



POLO HOTELS LIMITED

*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-1, Panchkula (Haryana)
Hotel	:	Hotel North Park Near Ghaggar Bridge Panchkula (Haryana)

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 20th Annual General Meeting of the members of the Company will be held on Wednesday, 25th August, 2004 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, 2004 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. Amardeep Dahiya who retires by rotation but being eligible has offered himself for the reappointment.
3. To appoint a Director in place of Mr. Devender Jain who retires by rotation but being eligible has offered himself for the reappointment.
4. To appoint auditors of the Company and to fix their remuneration.

By order of the Board

sd/-
(Amardeep Dahiya)
Director

Place: Panchkula

Dated: 26.07.04

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 filed 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 to the company immediately change in their address, if any.
4. The Register of Members and Transfer Books of the Company will remain closed from 23rd August, 2004 to 25th August 2004 (both days inclusive) for the purpose of Annual General Meeting of the Company.
5. Members having any queries relating to the annual report are requested to write 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.

Directors Report

To the Members
Polo Hotels Ltd.

Your Directors have pleasure in submitting their 20th Annual Report together with the audited accounts for the year ended on 31st March 2004.

Financial Results

	Financial year Ending 31.03.2004 (Rs. in Lacs)	Financial year Ending 31.03.2003 (Rs. in Lacs)
Gross Income	54.00	54.16
Profit before Interest, dep. & Tax	49.74	49.71
Interest	30.70	23.62
Income Tax	—	1.26
Profit / (Loss) before depreciation	19.04	24.83
Depreciation	23.27	23.27
Net Profit / (Loss) for the year	(4.23)	1.56
Deferred Tax Assets for the year	1.59	—
Net Profit / (Loss) for the year	(2.64)	1.56
Loss brought forward	131.91	133.47
Total Loss	134.55	131.91
Deferred Tax Assets for the earlier years	—	—
Loss Carried to balance sheet	134.55	131.91

Operations

The Hotel North Park the only venture of the Company has been leased out from 26th September 2001 to M/s. Hot Millions Food (P) Ltd., Chandigarh a well known chain of fast food and restaurant in the region and the company is receiving a regular rental income.

Directors

Mr. Amardeep 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. Amardeep Dahiya.

Mr. Devender Jain 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. Devender Jain.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) 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 the 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 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 Food (P) Ltd. Chandigarh, a well known Restaurants and Fast Food chain in the 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 Earning 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: 26.07.2004

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 Part 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 31.03.2004 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 5 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.	30.04.03	Panchkula	05	05	Nil
2.	26.05.03	Panchkula	05	05	Nil
3.	08.07.03	Panchkula	05	05	Nil
4.	31.10.03	Panchkula	05	05	Nil
5.	31.01.04	Panchkula	05	05	Nil

The attendance of Directors at the above meetings for the year 2003-04 is furnished below:-

S.No.	Name of the Director	Number of Board Meeting attended
1.	Sh. A.R. Dahiya	05
2.	Sh. Pankaj Dahiya	05
3.	Sh. Amardeep Dahiya	05
4.	Sh. Devender Jain	05
5.	Sh. Gurmukh Singh	05

The following Directors attended the last Annual General Meeting held on 11.08.2003:

1. Sh. A.R. Dahiya, Chairman
2. Sh. Amardeep Dahiya, Director
3. Sh. Pankaj Dahiya, Director
4. Sh. Devender Jain, Independent Director
5. Sh. Gurmukh Singh, Independent 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 31.03.2004 and details are given here below:-

S.No.	Name	Name 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 at least three times in a year and one meeting should be held before the AGM. During the year, the Audit Committee met four times on the following dates:

S.No.	Date of Meetings	Place of Meetings	Total Number of Committee Members	Number of Members Present	Number of Members for whom leave of absence granted
1.	23.05.03	Panchkula	03	03	Nil
2.	08.07.03	Panchkula	03	03	Nil
3.	31.10.03	Panchkula	03	03	Nil
4.	31.01.04	Panchkula	03	03	Nil

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	04
2.	Sh. Gurmukh Singh	04
3.	Sh. Amardeep Dahiya	04

Shareholder's/Investor's Grievances Committee

The Share Holder's/Investor's 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 shareholder's/investor's grievances like transfer of shares, non receipt of share certificates etc.

During the year four meetings of Shareholder's/Investor's 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 transfer 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,
Naraina Industrial Area, Phase-I,
New Delhi – 110 028.
Tel. 011-51410592-94, Fax No. 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's office are also forwarded to R & T Agents and are 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
2000-2001	24.09.2001	9.00 A.M.	Hotel North Park, Panchkula
2001-2002	30.09.2002	9.00 A.M.	Hotel North Park, Panchkula
2002-2003	11.08.2003	9.00 A.M.	Hotel North Park, Panchkula

SPECIAL RESOLUTION

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

Date of AGM	Special Resolution
24.09.2001	Special Resolution with regard to consent by the shareholders to lease out Hotel North Park, the only venture of the company.
30.09.2002	No Special Resolution
11.08.2003	Special Resolution with regard to consent by shareholder for delisting the equity shares of the company from Delhi Stock Exchange and Ludhiana Stock Exchange

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.7,40,225/- and Rs, 38,00,000/- to the Associate concerns of Directors and to the Director respectively from which the company had taken 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, half 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 Delhi Stock Exchange.
2. The Stock Exchange, Mumbai.
3. The Ludhiana Stock Exchange.

Annual Listing fee for the year 2003-04 has been paid to the Stock Exchange, Mumbai, but to the Delhi Stock Exchange and The Ludhiana Stock Exchange, has not been paid.

No Trading of shares has been taken place during the year 2003-2004 at any stock exchange. Shares were lastly traded on 5th March, 2001 at The Delhi Stock Exchange at a rate of Rs. 8.50 per share.

Distribution of shareholding of the Company as on 31.03.2004-Category wise

S. No.	Category	No. of shares held	Amount (Rs.)	% age of Shareholdings
1.	Promoters	9,75,650.00	97,56,500.00	28.71
2.	Haryana State Industrial Development Corp.	3,00,000.00	30,00,000.00	08.33
3.	Mutual Funds	Nil	Nil	Nil
4.	Foreign Institutional Investor	Nil	Nil	Nil
5.	NRI/OCBs	Nil	Nil	Nil
6.	Bodies Corporates	2,36,600.00	23,66,000.00	06.97
7.	Public	18,85,350.00	1,88,53,500.00	55.49
	TOTAL	33,97,600.00	3,39,79,000.00	100.00

Distribution of Shareholding of the company as on 31.03.2004- Value Wise

Nominal Value	Number	%age	Total	%age
Upto 2,500	1590	64.792	28,54,000	8.400
2500 to 5000	530	21.597	20,21,000	5.948
5001 to 10000	222	9.046	15,86,000	4.668
10001 to 20000	29	1.182	457000	1.345
20001 to 30000	13	0.530	321000	0.945
30001 to 40000	12	0.489	454000	1.336
40001 to 50000	9	0.367	413000	1.216
50001 to 100000	24	0.978	19,06,000	5.610
100001 and above	25	1.019	2,39,64,000.00	70.532
TOTAL	2454	100.00	3,39,76,000.00	100

DEMATERIALIZATION OF SHARES AND LIQUIDITY:

The Company's shares were traded in dematerialized form only. The Company has entered into agreements with both depositories viz. National Securities Depositories Limited (NSDL) and Central Depositories Services India Limited (CDSL) for dematerialization of the Company's shares. The ISIN allotted to the Company's shares is INE084C01012

Particulars of shares in Dematerilised and Physical form held by the shareholders of the Bank as on 31.03.2004 are as under:

	No. of Shareholders	No. of Shares	% shareholding
Physical	2242	28,03,670.00	82.52
NSDL	192	5,85,950.00	17.24
CDSL	20	7,980.00	.24
Total	2454	33,97,600.00	100.00

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

Address for correspondence : Plot no. 67 Industrial Area, Phase-1, Panchkula (HR)
Tel. 0172-560540, 560205, Fax 0172-571245

AUDITORS CERTIFICATE 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 2004 as stipulated in the relevant clauses of the Listing Agreements 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 implementation thereof, adopted by the company for ensuring the compliance of conditions of the corporate governance. 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 the above mentioned listing agreements 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.

We further state that 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.

For Ashwani K. Gupta & Associates
Chartered Accountants

Place: Panchkula

Dated: 26.07.2004

sd/
(Ashwani K. Gupta)
Partner

AUDITOR'S REPORT

TO THE MEMBERS OF M/S POLO HOTELS LIMITED

1. We have audited the attached Balance Sheet of **POLO HOTELS LIMITED** as at 31st March, 2004 and also the Profit and Loss and Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements, based on our audit.
2. 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 whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we give in the Annexure, a statement on the matters specified in paragraph 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to in paragraph 3 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 purposes of our audit;
 - ii. In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of such books.
 - iii. The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
 - iv. In our opinion, the Balance Sheet, Profit & Loss Account 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 Companies Act, 1956.
 - v. On the basis of the written representation received from the directors as on 31st March, 2004 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March, 2004 from being appointed as directors 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 read with the Significant Accounting Policies and Notes on Accounts give the information required by the Companies Act, 1956 in the manner so required, and give a true and fair view;

- a. In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2004,
- b. In the case of Profit and Loss Account of the Loss of the Company for the year ended on that date, and
- c. In the case of the Cash Flow statement, of the cash flow for the year ended on that date.

For ASHWANI K. GUPTA & ASSOCIATES
CHARTERED ACCOUNTANTS

PLACE: PANCHKULA

DATED: 30.06.2004

(ASHWANI K. GUPTA)
PARTNER

ANNEXURE TO THE AUDIT REPORT

(Referred to in paragraph 3 of our report of even date on the accounts of **POLO HOTELS LIMITED**, for the year ended on 31st March, 2004)

- i. In respect of its fixed assets;
 - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b. As informed to us, fixed assets of the company have been physically verified by the management during the current year, and no serious discrepancies have been noticed on such verification.
 - c. No substantial (or major) part of the fixed assets has been disposed off during the year.
- i. According to the information and explanation given to us there are no loans secured or unsecured granted or taken by the company to or from companies, firms or other parties covered in the register maintained u/s 301 of the Companies Act, 1956.
- ii. In our opinion and according to the information explanations given to us there are adequate internal control procedures commensurate with the size of the company and nature of its business for the purchase of fixed assets. During the course of our audit we have not observed any major weaknesses in internal controls.
- iii. In our opinion and according to the information and explanation given to us there are no transactions that need to be entered into a register in pursuance of section 301 of the Companies Act, 1956 and therefore reporting under clause V (a) and V (b) of paragraph 4 of the order does not arise.
- iv. The company has not accepted any deposit from the public during the year. Accordingly provisions of section 58A and 58AA of the Companies act, 1956 are not applicable to the company.
- v. In our opinion, the internal audit system of the company is commensurate with its size and nature of its business.
- vi. Statutory and other dues:
 - a. According to the information and explanations given to us and based on the records examined by us, the Company has been regular in depositing undisputed statutory dues, including Provident Fund,, Income Tax, and any other statutory dues as applicable with the appropriate authorities during the year.
 - b. The disputed statutory dues aggregating to Rs. 85,000/- that have not been deposited on account of matter pending before appropriate authorities are as under

Name of Statute	Nature of Dues	Forum where Dispute is pending	Amount (Rs.)
Income Tax Act, 1961	Income Tax	ITAT Chandigarh	85,000/-

- i. The Company has accumulated losses amounting Rs. 134.55 Lakhs as at the end of the financial year. The Company has not incurred cash losses during the current and the immediately preceding financial year.
- ii. The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- iii. The provisions of any special statute applicable to chit fund are not applicable to the company.
- iv. The Company is not dealing or trading in shares, securities, debentures and other investments.
- v. There are no guarantees given by the Company for loans taken by others from banks and financial institutions.
- vi. Based on our audit procedures and according to the information and explanation given to us, we are of the opinion that the Company has not defaulted in repayment of dues of financial institutions, banks or debenture holders.
- vii. To the best of our knowledge and belief and according to the information and explanation given to us, the terms loan availed by the company, was prima facie, applied for the purpose for which the loan was obtained.
- viii. According to the cash flow statement and other records examined by us and the information and explanations given to us, on an overall basis, fund raised on short term basis have, prima facie, not being used during the year for long term investment.
- ix. The Company has not made preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 to the Companies Act, 1956.
- x. The Company has not issued any debentures during the year.
- xi. The Company has not raised any money by way of public issues during the year.
- xii. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company was noticed or reported during the year.
- xiii. As per the information and explanation given to us and taking into consideration the nature of Company's activities, other items of clause A of paragraph 4 of the CARO are not applicable to the Company.

For ASHWANI K. GUPTA & ASSOCIATES
CHARTERED ACCOUNTANTS

PLACE: PANCHKULA

DATED: 30.06.2004

(ASHWANI K. GUPTA)
PARTNER

M/S POLO HOTELS LTD.

BALANCE SHEET AS ON 31.03.2004

	SCH.	31.03.2004	31.03.2003
Sources of Funds:			
SHAREHOLDER'S FUND			
Capital	"A"	33976000	33976000
LOAN FUNDS			
Secured Loans	"B"	20288824	17000000
TOTAL		54264824	50976000

APPLICATION OF FUNDS:

FIXED ASSETS:

Gross Block	"C"	56008802	55540580
Less: Depreciation		12789596	43219205
Investments	"D"	81579	81579
Current Assets Loans & Advances	"E"	1490049	1586392
Current Liabilities & Provisions	"F"	8641239	13492931

NET CURRENT ASSETS (7,151,189) (11,906,539)

Miscellaneous Expenditure	"G"	3500115	3530456
Profit & Loss Account		13455077	13191141
Deffered Tax Assets		1160037	1000916
TOTAL		54264824	50976000

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

(Ashwani K. Gupta)

(A.R.Dahiya)

(Amardeep Dahiya)

(Mohinder Singh)

Partner

Director

Director

Company Secretary

Place: Panchkula

Date: 30.6.2004

M/S POLO HOTELS LTD.

PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31-03-2004

		31.03.2004	31.03.2003
INCOME			
Sales & Other Income	"H"	5,400,000	5,416,148
Total		5,400,000	5,416,148
EXPENDITURE:			
Miscellaneous Operational Expenditure	"G"	158,587	124,951
Employee Cost	"I"	142,680	133,280
Other Expenses	"J"	124,375	186,466
Financial Expenses	"K"	3,069,951	2,362,223
Total		3,495,593	2,806,920
Profit before Depreciation & Tax		1,904,407	2,609,228
Depreciation for the year		2,327,464	2,327,464
Profit /(Loss) before Taxation		(423,057)	281,764
Defferred Tax Assets for the year		159,121	-
Provision for Tax (MAT)		-	22,189
Defferred Tax		-	103,548
Net Profit (Loss) after Tax		(263,936)	156,028
Previous Year's Loss brought forward		(13,191,141)	(13,347,169)
Loss Carried to Balance Sheet		(13,455,077)	(13,191,141)

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

(Ashwani K. Gupta)

(A.R.Dahiya)

(Amardeep Dahiya)

(Mohinder Singh)

Partner

Director

Director

Company Secretary

Place: Panchkula

Date: 30.6.2004

M/S POLO HOTELS LTD.

BALANCE SHEET AS ON 31.03.2004

SCHEDULE "A" SHARE CAPITAL

PARTICULARS	31.03.2004	31.03.2003
AUTHORISED:		
40,00,000 Equity shares of Rs. 10/- each	40000000	40000000
Issued, Subscribed & Paid Up:		
33,97,600 Equity shares of Rs10/- each	33976000	33976000
Total	33976000	33976000

SCHEDULE "B" SECURED LOAN

PARTICULARS	31.03.2004	31.03.2003
Term Loan from Canara Bank	20288824	17000000
Total	20288824	17000000

SCHEDULE "D" INVESTMENT

PARTICULARS	31.03.2004	31.03.2003
4500 Equity shares of Rs. 10/- each of M/s Trans Asia Tube Ind. Ltd. (at cost)	81579	81579
Total	81579	81579

SCHEDULE "E" CURRENT ASSETS, LOANS & ADVANCES

PARTICULARS	31.03.2004	31.03.2003
A. CURRENT ASSETS:		
Cash in hand	27775	123470
Balance with schedule bank	85212	81530
Income Tax refund receivable	22701	0
Rent Receivable	436162	445275
Sundry Debtors		132040
Total	571850	782315
B. LOANS & ADVANCES		
Advance to supplier & contractors	595204	595204
Security Deposits	156940	156940
TDS	166056	51933
Total	918200	804077
Grand Total	1490049	1586392

SCHEDULE "F" CURRENT LIABILITIES

PARTICULARS	31.03.2004	31.03.2003
Sundry Creditors	56522	214250
Statutory Liabilities	33162	50369
Dues to Directors	6647491	10447491
Dues to Associates concerns of Directors	-	740225
Interest Payable	-	456584
Provision for Income Tax	-	22188
Other Liabilities	1904064	1561823
Total	8641239	13492931

SCHEDULE "G" MISCELLANEOUS EXPENDITURE

PARTICULARS	31.03.2004	31.03.2003
Deffered Revenue Expenditure (Lease Registration Exp.)	394429	424770
Public Issue Expenses	3105686	3105686
Total	3500115	3530456

SCHEDULE "H" INCOME

Lease Rentals	5400000	5400000
Other Income	0	16148
Total	5400000	5416148

SCHEDULE "I" EMPLOYEE COST

PARTICULARS	31.03.2004	31.03.2003
Salary & H.R.A.	120000	122960
Provident Fund	13080	0
Conveyance Allowance	9600	10320
Total	142680	133260

SCHEDULE "J" OTHER EXPENSES

PARTICULARS	31.03.2004	31.03.2003
Bank Charges	25653	113216
Printing & Stationery	40233	17886
Postage & Telegram & Telephone Exp.	40239	33164
Advertisement	2500	6449
Auditors's Remuneration	15750	15750
Total	124375	186465

SCHEDULE "K" FINANCIAL EXPENSES

PARTICULARS	31.03.2004	31.03.2003
Interest	3069951	2362223
Total	3069951	2362223

SCHEDULE 'C' FIXED ASSETS AS ON 31.03.04 OF M/S POLO HOTELS LTD.

Particulars	Original Cost	Addition	Total	DEPRECIATION			WRITTEN DOWN VALUE	
				Upto 31-Mar-03	For the Period	Upto 31-Mar-04	As on 31-Mar-04	As on 31-Mar-03
Land & Site Development	2,544,523	-	2,544,523	-	-	-	2,544,523	2,544,523
Building	32,737,519	-	32,737,519	5,169,766	1,093,433	6,263,199	26,474,320	27,567,753
Plant & Machinery	14,537,484	-	14,537,484	3,086,593	690,530	3,777,123	10,760,360	11,450,891
Furniture & Fixtures	5,721,054	466,222	6,189,276	2,205,774	543,500	2,749,274	3,440,002	3,515,280
Total	55,540,580	466,222	56,008,802	10,462,133	2,327,464	12,789,596	43,219,205	45,078,447

M/S POLO HOTELS LIMITED

SCHEDULE "L" NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

The accounts of the company are prepared under the historical cost convention and materially comply with mandatory accounting standards 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 capitalization.

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 is overstated and Profit & Loss account Balance 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. No Provisions for Income Tax has been made as there is book loss during the year..

3. Deferred Taxation

As per AS 22 on Accounting for taxes on Income" issued by the Institute of Chartered Accountants of India, the company has recognized a Net Deferred Tax Assets amounting to Rs. 1,59,221.00 as at 31st March, 2004.

4. Related Party Disclosure:

Related Party disclosure as required by AS18 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.

a. Key Management Personnel.

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

c. Related Party Disclosure for the year 2003-2004

S.r No.	Particulars	Associate Key Management Personnel
1.	Outstanding Guarantee taken in favour of Canara Bank securing Term Loan	2,20,00,000.00
2.	Temporary Borrowing repaid	38,00,000.00
3.	Temporary Borrowing at year end	66,47,491.00

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 moveable 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 Tunes and Ind. Ltd. which have been shown under the head Investment at cost. Market value as on 31.03.2004 is Nil (Previous year Nil)

10. Deferred Revenue Expenditure

Deferred Revenue Expenditure is being written off in the ratio 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 L form an integral part of Balance Sheet /Profit & Loss Account.

Auditor's Report

AS per our separate report of even date attached.

For **Ashwani K. Gupta & Associates**

Chartered Accountants

(Ashwani K. Gutpa)

Partner

for & on behalf of Board

Place : Panchkula

Sd\-

Sd\-

Sd\-

Dated: 30.06.2004

(A.R.Dahiya)
Director

(Amardeep Dahiya) (Mohinder Singh)
Director Company Secretary

M/S POLO HOTELS LTD.

BALANCE SHEET AS ON 31.03.2004

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2004

PARTICULARS

	31.03.2004	31.03.2003
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit/ (Loss) before Tax & Extra ordinary items	(423,056.75)	281,764.49
Adjustment for:		
Depreciation	2,327,463.75	2,327,463.74
Interest Expenses	3,069,951.00	2,362,223.00
Operating profit before working capital changes	4,974,358.00	4,971,451.23
Adjustment for Miscellaneous Expenditure	(30,341.00)	424,770.00
Trade & Other receivable	215,467.21	477,505.12
Inventories	-	-
Trade Payable	4,631,896.68	4,066,092.18
Cash generated from operations	157,335.11	3,083.93
B. Net cash used in investing Activities		
Purchase of Fixed Assets	468,221.80	
C. Cash flow from financing Activities:		
Provision for tax	-	22,188.96
Proceeds from issue of share capital	-	-
Share issue expenses		
Proceeds from borrowing	3,288,824.00	2,289,481.00
Interest Paid	3,069,951.00	2,362,223.00
	249,348.80	94,930.96
Net increase/decrease in cash & cash equivalent	92,013.69	91,847.03
Opening balance of cash & cash equivalent	205,000.60	296,847.63
Closing balance of cash & cash equivalent	112,986.91	205,000.60

For Ashwani K. Gupta & Associates
Chartered Accountants

For & on behalf of Board of Directors

(Ashwani K. Gupta)
Partner

(A.R.Dahiya)
Director

(Amardeep Dahiya)
Director

Mohinder Singh
Company Secretary

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1. Registration Details

State code	05	Registration No.	0032355
Balance sheet date	31	03	2004
	Date	Month	Year

2. Capital raised during the year (Amount in Rs. Thousands)

Public issue	Right issue
000000000	000000000
Bonus issue	Private issue
000000000	000000000

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

Total Liabilities	Total Assets
000054264	000054264
Sources of Funds	
Paid-up Capital	Share Application Money
000033976	000000000
Reserve & Surplus	Secured Loans
000000000	000020288
Unsecured Loans	
000000000	
Application of Funds	
Net Fixed Assets	Investments
000043219	000000082
Net Current Assets (-ve)	Misc. Expenditure
000007151	00003500
Accumulated losses	
0000013455	

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

Turnover including other income	
000005400	000005664
Loss before tax	Loss After Tax
000000264	000000264
Earning per share in Rs.	Dividend Rate %
000000000	0 0

Generic Names Three Principal Services of Company

Item Code No.	N A
Service Description	H O T E L I E R S

POLO HOTELS LIMITED

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

I hereby record my presence at the 20th Annual General Meeting of the company held on Wednesday 25th August, 2004 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

POLO HOTELS 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 20th Annual General Meeting to be held on Wednesday, 25th August 2004 at 9.00 A.M. or at any adjournment thereof.

Signature this day of 2004.

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 aforesaid meeting. The proxy need not to be member of the company.

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

If undelivered please return to :

Polo Hotel Limited

Regd. Office : Hotel North Park

Village Chowki, PO Devi Nagar

Panchkula - 134 109 Haryana