



POLO HOTELS LIMITED

**ANNUAL REPORT
2005-2006**

**OWNER OF
HOTEL NORTH PARK, PANCHKULA**

Directors	:	Sh. A.R. Dahiya, Chairman Sh. Amardeep Dahiya, Managing Director Sh. Pankaj Dahiya Sh. Devender Jain Sh. Gurmukh Singh Sh. Vikas Tibrewal
Auditors	:	M/s. Ashwani Kumar Gupta & Associates Chartered Accountants H.No. 1044-A, Sector-2, Panchkula.
Bankers	:	State Bank of India SSI Branch, Phase-VII, Industrial Area, Mohali (Pb.)
Registered Office	:	Hotel North Park Village: Chowki, Panchkula (Haryana)
Administrative Office	:	Plot No. 67, Industrial 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 22nd Annual General Meeting of the members of the Company will be held on Wednesday, 20th September, 2006 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, 2006 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 Sh. 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. Vikas Tibrewal who was appointed additional director of the company on 31.07.2006 but pursuant to section 260 of the Companies Act, 1956 would cease to hold this office at the conclusion of this Annual General Meeting, be and is hereby appointed as ordinary 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 Special Resolution:

“RESOLVED THAT pursuant to section 309 and other provisions applicable, if any, of the Companies Act, 1956 read with Schedule XIII thereof, Sh. Amardeep Dahiya, Managing Director of the company be paid the following remuneration w.e.f. 01.08.2006.

- A. **Salary** : Rs. 50,000/- (Rs. Fifty Thousand only) Per Month.
- B. **Medical Reimbursement** : Reimbursement of medical expenses incurred for the appointee and his family.
- C. **Club Fees** : Fee of clubs subject to a maximum of two clubs provided however that entrance fee and life membership fee shall be paid personally by the Managing Director.
- D. **Personal Accident Insurance** : Premium for personal accident insurance upto Rs. 10000/- per annum.
- E. **Leave Travel Concession** : First class air passage for self, wife, dependent children and dependent parents of the appointee once in a year.
- G. **Telephone** : Provision of two telephones including mobile phones.
- H. **Car** : Chauffeur driven car for official use.

OTHER PERQUISITES

The appointee shall also be eligible to the following perquisites which shall not be included in the computation of ceiling on remuneration :

- (a) Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

- (b) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service only if he remains in the service of the company for at least five years.
- (c) Encashment of leave at the end of the tenure as per the rules of the company subject to a maximum of one month's salary for each year of completed service.

FURTHER RESOLVED THAT even in the case of inadequacy of profit or loss in any financial year, Sh. Amardeep Dahiya shall be paid the same remuneration as the minimum remuneration.”

- 6. To consider and if thought fit to pass, with or without modifications, the following resolution as Ordinary Resolution:

“RESOLVED THAT the consent of the members of the company be and is hereby accorded to the Board of Directors to purchase 19.18 Bighas land situated adjacent to the existing Hotel North Park of the company from Sh. A.R.Dahiya, Chairman of the company on such price and other terms & conditions as may be mutually finalized between the Board of Directors and Sh. A.R.Dahiya. The Board is further authorised to take all necessary steps in this regard.”

- 7. To consider and if thought fit to pass, with or without modifications, the following resolution as Ordinary Resolution :

“RESOLVED THAT pursuant to Section 293(1)(a) and other provisions applicable, if any, of the Companies Act,1956, consent of the members of the company be and is hereby accorded to the Board of Directors of the company to sell, lease, rent out, transfer or otherwise dispose of the whole or substantially the whole or any part or portion of immovable and moveable properties and assets of the company, present and future, to or in favour of any person(s).”

- 8. To consider and if thought fit to pass, with or without modifications, the following resolution as Special Resolution:

“RESOLVED THAT the Authorised Share Capital of the company be and is hereby increased from Rs. 4.00 Crores divided into 40 lakhs equity shares of Rs. 10/- each to Rs. 15.00 Crores divided into 1.50 Crore equity shares of Rs. 10/- each by creation of additional 1.10 Crore equity shares of Rs. 10/- each ranking pari passu with the existing shares of the company in all respects including dividend.

Further Resolved That Clause V of the Memorandum of Association of the Company be and is hereby replaced by the following new Clause V :

“The authorised share capital of the company is Rs. 15.00 Crores divided into 1.50 Crore equity shares of Rs. 10/- each.”

Further Resolved That Article 3(a) of the Articles of Association of the Company be and is hereby replaced by the following new article 3 (a):

“The authorised share capital of the company is Rs. 15.00 Crores divided into 1.50 Crore equity shares of Rs. 10/- each.”

By order of the Board

Place: Panchkula
Dated: 14.08.2006

Sd/-
(Amardeep Dahiya)
Director

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. Pursuant to section 173(2) of the Companies Act, 1956 explanatory statement to item nos. 4,5, 6,7 and 8 is enclosed herewith and forms an integral part of this Annual General Meeting Notice.
3. Members are requested to bring their copies of Annual Report and admission slip to the meeting.
4. Members are requested to notify to the company immediately change in their address, if any.
5. The Register of Members and Transfer Books of the Company will remain closed from 18th September, 2006 to 20th September, 2006 (both days inclusive) for the purpose of Annual General Meeting of the Company.
6. 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.
7. M/s Intime Specturm Registry Ltd., A-31, 3rd Floor, Near PVR Cinema, Naraina Industrial Area, Phase-I, New Delhi-110 028 have been appointed as Demat & Physical Registrar and Share Transfer Agent of the Company.
8. Members may please note that no gift or coupons will be distributed at the Annual General Meeting.

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

ITEM NO. 4

The Board of directors of the company in their meeting held on 31.07.2006 had appointed Mr. Vikas Tiberwal as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956.

However, he would hold this office upto the date of this Annual General Meeting. But it is proposed to reappoint him as an ordinary director of the company liable to retire by rotation. The company has received his candidature signified in writing alongwith requisite fee.

Mr. Vikas Tibrewal is aged about 42. He is Commerce Graduate having experience in the business & industry for more than 23 years. Mr. Vikas Tibrewal 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 member may consider and appoint him as an Ordinary Director of the Company.

ITEM NO. 5

Sh. Amardeep Dahiya , is a Promoter Director of the company since 1999. He is 39 years of age. He is a commerce graduate and has done MBA from West Germany. He has been a Management Consultant for privatisation of public sector companies in Slovenia for 5 years. Further he has been managing the overall affairs of the company under the superintendence of the Board of Directors of the company.

Since he is well versed with all the affairs of the company and the members in their Annual General Meeting held on 21.09.2005 had appointed him as Managing Director of the company for a period of 5 years.

Sh. Amardeep Dahiya is devoting his full time and energy in managing the affairs of the company. Since the company is expanding its business and proposing to set up a Multiplex cum Shopping Mall, the Board of Directors has decided to give him salary of Rs. 50,000/- per month, and other perks as detailed in proposed resolution w.e.f. 01.08.2006, which is subject to the approval of the members of the company. This remuneration will be within the limits prescribed under Schedule XIII of the Companies Act, 1956.

The proposed resolution is therefore being placed before the members for their approval by way of special resolution.

Sh. Amardeep Dahiya being the proposed appointee and Sh. A.R. Dahiya and Sh. Pankaj Dahiya being the father and brother respectively of the proposed appointee are interested in the proposed resolution. No other director is directly or indirectly concerned or interested in the proposed resolution.

ITEM NO. 6

The company proposes to expand its business activities and proposes to construct Shopping Mall & Multiplex and for this the company needs land.

Sh. A.R.Dahiya, Chairman of the company is holding land measuring 19 Bigas 18 Biswas adjoining the Hotel North Park, existing venture of the company.

Sh. A.R.Dahiya has offered to sell the said land to the company. Since Sh. A.R.Dahiya is the chairman of the company, it was deemed appropriate to obtain the consent of the members of the company for purchase of his land. The price of the land and other terms & conditions will be finalized as may be mutually agreed between the Board of Directors and Sh. A.R.Dahiya.

The proposed resolution is therefore being placed before the members for their approval by way of ordinary resolution.

Sh. A.R.Dahiya, being the owner of the Land and Sh. Amardeep Dahiya and Sh. Pankaj Dahiya being his sons are interested in the proposed resolution. No other director is directly or indirectly concerned or interested in the proposed resolution.

ITEMNO.7

The company proposes to expand its business activities and venture into the entertainment and amusement business. For this purpose the company is planning to construct a Multiplex -cum- Shopping Mall adjoining the Hotel North Park. The company will sell /lease / rent out, transfer or otherwise dispose of the showrooms, shops, theatres, etc. to any person (s).

Under section 293(1) (a) of the Companies Act, 1956, consent of the members of the company is required to sell, lease, rent out, transfer or otherwise dispose of the whole or substantially the whole or any part or portion of immovable and moveable properties and assets of the company. present and future, to or in favour of any person(s).

The proposed resolution is therefore being placed before the members for their approval by way of ordinary resolution.

None of the directors of the company is directly or indirectly interested in the proposed resolution.

ITEMNO.8**TO INCREASE AUTHORISED CAPITAL OF THE COMPANY**

The company proposes to expand its business activities and venture into the entertainment and amusement business. For this purpose the company is planning a Multiplex cum Shopping Mall adjoining the Hotel North Park.

The cost of project is approximately Rs. 50.00 Crores. Part of the cost will be met through issue of additional equity share capital. It is therefore proposed to increase the authorized share capital of the company from existing Rs. 4.00 Crores divided into 40 lakhs equity shares of Rs. 10/- each to Rs. 15.00 Crores divided into 1.50 crore equity shares of Rs. 10/- each by creation of additional 1.10 Crore equity shares of Rs. 10/- each ranking pari passu with the existing shares of the company in all respects including dividend. Accordingly Clause V of the Memorandum of Association and Article 3 (a) of the Article of Association will also be changed.

Consent of the members of the company is required to increase authorised Capital of the company to Rs. 15.00 Crores and for consequent amendment in the Memorandum and Articles of Association of the company by way of special resolution.

The resolution is therefore being placed before the members for their approval by way of Special resolution.

None of the directors of the company is directly or indirectly interested in the proposed resolution.

DIRECTORS REPORT

Dear Members

Your Directors have pleasure in submitting their 22nd Annual Report together with audited accounts for the year ended on 31st March, 2006.

Financial Results

	Financial Year Ending on 31.03.2006 (Rs. In Lacs)	Financial Year Ending on 31.03.2005 (Rs. In Lacs)
Gross Lease Rent	58.05	54.00
Profit before Interest, Dep. & Tax	54.02	47.84
Interest	30.12	27.88
Income Tax	-----	----
Profit/ (Loss) before Depreciation	23.90	19.96
Depreciation	23.72	23.72
Net Profit/ (Loss) for the year	0.18	(3.76)
Provision for Tax	0.48	----
Deffered Tax	0.96	1.36
Net Profit/ (Loss) for the year	1.27	(2.40)
Loss brought forward	136.95	134.56
Total Loss carried to Balance Sheet	138.22	136.95

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

Sh. A.R. Dahiya, Director of the company is retiring at the forthcoming Annual General Meeting and being eligible has offered himself for re-appointment. The Board recommends the re-appointment of Sh. A.R. Dahiya.

Mr. Vikas Tibrewal was appointed as additional Director of the Company in accordance with the provisions of section 260 of the Companies Act, 1956. He would hold office upto the date of this annual General Meeting of the company.

Being eligible he has offered himself for reappointment by submitting his candidates pursuant to section 257 of the Companies Act, 1956

The Board recommends to appoint him as ordinary director of the company.

Sh. Amardeep Dahiya, Director of the company is managing the affairs of the company. The members of the company have appointed him as Managing Director of the company w.e.f. 30.7.2005. He shall be paid Rs.

50,000/- per month as remuneration from the company w.e.f. 01.08.2006

AUDITORS

M/s Ashwani K. Gupta & Associates, Chartered Accountants are the present auditors of Company. In terms of the provisions of Section 224 of the Companies Act, 1956, they would retire at the forthcoming 22nd Annual General Meeting of the company. Being eligible, they have offered themselves for re-appointment. The Board recommends their re-appointment as auditors of the company for the financial year 2006-2007.

DIRECTOR'S 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 judgment 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 share of your company are listed at the Stock Exchange of Mumbai, Delhi and Ludhiana. However, the company has applied for delisting of its shares from the Stock Exchange of Delhi & Ludhiana.

CORPORATE GOVERNANCE

Auditors certificate on Compliance with the conditions of Corporate Governance and separate report on Corporate Governance are enclosed separately in this Annual Report.

MANAGEMENT DISCUSSION AND ANALYSIS:

The trends in the Hotel and Hospitality industry in Panchkula are mixed. While on one 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.

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.

MANAGEMENT DISCUSSION AND ANALYSIS :

The company proposes to expand its business activities and venture into the entertainment and amusement business. For this purpose the company is planning to construct a Multiplex and Shopping Mall adjoining the Hotel North Park.

SEGMENT WISE OR PRODUCT WISE PERFORMANCE

The company's only venture Hotel North Park has been given on lease, Hence no segment wise reporting is required.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company ensures existence of adequate internal control and procedure at various levels in the company commensurate with the size of the company and the nature of its business.

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 has 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: 14.08.2006

Sd/-
(A.R.Dahiya)
Chairman

REPORT OF THE BOARD OF DIRECTORS ON CORPORATE GOVERNANCE

1. CORPORATE GOVERNANCE PHILOSOPHY :

The company believes in conducting its affair in a fair, transparent and professional manner and in maintaining the highest ethical standards in its dealings with all its constituents. 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 endeavor to attain the goal visualized, the company is laying maximum emphasis on the effective system of Corporate Governance.

2. BOARDS OF DIRECTORS COMPOSITION :

As on the date of this report, the Board of Directors consists of 6 members comprising of 1 (one) Executive Director and 5 (five) Non-Executive Directors. The Chairman of the company is non-executive. Three Directors are independent non-executive directors.

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.

During the period under review, 5 (Five) Board Meetings were held. The dates on which the Board meetings were held are as follows: 30th April, 2005, 30th July, 2005, 31st October, 2005, 15th December 2005, and 31st January, 2006.

ATTENDANCE OF DIRECTORS AT THE BOARD MEETING AND LAST ANNUAL GENERAL MEETING

Name of the Director	Number of Board Meetings held during the tenure of the Director	Number of Board meetings attended	Last AGM attendance
Sh. A.R. Dahiya	5	5	Yes
Sh. Amardeep Dahiya	5	5	Yes
Sh. Pankaj Dahiya	5	5	Yes
Sh. Devender Jain	5	5	Yes
Sh. Gurmukh Singh	5	5	Yes
Sh. Vikas Tibrewal*	No	No	No

* Sh. Vikas Tibrewal has been appointed director w.e.f. 31.07.06 only.

Number of other Boards and Committees in which a Director is a Member or Chairperson: -

Name	Designation	Category	Number of Other Director - ships	Total Number of Membership (s) in other board committees (*)	Number of chairmanship (s) in other board committees(*)
Sh. A.R.Dahiya	Chairman	Non executive	3	-	-
Sh. Amardeep Dahiya	Managing Director	Executive	3	-	-

Sh. Pankaj Dahiya	Director	Non Executive	1	-	-
Sh. Devender Jain	Director	Independent Non Executive	-	-	-
Sh. Gurmukh Singh	Director	Independent Non Executive	-	-	-
Sh. Vikas Tibrewal	Director	Independent Non Executive	-	-	-

*This includes chairmanships/ memberships of audit committees, shareholders grievance committees and remuneration committees of public limited companies, whether listed or not.

No Director is a member of more than 10 committees or chairman of more than 5 committees across all companies in which he is director.

3. AUDIT COMMITTEE :

The broad terms of reference of the Audit Committee include all the matters provided in revised Clause 49 of the Listing Agreement and section 292A of the Companies Act 1956 which *inter alia* includes:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing with the management, the annual financial statements before submission to the board for approval, with particular reference to :
 - a. Matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
 - b. Changes, if any, in accounting policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on the exercise of judgement by management.
 - d. Significant adjustments made in the financial statements arising out of audit findings.
 - e. Compliance with listing and other legal requirements relating to financial statements.
 - f. Disclosure of any related party transactions.
 - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
6. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with internal auditors any significant findings and follow up thereon.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.

10. Discussion with statutory auditors before the audit commences, about the nature and scope of audits as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
12. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee of the company constituted by the Board of Directors of the company during the financial year under report consisted of three directors namely Sh. Devender Jain (Chairman), Sh. Gurmukh Singh, Sh. Amardeep Dahiya as members. During the year under review, Audit Committee met on 21st April 2005, 25th July 2005, 27 October 2005 and 22nd January 2006 and the attendance of members at the meetings was as follow :-

Name of Member	Status	No. of Meeting Attended
Sh. Devender Jain	Chairman	4
Sh. Amardeep Dahiya	Member	4
Sh. Gurmukh Singh	Member	4

4. REMUNERATION COMMITTEE :

This is a non-mandatory requirement of Clause 49 of the Listing Agreement. The Board has however formed a remuneration committee in terms of Schedule XIII to the Companies Act, 1956 consisting of Sh. Vikas Tibrewal, Sh. Devender Jain and Sh. Gurmukh Singh.

The broad terms of reference of the Remuneration Committee include all the matters provided in Schedule XIII to the Companies Act 1956 which inter alia includes approval of remuneration of Managing Director, Executive Directors, etc., after taking into account the financial position of the company, trends in the industry, appointee's qualification, experience, past performance, past remuneration, etc.

The Remuneration Committee was constituted on 31.07.2006 and the first meeting of this Remuneration Committee was held on 31.07.2006.

DETAILS OF REMUNERATION OF DIRECTORS FOR THE PERIOD ENDED 31ST MARCH 2006.

No remuneration has been paid to any director of the company during the year under report. However, the remuneration committee has approved payment of remuneration to Sh. Amardeep Dahiya, Managing Director of Rs. 50,000/- (Rs. Fifty thousands only) per month and other perks as mentioned in item no. 5 to the notice of this Annual Report w.e.f. 01.08.2006.

Remuneration payable to Managing Director has been duly approved by the Board and is subject to the approval by the members in the 22nd Annual General Meeting.

5. INVESTOR GRIEVANCES AND SHARE TRANSFER COMMITTEE

The company has constituted Investors Grievances and Share Transfer Committee comprising Sh. A.R.Dahiya. (Chairman) and Sh. Amardeep Dahiya. Sh. Mohinder Singh Company Secretary, has been nominated as the Compliance Officer of the company.

During the period under review, the Company received no complaints from the shareholders. The Company endeavors to reply to all complaints received from the shareholders. As on date no complaints are pending with the company. The committee deals with various matters relating to the transmission of

shares, transfer of shares and other matters relating to shareholder's complaints.

6. GENERAL BODY MEETINGS :

Location and time, where last three annual general meetings (AGM) held :

Financial year	Date	Time	Venue
2002-2003 19 th AGM	11.08.2003	9.00 A.M.	Hotel North Park, Panchkula
2003-2004 20 th AGM	25.08.2004	9.00 A.M.	Hotel North Park, Panchkula
2004-2005 21 st AGM	21.09.2005	9.00 A.M.	Hotel North Park, Panchkula

The company has passed certain resolutions as special resolutions in the 19th and 21st Annual General Meetings of the company. However, these resolutions were not required to be passed through postal ballot. Further no special resolution is proposed to be conducted through postal ballot in the forthcoming Annual General Meeting.

7. DISCLOSURES

- a) Transactions with related parties are disclosed in detail in Schedule "L" annexed to the financial statements for the year. The company has not entered into transactions with inter related parties for sale & purchase of materials. The company has taken on rent office for Rs. 10,000/- (Rs. Ten thousands only) per month at 67, Industrial Area, Phase-1, Panchkula from M/s Sumeru & Sehri a partnership firm in which Sh. A.R. Dahiya Chairman and Sh. Pankaj Dahiya, Director are Partners. The company has taken on lease a Car for Rs. 20,000/- per month and a generator for Rs. 30,000/- per month from M/s Auto Brakes (P) Ltd. in which Sh. A.R.Dahiya, Chairman & Sh. Amardeep Dahiya, Managing Director are directors. The terms & conditions and prices at which these transactions were made are reasonable having regard to prevailing market prices at the relevant times. Adequate care was taken to ensure that the potential conflict of interest did not harm the interests of the Company at large.
- b) No penalty or strictures have been imposed on the company by the stock exchanges or SEBI or any statutory authority in any matter related to capital market, for non-compliance by the company during the last three years.
- c) The company has established a mechanism for employees to report to the management concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy. This mechanism also provides for adequate safeguards against victimization of employees who avail of the mechanism and also provide for direct access to the Chairman of the Audit committee in exceptional cases. No personnel has been denied access to the Audit Committee during the year under report.
- d) The Company has complied with all mandatory requirements laid down by the Clause 49. The non-mandatory requirements complied with have been disclosed at the relevant places.

8. MEANS OF COMMUNICATION

- i) The company has been disclosing corporate financial performance on quarterly, half yearly & annual basis to the stock exchanges after being approved by the Board or Audit Committee. These results are not displayed on any website.
- ii) The company has not displayed any official news releases.
- iii) The company did not make any presentation to the institutional investors or the analysts.
- iv) Management Discussion and Analysis Report is a part of annual report.

9. GENERAL SHAREHOLDERS INFORMATION:

a) Annual General Meeting

Date : 20th September, 2006

Time : 9.00 AM

Venue : Hotel North Park, Panchkula (Haryana)

b) Financial Calender (Tentative & Subject to Change)

Sr. No.	Particulars	Date
1.	Financial Year Ending	31 st March 2007
2.	1st Quarter Results	On or before 31 st July, 2006
3.	2 nd Quarter Results & Half Yearly Results	On or before 31 st Oct., 2006
4.	3 rd Quarter Results	On or before 31 st Jan., 2007
5.	4 th Quarter Results	On or before 30 th April, 2007
6.	AGM for the period ending 31.03.2007	On or before 30 th Sept., 2007

c) Book Closure dates from 18.09.2006 to 20.09.2006 (both days inclusive).

d) The Company has not declared any dividend during the year under review.

e) At present the shares of the company are listed at Ludhiana, Delhi, & Mumbai Stock Exchanges. However, the company has filed applications with stock exchanges at Ludhiana and Delhi for voluntary delisting of shares from these exchanges. The shares of the company have been traded at the Stock Exchange Mumbai. The shares of the company have been dematerialized. The ISIN allotted to the Company's shares is INE084C01012.

The company has never issued any GDRs / ADRs or warrants or any other convertible instruments.

The company has appointed share transfer agent as below:

M/s. Intime Spectrum Registry Ltd.

A-31, 3rd Floor, Nariana Industrial Area,

Near PVR Cinema, New Delhi 110028

Tel. 011-41410592, 41410593, 41410594,

f) The stock code at Mumbai Stock Exchange is 526687.

g) The Market Price of the share as quoted in The Economic Times dated 12.08.2006 is Rs.9 per share and last 52 weeks high and low of the share were Rs.24 & Rs.8 per share respectively.

DISTRIBUTION OF SHAREHOLDING AS ON 31st March, 2006.

Nominal Value	Number	%age	Amount(Rs.)	%age
Upto 2,500	1327	63.921	24,12,210	7.100
2500 to 5000	455	21.917	17,28,150	5.086
5001 to 10000	192	9.249	13,92,300	4.098
10001 to 20000	23	1.108	3,48,000	1.024
20001 to 30000	12	0.578	3,00,000	0.883
30001 to 40000	10	0.482	3,78,300	1.113
40001 to 50000	7	0.337	3,21,000	0.945
50001 to 100000	25	1.204	20,08,590	5.912
100001 and above	25	1.204	2,50,87,450	73.839
Total	2076	100.00	3,39,76,000	100.00

CATEGORIES OF SHAREHOLDINGS AS ON 31st March, 2006.

Category	No. of shares held	Amount (Rs.)	% age of Shareholdings
Promoters	9,75,650	97,56,500.00	28.72
Haryana State Industrial Development Corp. (HSIDC)	3,00,000	30,00,000.00	08.83
Mutual Funds	Nil	Nil	Nil
Foreign Institutional Investors	Nil	Nil	Nil
NRI/OCBs	800	8000.00	.024
Bodies Corporates	1,53,985	15,39,850.00	04.53
Public	19,67,165	1,96,71,650.00	57.90
Total	33,97,600	3,39,79,000.00	100.00

Particulars of shares in Dematerialised and Physical form held by the shareholders of the Company as on 31.03.2006 are as under:

	No. of Shareholders	No. of Shares	% Shareholding
Physical	1675	23,82,290.00	70.12
NSDL	338	9,92,141.00	29.20
CDSL	63	23,169.00	.68
Total	2076	33,97,600.00	100.00

Hotel Location : Hotel North Park, Village Chowki, Near Ghaggar Bridge, Panchkula (Haryana)

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

Address for correspondence : Plot No. 67, Industrial Area, Phase-1, Panchkula (Haryana)
Tel. 0172-2560540, 2560205, Fax 0172-2571245

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 2006 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 an audit nor an 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

S/d

(Ashwani K. Gupta)
Partner

Place: Panchkula

Dated: 14.08.2006

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 2006 and also the Profit and Loss account 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 as amended by Companies (Auditor's report) (Amendment) order 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 mandatory 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, 2006 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March, 2006 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 together 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, 2006,
 - b. In the case of Profit and Loss Account of the profit 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

S/d

(ASHWANI K. GUPTA)

PARTNER

Place: Panchkula

Dated: 14.08.2006

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, 2006)

- i. In respect of its fixed assets;
 - a. The Company has generally 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 in a phased periodical manner during the 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 and the going concern status of the company is not affected.
- ii. As there are no inventories during the year therefore reporting under clause ii of paragraph 4 of the order does not arise
- iii. A.
 - a. As informed to us, the Company has granted temporary unsecured loans to two parties covered in the register maintained u/s 301 of the Companies Act 1956. The maximum amount involved was Rs116.00 lacs.
 - b. The terms and conditions of loans are prima facie not prejudicial to the interest of the company.
 - c. The Loans have been repaid by the two parties during the year.
 - d. There is no overdue amount in respect of loans granted by the company, as the loans were repayable on demand.
- B. According to the Information and explanation given to us, there are no loans, secured or unsecured taken by the company from Companies, Firms or other parties covered in the Register maintained u/s301 of the Act.
- iv. In our opinion and according to the information explanations given to us there are adequate internal control systems 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 control system.
- v. In respect of transactions entered in the register maintained in pursuance of section 301 of the Companies Act, 1956;
 - a. To the best of our knowledge and belief and according to the information and explanations given to us, transactions that needed to be entered into the register have been so entered.
 - b. In our opinion and according to the information and explanations given to us, there are no transactions made in pursuance of contracts or arrangements entered in to the register in pursuance of section 301 of the Act exceeding the value of Rupees Five Lacs in respect of any party during the year.
- vi. In our opinion and according to the information and explanation given to us, the Company has not accepted deposits from public attracting the provisions of sections 58a, 58aa or any other relevant provisions of the Act.
- vii. In our opinion, the internal audit system of the company is commensurate with its size and nature of its business.
- viii. The Central Government has not prescribed the maintenance of cost records under section 209 (1) (d) or the Companies Act, 1956, for the Company.

- ix. **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, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and any other statutory dues as applicable with the appropriate authorities during the year.
 - b. According to the information and explanations given to us, no dispute is pending for dues in respect of Sales Tax, Income Tax, Wealth Tax, Custom Duty, Excise Duty as at 31.03.2006.
- x. The Company has accumulated losses amounting Rs. 138.22 lacs as at the end of the financial year. The Company has not incurred cash losses during the current and the immediately preceding financial year.
- xi. The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xii. The provisions of any special statute applicable to chit fund are not applicable to the company.
- xiii. The Company is not dealing or trading in shares, securities, debentures and other investments.
- xiv. There are no guarantees given by the Company for loans taken by others from banks and financial institutions.
- xv. 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.
- xvi. The terms loans were applied for the purpose for which loans were obtained.
- xvii. 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 (fixed assets etc.) and vice versa, other than temporary deployment pending application.
- xviii. 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.
- xix. The Company has not issued any debentures during the year.
- xx. The Company has not raised any money by way of public issues during the year.
- xxi. 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.
- xxii. In relation to service activities of the company:
- a. Items (ii) and (iii) of Clause B of Paragraph 4 are not applicable.
 - b. There exists reasonable internal control system commensurate with the size of the company and nature of its business.
- xxiii. 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: 14.08.2006

S/d
(ASHWANI K. GUPTA)
PARTNER

M/S POLO HOTELS LTD.
BALANCE SHEET AS ON 31.03.2006

	SCH.	<u>31.03.2006</u>	<u>31.03.2005</u>
<u>SOURCES OF FUNDS:</u>			
SHAREHOLDER'S FUND			
Capital	"A"	33976000	33976000
LOAN FUNDS			
Secured Loans	"B"	33117572	22010131
	TOTAL	67093572	55986131
<u>APPLICATION OF FUNDS:</u>			
FIXED ASSETS:			
Gross Block	"C"	56008802	56008802
Less: Depreciation		17533485	38475317
Capital work in progress		10010867	15161541
Investments	"D"	81579	81579
Deffered Tax Assets		1200186	1296506
Current Assets Loans & Advances	"E"	4804220	1285573
Current Liabilities & Provisions	"F"	4739645	4689500
NET CURRENT ASSETS		64,575	(3403927)
Miscellaneous Expenditure	"G"	3439433	3469774
Profit & Loss Account		13821615	13694938
SIGNIFICANT ACCOUNTING POLICIES & "L"			
NOTES ON ACCOUNTS			
	TOTAL	67093572	55986131

Auditors Report :

In terms of 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)

Sd/
(A.R. Dahiya)
Director

Sd/-
(Amardeep Dahiya)
Director

Place: Panchkula
Date: 14-08-2006

M/S POLO HOTELS LTD.
PROFIT & LOSS A/C FOR THE PERIOD ENDED 31.03.2006

	<u>SCH</u>	<u>31.03.2006</u>	<u>31.03.2005</u>
<u>INCOME:</u>			
Gross Lease Rent	"H"	5805000	5400000
Total		5805000	5400000
<u>EXPENDITURE:</u>			
Employee Cost	"I"	0	139410
Other Expenses	"J"	402762	476583
Financial Expenses	"K"	3012457	2788393
Total		3415219	3404386
Profit before Depreciation & Tax		2389781	1995614
Depreciation for the year		2371944	2371944
Profit /(Loss) before Taxation		17837	(376330)
Provision for MAT		1501	
Provision for Fringe Benefit Tax		46693	-
Defferred Tax		96320	136469
Net Profit (Loss) after Tax		(126677)	(239861)
Previous Year's Loss brought forward		(13694938)	(13455077)
Balance carried to Balance Sheet		(13821615)	(13694938)

Auditors Report :

In terms of 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)

Sd/
(A.R. Dahiya)
Director

Sd/-
(Amardeep Dahiya)
Director

Place: Panchkula

Date: 14-08-2006

M/S POLO HOTELS LTD.**SCHEDULE "A" SHARE CAPITAL**

PARTICULARS	31.03.2006	31.03.2005
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	31.03.2006	31.03.2005
Term Loan from State Bank of India Mohali	33117572	0
Term Loan from Canara Bank	0	22010131
Total	33117572	22010131

SCHEDULE "D" INVESTMENT

PARTICULARS	31.03.2006	31.03.2005
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	31.03.2006	31.03.2005
A. CURRENT ASSETS:		
Cash in hand	55321	18502
Balance with schedule banks	2949436	86749
Sub Total (A)	3004757	105251
B. LOANS & ADVANCES		
Advances Recoverable in cash or in Kind or for value to be received	637216	225000
Prepaid Insurance	30305	28728
Security Deposits	156940	156940
TDS	318822	167712
Income Tax refund receivable	167712	166056
Rent Receivable	488468	435886
Sub Total (B)	1799463	1180322
Total (A+B)	4804220	1285573

SCHEDULE "F" CURRENT LIABILITIES & PROVISIONS

PARTICULARS	31.03.2006	31.03.2005
Current Liabilities		
Sundry Creditors	1515788	57524
Statutory Liabilities	52448	1325
Dues to Directors	1567491	3067491
Other Liabilities	1555724	1563160
Provisions		
Provision for MAT	1501	---
Provision for Fringe Benefit Tax	46,693	---
Total	4739645	4689500

SCHEDULE "G" MISCELLANEOUS EXPENDITURE

PARTICULARS	31.03.2006	31.03.2005
Deffered Revenue Expenditure (Lease Registration Exp.)	333747	364088
Public Issue Expenses	3105686	3105686
Total	3439433	3469774

SCHEDULE "H" INCOME

Lease Rentals	5805000	5400000
Other Income	0	0
Total	5805000	5400000

SCHEDULE "I" EMPLOYEE COST

PARTICULARS	31.03.2006	31.03.2005
Salary & H.R.A.		120000
Provident Fund		9810
Conveyance Allowance		9600
Total	0	139410

SCHEDULE "J" OTHER EXPENSES

PARTICULARS	31.03.2006	31.03.2005
Bank Charges	62249	111045
Printing & Stationery	24700	27582
Postage & Telegram & Telephone Exp.	60086	51897
Fee & Legal Exp.	149194	234539
Insurance Charges	59033	28728
Misc. Expenses	21613	6262
Advertisement	9357	0
Auditors's Remuneration	16530	16530
Total	402762	476583

SCHEDULE "K" FINANCIAL EXPENSES

PARTICULARS	31.03.2006	31.03.2005
Interest	3012457	2788393
Total	3012457	2788393

SCHEDULE 'C' FIXED ASSETS AS ON 31.03.2006 OF M/S POLO HOTELS LTD. SCH "C"

Particulars	Original Cost	Addition	Total	DEPRECIATION			WRITTEN DOWN VALUE	
				Upto 31-Mar-05	For the Period	Upto 31-Mar-06	As on 31-Mar-06	As on 31-Mar-05
Land & Site Development	2,544,523	-	2,544,523	-	-	-	2,544,523	2,544,523
Building	32,737,519	-	32,737,519	7,356,632	1,093,433	8,450,065	24,287,454	25,380,887
Plant & Machinery	14,537,484	-	14,537,484	4,467,653	690,530	5,158,183	9,379,300	10,069,831
Furniture & Fixtures	6,189,276	-	6,189,276	3,337,255	587,981	3,925,236	2,264,040	2,852,021
Total	56,008,802	-	56,008,802	15,161,540	2,371,945	17,533,485	38,475,317	40,847,262
Previous Year	56,008,802	--	56,008,802	12,789,596	2,371,945	15,161,541	40,847,261	43,219,206

M/S POLO HOTELS LIMITED

SCHEDULE "L" ACCOUNTINGS POLICIES & 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:

a. Fixed assets have been carried at historical cost, inclusive of incidental expenses, less accumulated depreciation.

b. Impairment of Assets

The Company assesses at each Balance Sheet date whether there is any indication that any asset may be impaired. If any such indication exists, the carrying value of such assets is reduced to recoverable amount and the impairment loss is charged to Profit and Loss Account. If, at Balance Sheet date, there is any indication that a previously assessed impairment loss no longer exists, then such loss is reversed and the asset is restated to that effect.

ii. Depreciation:

Depreciation has been provided on Straight Line Method at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956.

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. Investments :

Investments are valued at Cost.

v. Miscellaneous Expenditure :

Deferred Revenue Expenditure is being written off in the ratio of 1/15th every year i.e. over the total lease period.

vi. Borrowing Costs :

Borrowing costs that are directly attributable to qualifying asset are capitalized as part of the cost of the asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

vii. Accounting for Taxes on Income :

Provision for current income tax is made in accordance with the provisions of Income Tax Act, 1961. In accordance with Accounting Standard (AS)-22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, Deferred Tax resulting from timing differences between book & tax profit is accounted for at the rates substantively enacted by the Balance Sheet date to the extent that the timing differences are expected to crystallize. Deferred Tax Assets are recognized only when there is virtual certainty of sufficient future profits available to realize such assets.

viii. Provisions and Contingent Liabilities:

Provisions are recognized for present obligations of uncertain timing or amount arising as a result of a past event where a reliable estimate can be made and it is probable that an outflow of resources embodying

economic benefits will be required to settle the obligation. Where it is not probable that an outflow of resources embodying economic benefits will be required or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of resources embodying economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain events, are also disclosed as contingent liabilities unless the probability of outflow of resources embodying economic benefits is remote.

2. NOTES ON ACCOUNTS

Additional information pursuant to Part II of Schedule IV to the Companies Act, 1956.

	2005-06	2004-05
(i) Payment to directors:	Nil	Nil
(ii) Payment to Auditors:		
Statutory Audit Fees	10000.00	10000.00
Tax Audit Fee	5000.00	5000.00
Service Tax	1530.00	1530.00
(iii) (a) Sales (Exports)	Nil	Nil
(b) Expenditure in Foreign Currency	Nil	Nil
- Travelling Expenses.	Nil	Nil
- Other Expenses	Nil	Nil
i.		
(iv) Other information are either NIL or Not Applicable	Nil	Nil

3. Balances of Debtors, Loans & Advances, Secured Loans, Sundry Creditors and Others are subject to confirmation & reconciliation and consequential adjustments, if any.
4. In the Opinion of the Board of Directors of the Company, the Current Assets, Loans and Advances have a value on realization at least equal to the amount stated in the Balance Sheet.
5. Term Loan from SBI Bank is secured by the First Charge on all present and future moveable and immovable assets of the Company.

6. Segment Reporting :

The Gross Turnover of the Company is from Lease Rent as the only venture of the Company, Hotel North Park has been given on lease.

7. Related Party Disclosure:

Related Party disclosure as required by AS18 is given below;

a. Associates

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

b. Key Management Personnel.

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

c. Related Party Disclosure for the year 2005-2006

Sr. No.	Particulars	Associate (In Lacs)	Key Management Personnel (In Lacs)
1	Outstanding Guarantee taken in favour of SBI Bank securing Term Loan	---	345.00
2	Temporary Advances given	116.00	30.00
3	Temporary Advances received	116.00	15.00
4	Rent Paid	2.10	-----

8. Project Development Expenditure :

During the year the Company started the project of development of "THE METROPOLIS MALL" and the entire project development expenditure incurred up to 31st March 2006 has been included under Capital Work in Progress.

9. Basic Earning Per Share :

For the purpose of calculation of Basic Earning Per Share the Following amounts are considered :

Particulars	For the Year Ended 31 st March 2006	For the Year Ended 31 st March 2005
a) Amounts used as the numerators Net Profit after Tax available for Equity Shareholders	17837.00	(239861.00)
b) Weighted average number of equity Shares (Nos.)	3397600	3397600
c) Basic Earning Per Share (Rs.)	0.0053	(0.071)

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

11. 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

S/d
(Ashwani K. Gutpa)
Partner

For & on behalf of Board of Directors

Sd/-
(A.R.Dahiya)
Director

Sd/-
(Amardeep Dahiya)
Director

Place: Panchkula
Dated : 14-08-2006

POLO HOTELS LTD.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2006

PARTICULARS

	31.03.2006	31.03.2005
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit/ (Loss) before Tax & Extra ordinary items	17838	(376,330)
Adjustment for:		
Depreciation	2371944	2,371,944
Interest Expenses	3012457	2,788,393
Misc. Expenditure Written off	30341	30,341
Operating profit before working capital changes	5432580	4,814,348
Adjustment for		
Trade & Other receiveable	(466375)	341,752
Trade Payable	1951	(3,951,739)
Cash generated from operations	4968156	1204361
Income Tax	(152767)	(145,011)
		2,788,393
Net cash from operating activities	4815389	1729043
B. Net cash used in investing Activities		----
Purchase of Fixed Assets		----
Increase in Capital Work in Progress	-10010867	
Cash Outflow from Investing Activities	-10010867	----
C. Cash flow from financing Activities:		
Proceeds from issue of share capital		
Proceeds from borrowing	11107441	1,721,307
Interest Paid	(3012457)	(2,788,393)
Cash Outflow from Financing Activities	8094984	(1,067,086)
Net increase/decrease in cash & cash equivalent	2899506	(7,736)
Opening balance of cash & cash equivalent	105251	112,987
Closing balance of cash & cash equivalent	3004757	105,251

(This is a Cash Flow Statement referred to in our Report of even date.)

For Ashwani K. Gupta & Associates
Chartered Accountants

For & on behalf of Board of Directors

S/d
(Ashwani K.Gupta)
Partner

S/d
(A.R.Dahiya)
Director

S/d
(Amardeep Dahiya)
Director

Date: 14-08-2006
Place: Panchkula

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1.	Registration Details			
	State code	05	Registration No.	0032355
	Balance sheet date	Date	Month	Year
		31	03	2006
2.	Capital raised during the year (Amount in Rs. Thousand)			
	Public issue	000000000	Right issue	000000000
		000000000	Private issue	000000000
3.	Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousand)			
	Total Liabilities	000067094	Total Assets	000067094
	Sources of Funds			
	Paid-up capital	000033976	Share Application Money	000000000
	Reserve & Surplus	000000000	Secured Loans	000033118
	Unsecured Loans	000000000		
	Application of Funds			
	Net Fixed Assets	000038475	Investments	000000082
	Net Current Assets	000000064	Misc. Expenditure	000003439
	Accumulated losses	000013821		
4.	Performance of Company (Amount in Rs. Thousand)			
	Turnover including other income	000005805	Total Exp.	000005787
	Profit/Loss before tax	000000018	Loss after tax	000000126
	Earning per share in Rs.	000000000	Dividend Rate %	00
	Generic Names the Principal Services of Company			
	Item Code No.	N.A.		
	Service Description	HOTELIERS		

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 22nd Annual General Meeting of the Company held on Wednesday, 20th September 2006 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 us behalf at the 22nd Annual General Meeting to be held on Wednesday, 20th September 2006 at 9.00 A.M. or at any adjournment thereof.

Signature this.....day of.....2006

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 to 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