULARS	SCH	31.03.2003	31.03.2002
INCOME			
Sale & Other Income	"H"	5,416,148.00	6,385,344.66
TOTAL		5,416,148.00	6,385,344.66
EXPENDITURE			
Raw material consumed	"I"	-	627,875.26
Consumption of Stores & supply		-	44,924.07
Consumption of Fuel & Power		-	743,149.00
Consumption of Cooking Gas & Coal		-	194,050.90
Misc. Operational Expenditure		124,951.00	310,305.57
Employees Cost	"J"	133,280.00	421,958.00
Loss on sale of vehicle		-	228,647.01
Other expenses	"K"	186,465.77	970,119.19
TOTAL		444,696.77	3,541,029.00
OPERATIONAL PROFITS		4,971,451.23	2,844,315.66
INTEREST ON TERM LOAN		2,362,223.00	2,418,095.00
Profit before depreciation		2,609,228.23	426,220.66
DEPRECIATION		2,327,463.74	2,327,463.74
Profit/(Loss) for the year before tax		2,81764.49	(1,901,243.08)
Deferred Tax Assets for the year			659,484.00
Provision of Income Tax:			
Provision for Mat	22188.96		
Deffered Tax	103548.00	125,736.96	-
Profit/(Loss) for the year after tax		156,027.53	1,241,759.08
Previous year's loss brought forward		13,347,168.50	12,550,389.42
Total Loss		(13,191,140.97)	(13,792,148.50)
Deferred Tax Assets for the earlier years		-	444,980.00
CARRIED TO BALANCE SHEET		(13,191,140.97)	(13347,168.50)

Notes on Accounts "M"

Auditors Report

As per our separate report of even date attached

For Ashwani K. Gupta & Associates

Chartered Accountants

sd/-

(Ashwani K. Gupta)

Partner

PLACE : PANCHKULA

DATE: 26.5.2003

For & on behalf of Board of Directors

sd/-

(A.R. Dahiya)

Director

sd/-

(Amardeep Dahiya)

Director

sd/-

(Mohinder Singh)

Company Secretary

SCHEDULE "C"

DEPRECIATION CHART POLO HOTELS LTD. 2002-2003

PARTICULARS	ORIGINAL COST	ADDITIONS	TOTAL	DEPRECIATION UPTO 31.03.2002	DEPRECIATION FOR THE YEAR
LAND & SITE DEV.	2,544,523.10	-	2,544,523.10	NIL	Nil
BUILDING	32,737,519.00	-	32,737,519.00	4,076,332.61	1,093,433.13
PLANT & MACHINERY	14,537,483.50	-	14,537,483.50	2,396,062.16	690,530.47
FURNITURE & FIXTURE	5,721,054.15	-	5,721,054.15	1,662,274.04	543,500.14
TOTAL	55,540,579.75	-	55,540,579.75	8,134,668.81	2,327,463.75

PARTICULARS	TOTAL DEPRECIATION	W.D.V. AS on 31.3.2003	W.D.V. AS ON 31.3.2002
LAND & SITE DEV.	Nil	2,544,523.10	2,544,523.10
BUILDING	5,169,765.74	27,567,753.26	28,661,186.39
PLANT & MACHINERY	3,086,592.63	11,450,890.87	12,141,421.34
FURNITURE & FIXTURE	2,205,774.18	3,515,279.97	4,058,780.11
Total	10,462,132.56	45,078,447.19	47,405,910.94

FORMING PART OF THE BALANCE SHEET AS AT 31.03.2003

SCHEDULE "A" SHARE CAPITAL

PARTICULARS	SCH	31.03.2003	31.03.2002
AUTHORISED SHARE CAPITAL			
40,00,000 Equity Shares of Rs. 10/-each		40,000,000.00	4,000,000.00
Total		40,000,000.00	4,000,000.00

Issued Subscribed, Paid-up Capital			
33,97,600 Equity Shares of Rs. 10/-each fully paid		33,976,000.00	33,976,000.00
Total		33,976,000.00	33,976,000.00

SCHEDULE "B" SECURED LOAN

Term Loan from Oriental Bank of Commerce		-	14,710,519.00
Term Loan from Canara Bank		17,000,000.00	
Total		17,000,000.00	14,710,519.00

SCHEDULE "D" INVESTMENT

4500 Equity Shares of Rs. 10/-each of M/s Trans Asia tube Ind. Ltd. (at cost)		81,579.00	81,579.00
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SCHEDULE "E" CURRENT ASSETS, LOANS & ADVANCES

A. CURRENT ASSETS

Cash in hand		123,470.26	83,921.26
Balances with Schedule Bank		81,530.35	82,926.37
FDR with Oriental Bank of Commerce		-	130,000.00
Rent Receivable		445,275.00	--
Other Current Assets		-	35,267.00
Sundry Debtors		132,039.79	109,432.67
Total		782,315.40	441,547.30

B. Loans & Advances

Advances to Supplier & Contractors		595,203.53	595,203.53
Security Deposits		156,940.00	156,940.00
TDS		51,933.00	7,043.00
Total		804,076.53	759,186.5
Total		1,586,391.93	1,200,733.83

SCHEDULE "F" CURRENT LIABILITIES

Sundry creditors	214,250.11	411,287.03
Statutory Liabilities	50,369.27	138,315.27
Dues to Directors	10,447,491.00	10,026,491.00
Dues to Associate Concerns of Directors	740,225.00	5,109,225.00
Interest Payable	456,584.00	-
Provision for Income Tax	22,188.96	-
Other Liabilities	15,61,823.00	1,873,705.21
TOTAL	13,492,931.34	17,559,023.51

SCHEDULE "G" MISCELLANEOUS EXPENDITURE

Deffered Revenue Expenditure (Lease Registration Exp.)	424,770.00	-
Public Issue Expenses	3,105,686.24	3,105,686.24
TOTAL	3,530,456.24	3,105,686.24

SCHEDULE "H" SALES & OTHER INCOME

Lease Rentals	5,400,000.00	2,775,000.00
Miscellaneous Income	16,148.00	1,001,151.97
Room. Sale & Hall Charges	--	1,635,956.02
Food Sale	--	640,058.57
Bewerages & Tobacco Sale	--	333,178.10
TOTAL	5,416,148.00	6,385,344.66

SCHEDULE "I" RAW MATERIAL CONSUMED

Opening Stock	-	91,636.00
Purchases	-	536,244.26
TOTAL	-	627,875.26
Less Closing Stock	-	-
NET CONSUMPTION	-	627,875.26

SCHEDULE "J" EMPLOYEE COST

Salary & H.R.A.	1,22,960.00	357,823.00
Provident Fund & Gratuity	-	12,311.00
Conveyance Allowance	10,320.00	51,824.00
TOTAL	133,280.00	421,958.00

SCHEDULE "K" OHTER EXPENSES

Bank Charges	113,216.02	13,532.59
Printing & Stationery	17,886.75	65,466.30
Postage, Telegram & Telephone Exp.	33,164.00	80,907.00
Advertisement & Publicity	6,449.00	12,972.00
Rent Rate & Taxes	--	527,500.00
Vehicle Running Expenses	--	119,722.00
Travelling & Conveyance	--	20,269.00
News Paper & Periodicals	--	3,202.20
Laundry Expenses	-	57402.10
Repair & Maintenance	-	39,563.00
Auditors fee	12,600.00	12,600.00
Auditor's other fee	3,150.00	3,150.00
Miscellaneous Expenses	-	13,833.00

TOTAL	186,465.77	970,119.19
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SCHEDULE "L" INTEREST & FINANCIAL CHARGES

Interest on Term Loan	2,362,223.00	2,369,129.00
Interest on Mini Bus Loan	-	48,996.00

TOTAL	2,362,223.00	2,418,095.00
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M/S POLO HOTELS LTD.**SCHEDULE "M" NOTES TO THE ACCOUNT****1. ACCOUNTING POLICIES**

The accounts of the company are prepared under the historical cost convention and materially comply with mandatory accounting standard issued by the institute of Chartered Accountants of India. The significant accounting policies followed by the Company are stated below:

i Fixed Assets:

Fixed Assets are stated at Cost. The cost of an asset comprise its purchase price and any directly attributable cost of bringing the asset to working condition for its intended use and also including an appropriate share of Pre-operative expenses capitalisation.

ii Depreciation

Depreciation has been provided on straight line method at the rate prescribed under schedule xiv of the Companies Act, 1956 on single shift basis for the current Financial year. No provision has still been made for arrears of Depreciation amounting to Rs. 51,96,593/- on straight line method at the rate prescribed under Schedule xiv of the Companies Act, 1956 on single shift basis upto 31.3.1998. According the Net Block and Profit & Loss Account Balances are understated to that extent in the Balance Sheet.

iii. Inventories:

Inventories are Nil as the Company's only venture Hotel North Park has been given on lease and operations are being managed by lessee.

iv. Public issue expenses to be written off, would be considered, when the entire hotel project comes into operation.

v. **Investment are valued at cost.**

2. Provisions has been made for Income Tax for Rs. 22,188.96 on account of MAT u/s 115 JB of Income Tax Act, 1961.

3. Deferred Taxation

As per As-22 on "Accounting for taxes on Income", issued by the institute of Chartered Accountants of India, Provisions for deferred Tax Liability as at 31st March, 2003 has been computed at Rs. 1,03,548.00

4. Related Party Disclosure:

Related Party Disclosure as required by As 18 are given below.

a. Associates

- i. A.R.D. Polypacks Pvt. Ltd.
- ii. Auto Brakes Pvt. Ltd.
- iii. Sumeru & Sehri
- iv. North India Institute of Hotel Management.

b. Key Management Personel.

- 1. A.R. Dahiya
- ii. Pankaj Dahiya
- iii. Amardeep Dahiya

C. Related Party Disclosure for the year ended 2002-2003

Sr. No.	Particulars	Associates	Key Management Personel.
1.	Outstanding Guarantee taken in favour of Canara Bank Securing Term Loan	-----	1,70,00,000.00
2.	Temporary Borrowing repaid.	43,69,000.00	
3.	Temporary Borrowing at year end.	7,40,225.00	1,04,47,491.00
5.	The debit and credit balances in the account of parties and individuals are subject to confirmation by the respective parties/individuals.		
6.	Term loan from Canara bank is secured by the first Charge on all present and future moveables and immovable assets of the Company.		
7.	There is no foreign exchange earning during the year.		
8.	No employees of the Company is covered under section 217 (2A) of the Companies Act, 1956 in current as well as in the previous year.		

9. The Company holds 4500 equity shares of Rs. 10/- each of Trans Asia Tubes and Ind. Ltd. which have been shown under the head Investments at Cost. Market value as on 31.3.2003 is nil (Previous year nil)

10. Deferred Revenue Expenditure

The amount of (Stamp Duty/Registration Charges) paid during the year in respect of registration of Lease Deed in the office of Sub-Registrar, Panchkula has been treated as Deferred Revenue Expenditure which shall be written off in the ration of 1/15th every year i.e. over the total lease period.

11. Previous year figures have been regrouped/recast, wherever deemed necessary.

12. Schedule "A" to "M" form an integral part of the Balance Sheet/Profit & Loss Account.

Auditors Report

As per our separate report of even date attached

For Ashwani K. Gupta & Associates

Chartered Accountants

For & on behalf of Board of Directors

sd/-

(Ashwani K. Gupta)

Partner

PLACE : PANCHKULA

DATE: 26.5.2003

sd/-

(A.R. Dahiya)

Director

sd/-

(Amardeep Dahiya)

Director

sd/-

(Mohinder Singh)

Company Secretary

Cash Flow Statement for the year Ended 31st March 2003

Particulars	31.03.2003	31.03.2002
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net profit before Tax extra ordinary item	2,81,764.49	(19,01,243.08)
Adjustment for		
Loss on sale of Vehicles	---	2,28,647.01
Depreciation	23,27,463.00	23,27,463.74
Interest expenses	23,62,223.00	24,18,095.00
Operating profit before working capital changes	49,71,451.23	30,72,962.67
Adjustment for Miscellaneous Expenditure	4,24,770.00	909,670.64
Trade & other receivable	4,77,505.12	68,51,668.53
Inventories	-	1,06,862.00
Trade Payables	(40,66,092.17)	(68,08,544.71)
Cash generated from operations	3,083.94	41,32,619.13
B. Net Cash used in investing Activities		
C. Cash Received from Sale of Vehicles		
	-	2,80,000.00
D. Cash flow from Financing Activities:		
Provision for tax	22,188.96	-
Proceeds from issue of share capital	-	-
Share issue expenses	-	-
Proceeds from borrowing	22,89,481.00	-
Repayment of borrowing (secured loan)	-	19,69,871.00
Interest paid	23,62,223.00	24,18,095.00
	94,930.96	43,87,966.00
Net increase/decrease in cash & Cash equivalent	91,847.02	24,653.13
Operating balance of cash & cash equivalent	2,96,847.63	2,72,194.50
Closing balance of cash & cash equivalent	2,05,000.61	2,96,847.63

For Ashwani K. Gupta
Chartered Accountant.

For & on behalf of Board of Directors

sd/-
(Ashwani K. Gupta)
Partner
PLACE : PANCHKULA
DATE: 26.5.2003

sd/-
(A.R. Dahiya)
Director

sd/-
(Amardeep Dahiya)
Director

sd/-
(Mohinder Singh)
Company Secretary

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1. Registration Details

State Code

Registration No.

Balance Sheet Date Date 31 Month 03 Year 2003

2. Capital Raised During the Year (Amount in Rs. Thousand)

Public Issue

000000000

Bouns Issue

000000000

Right Issue

000000000

Private Issue

000000000

3. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilites

000050976

Sources of Funds, Paid-up-Capital

000033976

Reserve & Surrplus

Unsecured Loans

000000000

Application of Funds, Net Fixed Assets

000045078

Net Current Assets (-ve)

000011907

Accumulated Losses

000013191

Total Assets

000050976

Share Application Money

000000000

Secured Loans

000017000

Investments

000000082

Misc. Expenditure

00003530

4. Performance of Company (Amount in Rs. Thousands)

Turnover including other income

00005416

Profit Before Tax

000000282

Earnings per share in Rs.

0000

Total Expendiure

00005134

Profit after Tax

000000126

Dividend Rate %

00

Generic Name Three Principals Services of Company

Item Code No. 00 00 00 00 0

Service Description 00 00 00 00 0

POLO HOTELS LTD.

Registered office : Hotel North Park, Village : Chowki, Panchkula (Haryana)

Please fill in this slip and Hand it over

At the Entrance of the Meeting Hall.

Name & Address of the share Holder.....

No. of share held.....Folio No.....

I hereby record my presence at the 19th Annual General Meeting of the Company held on Monday, 11th August, 2003 at 9.00 A.M. at the Registered Office of the Company, Hotel North Park, Village Chowki, Panchkula, Haryana.

Signature of the Share Holder/Proxy.

.....Tear Here.....

Proxy Form

POLO HOTEL LIMITED

Registered Office : Hotel North Park, Village: Chowki, Panchkula, Haryana.

Folio No.:

No. of Shares:

I/we.....of.....being a member of Polo Hotels Ltd. hereby appoint.....of.....or failing him.....of.....As my/our proxy to vote for me/use behalf at the 19th Annual General Meeting to be held on Monday, 11th August 2003 at 9.00 A.M. or at any adjournment thereof.

Signature this.....day of.....2003

Affix
Rs. 1
Revenue
Stamp

Note : The proxy must be returned so as to reach the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The proxy need not be member of the company.

**BOOK POST
U.P.C.**

If undelivered Please return to :

POLO HOTELS LIMITED

Regd Office : Hotel North Park

Village Chowki, P.O. Devi Nagar

Panchkula -134 109, Haryana