

# CINDRELLA HOTELS LIMITED

9, MANGOE LANE :: KOLKATA

## NOTICE

To,  
The Shareholders,

NOTICE is hereby given that the 25<sup>th</sup> Annual General Meeting of *M/S.CINDRELLA HOTELS LTD.* will be held at the office of the Company on Thursday, the 22<sup>nd</sup> day of September, 2011 at 10.30 am transact the following business.

### AS ORDINARY BUSINESS:

1. To receive and adopt the Audited Profit & Loss Account for the year ended 31st March, 2011 and the Balance Sheet as at that date together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Sri Rajendra Lakhotia who retires by rotation and being eligible offers himself for re-appointment.
3. To consider and if thought fit, to pass the following resolution with or without modification as ordinary resolution.

"RESOLVED that M/s. Agarwal Mahesh Kumar & Co., Chartered Accountants, Siliguri, be and are hereby appointed as Auditors of the Company to hold the office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting at such remuneration as may be determined by the Board of Directors of the Company."

Place: KOLKATA  
Dated: 14.05.11

For & on behalf of the Board

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(R. K. Baid)  
Chairman

# CINDRELLA HOTELS LIMITED

9, MANGOE LANE :: KOLKATA

## NOTES

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the Company. The proxy form should, however, be deposited at the Registered Office of the Company not less than forty eight hours before the commencement of the meeting.
2. The Register of Members & Shares transfer Books of the Company will remain closed from 15<sup>th</sup> September, 2011 to 21<sup>st</sup> September, 2011 (Both days inclusive).
3. Members are requested to bring their copies of Annual Report to the meeting.
4. Members/body Corporate/Proxies should bring the attendance slip duly filled in for attending the meeting. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID number for easy identification of attendance at meeting.  
  
Members holding shares in physical form are requested to quote their folio number in the attendance slip.
5. Members are requested to notify any change in their address at the earliest quoting their registered folio number. Change of address in respect of shares held in demat form is required to be intimated to the Concerned Depository Participant.
6. Shareholders are requested to send all correspondence in respect of shares held by them to the Company Registrar's & Share transfer Agents, viz NICHE TECHNOLOGIES PVT. LTD, D-511, Bagree Market, 71, B.R.B. Basu Road, Kolkata 700001.
7. The equity shares of the Company have been activated for dematerialization on National Securities Depository Ltd. (NSDL) and Central Depository Services Ltd. (CDSL).
8. Members who have multiple accounts in identical names or joint accounts in same order are requested to intimate the R&TA enclosing their share certificates to consolidate all such holdings into one account to facilitate better service.
9. The Members seeking any information or clarification with regards to accounts or operation at the AGM are requested to write to the Company, at least seven days prior to the date of the meeting, so as to enable the management to keep the information ready.

# CINDRELLA HOTELS LIMITED

## DIRECTORS' REPORT

The directors have immense pleasure in presenting the 25<sup>th</sup> Annual Report together with Audited Accounts of the Company for the year ended 31st March, 2011.

<b>Financial Results:</b>		<b>Rs. in Lakhs</b>
Total Income		311.44
Total Expenditure		284.65
Profit before Tax		26.79
Provision for Taxation -	Current Year	7.78
	Deferred	0.04
Profit after Tax		19.04
Balance B/f from previous year		127.60
Balance transferred to Balance Sheet		146.54

### **OPERATIONS:**

Your company was able to expand and increase the volume of the business during Financial Year 2010-2011 and expect further growth in near future.

### **FUTURE PROSPECTS:**

The outlook of the Company for the year 2010-2011 is good and your directors looks forward to achieving good financial results in the Financial Year 2011-12.

### **PROJECTS:**

The development work for the resort started by your company in the preceeding financial year is still under process in the current financial year also.

### **DIVIDEND:**

Yours directors do not recommend any dividend for the year 2010-11 keeping in view the new projects and the quantum of profits earning by the Company.

### **CORPORATE GOVERNANCE:**

As a listed company, necessary measures are being taken to comply with the listing agreement with the Stock Exchange. A report on Corporate Governance along with the Certificate of Compliance from the Auditors, forms part of this Annual Report.

### **DIRECTORS:**

In terms of Articles of Association of the company read with section 255 of the Companies Act, 1956, Sri Rajendra Lakhotia retires by rotation and being eligible offers herself for re-appointment.

**LISTING:**

The Shares of the Company are presently listed on the Mumbai and Calcutta Stock Exchange. The listing fee for the year 2011-12 in respect of Calcutta Stock Exchange have been paid in the month of May, 2011 and in respect of Mumbai Stock Exchange in the month of April, 2011.

**DEPOSITS:**

Your Company has not accepted any deposit from the public.

**AUDITORS:**

M/s Agarwal Mahesh Kumar & Co., Chartered Accountants, the auditors of company retires and being eligible offers themselves for reappointment.

The notes on account referred to in the Auditor's Report are self explanatory and therefore do not call for any further comments u/s. 217(3) of the Companies Act, 1956.

**COMPLIANCE:**

The compliance certificate received from the Mr. Somnath Ganguly, practicing Company Secretary forms part of and is annexed to this annual report.

**PERSONNEL:**

None of the employees of your company were receiving remuneration exceeding Rs. 24,00,000/- per annum or Rs. 2,00,000/- per month or part thereof. Hence no particulars of the employees as per section 217(2A) of the Companies Act, 1956 need to be furnished.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

It is further stated, that

- i. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii. your directors had selected such accounting policies and applied them consistently and made judgments 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. your directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. your directors had prepared the annual accounts on a going concern basis.

**THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF DIRECTORS RULES, 1988).**

In accordance with the requirements of the above rules, the particulars in respect of conservation of energy, research and development, technology, absorption are not applicable to the company.

**ACKNOWLEDGEMENT:**

Your Directors acknowledge the co-operation extended by the various Government Authorities, Bankers, Business Associates, Members and Guests. Your Directors also place on record their sincere appreciation of the services rendered by the employees at all levels.

Dated: 14.05.11

By order and on behalf of the Board.

Registered Office:  
9, Mangoe Lane, Kolkata-700001

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**(R. K. Baid)**  
Chairman

# AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of Cindrella Hotels Ltd.

We have examined the compliance of conditions of Corporate Governance by **CINDRELLA HOTELS LIMITED** for the year ended 31st March, 2011 as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

As more fully discussed in the Corporate Governance report prepared by the Company, the Company has not complied with the following conditions of the Corporate Governance as stipulated in the listing agreement.

- a. The Company has not constituted a Remuneration committee since no other remuneration or payment is paid to the Directors except and in excess the amount provided in the Articles of Association.
- b. As informed by the management the company is in the process of appointing a company secretary for the implementation of the condition of the listing agreement.
- c. The person serving the company as a "Compliance Officer" is not a qualified Company Secretary in accordance with the conditions of the Listing Agreement.

Subject to above in our opinion and to the best of our information and the representations made by the Directors and the Management, we certify that the Company has generally complied with the conditions of Corporate Governance as stipulated in clause 49 of the above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we state that no investor grievances were reported during the year under review, as stated.

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

**FOR AGARWAL MAHESH KUMAR & CO.**  
CHARTERED ACCOUNTANTS

PLACE: KOLKATA (CAMP)  
Dated: 14<sup>Th</sup> Day of May 2011

**[CA.M.K. AGARWAL]**  
Proprietor  
M. No. 54394

# CINDRELLA HOTELS LIMITED

9, MANGOE LANE :: KOLKATA

The Directors present the Company's Report on Corporate Governance. (as required under clause 49 of the Listing Agreement entered into with Stock Exchange).

## 1. Company's Philosophy & Corporate Governance

Corporate Governance is based on the principles of integrity, fairness, equity, transparency, accountability and commitment to values. Good governance practices stem from the quality and mindset of the organization. Companies stand to gain by adopting systems that bolster the stakeholders trust through transparency, accountability and fairness. With increasing interdependence and free trade among countries and citizens across the globe, good corporate Governance should be followed by any company to distinguish itself.

Keeping the above in mind, your company has also committed itself to the philosophy of good Corporate Governance in all its dealings, utmost integrity in its conduct and in compliance with the highest standard of corporate values and ethics. Your Company considers Corporate Governance as a continuous journey to provide congenial environment to harmonize the goals of maximizing the stakeholders' value and maintaining a customer-centric focus in all its dealings with the outside world, besides keeping important segments of the society adequately informed.

It has been our endeavor to give fair and equitable treatment to all stakeholders including employees, customers and shareholders. The Code of Conduct for directors and senior Managers adopted by the Board of Directors in terms of the Clause 49 of the Listing Agreement shall further enhance the standards of Corporate Governance in the Company.

## 2. Board of Directors

### (a) Composition and size of the Board

The Company has an optimum combination of Executive and Non-Executive Directors. The Board comprises of 5 Directors, of whom 1 is Non Executive Director, 3 Non-Executive Independent Directors and 1 Executive Director who is the Chairman of the Company.

The Directors possess experience and specialization in diverse fields, such as hoteliering, tourism, travel, project management, legal, banking, finance, administration, etc.

The composition of the Board and category of Directors are as follows:

Category	Name of Directors	Designation	No. of Shares held as on 31 <sup>st</sup> March,2011
Promoter Directors & Executive Directors	Rajendra Kumar Baid	Chairman & Executive Director	532915
Non-Executive Independent Directors	Surajmal Kundalia	Director	10
	Rajendra Lakhotia	Director	10
	Kumaresh Lahiri	Director	100
Non-Executive Directors	Sangita Devi Baid	Director	126010

(b) Meetings of the Board of Directors

The Board of Directors had met 5 times during the year, i.e. on

Date	No. of Directors present
12/04/2010	3
29/05/2010	3
31/07/2010	3
30/10/2010	4
31/01/2011	4
24/02/2011	3

And as required, the gap between two Board meetings did not exceed four calendar months. The Board meetings are held at the registered office of the Company. The Agenda for the Board meetings containing relevant information/supporting data, as required, are distributed well in advance to all the Board members from time to time in a structured manner to enable the Board to take informed decisions.

(c) Board Meetings and Attendance

Attendance of each Director at the Board Meetings and the last Annual General Meeting (AGM) and the number of Companies and Committees where they are Directors/Members are given below:

Name	Category	Attendance Board Meeting	AGM (held on 23.09.2010)	No .of other Directorships held as at 31.03.11	Directorship/Membership in other listed Companies (Excluding the Company) Chairman Member
Sri Rajendra Kumar Baid	Executive Chairman	5	Yes	5	1
Smt.Sangita Devi Baid	Non-Executive	3	Yes	5	1
Sri Surajmal Kundalia	Non-Executive Independent	4	No	3	1
Sri Rajendra Lakhotia	Non-Executive Independent	4	No	8	2
Sri Kumaresh Lahiri	Non-Executive	4	Yes	2	1

None of the Directors of the Board serves as member of more than ten committees, nor are Chairman of more than five Committees across all Companies, in which he/she is a Director. "Committees" considered for this purpose are those specified in Clause 49 of the Listing Agreement i.e. Audit Committee and Shareholders/ Investors Grievance Committee.

Sri Rajendra Lakhotia retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

During the year, no sitting fees have been paid to the Non-Executive Directors.

### 3. Audit Committee

(a) Details of the Composition of the Audit Committee and attendance of the members are as follows :



The Audit Committee of the Company comprises four Directors, of whom 3 are Non-Executive Independent Directors. Members have varied expertise in banking, finance, project management, accounting and legal matters. The Committee oversees the work carried out by the management, internal auditors on the financial reporting process, the safeguards employed by them and such relevant matters as it finds necessary to entrust.

During the year under review, the Audit Committee met 4 times, i.e. on 18<sup>th</sup> May 2010, 19<sup>th</sup> October 2010, 10<sup>th</sup> December 2010 and 25<sup>th</sup> March 2011.

The particulars of members and their attendance at the meetings are given below:

Name of the Director	Designation	Category of Directorship	No. of Meetings during the year	
			Held	Attended
Sri Rajendra Lakhotia	Member	Non Executive Independent Director	4	3
Smt. Sangita Devi Baid	Member	Non Executive Director	4	3
Sri Surajmal Kundalia	Member	Non Executive Independent Director	4	3
Sri Kumaresh Lahiri	Member	Non Executive Independent Director	4	3

The terms of reference of this Committee covers the matters specified under clause 49 of the Listing Agreement.

#### 4. Remuneration Committee

The Company has not formed Remuneration Committee as no remuneration is being paid to any of the Directors.

#### 5. Shareholders/ Investors' Grievance Committee

##### (a) Composition, Meeting and Attendance

The Committee comprises of two Non-Executive Independent Directors and one Non-Executive Director. The Committee met on 06.07.2010, 13.09.2010, 14.01.2010 and on 31.03.2011 during the year.

The particulars of members and their attendance at the meeting are given below:

Name of the Member	Designation	Category of Directorship	No. of Meetings during the year	
			Held	Attended
Smt. Sangita Devi Baid	Member	Non Executive Director	4	2
Sri Surajmal Kundalia	Member	Non Executive Independent Director	4	3
Sri Kumaresh Lahiri	Member	Non Executive Independent Director	4	3

Mr. Abhijit Dutta, the Compliance Officer of the Company has been regularly interacting with Registrar and Share Transfer Agents (RTA) to ensure that the complaints/grievances of the Shareholders/Investors are attended to without any delay and where deemed expedient, the complaints/grievances are referred to the Chairman of the Committee or discussed at its meetings.

During the year, the Registrar had registered 15 nos. of physical transfers comprising 2,100 Shares and 1 physical transmission of shares comprising of 100 shares processed 65 requests for dematerialization of 10,700 shares and no requests for rematerialization. There were no requests pending for Share transfers at the end of the year.

The terms of reference of this Committee covers the matters specified under clause 49 of the Listing Agreement.

No Shareholders complaints were reported during the year and no complaints are pending at the end of the financial year 2010-11.

(b) Compliance Officer

Name of the Compliance Officer  
Telephone

Mr.Abhijit Dutta  
033-2248-1186

6. **General Body Meetings**

The details of Location, date and time of the Annual General Meeting (AGM) /Extra-ordinary General Meeting (EGM) for the last three years are as follows:

<b>Financial Year</b>	<b>Meeting</b>	<b>Date</b>	<b>Time</b>	<b>Location</b>
2007-08	AGM	30.09.08	10.30 a.m	9, Mangoe Lane, Kolkata
2008-09	AGM	23.09.09	10:30 a.m	9, Mangoe Lane, Kolkata
2009-10	AGM	28.09.10	10:30 a.m	9, Mangoe Lane, Kolkata

All the resolutions as set out in the respective notices were passed unanimously by a show of hands by the members of the company present at the said Annual General Meetings.

7. **Disclosures**

(a) Statutory Compliance, Penalties and Strictures

There were no instances of non-compliance or levy of any penalties, strictures imposed by Stock Exchange or SEBI or any other statutory authority during the last three financial years on any matter related to the Capital markets.

(b) Materially Significant related party transactions

The transactions between the Company and the Directors and Companies in which the Directors are interested has disclosed in "Annexure A" to the Corporate Governance Report in compliance with the Accounting Standard relating to "Related Party Disclosures". There is no materially significant Related Party Transaction that may have potential conflict with the interest of the Company at large.

(c) Risk Management

The Management Team of the Company regularly reviews and interacts with the members of the Audit Committee and the Board of Directors on the risk management strategy to ensure the effective implementation and monitoring of the risk management policy and procedures. The Company is in the process of setting up a system to appraise the Board of Directors on the key risk assessment areas and suggestive risk mitigation mechanism.

## 8. Means of Communication

The Company announced unaudited Quarterly Financial Results of the Company within a month of end of each quarter for the first three quarters. The Audited Annual Financial Results were announced within three months of the end of the Financial Year. Such results are normally published in newspaper.

## 9. Share Dealing Code

In accordance with the SEBI (Prohibition of Insider Trading) Regulation 1992 as amended, the Board of Directors of the Company formulated the Company's code of conduct for Prevention of Insider Trading in Shares & Securities of the Company by its employees, the Company's code inter alia prohibits purchase/sale of Shares of the Company by employees while in possession of unpublished price sensitive information in relation to Company.

## 10. General Shareholder Information

### a) 25<sup>th</sup> Annual General Meeting

Day/Date	Time	Venue
Thursday/22.09.11	10.30 a.m.	9, Mangoe Lane, Kolkata

### (b) Listing on Stock Exchanges

Equity Shares  
i) Bombay Stock Exchange Limited  
Phiroze jeejeebhoy Towers  
Dalal Street, Fort, Mumbai-400 001  
  
ii) Calcutta Stock Exchange Assn. Ltd  
7, Lyons Range  
Kolkata – 700 001

### (c) Financial Reporting for the quarter ending

30 <sup>th</sup> June, 2011	On or before 31 <sup>st</sup> July, 2011
30 <sup>th</sup> September, 2010	On or before 31 <sup>st</sup> October, 2011
31 <sup>st</sup> December, 2011	On or before 31 <sup>st</sup> January, 2012
31 <sup>st</sup> March, 2012	On or before 31 <sup>st</sup> May, 2012
AGM for the year ending 31 <sup>st</sup> march, 2012	On or before 30 <sup>th</sup> September, 2012

The Company has already paid the Annual Listing fees for the year 2011-12 to the Stock Exchanges as well as Custodial fees to the Depositories.

### (d) Registered Office

The Registered office of the company is situated at 9, Mangoe Lane, Kolkata.

### (e) Script Information

Particulars	Script Code/ Information
Bombay Stock Exchange Limited	526373
Face Value	Rs.10/- each

## (f) Stock Market Data

The Monthly High/Low prices of the Shares of the Company from 1<sup>st</sup> April, 2010 to 31<sup>st</sup> March, 2011 are given below:

Months	High	Low
Mar 11	33.40	21.25
Feb 11	24.50	14.30
Jan 11	20.05	13.65
Dec 10	19.10	14.30
Nov 10	27.00	19.05
Oct 10	28.65	20.35
Sep 10	27.60	21.05
Aug 10	25.65	20.90
Jul 10	31.60	20.55
Jun 10	29.85	22.85
May 10	26.30	19.20
Apr 10	24.75	20.80

(g) Distribution of Shareholding as on 31<sup>st</sup> March, 2011

Slab of Shareholding (No. of Shares)	No. of Shareholders	% of Total	Holding No. of Shares or Rs.10/- each	% of Total
Up to 500	4085	97.2388	5,46,860	15.1906
501 to 1000	71	1.6901	56,798	1.5777
1001 to 5000	27	0.6427	73,145	2.0318
5001 to 10000	7	0.1666	49,148	1.3652
10001 to 50000	3	0.0714	69,126	1.9202
50001 to 100000	2	0.0476	1,38,159	3.8378
100001 & above	6	0.1428	26,66,764	74.0768
<b>TOTAL</b>	<b>4201</b>	<b>100.0000</b>	<b>3600000</b>	<b>100.0000</b>

(h) Shareholding Pattern as on 31<sup>st</sup> March, 2011

Sl. No.	Category	No. of Shares held	% of holding
1.	Promoters	2208854	61.357
2.	Public Financial Institutions	0	0.00
3.	Banks	0	0.00
4.	Mutual Funds	0	0.00
5.	Body Corporates	595158	16.532
6.	FII's	0	0.00
7.	NRI's/OCBs	170	0.005
8.	Directors(Other than Promoters)	0	0.00
9.	Resident Individuals	792879	22.024
10.	Others	2939	0.082
<b>Total</b>		<b>3600000</b>	<b>100.00</b>

(i) Dematerialisation of Shares and liquidity

As on 31<sup>st</sup> March 2011, the total number of Equity Shares of the Company in dematerialization form stood at 31,25,504 shares (representing 86.82% of the company's paid-up Equity Share Capital).

The trading in Equity Shares of the Company is permitted only in dematerialized form. Considering the advantages of trading in demat form, members are encouraged to consider dematerialization of their shares so as to avoid inconvenience in future.

Shareholders seeking demat/ remat of their shares need to approach their Depository Participants (DP) with whom they maintain demat accounts. The DP will generate an electronic request and will send the physical share certificates to the Registrar and Share Transfer Agents ("the Registrar") of the Company. Upon receipt of request and share certificates, the Registrar will request National Securities Depository Ltd.(NSDL)/ Central Depository Services (India) Ltd.(CDSL) to confirm the demat request. The demat account of the respective shareholder will get credited with equivalent number of shares. In case of rejection of the request, the decision will be communicated to the shareholder.

In respect of rematerialisation, upon receipt of the request from the shareholder, the DP generates a request and its verification is done by the Registrar. The Registrar then requests NSDL and CDSL to confirm the same.

(ii) Registrar & Share Transfer Agents

M/s Niche Technologies Private Limited has been appointed as one point agency for dealing with shareholders. Shareholders correspondence should be addressed to the company's Registrar & Share Transfer Agent at the address mentioned below:

M/s Niche Technologies Pvt. Limited

Registrar & Share Transfer Agent

D-511,71B,R.B.Basu Road,

Bagree Market,

Kolkata-700 001

Phone No : 033-2235-7271/7270/3070

EDP Centre : 2666-4775/0693

Fax : 033-2215-6823

# **CINDRELLA HOTELS LIMITED: KOLKATA**

## **MANAGEMENT DISCUSSIONS AND ANALYSIS**

### **INDUSTRY STRUCTURE AND DEVELOPMENT:**

Your company is engaged in the business of hotels and runs a four star facility hotel in Siliguri. From the beginning it has been the philosophy of your Company to market and promote tourism in Darjeeling, Sikkim and Bhutan leading to increased tourist arrivals in Siliguri and this region.

### **INDUSTRY OUTLOOK:**

The outlook of the Industry has turned positive due to the change in the economic scenario. The performance of the Hotel Industry has improved and better performance is expected in the years to come. With the increased stress on tourism by the Central and State Governments and the increase in hotel occupancy rates, we feel that overall performance will be satisfactory.

### **RISKS AND CONCERNS:**

Profitability may be affected on account of competition from existing hotels in Siliguri region and revival of tourism prospects in South East Asia. The Company is exposed to risks from market fluctuation of foreign exchange.

### **INTERNAL CONTROL SYSTEMS AND ADEQUACY:**

The Company has good internal controls systems and its adequacy has been reported by its auditors in their report adequate system of internal control is in place which assures us of:

- Proper recording and safeguarding of assets.
- Maintaining proper accounting records and reliability of financial information.

### **DEVELOPMENTS IN HUMAN RESOURCES AND INDUSTRIAL RELATIONS:**

The industrial relations climate of the company continues to remain harmonious and cordial with focus on improving productivity, quality and safety.

### **CAUTIONARY STATEMENT:**

Statement in this “Management Discussion and Analysis” describing the Company’s objectives, expectations or predictions may be forward looking within the meaning of applicable laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operation include change in Government regulations, tax regimes, economic developments in India and other incidental factors.

PLACE: KOLKATA  
DATED: 14.05.11

For & behalf of Board

**(R.K. Baid)**  
Chairman

## AUDITORS' REPORT

### *To The Members Of Cinderella Hotels Limited*

We have audited the attached Balance Sheet of **CINDRELLA HOTELS LIMITED** :: KOLKATA as at 31st March, 2011 and the Profit & Loss Account 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 these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about 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 provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 (amended 2005) issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to the information and explanations given to us we enclose in the Annexure, a Statement on the matters specified in paragraph 4 and 5 of the said order. We further report that in Annexure "A".

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

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
2. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examinations of those books.
3. The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with books of account.

4. In our opinion, the Balance Sheet and Profit & Loss Account dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
5. On the basis of written representations received from the directors, as on 31st March, 2011 and taken on record by Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as director in terms of clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956.
6. In our opinion and to the best of our information and according to explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - i) In case of Balance Sheet of the state of affairs of the Company as at 31st March, 2011; and
  - ii) In case of Profit & Loss Account of the Profit of the Company for the year ended on that date.

**FOR AGARWAL MAHESH KUMAR & CO.**  
**CHARTERED ACCOUNTANTS**

PLACE: KOLKATA (CAMP)  
Dated: 14<sup>Th</sup> Day of May 2011

**[CA.M.K. AGARWAL]**  
Proprietor  
M. No. **54394**



# ANNEXURE - "A"

## (To the Auditors' Report)

### Annexure referred to in paragraph (3) of our Report of even date

As required by the Companies (Auditor's Report) Order, 2003 (as amended in 2005) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956. and on the basis of such checking of the books and records of the company as we consider appropriate and the information's and explanations given to us during the course of audit, we report that :

- I. In respect of Fixed Assets:
  - a. The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
  - b. The fixed assets have been physically verified by the management in accordance with a phased programme of verification, which in our opinion is reasonable considering the size of the Company and nature of its business. No material discrepancies were noticed on such physical verification.
  - c. In our opinion and according to the information and explanations given to us the company has not made any substantial disposals during the year that would affect its going concern.
- II. In respect of inventories:
  - a. As explained to us inventories i.e., crockeries, utensils, kitchen and other stores & consumables were physically verified during the year by the management at reasonable intervals.
  - b. In our opinions and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.
  - c. In our opinions and according to the information and explanation given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- III.
  - a. In regard to granting of loans, secured or unsecured to companies, firms or other parties covered in the registered maintained under section 301 of the Act, the Company has granted loan amounting to Rs. 354,000/- to Raj Publisher which was squared off during the year.
  - b. In our opinion, the rate of interest and other terms and conditions of loans given by the Company, secured or unsecured, are prima facie not prejudicial to the interest of the Company.
  - c. In our opinion the principal amount and interest thereon was serviced on a regular basis.
  - d. In our opinion there were no such cases of loans where the overdue amount is more than rupees one lakh, reasonable steps have been taken by the Company for recovery of principal and interest.

- e. The Company had taken unsecured loan amounting to Rs. 400,000 from Cinderella Financial Services Ltd., one of the parties covered in the registered maintained under section 301 of the Act. The loan was squared in the year itself.
  - f. The rate of interest and other terms and conditions of such loans taken by the Company, secured or unsecured, are not prima facie prejudicial to the interest of the Company.
  - g. In our opinion, the payment of the principal amount and interest on was on a regular basis.
- IV. In our opinion and according to the information and explanation given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. We have not observed any continuing failure to correct major weaknesses in internal control system.
- V. a. According to the information and explanation given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- b. In our opinion and according to the information and explanations given to us the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- VI. The Company has not accepted deposits from public and hence directives issued by the Reserve Bank of India and the provisions of Sec. 58A & 58AA or any other relevant provisions of the Companies Act, 1956 and rules framed there under are not applicable for the year under Audit.
- VII. In our opinion the company has an internal audit system commensurate with its size and nature of business.
- VIII. As per our information, the Company is not required to maintain cost records as prescribed by the Central Govt. under section 209(1) (d) of the Companies Act, 1956.
- IX. a. According to the records of the Company the Company has been regular in depositing with appropriate authorities, undisputed statutory dues including P.F., E.S.I., I.T., Sales Tax., Service Tax., and other statutory dues.
- b. According to the information and explanations given to us, no undisputed amounts payable in respect of such statutory dues were outstanding as at 31st March, 2011 for a period of more than six month from the date they become payable.
- c. According to the information and explanation given to us, there are no such statutory dues which have not been deposited on account of any dispute as at 31st March, 2010.
- X. In our opinion, the accumulated losses of the Company are not more than fifty percent of its net worth. The Company has not incurred cash losses during the financial year covered by our audit and in immediately preceding financial year.

- XI. In our opinion and according to the information and explanations given to us the company has not defaulted in re-payment of dues to any financial institution or banks or debenture holders.
- XII. According to the information and explanation given to us the Company has not given any loans and advances on the basis of Security by way of pledge of shares, debentures and other securities.
- XIII. In our opinion, the Company is not chit fund or a Nidhi or a mutual benefit fund/society, therefore the provisions of clause 4(XIII) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- XIV. To deal in Shares and Securities is not a primary objective of the Company. The Company has invested its surplus funds in Shares & Securities. The investments are in the name of the company, except some of those that are in the process of transfer.
- XV. As per the information and explanation given to us the Company has not given any guarantee for loans taken by others from any bank or financial institution.
- XVI. In our opinion and according to the explanations given to us the Company has not taken any fresh term loans during the year under review. The term loans obtained in earlier years have been applied for the purpose for which it was raised.
- XVII. According to the information and explanation given to us the Company has not used any short term funds for long term investment.
- XVIII. During the year the Company has not made any preferential allotment of shares to parties and companies covered in register maintained under section 301 of the Companies Act, 1956.
- XIX. The Company has not issued any debentures and hence clause 4(XIX) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
- XX. During the year covered by our report the Company has not raised any money by the way of Public issue.
- XXI. According to the information and explanation given to us no fraud on or by the Company has been noticed or reported during the course of our audit.

**FOR AGARWAL MAHESH KUMAR & CO.**  
**CHARTERED ACCOUNTANTS**

PLACE: KOLKATA (CAMP)  
Dated: 14<sup>Th</sup> Day of May 2011

**[CA.M.K. AGARWAL]**  
Proprietor  
M. No. **54394**

# CINDRELLA HOTELS LIMITED:: KOLKATA

(Schedule to and forming part of the Balance Sheet as at 31st March, 2011)

## SCHEDULE - "S"

### NOTES ON ACCOUNTS

#### 1. ACCOUNTING POLICIES:

##### **i. METHOD OF ACCOUNTING :**

The Company generally follows the accrual system of accounting. The Accounts are prepared on historical cost basis as a going concern and are consistent with generally accepted accounting practices.

##### **ii. INVENTORIES:**

Inventories have been valued at lower of Cost or Net Realisable Value. Inventories have been classified as stores, bar stock and Food & Beverages.

##### **iii. DEPRECIATION:**

Depreciation on Fixed Assets is provided on Written Down Value Method on a consistent basis as per Schedule XIV of the Companies Act, 1956 on pro-rata basis. Details of depreciation have been stated in "Schedule C" forming part of Balance Sheet and Profit & Loss Account.

##### **iv. INCOME RECOGNITION :**

All known incomes are accounted for on accrual basis except income from Membership Fees and dividends which are accounted for as and when received.

##### **v. FIXED ASSETS:**

Fixed Assets are stated at their historical cost inclusive of legal and/or installation charges less Depreciation. Details of Fixed Assets have been given in "Schedule-C" forming part of Balance Sheet and Profit & Loss Account. None of the Fixed Assets have been revalued during the year.

##### **vi. ACCOUNTING FOR INVESTMENTS:**

All the investments made are long term in nature and are quoted investments. Investments are stated at cost. There are no significant restrictions regarding the minimum holding period for sale/disposal, utilization of sale proceeds.

##### **vii. TREATMENT OF EXPENSES:**

All known expenses are being accounted for on accrual basis.

### viii. EMPLOYEE BENEFITS

#### **Defined Contribution Scheme:**

The company makes Provident Fund Contribution and employees state insurance contribution to defined contribution retirement benefit plans for qualifying employees. Under the scheme the company is required to contribute a specified percentage of the pay roll costs under the schemes for benefits. The amount of Rs.2,39,461/- has been recognized as expense under the head Employers Contribution to Provident Fund and Rs. 107,409/- under the head Employers Contribution to ESI.

#### **Defined Benefit Scheme:**

The company pays gratuity to the employees as per the provisions of the Gratuity Act. The amount payable for the year is determined on the basis of actuarial valuation. No Gratuity is payable for the year.

### ix. RELATED PARTY TRANSACTIONS:

The details regarding related parties and transactions taken place between them during the financial year 2010-11 has been given below:

<b>Name of the Related Party</b>	<b>Nature of relationship</b>	<b>Amount of transaction during the year/brought forward</b>	<b>Amount outstanding at the end of the financial year 2010-2011</b>
Cindrella Financial Services Ltd.	Common Key Managerial Personnel	Loan taken and repaid back 400,000/-. Interest paid on such advance 31,036/-	NIL
Cindrella Tea Ltd.	Common Key Managerial Personnel	Deposit Rs.36,00,000 given b/f from previous year	Rs.36,00,000 Dr.
Arrow Hotels & Resorts Ltd.	Common Key Managerial Personnel	Deposit Rs.26,00,000/- given b/f from previous year	Rs.26,00,000 Dr.
Sri Rajendra Kumar Baid	Key Managerial Personnel	NIL	NIL
Sapna Shopping Arcade	Enterprise in which Key Managerial Personnel have significant influence	Sale of Services Rs. 13,280/- and sale of Food & beverages Rs. 914/-	Rs. 39,942/- (Cr)
R.K.Baid & Sons	Enterprise in which Key Managerial Personnel have significant influence	Rent Paid Rs. 36,000/-	NIL
Sagarmull Dhanraj Ltd.	Common Managerial Personnel	42,50,000/- loan & Interest 1,49,749/-	NIL
Siliguri Auto Works (P) Ltd	Common Managerial Personnel	Sales of services Rs.21,850/-	2,898 (Dr)
Janpath Samachar	Enterprise in which Key Managerial Personnel have significant influence	Loan given and received back Rs. 354,000/- and interest earned 2466/-	NIL

x. **TAXES ON INCOME:**

a. Current Year: To provide and determine current year tax liability as the amount of the tax payable in respect of taxable income for the year, after considering the permissible tax exemption, deduction and disallowances as per the provisions of the Income Tax Act, 1961.

b. Deferred Tax: To provide and recognize deferred tax on timing difference between taxable income and accounting income subject to consideration of prudence. Not to recognize Deferred Tax Asset on Unabsorbed Depreciation and carried forward of losses unless there is virtual certainty that there will be sufficient future taxable income available to realize such assets.

xi. **IMPAIRMENT OF ASSETS:**

Pursuant to Accounting Standard (AS-28), Impairment of Assets coming into effect, the company has assessed all the assets and found that there is no external/internal indication of impairment of assets. So the company has not made the provision for impairment of assets.

2. Some balances of loans and advances are as per the books and subject to confirmation from respective parties.
3. The Market Value of quoted investments amounts to Rs. 23,26,760/-.
4. Investments are long term in nature and are stated at cost. However, provision if any for diminution is made to recognize any decline other than temporary, in the value of investment. But there is no diminution in value of investment which would have long term effect.
5. In pursuance to Accounting Standard -26, any expenses relating to pre-operational activities have to be written off in the same year. The company does not have any such expense during the current financial year.
6. a. During the year the Deferred Tax Liability of Rs. 3,777.33 was created therefore the closing balance of Deferred Tax Liability as on 31.03.2011 is Rs. 1,962,182.97. The Deferred Tax Liability comprise of tax effect of the following timing difference:-

<b>Deferred Tax Liability:</b>	<b>Amount</b>
Depreciation as per Companies Act, 1956	3,770,494.80
Less : Depreciation as per I.T.Act, 1961	3,782,719.17
Timing Difference	12,224.37
Deferred Tax Liability on above @ 30.90%	3,777.33

b. In the view of Companies past financial performance and the future profit projection, the Company expects to fully recover the Deferred Tax Liability.

7. Basic and diluted earning per share (pursuant to AS-20)

<b>Particulars</b>	<b>31.03.2011</b>	<b>31.03.2010</b>
Net Profit for the year (in Rs.)	19,04,486.60	16,21,041.37
Weighted Average Number of equity Shares.	3,564,725	3,564,725
Nominal value of Shares	10/-	10/-
Basic & Diluted earning per share (in Rs.)	0.53	0.45

8. Contingent liabilities existed as on 31.03.2011 amounting to Rs. Nil (P.Y. Nil).
9. A. Break up of Expenditure on Employees who are in receipt of remuneration aggregating Rs. 24,00,000/- or more per year or Rs. 2,00,000/- per month where employed for a part of the year (Previous year : NIL ) NIL
- B. Expenditure in Foreign Currency (Previous year : NIL ) NIL
- C. Earning in Foreign Currency (Previous year : NIL ) NIL
- D. Remittance of Foreign Currency on account of Dividend (Previous year: NIL) NIL
10. Figures of the previous year have been regrouped and/or recasted wherever necessary.

**FOR AGARWAL MAHESH KUMAR & CO.  
CHARTERED ACCOUNTANTS**

PLACE: KOLKATA (CAMP)  
Dated: 14<sup>Th</sup> Day of May 2011

**[CA.M.K. AGARWAL]**  
Proprietor  
M. No. **54394**

## ANNEXURE - "A"

### ANNEXURE TO & FORMING PART OF PARA 7(b) OF CORPORATE GOVERNANCE REPORT

**1. Other Related Companies:**

- a. Cindrella Financial Services Ltd
- b. Arrow Hotels & Resorts Ltd.
- c. Cindrella Tea Ltd.
- d. Siliguri Infra Ltd
- e. Sagarmull Dhanraj Ltd

**2. Key Management Personnel:**

Sri Rajendra Kumar Baid

**3. Relatives of Key Management Personnel:**

Sri Vivek Baid                      Son of Sri. Rajendra Kumar Baid  
Smt Sangita Baid                      Wife of Sri. Rajendra Kumar Baid

**4. Enterprises in which key management personnel has significant interest:**

Raj Publisher                      Prop. Sri Rajendra Kr. Baid  
(Janpath Samachar)  
  
Sapna Shopping Arcade              Prop. Smt Sapna Kochar (Sister of Sri Rajendra Kr. Baid)  
R.K. Baid & Sons                      Karta. Sri Rajendra Kr. Baid

#### SUMMARY OF AGGREGATE OF RELATED PARTY TRANSACTIONS:

Particulars	Other related Companies	Common Key Management Personnel	Relatives of Key Management Personnel	Enterprises in which key management personnel has significant interest
Sale of Services	0.00	0.00	0.00	35,130.00
Sale of Food & Beverages	0.00	0.00	0.00	914.00
Interest Earned	0.00	0.00	0.00	2466.00
Interest Paid	0.00	180,785.00	0.00	0.00
Rent Paid	0.00	36,000	0.00	0.00
Payment for Expense	0.00	0.00	0.00	0.00
Balance outstanding at the end of the year (Cr.)	0.00	0.00	0.00	39942.00
(Dr.)	62,00,000.00	0.00	0.00	2898.00