



# **POLO HOTELS LIMITED**

**ANNUAL REPORT  
2011-2012**

**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 Sh. Manbeer Choudhary Sh. Vivek Sama
Auditors	:	M/s. Ashwani K. Gupta & Associates Chartered Accountants H.No. 1044-A, Sector-2, Panchkula.
Bankers	:	Canara Bank, Sector-10, Panchkula Religare Finvest Limited, Chandigarh
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 28<sup>th</sup> Annual General Meeting of the members of the Company will be held on Friday, 28th September 2012 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 31<sup>st</sup> March, 2012 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. Abhey Ram Dahiya who retires by rotation but being eligible has offered himself for reappointment.
3. To appoint a Director in place of Sh. Vikas Tibrewal who retires by rotation but being eligible has offered himself for reappointment.
4. To appoint auditors of the Company and to fix their remuneration.

### SPECIAL BUSINESS :

5. To consider and if thought fit to pass, with or without modifications, the following resolution as ordinary Resolution:  
"Resolved That Sh. Manbeer Choudhary who was appointed additional director of the company on 12.06.2012 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."
6. To consider and if thought fit to pass, with or without modifications, the following resolution as ordinary Resolution:  
"Resolved That Sh. Vivek Sama who was appointed additional director of the company on 12.06.2012 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."

By order of the Board  
Sd/  
(Amardeep Dahiya)  
Managing Director

Place : Panchkula  
Dated : 25.08.2012

**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 26<sup>th</sup> September, 2012 to 28<sup>th</sup> September, 2012 (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 Link Intime India Pvt. Ltd., A-40, 2<sup>nd</sup> Floor, Near Batra Banquet Hall, Naryana Industrial Area, Phase-II, New Delhi-110 028 have been appointed as Demat Registrar and Share Transfer Agent of the Company.
7. 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. 5**

The Board of Directors of the company at their meeting held on 12.06.2012 had appointed Sh. Manbeer Choudhary as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956.

However, he would be hold this office up to the date of this Anuual General Meeting. 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.

Sh. Manbeer Choudhary is aged about 57 years. He is past president of Federation of Hotel & Restaurant Association of India (FHRAI). He is having a great experience in the Hotel Industry.

Sh. Manbeer Chaudhary 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. 6**

The Board of Directors of the company at their meeting held on 12.06.2012 had appointed Sh. Vivek Sama as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956.

However, he would be hold this office up to the date of this Anuual General Meeting. 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.

Sh. Vivek Sama is aged about 46 years. He is a Graduate of the prestigious Maulana Azad medical college, New Delhi and MBA at the Kellogg Graduate School of Management. He is having a great experience in the Hospital Industry.

Sh. Vivek Sama 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.

## DIRECTORS REPORT

To  
The Members  
Polo Hotels Ltd.

Your Directors have pleasure in submitting their 28<sup>th</sup> Annual Report together with audited accounts for the year ended on 31<sup>st</sup> March, 2012.

### Financial Results

PARTICULARS	Financial Year Ending on 31.03.2012 (Rs. In Lacs)	Financial Year Ending on 31.03.2011 (Rs. In Lacs)
Gross Income	77.86	71.67
Profit before Interest, Dep. & Tax	73.47	66.09
Interest	35.70	28.99
Profit/ (Loss) before Depreciation & Tax	37.77	37.10
Depreciation for the year	17.86	17.84
Net Profit/ (Loss) for the year	19.91	19.26
Provision for Tax	3.68	3.57
Net Profit/ (Loss) for the year	16.23	15.69
Loss brought forward	106.19	121.88
Total Loss carried to Balance Sheet	89.96	106.19

### OPERATIONS

The Hotel North Park owned by the Company has been leased out from 26<sup>th</sup> 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. Abhey Ram 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. Abhey Ram Dahiya.

Sh. Vikas Tibrewal, 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. Vikas Tibrewal.

Sh. Manbeer Choudahry was Appointed as Additional Director of the company in accordance with the provisions of the section 260 of the Companies Act, 1956. He would hold office upto the date of this annual general meeting of the company

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

Sh. Vivek Sama was Appointed as Additional Director of the company in accordance with the provisions of the section 260 of the Companies Act, 1956. He would hold office upto the date of this

annual general meeting of the company

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

### **AUDITORS**

M/s Ashwani K. Gupta & Associates, Chartered Accountant are the present auditors of the company. In terms of the provisions of Section 224 of the Companies Act, 1956, they would retire at the forthcoming 28<sup>th</sup> 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 2012-13.

### **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 Director 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.

### **CORPORATE GOVERNANCE**

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

### **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 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.

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 Hotel & Hospital adjoining the Hotel North Park.

M/s A.R.D. Realty Private Limited (Transfree company) holds 4.145 Acres of Land and M/s Polo Hotels Ltd. the Transferor company hold land measuring 2.636 Acres within the revenue estate of village chowki, Sector-32, Panchkula, Adjacent to the land owned by the company. The scheme of amalgamation will consolidate the business and resources of both these entities and facilitate the implementation of Hotel and Hospital and other projects on this joint land holding of 6.781 Acres to enhance the competitive strength of the merged entity. The scheme of arrangement for amalgamation has been passed by the Hon'ble High court of Punjab and Haryana vide order dated 18.11.2011.

Permission for change of land use for construction of a Hotel in the revenue estate of Village Chowki, District Panchkula adjoining the Hotel North Park has been granted by the Director Town and Country Planning Haryana vide letter dated 18.08.2011. The maximum permissible FAR shall be 150% on the measuring 3600 sqm which works out to be 5400 sqm.

**HOSPITALITY INDUSTRY OVERVIEW-**

**Travel & Tourism** is an important economic activity in most countries around the world. With its backward and forward linkages with other sectors of the economy like transport, construction, handicrafts, manufacturing, horticulture, agriculture, etc., tourism has the potential to not only be the economy driver, but also become an effective tool for poverty alleviation and ensuring growth with equity.

The total contribution of **Travel & Tourism** to GDP, including its wider economic impacts is forecasted to rise by 8.8% pa from INR 3,680.4 billion (4.5% of GDP) in 2011 to INR 8,523.1 billion (4.9%) by 2021. The country welcomed around 5.58 million Foreign Tourist Arrival (FTA) in 2010 at an annual growth rate of 8.1% and nearly 740.21 million domestic tourists at an annual growth rate of 10.7%. The Foreign Exchange Earning (FEE) from Tourism in 2010 was reported at US\$ 14,193 million.

**India's position in the world**

- Share of India in International Tourist Arrivals      0.59%
- India's Rank in the world Tourist arrival            40
- Share of India in International Tourism Receipts    1.54%
- India's Rank in world Tourism Receipts            16

**Hotels in India are broadly classified into two categories Approved and Unapproved.** All the star hotels in India are government approved with periodic monitoring on the quality of services offered. Hotels in India may also be segregated in different categories depending on their location, facilities, infrastructure, and amenities provided.

**HEALTHCARE INDUSTRY OVERVIEW**

**The health sector in India** is characterized by a government sector that provides publicly financed and managed curative, preventive and promotive health services from primary to tertiary level throughout the country free of cost to the people and a fee-levying private sector that plays a dominant role in the provisioning of curative care.

**The Private Health Sector**

At the time of independence only about 8 per cent of all qualified modern medical care was provided by the private sector. But over the years the share of the private sector in the provision of health care has at about 80 per cent of all outpatient care and about 60 per cent of all in-patient care.

The private sector in India has a dominant presence in all the submarkets medical education and training, medical technology and diagnostics, pharmaceutical manufacture and sale, hospital construction and ancillary services and, finally, the provisioning of medical care.

Over 75 per cent of the human resources and advanced medical technology, 68 per cent of an estimated 15,097 hospitals and 37 per cent of 623,819 total beds in the country are in the private sector. Of these most are located in urban areas.

**Chandigarh 'Tri city' Micro Market Overview**

Chandigarh Tri-City real estate market has witnessed unprecedented growth over the last few years. Within the last two years it has witnessed enormous development in relation to real estate in both commercial and residential segments. Chandigarh and the surrounding areas are becoming most important destination for the developers, investors and end users looking to invest in Tier II cities. Developers have launched their projects around the city in areas like Kharar, Zirakpur, Baddi, Dera Bassi, Panchkula and Mohali.



The residential sector is also showing a great amount of activity around the city. Demand for residential colonies is both investment and residential driven. Several residential blocks are coming up in the outskirts of the city. Major among these are sector grids of Mohali, Kharar Road and Zirakpur.

Projects like Parsvnath Greens in Dera Bassi, Parsvnath Royale in Panchkula, Uppal's Marble Arch in Mani Majra, Ansals Golf Links in Mohali, Omaxe Greens in Dera Bassi, Emaar MGF in Mohali are in various stages of development. These projects are coming in the suburban areas of Chandigarh due to land exhaustion in the city and very limited options with exorbitant prices.

#### **Strategic Advantage of Tri City**

- Mohali and Panchkula, along with Chandigarh the capital of Punjab and Haryana have a growing commercial market.
- The Tri city has wide public parks, vibrant markets and lakes, which contribute to the high standard of living in the region
- The tri city also enjoys the geographical advantage of being close to the National Capital Region (NCR)
- Tri- City is in close proximity with some of the beautiful hills like Kalka, Pinjore, Kasauli, Shimla, Chail, Morni, Nahan

#### **Chandigarh Tri City Potential Business Market**

- Highest per capita income Thrice the national average
- Rank 1st In the Human Development Index of the country
- Ranked 7th in the list of top 50 centers for outsourcing in the world
- Ranked 7th in terms of FDI inflow into India's cities.
- Chandigarh has four 5-star hotels- the Taj Chandigarh, Parkview, Mountview and JW Marriott has also recently opened. Apart from these, there are a number of smaller hotels of fair quality including Shivalikview, Hotel Piccadily, Sunbeam and Maya Palace.
- The hotels primarily cater to corporate clientele visiting Chandigarh and the neighboring Baddi Industrial Area. The primary sectors that make up the corporate clientele include Pharma, IT, Legal, Real Estate and Telecommunications. There has been a significant increase in the number of business travelers from the IT and Pharma sector over the last few years with Chandigarh being positioned as the next big IT city with a number of medical developments.
- With an international airport coming up at Mohali and major sports events such as those of Indian Premier League (IPL) taking place in the vicinity, the hospitality industry is euphoric and it is felt that the need for both budget and premium hotels is immense. Major hotel chains are moving in to tap the hospitality boom in Chandigarh. Carlson Hotels Worldwide Asia Pacific is setting up a hotel at Zirakpur, Sarovar Hotels, in synergy with James Plaza, is coming with James Park Plaza (five-star) which will come up adjacent to the existing Taj Chandigarh. Other big players from the hospitality sector, such as the Oberois and ITC have also shown interest in setting up hotels in Chandigarh.
- Though there are a number of planned hospitality developments in the vicinity of Panchkula. However, the hospitality industry in Panchkula is still in its nascent stage, with an absence of branded and quality hotels in the area.

#### **Healthcare Trends in Tri City**

- ✓ Currently, Chandigarh Tri city has four multi specialty hospitals Fortis, Ivy Hospital in Mohali, Alchemist in Panchkula and General Government Hospital in Chandigarh.
- ✓ 55-60% of the private healthcare seekers in the tri city are from peripheral areas
- ✓ Compared to the no. of hospitals, there remains an overload of cases

#### **Need of Hospital in the Region**

- ✓ Opening of technology parks has brought working population to the city which will need better

- healthcare facilities
- ✓ Industrial areas like Baddi, Pinjaur, Kharar and Zikarhpur do not have good health care Infrastructure
- ✓ Panchkula has only one healthcare provider, The Alchemist.

**Location of the Project**

- ✓ **The subject property is located in vicinity of Sector 2, 4, 6, 25, 26, etc., established residential hubs towards the north eastern suburbs of Panchkula city. Further, the subject property forms part of Devinagar-Chowki village micro market, located off Zirakpur-Shimla Highway (NH-22) and Panchkula-Dehradun Highway (NH-73) along the banks of River Ghaggar. It is located diagonally opposite Panchkula Technology Park Sector 22 (viz. proposed IT/ITes hub of Panchkula). The area in which the subject site is located is primarily characterized by residential activity, comprising of independent dwelling units as well as proposed IT / ITeS developments.**
- ✓ **The subject micro market is characteristic by the presence of North Park (subject property), Bella Vista, KC Royal Park, Fort Ramgarh, etc. in business and premium category. The subject region has witnessed demand for quality accommodation catering to mainly government employees, business travelers ( IT/ITES & Non IT segment) and tourist.**
- ✓ **The site is accessible from an existing two lane metalled road (viz. approximately 80 ft wide, Sector 32 central spine road as per the Development Plan of Panchkula Extension). The property has a frontage of approx 566 ft on the said road.**

**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.

**Acknowledgment**

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  
Date : 25.08.2012

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. BOARD OF DIRECTORS COMPOSITION

As on date of this report, the Board of Directors consists of 8 members comprising of 1 (one) Executive Director and 7(Seven) 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 is 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, 9 (Nine) Board Meetings were held. The dated on which the Board meetings were held are as follows: 30<sup>th</sup> April 2011, 20<sup>th</sup> June 2011, 30<sup>th</sup> July 2011, 23<sup>rd</sup> August 2011, 29<sup>th</sup> October 2011, 4<sup>th</sup> November 2011, 25<sup>th</sup> November 2011, 10<sup>th</sup> January 2012 and 24<sup>th</sup> January, 2012.

### 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	9	9	Yes
Sh. Amardeep Dahiya	9	9	Yes
Sh. Pankaj Dahiya	9	9	Yes
Sh. Devender Jain	9	9	Yes
Sh. Gurmukh Singh	9	9	Yes
Sh. Vikas Ti brewal	9	9	No

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

Name	Designation	Category	Number of other Directorship	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	4	-	-
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	-	-	-
Sh. Manbeer Chaudhary	Director	Independent Non Executive	2	-	-
Sh. Vivek Sama	Director	Independent Non Executive	2	-	-

\*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:

- i. 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.
- ii. 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.
- iii. Approval of payment to statutory auditors for any others services rendered by the statutory auditors.
- iv. 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 judgment 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.
- v. Reviewing with the management the quarterly financial statements before submission to the board for approval.
  - vi. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
  - vii. 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.
  - viii. Discussion with internal auditors any significant findings and follow up thereon.
  - ix. 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.
  - x. 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.
  - xi. To look into the reasons for substantial defaults in the payment to depositors, debenture holder, shareholders (in case of non payment of declared dividends) and creditors.
  - xii. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
  - xiii. 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 and 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 30<sup>th</sup> April 2011, 30<sup>th</sup> July 2011, 29<sup>th</sup> October 2011, 25<sup>th</sup> November 2011 and 24<sup>th</sup> January 2012 and the attendance of members at the meetings was as follow:-

<b>Name of Member</b>	<b>Status</b>	<b>No. of Meeting Attended</b>
Sh. Devender Jain	Chairman	5
Sh. Amardeep Dahiya	Member	5
Sh. Gurmukh Singh	Member	5

**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 Singh 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 remuneration, etc.

The Remuneration Committee of the company consisted of three directors namely Sh. Vikas Tibrewal (Chairman), Sh. Devender Jain and Sh. Gurmukh Singh, as members. During the year under review, Remuneration Committee met on 30<sup>th</sup> July, 2011, and 24<sup>th</sup> January, 2012 and the attendance of members at the meetings was as follow:-

<b>Name of Member</b>	<b>Status</b>	<b>No. of Meeting Attended</b>
Sh. Vikas Tibrewal	Chairman	2
Sh. Devender Jain	Member	2
Sh. Gurmukh Singh	Member	2

**DETAILS OF REMUNERATION OF DIRECTORS FOR THE PERIOD ENDED 31<sup>ST</sup> MARCH 2012.**

No remuneration has been paid to any non-executive director of the company during the year under report except Salary to Sh. Amardeep Dahiya, Managing Director of Rs., 7,50,000/- (Rs. Seven Lakhs fifty thousands only) for the year 2011-12.

Remuneration payable to Managing Director has been duly approved by the remuneration committee, Board of Directors and subject to approval by the members in their 27<sup>th</sup> Annual General Meeting. Remuneration paid is within the limits as prescribed under schedule XIII of The Companies Act, 1956.

**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, Managing Director. Sh. Amardeep Dahiya, Managing Director has been nominated as the Compliance Officer of the company.

During the period under review, the Company received no complaints 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 share and other matters relating to shareholder's complaints.

**1. GENERAL BODY MEETINGS :**

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

<b>Financial year</b>	<b>Date</b>	<b>Time</b>	<b>Venue</b>
2008-2009 25 <sup>th</sup> AGM	22.09.2009	9.00 A.M.	Hotel North Park, Panchkula
2009-2010 26 <sup>th</sup> AGM	20.09.2010	9.00 A.M.	Hotel North Park, Panchkula
EGM by postal ballots	08.03.2011	3.00 P.M.	67, Industrial Area, Phase-I, Panchkula
EGM convened under direction of Honble High Court Punjab & Haryana	09.07.2011	11.00 A.M.	Hotel North Park, Panchkula
2010-2011 27 <sup>th</sup> AGM	30.12.2011	9.00 A.M.	Hotel North Park, Panchkula

The company has passed a special resolution in the 26<sup>th</sup> Annual General Meetings of the company. The company has passed resolution through postal ballot on 8<sup>th</sup> March 2011. The Company has passed the Scheme of Arrangement u/s 391 & 394 of the Companies Act, 1956 for amalgamation of A.R.D. Private Limited with Polo Hotels Limited at the meeting convened under direction of Hon'ble High Court Punjab & Haryana on 9<sup>th</sup> July 2011. The company has passed a special resolution in the 27<sup>th</sup> Annual General Meetings of the company.

## 6. 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. 10000/- (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 terms & conditions and prices at which office has been taken on rent 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 exchange 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 behavior, 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 indirect access to the Chairman of the Audit Committee in exceptional cases. No personnel have 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.

## 7. MEANS OF COMMUNICATIONS

- 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 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.

## 8. GENERAL SHAREHOLDERS INFORMATION :

- a) Annual General Meeting  
Date : 28<sup>th</sup> September, 2012  
Time : 9.00 A.M.  
Venue : Hotel North Park, Panchkula (Haryana)
- b) Financial Calendar ( Tentative & Subject to Change)

Sr. No.	Particulars	Date
1	Financial Year Ending	31 <sup>st</sup> March, 2013
2.	I st Quarter Results	On or before 31 <sup>st</sup> July, 2012
3.	2 <sup>nd</sup> Quarter Results	On or before 31 <sup>st</sup> Oct., 2012
4.	3 <sup>rd</sup> Quarter Results	On or before 31 <sup>st</sup> Jan., 2013
5.	4 <sup>th</sup> Quarter Results	On or before 30 <sup>th</sup> April, 2013
6.	AGM for the period ending 31.03.2013	On or before 30 <sup>th</sup> Sept., 2013

- c) Book Closure dates form 26.09.2012 to 28.09.2012 (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. The shares of the company have been traded at the Strock Exchange Mumbai. The shares of the company have been dematerialized. The ISIN allotted to the Company's shares is INE084C1012.

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. LINK INTIME India Pvt. Ltd.**

**A-40, 2<sup>nd</sup> Floor, Nariana Industrial Area, Phase-II,**

**Near Batra Banquet Hall, 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 BSE on 25.08.2012 was Rs. 49.25/- per share and last 52 weeks high and low of the share were Rs. 94/- and Rs. 30.20/- per share respectively.

**DISTRIBUTION OF HOLDING AS ON 31.03.2012**

Shareholding of	Number of Shareholders	% age of Total	Total Amount (Rs.)	%age
1 to 500	1506	88.1733	325636	3.8576
501 to 1000	130	7.6112	90159	1.0680
1001 to 2000	17	0.9953	26417	0.3129
2001 to 3000	6	0.3513	14713	0.1743
3001 to 4000	6	0.3513	21800	0.2582
4001 to 5000	4	0.2342	18400	0.2180
5001 to 10000	15	0.8782	110675	1.3111
10001 and above	24	1.4052	7833682	92.7998
<b>TOTAL</b>	<b>1708</b>	<b>100.0000</b>	<b>8441482</b>	<b>100.00</b>

	No. of Shareholders	No. of Shares	% shareholding
Physical	1267	10,67,270	12.643
NSDL	329	71,91,596	85.194
CDSL	112	1,82,616	2.163
<b>Total</b>	<b>1708</b>	<b>84,41,482</b>	<b>100.00</b>



**SHAREHOLDING PATTERN AS ON 31.03.2012**

<b>Category of Shareholders</b>	<b>Number of Shares holders</b>	<b>Total Number of Shares</b>	<b>Number of shares held in dematerialised form</b>	<b>% age of shareholding</b>
<b>1. Shareholding of Promoters &amp; Promoter Group</b>	<b>4</b>	<b>6319532</b>	<b>6314132</b>	<b>74.8628</b>
<b>2. Public Shareholding</b>				
Bodies Corporates	24	126521	123521	1.4988
Individual Shareholders holding nominal share capital up to Rs. One Lakh	1656	565009	134189	6.6932
Individual Shareholders holding nominal share capital in excess of Rs. One Lakh	19	1413575	800125	16.7456
Directors & Relatives	2	14600	0	0.1730
Clearing Members	3	2245	2245	0.0266
<b>Total Public Shareholding</b>	<b>1704</b>	<b>2121950</b>	<b>1060080</b>	<b>25.1372</b>
<b>Total Shareholding</b>	<b>1708</b>	<b>8441482</b>	<b>7374212</b>	<b>100.00</b>

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 (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 31<sup>st</sup> March 2012 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:25.08.2012

(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 31<sup>st</sup> March 2012 and also the Statement of 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 as amended by Companies (Auditor' 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, the Statement of Profit & Loss and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
  - iv. In our opinion, the Balance Sheet, the Statement of Profit & Loss 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 31<sup>st</sup> March, 2012 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31<sup>st</sup> March, 2012 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 31<sup>st</sup> March, 2012,
    - b. In the case of the Statement of Profit and Loss 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**

**PLACE: PANCHKULA  
DATED : 31-07-2012**

**(Ashwani K Gupta)  
Partner  
(M.No. 082808)**

## 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 31<sup>st</sup> March, 2012)

- 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. As informed to us, the Company has granted unsecured loan to one party covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount outstanding & year end balance was Rs 2.00 Lacs
- b. The terms and conditions of loans are prima facie not prejudicial to the interest of the company.
- c. The loan is repayable on demand.
- d. Since the loan is repayable on demand, there are no overdues amounts.
- e. The company has taken unsecured loan from two companies covered in the register maintained u/s 301 of the Companies Act 1956. The maximum amount involved and year end balance was Rs **273.51** lacs.
- f. The terms and conditions of loans are prima facie not prejudicial to the interest of the company.
- g. The loan is repayable on demand.
- 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 generally 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. 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 31.03.2012.
- x. The Company has accumulated losses amounting Rs. 89.95 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.), 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.

**For ASHWANI K. GUPTA & ASSOCIATES  
CHARTERED ACCOUNTANTS**

**PLACE: PANCHKULA  
DATED: 31-07-2012**

**(Ashwani k Gupta)  
Partner  
(M.No. 082808)**

**M/S POLO HOTELS LTD.  
BALANCE SHEET AS ON 31.03.2012**

PARTICULARS	Notes		As on 31.3.2012	As on 31.3.2011
<b><u>EQUITY AND LIABILITIES</u></b>				
<b><u>A) Shareholders funds</u></b>				
Share Capital	1	134,853,640	33,976,000	
Reserve and surplus	2	419,139,913	(10,618,935)	
Money received against share warrants		-	-	
	(A)		553,993,553	23,357,065
<b><u>B) Share application money pending allotment</u></b>				
<b><u>C) Non-current liabilities</u></b>				
Long-term borrowings	3	62,526,983	38,002,247	
Deferred tax liabilities(Net)		-	-	
Other Long term liabilities	4	47,767,138	33,914,439	
Long-term provision		-	-	
	(C)		110,294,121	71,916,686
<b><u>D) Current liabilities</u></b>				
Short-terms borrowing		-	-	
Trade payables	5	1,641,236	1,912,746	
Other current liabilities	6	4,892,054	2,965,071	
Short-terms provisions		-	-	
	(D)		6,533,290	4,877,817
<b>TOTALS (A+B+C+D)</b>			<b>670,820,964</b>	<b>100,151,568</b>
<b><u>ASSETS</u></b>				
<b><u>Non-current assets</u></b>				
a) Fixed Assets				
-Tangible assets	7	564123626	37660917	
-Intangible assets		0	0	
-Capital Work in Progress	8	94513101	47631387	
-Intangible assets under development				
b) Non-current investments	9	81579	81579	
c) Deferred tax assets (net)		1036162	1036162	
d) Long-term loans and advances	10	200000	0	
e) Other Non-current assets	11	3257387	3287728	
	(E)	663211855	89697772	
<b><u>Current assets</u></b>				
a) Current investment		0	0	
b) Inventories		0	0	
c) Trade receivables	12	1300348	565368	
d) Cash and bank balances	13	2220259	4157106	
e) Short-term loans and advances	14	1134000	3026787	
f) Other current assets	15	2954503	2704535	
	(F)	7609110	10453796	
<b>TOTALS (E+F)</b>			<b>670,820,964</b>	<b>100,151,568</b>

SIGNIFICANT ACCOUNTING POLICIES  
NOTES TO ACCOUNTS : 1 to 29

Auditors Report :  
As per our separate report of even date attached

**For Ashwani K Gupta & Associates**  
**Chartered Accountants**

**For & on behalf of Board of Directors**

Sd/-  
( Ashwani K. Gupta)  
Partner

Sd/-  
(A.R.Dahiya)  
Director

Sd/-  
(Amardeep Dahiya)  
Managing Director

Place : Panchkula  
Date : 31.07.2012

**M/S POLO HOTELS LTD.  
PROFIT & LOSS A/C FOR THE PERIOD ENDED 31.03.2012**

Particulars	Notes	As on 31.3.2012	As on 31.03.2011
<b>Income</b>			
Revenue from operations(gross)		0	0
Less:excise duty		0	0
Revenue from operations(net)		0	0
Other income	16	7785710	7167576
<b>Total revenue (I)</b>		<b>7785710</b>	<b>7167576</b>
<b>Expenses</b>			
Cost of materials consumed		0	0
Changes in inventories of finished goods, work-in progress and stock-in -Trade		0	0
Employee benefits expense		0	0
Finance costs	17	3569424	3050731
Depreciation and amortization expense	18	1786291	1783964
Other expenses	19	437985	406869
<b>Total expenses ( II)</b>		<b>5793700</b>	<b>5241564</b>
<b>Profit before exceptional and extraordinary items and tax (I-II)</b>		<b>1992010</b>	<b>1926012</b>
Less:-Exceptional items		0	0
Profit before extraordinary item and tax		1992010	1926012
Add:-Extraordinary item		0	0
Profit /loss before tax		1992010	1926012
<b>Tax expenses</b>			
Current tax		368522	357082
Deferred tax		0	0
<b>Total tax expenses</b>		<b>368522</b>	<b>357082</b>
<b>Profit/(loss) for the year from continuing operations (A)</b>		<b>1623488</b>	<b>1568930</b>
<b>Profit/(loss) before tax from discontinuing operations</b>		<b>0</b>	<b>0</b>
<b>Tax expenses of discontinuing operations</b>		<b>0</b>	<b>0</b>
<b>Pofit/(loss) after tax from discontinuing operations (B)</b>		<b>0</b>	<b>0</b>
<b>Profit /(loss) for the year (A+B)</b>		<b>1623488</b>	<b>1568930</b>

**Auditors Report :**

As per our separate report of even date attached

For Ashwani K Gupta & Associates  
Chartered Accountants

Sd/-  
( Ashwani K. Gupta)  
Partner  
Place : Panchkula  
Date : 31.07.2012

For & on behalf of Board of Directors

Sd/-  
(A.R.Dahiya)  
Director

Sd/-  
(Amardeep Dahiya)  
Managing Director

**M/S POLO HOTELS LTD.**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2012**

PARTICULARS	2011-12 (Rs in Lakhs)	2010-11 (Rs in Lakhs)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :-</b>		
NET PROFIT AS PER PROFIT & LOSS A/C	1992010	1926013
<b>ADJUSTMENTS FOR :-</b>		
DEPRECIATION	1786291	1783964
UNAMORTIZED EXPENDITURE	30341	30341
INTEREST	3540878	2898942
<b>CASH FLOW FROM OPERATION (Before adj. Of C.A. and C.L.)</b>	<b>7349520</b>	<b>6639260</b>
<b>ADJUSTMENTS FOR :-</b>		
TRADE RECEIVABLE & LOAN & ADVANCES	(2314449)	(3587202)
INVENTORIES	0	
TRADE PAYABLE & OTHER CURRENT LIABILITIES	1655474	1794178
<b>CASH FLOW FROM OPERATION (Before Tax)</b>	<b>6690545</b>	<b>4846236</b>
<b>ADJUSTMENTS FOR :-</b>		
TAX PAID DURING THE YEAR	(368522)	(456457)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>6322023</b>	<b>4389779</b>
<b>B) CASH FLOW FROM INVESTING ACTIVITIES:-</b>		
FIXED ASSETS ACQUIRED PURSUANT TO SCHEME OF AMALGAMATION	(528,249,000)	
CAPITAL WORK IN PROGRESS	(46,881,714)	(16886013)
SALES OF FIXED ASSETS		
FDR REALISED	3022287	
SALE/(PURCHASE) OF INVESTMENT	0	
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>(572108427)</b>	<b>(16886013)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:-</b>		
INCREASE IN TERM LOAN	24524736	
PROCEEDS FROM SHARE ALLOTMENT PURSUANT TO SCHEME OF AMALGAMATION	100877640	
PROCEEDS FROM SECURITIES PREMIUM PURSUANT TO SCHEME OF AMALGAMATION	428135360	
INCREASE IN LONG TERM LIABILITY	13852699	19448315
INTEREST PAID	(3540878)	(2898941)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>563849557</b>	<b>16549374</b>
<b>CHANGE IN CASH &amp; CASH EQUIVALENT (A+B+C)</b>	<b>(1936848)</b>	<b>4053140</b>
OPENING BALANCE OF CASH & CASH EQUIVALENT	4157106	103967
CLOSING BALANCE OF CASH & CASH EQUIVALENT	2220258	4157106

This is the cash flow statement referred to in our report of even date

For Ashwani K Gupta & Associates  
Chartered Accountants

Sd/-  
( Ashwani K. Gupta)  
Partner

Place : Panchkula  
Date : 31.07.2012

For & on behalf of Board of Directors

Sd/-  
(A.R.Dahiya)  
Director

Sd/-  
(Amardeep Dahiya)  
Managing Director



## M/S POLO HOTELS LIMITED

### SIGNIFICANT ACCOUNTING POLICIES

1. 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;
2. **Use of Estimates**

The preparation of Financial Statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses and disclosure of contingent liabilities as on the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based on the management evaluations of the relevant facts and the circumstances as on the date of the financial statements. Actual results could differ from these estimates.
3. **Fixed Assets :**

Fixed assets have been carried at historical cost, inclusive of incidental expenses, less accumulated depreciation.
4. **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.
5. **Depreciation :**

Depreciation on fixed assets has been provided on Straight Line Method at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956 over their useful life.
6. **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.
7. **Revenue Recognition**

Revenue from Lease Income is recognized as per the terms of Lease agreement.
8. **Investments :**

Long term investments are stated at cost.
9. **Miscellaneous Expenditure:**

Deferred Revenue Expenditure is being written off in the ratio of 1/15<sup>th</sup> every year i.e. over the total lease period.
10. **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.

**11 Accounting for Taxes on Income :****Income Tax :****Current Taxation-**

Provision is made for income tax annually based on the tax liability computed after considering tax allowances and exemptions.

**Deferred Taxation-**

Deferred income tax is provided on all timing differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Deferred tax assets and liabilities are measured at the tax rates that have been enacted or substantially enacted at the balance sheet date.

**12 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.

**M/S POLO HOTELS LTD.**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**  
**FOR THE YEAR 2011-12**

PARTICULARS	As on 31.3.2012	As on 31.3.2011
<b>Note 1</b>		
<b><u>SHARE CAPITAL</u></b>		
<u>Authorised</u>		
<u>CCPS Capital</u>		
5250000 (P.Y. Nil) CCPS of Rs 10.00 each	52500000	0
<u>Equity Capital</u>		
11000000 (P.Y. 1,50,00,000) Equity Shares of Rs.10.00 each	110000000	150000000
	<b>162,500,000</b>	<b>150,000,000</b>
<b><u>Issued Subscribed &amp; Paid up</u></b>		
5043882(P.Y. Nil) CCPS of Rs 10.00 each	50438820	0
8441482 (P.Y. 3397600) Equity shares of rs 10/- each	84414820	33976000
5043882 Compulsory Convertible Preference Shares (CCPS) allotted during the year as fully paid up Shares to Shareholders of ARD Realty Pvt. Ltd. for consideration other than cash pursuant to the scheme of Amalgamation		
5043882 Equity Shares allotted during the year as fully paid up Shares to Shareholders of ARD Realty Pvt. Ltd. for consideration other than cash pursuant to the scheme of Amalgamation		
Equity Share Application Money Received	-	-
<b>TOTAL</b>	<b>134853640</b>	<b>33976000</b>
<b>(A) Reconciliation of Number of Shares</b>		
Shares Outstanding as at 01.04.2011/ 01.04.2010	3397600	3397600
Shares Outstanding as at 31.03.2012/ 31.03.2011	8441482	3397600
<b>(B) List of Shareholders holding more than 5% of the total no. of Shares Issued by the Company :</b>		
<b>Name of the Shareholder</b>		
ABHEY RAM DAHIYA	4481174	1183350
AMARDEEP SINGH DAHIYA	1791558	-
PAWAN GUPTA	-	192600

PARTICULARS	As on 31.3.2012	As on 31.3.2011
<b>Note 2</b> <u>Reserve and surplus</u>		
Securities premium account	495006580	0
Share Premium @ Rs 49.07 per share on 5043882 Equity Shares & 5043882 Compulsory Convertible Preference Shares (CCPS) allotted as fully paid up Shares to Shareholders of ARD Realty Pvt. Ltd. for consideration other than cash pursuant to the scheme of amalgamation		
Less: Adjustment on a/c of Amalgamation	66871220	0
Surplus in the statement of profit and loss Balance as per last financial statements(Debit)	(10618935)	(12187865)
Add: Profit for the year	1623488	1568930
Less: Appropriations		
Net surplus in the statement of profit and loss(Debit)	1623488	1568930
Closing Balance(Debit)	(8995447)	(10618935)
<b>Total</b>	419139913	(10618935)
<b>PARTICULARS</b>	<b>As on 31.3.2012</b>	<b>As on 31.3.2011</b>
<b>Note 3</b> <u>Long - term borrowings</u>		
Term loans From NBFC	62526983	38002247
Term Loan from Religare Finvest Ltd. is secured as under:		
i) Assignment of Lease Income Receivables		
ii) First Charge on the hotel property alongwith equitable mortgage of land in the name of the Company and the Building constructed thereon.		
iii) Personal guarantee of Managing Director and two wholetime directors of the Company		
iv) Terms of Repayment		
a) EMI of Rs 701319 ending on July 2023		
b) EMI of Rs 298624 ending on February 2022		
<b>Total</b>	62526983	38002247

PARTICULARS	As on 31.3.2012	As on 31.3.2011
Note 4		
<u>Other Long - term Liabilities</u>		
a) Trade payables	0	0
b) Others	0	0
Other liability	3935975	2235975
From Related parties	43831163	31678464
Total	47767138	33914439
PARTICULARS	As on 31.3.2012	As on 31.3.2011
Note 5		
<u>Trade payable</u>		
Sundry Creditors		
Micro Small & medium Enterprises	1641236	1912746
Others		
Total	1641236	1912746
The Company has not recd. Any information from suppliers regarding their status under the Micro, Small & medium Enterprise development Act,2006, hence no disclosures under the Act have been made in the accounts		
PARTICULARS	As on 31.3.2012	As on 31.3.2011
Note 6		
<u>Other current liabilities</u>		
a) Current maturities of long -term debts	2615000	1400000
b) Current maturities of finance lease obligations		
c) Interest accrued but not due on obligations	796328	418649
d) Interest accrued and due on borrowing		
e) Other payables	900930	517500
- Statutory Liabilities	579796	628922
Total	4892054	2965071

# SCHEDULE OF FIXED ASSETS AS ON 31.03.12

Note 7

Particulars	Original cost as on 1/4/2011	Additions during the year	Total as on 31/03/2012	DEPRECIATION			WRITTEN DOWN VALUE	
				Upto 31/03/2011	For the Year	Upto 31/03/2012	As on 31/03/2012	As on 31/03/2011
Land & Site Development	12,603,978	528,200,000	540,803,978	-	-	-	540,803,978	12,603,978
Building	32,737,519	-	32,737,519	13,917,230	1,093,433	15,010,663	17,726,856	18,820,289
Plant & Machinery	14,537,484	49,000	14,586,484	8,610,836	692,858	9,303,694	5,282,790	5,926,649
Furniture & Fixtures	6,200,048	-	6,200,048	5,890,046	-	5,890,046	310,002	310,002
<b>Total</b>	<b>66,079,029</b>	<b>528,249,000</b>	<b>594,328,029</b>	<b>28,418,112</b>	<b>1,786,291</b>	<b>30,204,403</b>	<b>564,123,626</b>	<b>37,660,917</b>
Previous Year	66,079,029	-	66079029	26634149	1783964	28418112	37660918	39,444,880

Additions are on a/c of assets of erstwhile ARD Reality Pvt. Ltd. Pursuant to Scheme of Amalgamation

PARTICULARS	As on 31.3.2012	As on 31.3.2011
Note 8 <u>Capital Work In Progress includes</u>		
a) Borrowing Cost of the year capitalised Rs.3942000		
b) Other Expenses Capitalised Rs.3357598		
Total	0	0

PARTICULARS	As on 31.3.2012	As on 31.3.2011
Note 9 <u>Non -current investments</u>	81579	81579
Total	81579	81579

PARTICULARS	As on 31.3.2012	As on 31.3.2011
Note 10 <u>Long-term Loans. and advances</u>		
a) Capital advances	0	0
b) Deposit with Related Parties	200000	0
c) Deposits with Others	0	0
d) Others	0	0
Total	200000	0

PARTICULARS	As on 31.3.2012	As on 31.3.2011
Note 11 <u>Other Non current assets</u>		
Long term Trade Receivable	0	0
Unamortized expenditure	3257387	3287728
Others	0	0
Total(A+B+C)	3257387	3287728

PARTICULARS	As on 31.3.2012	As on 31.3.2011
Note 12 <u>Trade receivable</u>		
Unsecured,considered good	1300348	565368
Total	1300348	565368

PARTICULARS	As on 31.3.2012	As on 31.3.2011
Note 13 <u>Cash and cash equivalents.</u>		
Balance with banks in Current A/c	2210390	4064895
Cash in Hand	9868	92211
Total	2220259	4157106
PARTICULARS	As on 31.3.2012	As on 31.3.2011
Note 14 <u>Short-term Loans, and advances</u>		
Loans & Advances	1134000	4500
FDR		3022287
Total	1134000	3026787
PARTICULARS	As on 31.3.2012	As on 31.3.2011
Note 15 <u>Others current assets</u>		
Advance Recoverable In cash or in kind or for value to be received)	2031661	1396452
Security Deposits	808008	758122
TDS (Net of Provision)	114834	549961
Total	2954503	2704535
PARTICULARS	As on 31.3.2012	As on 31.3.2011
Note 16 <u>Other income</u>		
Lease income	7677114	7141500
other	108596	26076
Total	7785710	7167576
PARTICULARS	As on 31.3.2012	As on 31.3.2011
Note 17 <u>Finance costs</u>		
Interest	3540878	2898941
Bank charges	28546	151790
Total	3569424	3050731



PARTICULARS	As on 31.3.2012	As on 31.3.2011
Note 18 <u>Depreciation and amortization expense</u>		
Depreciation of tangible assests	1786291	1783964
Amortization of intangible assets		
Total	1786291	1783964
PARTICULARS	As on 31.3.2012	As on 31.3.2011
Note 19 <u>Other Expenses</u>		
Selling & Administrative Expenses	340056	331027
Auditor's Remuneration	28090	16545
Deferred Revenue expenditure written off	30341	30341
Share Registry Exp.	39498	28956
Total	437985	406869

PARTICULARS	As on 31.3.2012	As on 31.3.2011
Note 20		
Payment to auditors		
Statutory Audit Fee	15000	10000
Tax Audit Fee	10000	5000
Service Tax	3090	1545
Total	28090	16545

PARTICULARS	As on 31.3.2012	As on 31.3.2011
Note 21 Earning Per Share		
Amounts used as numerators	1623657	1568931
Net profit after tax available for Equity Shareholders		
Weighted average no of Equity Shares	5499218	3397600
Basic & diluted earnings per share	0.29	0.46

PARTICULARS	As on 31.3.2012	As on 31.3.2011
Note 22 Segment reporting		
The gross Turnover of the Company is from Lease Income as the only venture of the Company, Hotel North park has been given on Lease. Therefore, there are no reporting requirements as per AS-17 issued by ICAI.		
	0	0

<b>PARTICULARS</b>		
<b>Note 23</b>		
<b>Related Party Disclosure</b>		
<b>Related party disclosure as reqd. by AS-18 is given below:</b>		
<b>Associates</b>		
ARD Polypacks Pvt. Ltd.		
Auto brakes pvt. Ltd		
Sumeru & Sehri		
Sarva Educational Institution Pvt. Ltd		
Sarva Promotors & Developers Pvt. Ltd.		
<b>Key Management Personnel</b>		
A.R.Dahiya		
Pankaj Dahiya		
Amardeep Dahiya		
<b>Related party Disclosure for the year 2011-12</b>		
	Associate	Key management Personnel
Salary to M.D.	0	750000
outstanding due	27351610	16479552
outstanding receivable	200000	0
Rent paid	120000	0
	<b>27671610</b>	<b>17229552</b>

<b>PARTICULARS</b>	<b>As on 31.3.2012</b>	<b>As on 31.3.2011</b>
<b>Note 24</b>		
The Company is governed by the provisions of section 115 JB of the Income Tax Act, 1961. Since, there is no taxable Income under the normal computation, accordingly provision for Income Tax has been made under the provisions for Minimum Alternate tax (MAT) considering the profit for the year ending 31-03-2012		
<b>Total</b>	<b>0</b>	<b>0</b>

<b>PARTICULARS</b>	<b>As on 31.3.2012</b>	<b>As on 31.3.2011</b>
<b>Note 25</b>		
Retirement Benefits in the form of provident Fund are charged to the Profit & Loss a/c/ capital work in progress of the year in which the contributions to the respective Funds are due.		
<b>Total</b>	<b>0</b>	<b>0</b>

PARTICULARS	As on 31.3.2012	As on 31.3.2011
<p>Note 26 As per AS-22 on "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India and as a matter of prudence the deferred tax adjustments have not been recognised in the a/cs</p>		
<b>Total</b>	0	0

PARTICULARS	As on 31.3.2012	As on 31.3.2011
<p>Note 27 Scheme of Amalgamation During the year, pursuant to Scheme of Amalgamation (the Scheme), Hon'ble High Court of Punjab &amp; Haryana vide its order dated 18th November, 2011 approved the Scheme of Amalgamation of M/s ARD Realty Pvt. Ltd. (ARPL) with M/s Polo Hotels Ltd which became effective on 2nd January, 2012 (the date of filing of last of the forms having approved scheme with the Ministry of Company Affairs). M/s ARD Realty Pvt. Ltd. though was not engaged in any major business activity but possessed 19 Bigha and 18 Biswa, Land adjacent to the land held by the Company.</p> <p>The Appointed date as per scheme was 24th February, 2011, therefore, the results of the Company for the year ended on 31st March, 2012 includes results of erstwhile M/s ARD Realty Pvt. Ltd. upto the effective date and thereafter, the accounts have been prepared as amalgamated entity.</p> <p>The Amalgamation has been accounted for under the "Purchase method" as prescribed by the Accounting Standard (AS-14) issued by the Institute of Chartered Accountants of India (ICAI). Further, as per Clause 2.1 of Part III of the Scheme, all the assets (other than land) and liabilities of ARPL have been taken over at their Book value and land has been recorded at its fair value based on the independent valuation report of Government Registered Valuer.</p>		

<p>In accordance with the Scheme, the company has allotted to each of the Shareholder of ARPL (other than the shares already held therein immediately before the Amalgamation by transferee Company, its Nominee or Subsidiary Company) equity shares in proportion of 514 (Five Hundred Fourteen) Equity Shares of face value of Rs 10/- (Rupees Ten) each at a premium of Rs 49.07 (Rupees Forty Nine &amp; Paisa Seven) per share and 514 (Five Hundred Fourteen) Compulsory convertible Preference Shares (CCPS) of face value of Rs.10/-(Rupees Ten) each at a premium of Rs 49.07(Rupees Forty Nine &amp; Paisa Seven) per share for every 100 (One Hundred) Equity Shares of face value of Rs 10/-(Rupees ten) each held by them in ARPL.</p> <p>The difference between the values of net assets of the ARPL as acquired by the Company and the corresponding consideration issued by the Company has been adjusted in the Consolidated reserves of the Company as per Clause 2.4 of part III of the Scheme approved by the Hon'ble High Court of Punjab &amp; Haryana</p>			
<b>Total</b>		0	0

PARTICULARS	As on 31.3.2012	As on 31.3.2011
<b>Note 28</b>		
<b>Contingent Liabilities &amp; Commitments</b>		
Guarantee in favour of Pollution Control Board	600000	600000
Commitments	315000000	362000000
<b>Total</b>	<b>315600000</b>	<b>362600000</b>

PARTICULARS	As on 31.3.2012	As on 31.3.2011
<b>Note 29</b>		
The Revised Schedule VI has become effective from current year for the presentation of the Financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. However, it does not impact recognition and measurement principles followed for preparation of financial statements. Figures of the previous years have been regrouped/restated wherever necessary to confirm to current year's presentation.		
<b>Total</b>	0	0

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

<b>1.</b>	<b>Registration Details</b>			
	State code	05	Registration No.	0032355
	Balance sheet date	Date	Month	Year
		31	03	2012
<b>2.</b>	<b>Capital raised during the year (Amount in Rs. Thousand)</b>			
	Public issue	000000000	Right issue	000000000
		000000000	Private issue	000000000
<b>3.</b>	<b>Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousand)</b>			
	Total Liabilities	000670821	Total Assets	000670821
	Sources of Funds			
	Paid -up capital	000134853	Share Application Money	000000000
	Reserve & Surplus	000419140	Secured Loans	000062526
	Unsecured Loans	000047767		
	Application of Funds			
	Net Fixed Assets	000564123	Investments	000000082
	Net Current Assets	00007609	Misc. Expenditure	000003257
	Accumulated losses	000000000		
<b>4.</b>	<b>Performance of Company (Amount in Rs. Thousand)</b>			
	Turnover including other income	000007785	Total Exp.	000005793
	Profit/Loss before tax	000001992	Profit after tax	000001623
	Earning per share in Rs.	00.19	Dividend Rate %	00
	<b>Generic Names the Principal Services of Company</b>			
	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 28th Annual General Meeting of the Company held on Friday 28th September 2012 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 28th Annual General Meeting to be held on Friday, 28th September 2012 at 9.00 A.M. or at any adjournment thereof.

Signature this.....day of.....2012

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.

*If undelivered, please return to :*

**Polo Hotels Limited**

Regd. Office : Hotel North Park,  
Village Chowki, P.O. Devi Nagar,  
Panchkula-134 109 Haryana